

**Learning and
Skills Council
North East
Regional
Commissioning
Plan
2008-09**

December 2007

Of interest to National, Regional and
Local Learning and Skills Colleagues

National Targets

Our Statement of Priorities, *Better Skills, Better Jobs, Better Lives* (November 2007) sets out government's key strategic priorities and the contribution the LSC will make towards achieving them. The section below summarises the key points set out in the Statement of Priorities.

As part of the Comprehensive Spending Review, the government has set out four new strategic priorities for the period 2008/09 – 2010/11:

- Sustainable growth and prosperity
- Fairness and opportunity for all
- Stronger communities and a better quality of life
- A more secure, fair and environmentally sustainable world

Under each of the priorities is a set of cross government delivery agreements, each containing a number of Public Service Agreement targets (PSA), which together play a vital role in improving the delivery of services. The LSC will indirectly support a number of these delivery agreements and targets. We will also directly contribute to and lead on the following targets:

Young People

- **Raise the educational achievement of all children and young people**
- **Narrow the gap in educational achievement between children from low income and disadvantaged backgrounds and their peers.**

While our focus must be on all young people, our delivery targets will be measured specifically by the proportion of young people achieving Level 2 and Level 3 by the age of 19. By raising overall achievement, we will also increase the achievement levels of the most disadvantaged. The target levels are:

- to increase the proportion of young people achieving Level 2 at age 19 from 71.4 per cent in 2006 to 82 per cent by 2011; and
- to increase the proportion of young people achieving Level 3 at age 19 from 46.8 per cent (in 2006) to 54 per cent by 2011.

In the North East, in 2006, 69.2 per cent of young people had achieved a Level 2 by age 19 and 40.0% had achieved a Level 3 by age 19. We have set a target for 2008/09 of 77 per cent in the region for young people achieving Level 2 by age 19, and a target for 2008/09 of 48 per cent for young people achieving Level 3 on a trajectory to match the national target for 2011.

Through increasing the number of young people participating in learning, we will support the delivery agreement to **increase the number of children and young people on the path to success**. The specific delivery target is to reduce the percentage of 16-18 year olds not in education, employment or training (NEET), by 2 percentage points by 2010, from a current level of 10 per cent.

Adult Skills

- **Improve the skills of the population, on the way to ensuring a world-class skills base by 2020.**

The delivery targets for 2020 are:

- 95 per cent of adults achieving the basic skills of functional literacy and numeracy;
- more than 90 per cent of adults being qualified to at least Level 2, with a commitment to achieve 95 per cent as soon as possible;
- 68 per cent of the adult population being qualified to Level 3; and
- over 40 per cent of the adult population qualified to Level 4 and above.

We will also work to deliver England's share of the UK ambition for 500,000 Apprentices and improve the quality and success rates of their learning in order to increase further the supply of economically valuable skills.

Working towards these targets, Government has set interim targets for **2011** as follows:

Increase the proportion of people of working age achieving functional literacy and numeracy skills

The target is **597,000 people of working age to achieve a first Level 1 or above literacy qualification, and 390,000 to achieve a first Entry Level 3 or above numeracy qualification.** These basic skills targets ensure we will continue to meet the target to improve the basic skills of 2.25 million adults between 2001 and 2010.

Proportion of working age adults qualified to at least a full Level 2 and 3

By 2011, **79 per cent of working age adults should be qualified to Level 2 and 56 per cent qualified to Level 3.** These targets ensure we also remain on track to reduce by 40 per cent the number of adults in the workforce who lack an NVQ Level 2 or equivalent qualifications by 2010.

Current performance nationally in 2006 is 69.7 percent of adults have achieved a Level 2 and 49.2 per cent have a Level 3.

Current performance in the North East in 2006 is 69.2 per cent of adults have achieved a Level 2 and 45.8 per cent have achieved a Level 3.

Proportion of Apprentices who complete the full Apprenticeship framework

The target is to have **130,000 learners completing the full Apprenticeship framework in 2010/11.**

In 2005/06, 98,000 learners completed an Apprenticeship nationally; in 2006/07, we expect this to exceed 100,000.

In 2005/06 5,700 learners completed an Apprenticeship in the North East, in 2006/07 we expect this to exceed 6,000.

A new joint target with DWP/JCP to move more people into sustainable employment and progression

Work will begin this year to clarify and set in train the new joint target with DWP/ JCP to move more people into sustainable employment and progression and will underpin the integration of employment and skills services.

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<http://www.lsc.gov.uk/regions/NorthEast/Aboutus/Annualplans/>

Foreword

We are delighted to present this, the second Regional Commissioning Plan from LSC North East.

The plan sets out where the LSC North East is targeting its funding in 2008/09 to support its priorities and targets.

The key elements of the plan are:

- a statement of the challenges facing the region in the context of the LSC national priorities and our responses;
- a commissioning profile, which is a high level statement of the volumes we want to commission in 2008/09; and
- a strategy indicating what we want to commission by negotiation with existing providers and what we want to commission by open and competitive tendering.

In addition there are a number of related documents linked into this plan, including a detailed sector annex, a number of thematic strategies, and four Local Area Statements of Need (to be added early 2008).

This is a one year plan. But it is developed in the context of a longer term vision for the North East, which we share with our partners in the region.¹


VISION The North East will be a region where present and future generations have a high quality of life. It will be a vibrant, self reliant, ambitious and outward-looking region featuring a dynamic economy, a healthy environment and a distinctive culture. Everyone will have the opportunity to realise their potential.

At the sub-regional level we are actively engaged with the Tees Valley city region and the development of Tees Valley Unlimited, and the city region arrangements including the formation of the Employment Consortium in Tyne and Wear.

The regional 14-19 Commission provides a forum through which partners can work together regionally to add value to local delivery of the 14-19 agenda and ensure that it contributes effectively to the economic and social priorities for the region. Whilst the LSC does not have an independent regional 14-19 plan, this commissioning plan has been shaped by the general focus and emphasis of 14-19 Partnership Plans, and aligns with Children and Young People's Plans at local levels.

The changes in the Machinery of Government present new challenges and new opportunities for the LSC and its partners. We will maintain and build on our strong links with local authorities in supporting the 14-19 reforms and will continue to contribute strongly to developing and implementing the plans for change.

This plan sets out how we intend to focus our efforts and resources to best meet the economic and social challenges facing the region. We look forward to working with our strategic and delivery partners to take forward the plan in the coming year.



Chris Roberts
Regional Director



Ashley Winter
Regional Chair

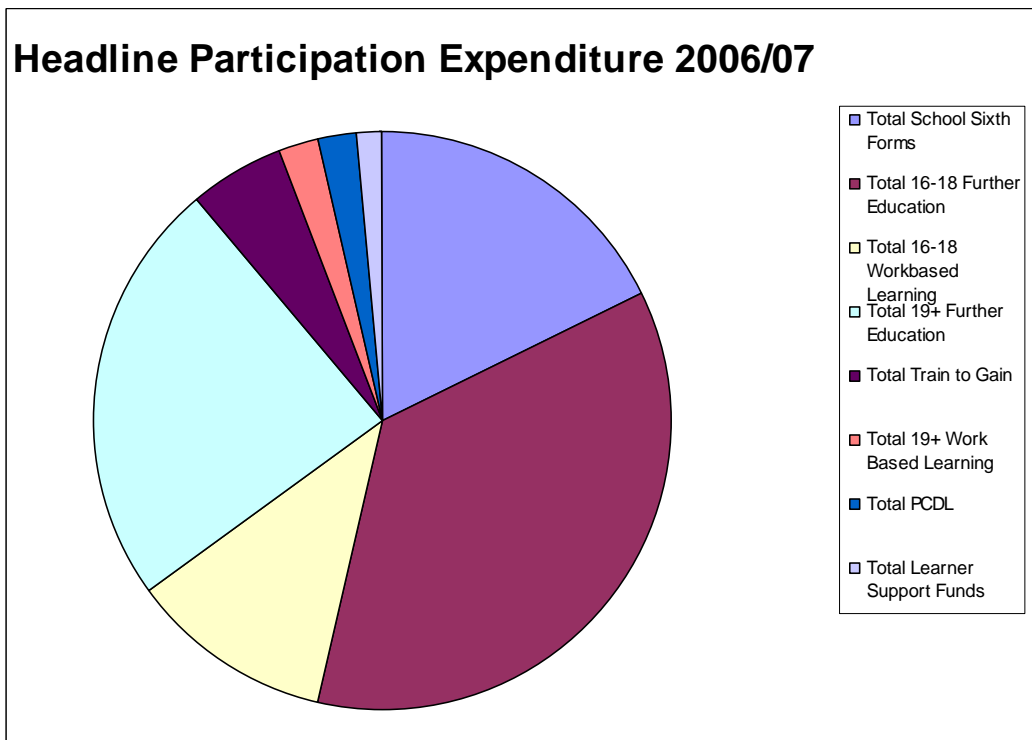
¹ The vision, as stated in the Regional Economic Strategy, was agreed as part of the 'Shaping Horizons in the North East' process.

1 Investing in the North East

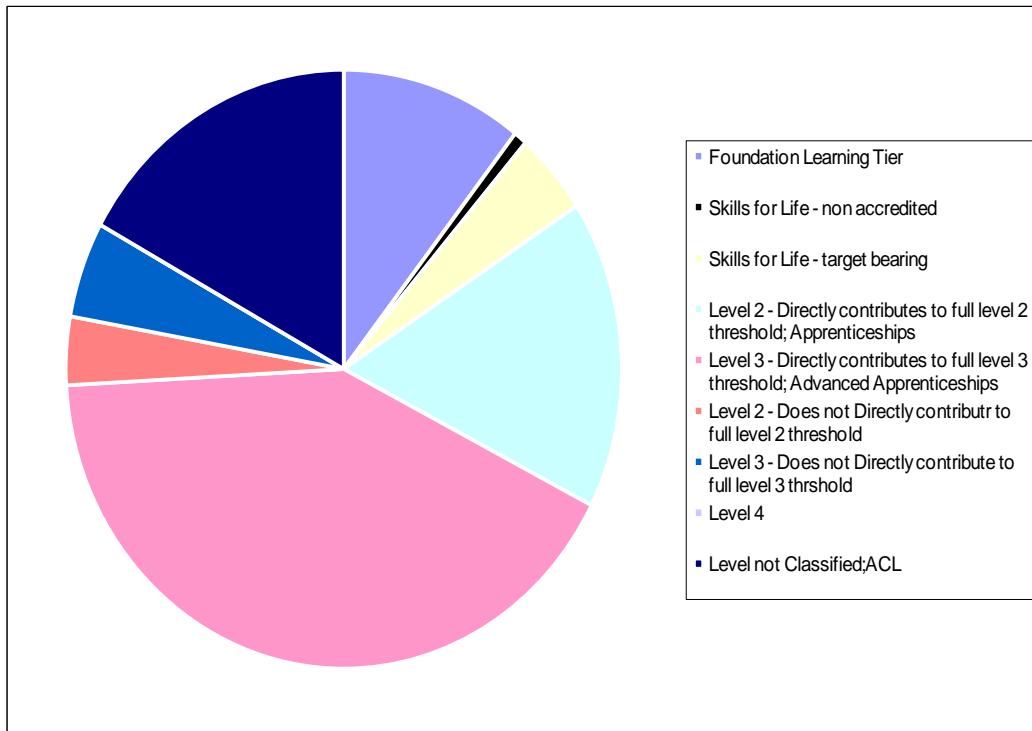
This year we will invest more than ever before in learning and skills in the North East. We want to buy the best quality provision to meet the North East's needs, and will employ robust and urgent measures to withdraw poor-quality provision and to invest in providers that can deliver.

This all means that we will fund the following in 2008/09:

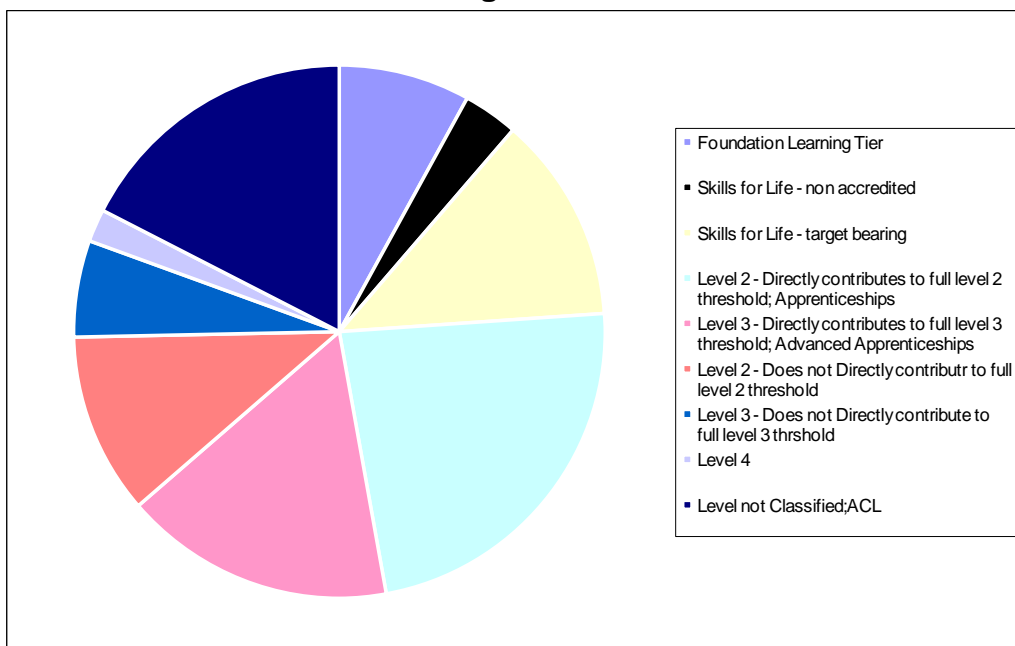
- There will be 16,220 places in school sixth forms for 16-18 year olds.
- There will be 43,600 places in further education for 16–18-year-olds.
- There will be an extra 120 places for young people participating in work-based learning, compared to 2007/08.
- There will be an extra 1,220 full Level 2 places for adults in FE, compared to 2007/08.
- There will be an extra 1,080 full Level 3 places for adults in FE, compared to 2007/08.
- Over £400 million in capital projects will be approved to provide world-class buildings for the North East's learners.
- 24,750 employees will start a first Level 2 or Skills for Life qualification (via Train to Gain).



Young People: Mix of Provision Funding 2006/07



Adults: Mix of Provision Funding 2006/07



2 Investing in our Priorities

We will continue to focus public investment on our priorities, in particular Skills for Life, Level 2 and Level 3.

As more learners take up Skills for Life, Level 2 and Level 3 qualifications, we want more young people and adults on these courses to come from our **priority client groups** which include:

- young people who are not in education, employment or training;
- those with no or low skills;
- lone parents;
- those who are on benefits;
- those who live in deprived neighbourhoods; and
- those who face issues of social exclusion e.g. offenders.

We realise that these are often the people who need the most support and encouragement both to engage with, and remain in, learning. We will use the opportunities created by the Foundation Learning Tier (FLT) to engage wider sections of the community and to support their progression into further learning and employment.

We need more people to progress to higher levels of learning and to higher education. At the same time, the government strategy is to protect provision for those groups of learners that are most vulnerable and we are committed to maintain investment in provision for:

- Learners with learning difficulties and/or disabilities;
- Adult safeguarded learning;
- ESOL; and
- Learning below Level 2 (FLT).

We will work closely with providers to honour our commitment to continued investment in this provision where it is high quality.

Equality & Diversity priorities

The LSC Single Equality Scheme describes our commitment to placing the promotion of equality and diversity at the centre of every aspect of our work. The scheme includes our national Equality & Diversity Impact Measures (EDIMs).

<http://www.lsc.gov.uk/aboutus/equality-diversity/ses.htm>

Our regional priorities for equality & diversity are driven by the following issues:

- BME learners are far less likely to be learning at full Level 2 or above than white learners (even when ESOL provision is not counted).
- Adult learners with a learning difficulty or disability are less likely to succeed in a full Level 2 qualification (than those without a learning difficulty or disability).

- Male learners are much less likely to succeed in full Level 2 and 3 qualifications than female learners.
- Apprentices with a learning difficulty or disability are much less likely to complete their framework (than those without a learning difficulty or disability).
- 16 to 18 year olds with children are much more likely not to be in education, employment or training than those without.
- Unacceptable levels of gender segregation in learning and employment remain in the engineering, construction, health / social care, and hairdressing.
- Low levels of BME participation in Apprenticeship programmes.
- Refugees and asylum seekers require improved access and support arrangements.
- People aged 50 plus are much more likely to be economically inactive in our region.

We have taken our equality and diversity priorities into account in planning and commissioning provision for 2008/09. Our Regional Equality & Diversity Plan and the Strategy to meet the Learning and Skills Needs of Asylum Seekers and Refugees (linked to this plan) describe further strategic actions that we will take to address inequality and promote diversity.

We will carry out Equality Impact Assessments only where there is a departure from agreed national policy or our national statement of priorities

Sector priorities

We also want to increase our focus on our regional priority sectors, while recognising that there are learning and skills needs in all sectors of the economy.

The Regional Economic Strategy identifies nine sectors as drivers of increased economic participation and productivity growth in the region. They are:

- Chemicals and pharmaceuticals;
- Automotive;
- Defence and marine;
- Food and drink;
- Energy;
- Knowledge intensive business services;
- Health and social care;
- Tourism and hospitality; and
- Commercial creative.

The RES also identified underpinning sectors which are important in terms of employment such as construction, transport and retail.

The public sector remains a priority for us both nationally and regionally. We will continue to work with the Strategic Health Authority to take forward the Joint Investment Framework in the North East. We are also currently exploring a similar model for local authorities.

Additional priority sectors have been identified at the sub-regional level, for example through the Tees Valley City Region business case. These are set out in the Local Statements of Need annexed to this plan (to be added early 2008).

A number of key national developments are having a fundamental impact on the sector landscape. These include Qualification reform, re-licensing of sector skills councils, National Skills Academies, and Joint Investment Frameworks (as mentioned above). We will continue to support these processes and support our providers in their understanding of their impact.

Sector specific priorities are set out in Annex A. But key cross-cutting actions are that we will:

- Progressively align funding with vocational qualifications approved by sector skills councils within the context of their sector qualification strategies, (moving towards a position where these are the only qualifications we fund). Key changes for 2008/09 are set out in the addendum to the National Statement of Priorities².
- Ensure that sector progression routes are in place through all levels of learning.
- Support capacity building for assessors and verifiers across sectors, especially where we anticipate growth in demand.
- Work closely with the local 14-19 diploma delivery consortia to advise on employer needs and sector progression routes.
- Encourage recruitment into learning of groups traditionally underrepresented in certain sectors (e.g. young people in traditional industries) and where gender stereotypes are evident.

Increasing the offer from the sector

Increasingly, we will focus on and prioritise public investment in areas of market failure such as Skills for Life and full Level 2 provision. Outside these priority areas, we expect learners and employers to contribute towards the cost of their learning.

In 2008/09, we expect FE providers to increase their levels of fee income and full-cost provision by broadening their offer to adults, encouraging more employers to see FE as the solution to their skills needs, and delivering more professional qualifications and Level 4 and 5 provision. We expect to see institutions broadening their income base, and therefore becoming more autonomous and less reliant on public funding.

Latest data shows fee income in the North East at £7,648,000 - 41 per cent of the fee income which could have been collected (applying a national formulation of theoretical fee income) (2005/06). In 2008/09 we wish to see fee income in excess of £9 million (50 per cent of theoretical fee income).

Capital investment

Our investment in capital in the region will underpin the wider development of the FE infrastructure bringing benefits to learners, employers and the wider community. We will increasingly focus capital investment on both meeting the needs of an area and the renewal of the college estate. Our investment in world class buildings will contribute to the regeneration of local neighbourhoods.

² [http://readingroom.lsc.gov.uk/lsc/National/Aligning_Public_Funding_with_Priority_VQs_\(11Dec2007\).pdf](http://readingroom.lsc.gov.uk/lsc/National/Aligning_Public_Funding_with_Priority_VQs_(11Dec2007).pdf)

Significant progress has already been made in the North East in bringing the region's FE estate up to world class standard. Capital approvals have been granted at either detailed or approval in principle (AIP) stage for schemes totalling £400 million in recent years, of which approximately £200 million is LSC grant supported. We expect to approve projects to the value of around £400 million in 2008/09. Our regional Capital Plan 2007-2012 (linked to this plan), is a joint plan with One NorthEast, and sets out how we will jointly and individually focus investment in the learning and skills infrastructure so that the region achieves its ambition for skills, set out in the Regional Economic Strategy.

3 Challenges, key actions and measures of success for the North East

The LSC has three national priorities, which we deliver both at a regional and at a local level. For each of these we have identified, and set out, the key challenges for us in delivering these priorities.

Priority 1

Creating demand for learning and skills

We want to create a culture where young people, adults and employers demand skills and qualifications because they recognise the economic and social benefits they bring.

We know from Leitch the scale of the economic challenge facing the nation, and the considerable increase in investment and skills required to tackle this. The North East region faces a huge challenge if it is just too keep up with the national position. The Regional Economic Strategy sets an ambitious productivity target for the region. If we are to meet this we will need, among other things, further to upskill the workforce, and increase levels of labour market participation.

Key challenges for the North East

For young people:

- The proportion of young people 'not in education, employment or training' (NEET) is higher than in any other region. 11 per cent of 16-18 year olds – almost 7,200 young people- were NEET in June 2007. The great majority were aged 17 and 18, reflecting young people leaving learning or failing to progress.
- The size of the NEET group varies considerably across local authorities, ranging from 7 percent of young people in Darlington to 13 per cent in Sunderland, South Tyneside and Middlesbrough. There is a strong correlation between areas with high levels of NEET and those with high levels of deprivation, while young people who are NEET are under-represented in more affluent areas.
- A key challenge for the region will be to increase participation by engaging more young people currently in the NEET group, ensuring that there are sufficient and appropriate learning opportunities to meet the different needs of these young people.
- A relatively high proportion of young people follow the work based learning route compared to the national average. But numbers have been falling both in work based learning and in Entry to Employment.
- Increasing the number of 16-18 year old Apprenticeships in response to Leitch and the PSA targets to 2010/11 represents a major challenge.
- Attainment of Level 2 by age 19 in the region is 69%, rather below the national average (71 per cent). Attainment of Level 2 at 16 is also relatively low, but the proportion of the cohort achieving Level 2 between the ages of 16 and 19 is higher than average. Attainment levels also differ significantly between different parts of the region.
- Rising attainment at Key Stage 4 will work its way through to increased attainment at age 19 but those who do not achieve at that stage are likely to be the hardest to reach subsequently.

- Attainment at Level 3 by 19 was 40 per cent in 2005/06. This is lower than any other region.
- This is partly because low levels of achievement at age 16 have required a focus of provision at level 2 up to age 19. As attainment at age 16 improves, this focus can be shifted to level 3. So the challenge for the region will be to shift appropriate provision to Level 3 while not losing sight of needs at Level 2 and below.
- The 14-19 reform agenda is dramatic. Its success will rest on the growing effectiveness of the twelve local 14-19 learning partnerships in the region. We need to maintain the momentum of progress, and to learn from the best of the partnerships in order to bring about the reforms and to prepare for the raising of the compulsory participation age.
- Delivering the entitlement to young people in rural areas presents a particular challenge. We need to balance the need for sufficient breadth and choice within the limits of affordability.
- The changes in the Machinery of Government present new challenges and new opportunities for the LSC and its partners and a key focus of the coming year is to prepare for them.

For adults:

- Although the proportion of working age qualified to Level 2 has improved and is now at the national average, more than 500,000 adults living in the region do not have a Level 2 qualification.
- Achievement at Level 3 among the working age population has increased but remains below the national average.
- A lower proportion of working age people in the region than average have higher level skills (Level 4 and above).
- The percentage of adults without functional literacy and numeracy skills in the region is high and geographically concentrated. There appears to be a mismatch between participation in Skills for Life provision and needs. The numeracy need is greater than the literacy need but take up is lower. The new PSA targets to 2010/11 for functional literacy and numeracy are particularly stretching and it will be a challenge for the region to deliver increased numeracy provision but not at the expense of literacy provision.
- The number of adults in FE fell by 17 per cent between 2003/04 and 2005/06. This reflects a national emphasis on longer courses, typically at full Level 2 and Level 3, and the success of our providers in meeting this agenda. But we need to ensure that shorter courses are not entirely lost – they should be available but not necessarily publicly funded.
- Mapping of PCDL provision by local partnerships raises a number of issues, and shows that the local offer is patchy across the region.

For employers:

- We expect that the number of jobs requiring intermediate and higher level skills will continue to grow, while the number of jobs requiring low skills will fall. But projected replacement demand is high at all levels. We need to ensure that the region's workforce has the skills required for the jobs of the future.

- Employer demand for higher level skills has historically been low in the region but demand for higher level skills is increasing and skills shortages are evident in some sectors. A key challenge for the region will be further to raise the demand from employers for higher level skills to drive productivity gains in the region.
- The sectoral mix of employment and the employer structure in the region continues to change. There has been a shift in the economy towards service sectors, offset by a decline in manufacturing sectors (though the sector remains a major employer). This trend is projected to continue. Many people of working age have qualifications that are no longer relevant to the economy and they may need to repeat a Level 2 or Level 3 qualification to enable them to progress in employment.
- In broad terms our learning provision meets sector needs in terms of delivering against sectors with high demand but there is more to be done to shift provision to those qualifications and levels that sectors say they need. The challenge will be for learning providers to respond to the changing structure of employment, and to work more closely with employers to deliver learning which meet their needs.

Key actions for the North East

For young people we will:

- Increase our targeted interventions with the NEET group, complementing the mainstream with ESF funded activity around progression, prevention, transition and re-engagement. This will include the delivery of 'pre E2E' type provision for young people not yet ready to join mainstream learning or in learning below Level 1. We recognise that a differentiated approach is required, and will target our interventions at those cohorts that need most help. This includes young people leaving care, young people with learning difficulties and/or disabilities and teenage parents.
- Work through 14-19 partnerships on the Key Stage 4 School Engagement Programme in selected areas to offer a personalised programme to young people most likely to drop out of learning, with an emphasis on the development of personal, social and functional skills.
- Support 14-19 partnerships to develop a rich and diverse consortium based local offer for all young people. We will continue our focus on full Level 2 and Level 3, whilst ensuring the offer below Level 2 is sufficient and that there are clear progression routes. We will also work to reduce inequalities in attainment between young people from disadvantaged backgrounds and their peers.
- This will include the rolling out of the first five diploma lines by approved consortia, phasing in the Foundation Learning Tier, and introducing the International Baccalaureate. This enhanced offer will provide a platform for the Diploma Entitlement by 2013 and the proposed raising of the compulsory participation age.
- Increase the number and range of 16-18 Apprenticeship places available, reflecting the needs of the regional economy, as a step towards the Apprenticeship entitlement by 2012. We will enhance the range of vocational progression routes into Apprenticeships through the Programme-led and Pre-Apprenticeship routes. We expect colleges in particular will have a major role in delivering Programme-led Apprenticeships as an effective transition between full time learning and work, and in the expansion of Apprenticeships when young people move into employment.

- Ensure that we deliver the September guarantee, and that all young people have access to up-to-date impartial information about the full offer. Key to this are the on-line prospectuses now in place in all 12 local areas, which we will continue to maintain through the regional database and the development of a common application and tracking process.
- Continue the Young Apprenticeships programme as a work based learning programme for young people at Key Stage 4.
- Support local authorities in their role of supporting and challenging to school sixth forms, supported by the School Improvement Partners.
- Continue to provide support to young learners to overcome barriers to learning. This would include the Educational Maintenance Allowance for learners for whom cost is a barrier, the Progression for Parents programme, and the Care to Learn scheme for pregnant young women and young parents.
- Extend local opportunities for young people with learning difficulties and disabilities (up to the age of 25) to provide access to high quality learning.
- Building on existing joint work in the region, develop with HEFCE, the RDA, HE and FE institutions and employers innovative progression routes and networks which will enable more people to progress into higher levels of learning. The focus of our activity over the period 2007-10 is set out in our Higher Level Skills and Education Plan.
- Support providers to build their capacity in Science, Technology, Engineering and Maths to meet the needs of the regional economy.

For adults we will:

- Maintain a wide choice of accessible learning opportunities for adults who wish to learn on their own accord by encouraging providers to increase the range of full cost and part subsidised provision and expecting individuals to invest in their own learning, where they can afford to.
- Continue our focus on functional literacy and numeracy and first full Level 2 as foundations of employability, while ensuring adequate foundation learning tier opportunities with progression routes to Level 2 and beyond.
- Focus public investment on those who are marginalised from the workforce or learning, including: those with no or low skills; lone parents; those who are on benefits; those who live in deprived neighbourhoods; and those who face issues of social exclusion e.g. offenders.
- Encourage colleges and providers to deliver increased levels of numeracy provision while maintaining levels of literacy provision, ensuring that provision for adults is delivered to those with the greatest need.
- Develop Information, Advice and Guidance Services as a forerunner to the new Universal Adult Careers Service in the region as a means of informing and engaging more adults.
- Continue to provide support to adults to overcome barriers to learning, for example through the Adult Learning Grant for those studying for their first full Level 2 or first full Level 3.

- Support local PCDL partnerships in the planning and delivery of wide ranging, high quality local PCDL programmes, making the links with Local Area Agreements. These programmes should be accessible to all, but learners should contribute to some or all of the cost of their learning where they can afford to. We will target public funding at those who have participated least in the education system and are in most financial need.
- Continue the links with Union learning Representatives as an engagement tool for those in low paid/low skilled work.

For employers we will:

- Expand our offer under Train to Gain, responding to the Train to Gain Plan for Growth including additional flexibilities such as extension of eligibility to volunteers and self employed, second Level 2s for priority unemployed groups, a stand alone Skills for Life offer, the further development of sector action plans and the development of the Level 3 trials. The offer will also be enhanced via ESF funding to further meet the needs of the regional economy, including second Level 2s for workers who do not have a Level 2 qualification relevant to their current occupation.
- Continue to develop the integrated brokerage service delivered by Business Link North East and ONE NorthEast to raise demand from employers.
- Working with regional partners, take the Higher Level Skills Pathfinder into its second year. This will focus on capacity building in the FE sector to improve the Higher Skills offer to employers.
- Provide support to providers to develop their market by working with QIA and partners to tailor support for providers around employer engagement, sales and marketing and "The Whole Organisational Approach", including aspects of the new standard.
- Increase our focus on full Level 3 provision, targeting those sectors that have been identified as important for economic growth within the region, including further development of the Train to Gain Level 3 offer, while ensuring progression routes are in place up to Level 3 and from Level 3 into higher level programmes.
- Expand the Leadership and Management programme to support managers and other key decision makers of SME and Public Sector organisations.
- Continue to encourage skills development activities that reflect the needs identified in Sector Skills Agreements and regional sector priorities. We will use detailed analyses of the sector mix of our provision to help shape the market, informing our dialogues with providers and informing IAG and brokerage.
- Work with Sector Skills Councils to ensure that their Sector Qualification Strategies take the specific needs of the region's employers into account.
- Increase the number and range of 19-25 Apprenticeship places available.
- Expand Apprenticeships for adults (25+) for priority groups of learners.
- Support the national skills campaign in the region including the Skills Pledge, Apprenticeship and Train to Gain Campaigns to raise employer engagement in learning.

Measures of success for the North East

For young people:

- Increase in participation in LSC funded learning by young people to 80,060, drawn in particular from our priority client groups.
- Increase in the number of 16-18 Apprenticeship places to 13,890 and 16-18 framework completions to 4,960.
- Increase in attainment of young people at Level 2 and Level 3 by age 19 to 77% and 48% respectively.
- Reduction in the gap in attainment at levels 2 and 3 between young people from disadvantaged backgrounds (as measured by those in receipt of free school meals) and their peers. (Target to be agreed)
- September Guarantee in place across the region, in line with national policy.
- Increased local learning opportunities for learners with learning difficulties and/or disabilities across the region as a result of capacity building activities.

For adults:

- Increase in achievements in functional numeracy provision (entry level 3 and above) and functional literacy and language provision (level 1 and above) to 7,500 and 13,470 respectively.
- PCDL investment is maintained at 2007/08 levels and targeted at those who have participated least in the education system and are in most financial need.
- Increase in achievements at full level 2 and full level 3, to 1,060 and 2,220 respectively, in particular from our priority client groups.
- Increase in proportion of full level 2 and level 3 that are 'first', reflecting increased progression.

For employers:

- 3,750 employers engaged through Train to Gain, with a focus on North East priority sectors.
- 2,500 individuals participating in the Leadership and Management programme.
- Increase in participation in 19-25 Apprenticeships by 600 to 10,290.
- Increase in participation by priority groups of learners in Adult Apprenticeships (25+) by 500 to 1000.
- Increase in the number of employers in the region committing to improve the skills of their employees through the Skills Pledge.

Priority 2

Transforming the FE system to meet demand

We need to enable the FE system to respond to the increased demand from young people, adults and employers.

We also want to simplify the system for users and 'hide the wiring' i.e. make it simple for people and employers to access the training they need and ensure smooth

pathways through episodes of learning between institutions, between levels, from worklessness into employment, or from custody to community.

Key challenges for the North East

- The provider base in the region is varied. The north of the region is characterised by medium sized and large general FE colleges; in the south the colleges tend to be smaller and there are sixth form colleges in each of the five unitary authorities of the Tees Valley. The challenge for the region is to work through this varied infrastructure to maintain an appropriate mix and balance of provision.
- Offering a range of provision in rural areas presents an ongoing challenge where numbers are low and the employer base is fragmented.
- Significant progress has been made in recent years in bringing the region's FE estate up to world class standard, with capital approvals granted for schemes totalling £340 million. But there is still more to be done to bring the entire estate up to world class standard by 2013.
- The responsiveness and effectiveness of LSC provision in the North East is improving, there have been major shifts in provision towards priorities, and success rates and inspection grades have improved. Train to Gain has impacted significantly on provider behaviour. But further work is necessary to support the full network in engaging effectively with employers.
- In 2005/06 FE providers in the North East collected 41 per cent of the fee income which could have been collected (applying a national formulation of theoretical fee income). There is considerable variation in fee collection across the region, and practice varies widely across FE. In particular there are marked differences in institutional policy between FE colleges and local authority providers. A challenge for the region will be to manage a cultural change within providers and their communities to support collection of more fees across the network.

Key actions for the North East

We will:

- Increase capital investment in the FE estate, working alongside One NorthEast to build colleges of the future in the context of, and in support of wider physical and community regeneration. The LSC and One NorthEast joint Capital Plan for 2007-2012 sets out how we will do this to maximise the benefits of capital investment in the region.
- Encourage providers to develop a portfolio of provision that is partly subsidised and partly funded by employers and learners. We will further focus public investment on government priorities. At the same time we will look to FE providers to increase their levels of fee income and full-cost provision by broadening their offer to adults, encouraging more employers to see FE as the solution to their skills needs, and delivering a higher number of professional qualifications and Level 4 and 5 provision.
- Integrate ESF funding to add value to mainstream funded activity, aligned with local and regional priorities.
- Streamline the customer journey by ensuring seamless progression routes through levels of learning, or for example through the REF. This will be achieved by supporting individuals on progression pathways from unemployment to engagement

onto learning programmes, from lower to higher levels of learning or from learning programmes into employment with training.

- Work closely with our Regional Quality Improvement Partners in order to understand the needs of the FE sector. We will publish an annual Provider Development Programme setting out the improvement activities available to providers.
- Maintain close working relationships with the Quality Improvement Agency in order to support colleges and providers towards Self Regulation.
- Continue to identify inadequate provision through inspection and where necessary work closely with colleges and providers to identify Improvement indicators.

Measures of success for the North East

- Capital projects granted at either detailed or approval in principle stage totalling £400 million in 2008/09, of which over 50% is LSC grant supported.
- Increase in fee income to 50% of theoretical fee income.
- Approximately £21,000,000 ESF investment, benefiting 16,990 participants.
- Annual Provider Development Programme published and implemented in full.
- All LSC funded provision in the region exceeds the Minimum Levels of Performance and making continuous improvements.
- Increase in Apprenticeship completion rates to 65% to match national target.
- Increase in success rates in FE colleges on a trajectory to meet the national target of 80% by 2010/11.

Priority 3

Delivering better skills, better jobs, better lives

We want to ensure that skills are fully integrated into the wider economic and social agenda and have a high profile. We want to maximise the benefits of skills investment for economic development and regeneration. In particular, we want to ensure that skills and employment action are integrated so that more people get the training they need to move off benefits and to enter and progress in work.

Key challenges for the North East

- Although increasing, the employment rate remains below national levels. 31 per cent of adults in the North East are either inactive or unemployed (higher than the national figure of 27 per cent). This rises to 38 per cent of adults in the region aged 50 to retirement. Many of these workless individuals suffer multiple barriers to employment, and have low or no qualifications.

- The RES ambition for productivity is to increase to 90% of UK Gross Value Added. This requires, amongst other things, a significant increase in labour market participation. The RES sets out the aspiration to get an additional 80,000 people back into work by 2016.
- The Regional Employability Framework (REF) is the region's approach to integrating skills and employment. It allows key partners, particularly the LSC and JCP, to deliver more coherent provision to workless individuals with the skills needed for sustainable employment. The challenge for the region will be for partners and agencies to work closely together to put the REF into action, working through City Regions and the rural areas and linking to delivery in local areas.
- The population of the North East has declined and the North East has an older than average age profile. More than 25 per cent of the working age population is over 50.
- We have seen an increased diversity in the population through a relatively small but growing flow of economic migrants into the region and also through asylum seekers dispersed to, and refugees settling in, the region.
- The changing demographics in the region mean that employers and learning providers will need to widen the pool from which they recruit, recognising the economic and social benefits in engaging with the workless, older people, economic migrants, offenders, and groups traditionally under-represented in the workforce and in learning.
- There are substantial variations of economic activity at neighbourhood level, many deprived areas are in close proximity to areas of great prosperity and opportunity. The challenge will be for all partners, through Local Area Agreements, to focus on securing improved local service delivery and reducing inequality of achievement and success.
- The Third Sector typically works with those most hard to reach in the community, disadvantaged, young offenders, marginalised groups, lone parents and economically inactive, many of whom lack qualifications and are more likely to have Skills for Life needs. The challenge for the region is to harness the potential of the Third Sector to offer a route from engagement in first steps learning to accredited and vocational learning.
- A key challenge for the region will be to ensure the contribution of non-City Region areas, particularly rural areas, to the regional economy and to enable them to benefit from City Region developments

Key actions for the North East

We will:

- Continue to integrate employment and skills action through skills for jobs, enhancing activity using ESF Priority 1 funding to get more people back into sustainable employment, working within the REF.
- Encourage increased partnership working among providers to support planned progression pathways for learners. This might be from early engagement through to participation and progression in learning programmes, and from learning programmes into employment with training. We will look to FE providers to develop targeted recruitment strategies for appropriate provision and ensure that IAG supports learners' onward progression to the next stage in peoples' journey to employment.

- Working within the REF, continue our joint planning with Jobcentre Plus to get people back into work. Activities include:
 - delivery of the Employability Skills programme;
 - further development and promotion of occupational route ways;
 - increasing employer referrals between BLNE and JCP; and
 - referrals from JCP to next steps including:
 - improving referrals to Apprenticeship opportunities;
 - increasing employment opportunities for offenders; and
 - working jointly to meet the needs of young people in the NEET group.
- Work closely with Jobcentre plus to support Local Employer Partnerships and with providers to ensure appropriate learning provision is delivered to meet employer and individual need.
- Build capacity of learning providers in the region to develop provision to target those people who are furthest from the labour market, and share good practice in supporting workless individuals with appropriate skills for sustainable employment. Pay particular attention in this context to people who live in rural areas.
- Look to providers to collaborate with each other and with other agencies including the Probation Service and Jobcentre Plus to improve the provision available to offenders on community sentences, and support the transition from custody to community.
- Ensure that learning provision both in custodial and community settings meets the needs of offenders, and is relevant to the employment opportunities in the local economy.
- Work with the sub-regional Third Sector consortia to develop a strategy that identifies opportunities/activities to build their capacity and infrastructure to deliver learning provision that can be approved and funded by the LSC and other key partners; alternatively this may be to develop working relationships with FE providers so as to facilitate progression opportunities for those with whom they have contact.
- Be responsive to economic development/regeneration opportunities, maximising the employment and skills benefits for local people from regeneration projects.
- Continue to support the work of the City Regions, and the newly formed Employment and Skills Board and Employment Consortium, taking a leadership role on the skills agenda.
- Ensure learning and skills provision is configured to reflect the skills and employment priorities articulated through the Regional Economic Strategy, City Regions, Local Area Agreements and Multi Area Agreements to maximise the collective benefits from public investment.

Measures of success for the North East

- Increase in progression onto further learning and/or employment of workless groups. (Target to be agreed)
- Increase in take up of Train to Gain by those that have participated in skills for jobs activity. (Target to be agreed)

- Increase in uptake of offenders in the community accessing mainstream, provision. (Target to be agreed)

Our challenges and actions are based on our Regional Strategic Analysis, a robust strategic analysis of supply, demand and need, as well as ongoing dialogue with key partner organisations. The analysis can be accessed at

<http://www.lsc.gov.uk/regions/NorthEast/Publications/Recommended/>

4 Commissioning Profile

We will continue to measure our success – either directly or by working with regional and local partners – as outlined below.

Measure	2006/07	2007/08 estimated	2008/09 projected
14–16-year-olds			
Total number of learners aged 14–16		2,500	2,800
16–18-year-olds			
Number of young people participating in learning	77,140	79,990	80,060
Percentage of young people reaching Level 2 at age 19	72% (est.)	75%	77%
Percentage of young people reaching Level 3 at age 19	43% (est.)	46%	48%
Number of young people completing Apprenticeships and Advanced Apprenticeships	4,130	4,640	4,960
Adult learner responsive			
Total number of adults participating in learning (excludes ASL)	107,660	92,000	75,470
Number of Skills for Life achievements counting towards Leitch targets (all adults)			20,970
Literacy			13,470
Numeracy			7,500
Number of Level 2 achievements overall for adults (first full)	790	900	1060
Number of Level 3 achievements overall for adults (first full)	2,030	2,190	2,220
Number of adults accessing adult safeguarded learning	34,370	34,370	34,370
Employer responsive			
Total number of learners	46,970	54,770	64,370
Number of level 2 achievements (first full)	10,150	13,360	15,400
Number of adults completing an Apprenticeship (including Advanced Apprenticeships)	1,510	1,740	1,880
Number of employers engaged through Train to Gain	3,350	3,500	3,750
Learners with learning difficulties and/or disabilities (LLDD) – young people & adults			
Total number of LLDD learners supported	29,370	30,000	30,000
Total number of learners in specialist residential colleges	245	275	284
European Social Funding (ESF)			
Total number of learners supported by ESF (note. new programme 2007/08-09/10)	60,240	16,990	16,990

5 Commissioning

The Leitch Review of Skills, *Prosperity for all in the global economy: World-class skills*, published in December 2006, set out new ambitions for developing world-class skills. To achieve the report's vision, we have implemented a demand-led approach to commissioning, coupled with a strong emphasis on quality.

Commissioning is the term we use for all of our planning and purchasing activity across the learning and skills sector, including purchases that are negotiated or competitively tendered for. All of our commissioning decisions are rooted in a firm commitment to allocating our budget wisely, targeting provision of the highest quality, contributing to government targets and priorities, and giving value for money.

Negotiated commissioning

Negotiated commissioning involves us agreeing plans with colleges and providers that currently deliver LSC-funded provision. Our negotiated commissioning plans for 2008/09 include the following:

16–18-year-olds

Most provision for young people will be secured through planning dialogues with colleges, providers and schools (via local authorities). These discussions will result in agreed plans to deliver the following:

- 80,060 places for 16–18-year-olds, of which:
 - 13,890 places are for Apprenticeships (includes an additional 120 places compared to 2007/08); and
 - 19,200 places for foundation learning tier.

Adult learner responsive provision

As agreed with our partners, we need to deliver the following totals in 2008/09:

- 5,700 full Level 2 places;
- 7,740 full Level 3 places;
- 39,319 Skills for Life places; and
- 21,170 Foundation learning tier places.

Employer responsive provision

As agreed with our partners, we need to deliver the following totals in 2008/09:

- 16,550 Level 2 places;
- 5,390 Level 3 places;
- 10,878 Skills for Life places; and
- 10,290 Apprenticeships places.

Adult safeguarded learning, including personal and community development learning

We will secure the following provision locally and ensure it is aligned to Local Area Agreements:

- 23,300 Personal and community development learning (PCDL) places; and
- 11,100 Family and Neighbourhood Learning places.

Tendered commissioning

Tendered commissioning is a competitive process that is open to any new providers wanting to enter the market. It is also open to existing colleges or providers wanting to extend their provision or enter new markets or geographical areas.

In order to drive up the quality and responsiveness of the provision that we fund, we will be introducing more competition within our commissioning activity. Key triggers for competition include new investment, restructuring of provision or a new delivery model, significant gaps in provision, and failure to meet minimum levels of performance. In 2008/09, we expect to tender for the following:

16–18-year-olds

Provision to meet the needs of those young people who are not in education, employment or training. This will include Entry to Employment provision.

Apprenticeships and Advanced Apprenticeships (16-18) where we expect to go out to tender for places in light of gaps in provision whether this results from withdrawal of funding following failure to meet minimum levels of performance, or identification of additional sector needs.

Adult learner responsive provision

We will develop Information, Advice and Guidance services as a forerunner to the new universal Adult Careers Service in the North East region as a means of informing and engaging more adults, and will be subject to a national procurement exercise.

Employer responsive provision

Train to Gain is a service that seeks to meet the employer demand for skills. In the North East it is delivered by over 100 providers. It will continue to be our flagship programme during 2008/09:

- 3,750 employers will be engaged in Train to Gain in 2008/09.
- 24,750 employees will start their first Level 2, Level 3 or Skills for Life qualifications in 2008/09.
- Train to Gain funding will focus on the North East's priority sectors, in particular:
 - those sectors identified by the Regional Economic Strategy as drivers of increased economic participation and productivity growth; and
 - through sector action plans, those sectors where the Sector Skills Council has identified a demand at Level 2 in the region.

- In the North East 20% of the Train to Gain budget will be available as a responsiveness fund which will be commissioned throughout the year in response to employers' needs.

Apprenticeships for Adults (25+) provision will be tendered for within Train to Gain.

Apprenticeships and Advanced Apprenticeships (19-25). We expect to go out to tender for places in light of gaps in provision whether this results from withdrawal of funding following failure to meet minimum levels of performance, or identification of additional sector needs.

European Social Fund

The North East ESF Programme for 2008 to 2010 went out to open and competitive tender initially in November 2007, with remaining activity to go out to tender in early 2008. Its activities are focussed on a set of regional priorities agreed with partners in the region. It will add value to mainstream funded activity in the following areas:

- Supporting individuals to secure sustained employment through implementation of actions to support the delivery of the Regional Employability Framework.
- Reducing the number of young people who are not in education, employment or training.
- Working with employers and individuals to meet skills gaps and shortages thereby improving competitiveness.

Total ESF investment over the 3 year period is £62.7 million, benefiting 51,000 participants. Further details can be found in the LSC Co-financing Plan linked to this plan.

Leadership and Management

The Leadership and Management Programme will be subject to a national procurement exercise.

Employability Skills Programme

We may need to go out to tender for additional Employability Skills Programme provision for 2008/09.

Learners with learning difficulties and/or disabilities (LLDD)

We will increase learning and skills opportunities for learners with learning difficulties and disabilities by expanding provision to meet the needs of the cohort and we expect participation and achievement to increase for LLDD. Our regional strategy (linked to this plan) focuses on:

- Investing in provision through understanding demand and developing more high quality, learner-centred provision thus increasing the number of opportunities for learners to choose to study locally.
- Raising quality of provision through actively supporting programmes that enable individuals to progress to meet their aims and aspirations, and working with partners to develop a co-ordinated regional approach to LLDD workforce development.

- Increasing economic participation through sustainable employment through sharing good practice and working with partners to increase employment opportunities.

Our aim is to secure equality of access, participation and successful progression for all learners with learning difficulties and/or disabilities. Therefore the North East LSC will meet identified needs by building on and expanding existing high quality programmes, and where appropriate, commission and develop new innovative provision and services through open and competitive tendering, emphasising collaborative approaches.

Offender Learning and Skills

We will work collaboratively with OLASS partners to improve opportunities for offenders and ex-offenders through learning and reduce re-offending rates by increasing the skills and qualifications of offenders, improving their employability and helping them move into work. We will continue to tender for **provision for offenders**, every three years, the next round being for August 2009 starts, unless there is a failure of service for which we need to re-tender. Additional activity will also be tendered for through the ESF programme.

National Skills Academies

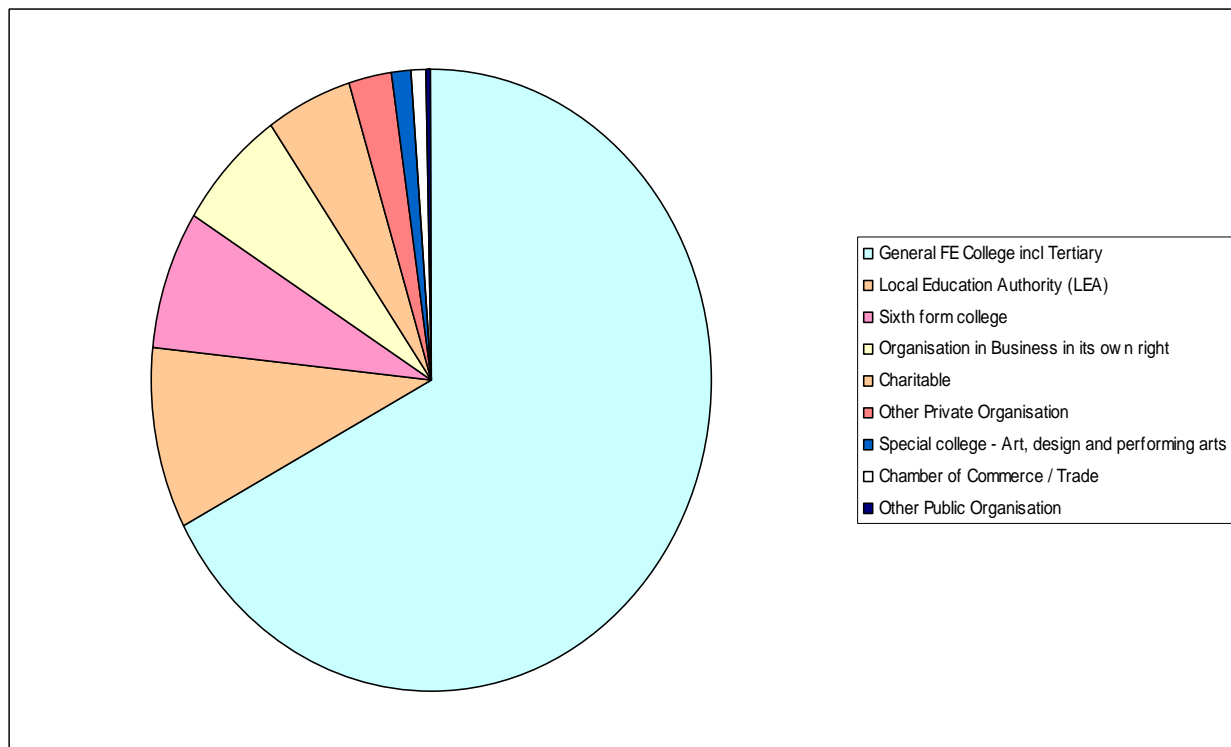
The National Skills Academy (NSA) network is a unique structure of employer-led excellence for skills training. They provide a means for direct involvement by employers in the design and delivery of learning. The NSA network will be a key component of the supply infrastructure in addressing skills shortages in specific sectors and industries. Currently, there is currently in the region a Process Industries (hub); and Manufacturing (spoke). In addition, at development stage in the region are spokes of NSAs for Food and Drink, Creative and Cultural, and Hospitality sectors.

NSAs will be a key part of our overall strategy to commission high-quality, employer responsive provision in a demand-led system.

6 Infrastructure

We are a responsible government-funded organisation who rather than funding the same providers year after year, we take great care to test the market. This ensures that our learning and skills provision continues to meet the changing needs of learners and employers.

We take an active interest in the overall volume, pattern and range of learning and skills activity that individual learners and employers can choose from in each area. We also analyse delivery to ensure that no group is disadvantaged and that equality of opportunity exists throughout our learning and skills provision in the North East. The chart below shows the wide range of organisations that we contracted with in 2006/07.



We want to invest in the capacity of the FE system so that it is continually able to respond to future challenges and where necessary, we want to encourage a diverse provider base to increase choice, quality and stimulate the delivery of innovative provision. One way we will achieve this is through the use of open and competitive tendering processes where this will result in improved quality or choice for learners and employers. Where we have good and excellent providers, we will help them to grow so that they can continue to offer the breadth and depth of provision we need in the region.

7 Quality

Quality improvement will be a key driver of our commissioning decisions to ensure that we secure good quality provision for learners and employers and continue to eradicate poor provision from the market.

We will support colleges and providers that are performing well to perform even better, and we will challenge colleges and providers that are satisfactory but not improving. As part of this more rigorous approach to securing the best provision, we will assess performance against minimum levels of performance from the 2006/07 academic year, based on the new measures for calculating success rates.

These minimum levels will be used by Ofsted as part of the college and provider performance report. Where a substantial proportion of provision is identified as inadequate or underperforming, a 'Notice to Improve' will be issued. We will address mediocre provision through a regional approach to improvement indicators that will focus on areas that are in danger of slipping below minimum performance levels if the bar is raised.

The National Improvement Strategy sets out how the Quality Improvement Agency and partners such as the LSC will provide support to colleges and providers. The Strategy includes the expectation that the contracts and funding agreements we hold with providers ensure that they have appropriately qualified and trained staff in accordance with new requirements.

Within our region we will work closely with our Regional Quality Improvement Partners in order to understand the needs of the further education sector. As a result of this work we will update our Regional Quality Improvement Framework annually clearly stating what our intentions will be for the coming year. We will publish an annual Provider Development Programme stating what improvement activities are available to providers and where appropriate signpost them to other agencies that can support their development needs.

We will maintain close working relationships with the Quality Improvement Agency in order to support colleges and providers towards Self Regulation. Regionally we will support other agencies commissioned by the QIA on specific initiatives such as the Learning and Skills Network Train to Gain Development Programme and the Skills for Life 'Whole Organisational approach' delivered through CfBT Education Trust.

8 Learner health, safety and welfare

Our policy is built on the health, safety and welfare of learners being a fundamental value for the LSC and applies to all types of funded learning provision. The policy confirms that the LSC will promote the raising of standards and best practice approaches working in partnership with relevant stakeholders. A key element of the policy is the promotion of the 'safe learner' and continuous Improvement based on effective health and safety management. The policy makes clear the LSC will seek assurance from funded organisations that suitable and sufficient health, safety and welfare arrangements are in place to protect and benefit learners. For further information log on to www.safelearner.info

9 Related strategies

Strategy/Plan	Web Link
Local Area Statements of Need 2008/09	http://www.lsc.gov.uk/regions/NorthEast/Aboutus/Annualplans/ (to be added early 2008)
LSC North East Regional Equality and Diversity Plan 2007/08 (08/09 plan to be published spring 2008)	http://www.lsc.gov.uk/regions/NorthEast/Aboutus/Annualplans/
LSC North East Strategy to meet the Learning and Skills Needs of Refugees and asylum seekers	http://www.lsc.gov.uk/regions/NorthEast/Aboutus/Annualplans/
North East Strategy for LSC-funded provision for Learners with Learning Difficulties and/or Disabilities 2007-10	http://www.lsc.gov.uk/regions/NorthEast/Aboutus/Annualplans/
LSC and ONE Regional Capital Plan 2007-2012	http://www.lsc.gov.uk/regions/NorthEast/Publications/Recommended/
LSC North East HE and Higher Level Skills development plan 2007-10	http://www.lsc.gov.uk/regions/NorthEast/Aboutus/Annualplans/
LSC North East Regional Quality Improvement Framework 2007/08 (08/09 plan to be published spring 2008)	http://www.lsc.gov.uk/regions/NorthEast/Aboutus/Annualplans/
ESF LSC Co-financing Plan 2008-2010	http://www.lsc.gov.uk/regions/NorthEast/Aboutus/Annualplans/
Regional Economic Strategy	http://www.onenortheast.co.uk/page/res.cfm