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Leading learning and skills

**Learning and
Skills Council
North West
Regional
Commissioning
Plan
2007/08**

January 2007

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

Final LSC North West Commissioning Plan 2007-08



Leading learning and skills

17 January 2007

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Introduction

The LSC national vision is that by 2010, young people and adults in England will have knowledge and skills matching the best in the world and are part of a truly competitive workforce.



This is an exciting time to be working in education and skills. The momentum created by the reforms to 14-19 education and the introduction of Train to Gain is now at full throttle. The Agenda for Change is transforming the nature of the relationship between the LSC, colleges, schools, providers, employers and individuals.

We are seeing the birth of a truly demand led system that anticipates and responds to its customers, tackling the skills deficit that has held back our economy for so long. And Leitch is telling us that the scale of our ambition must increase.

In the North West the fruits of the transformation are evident everywhere. We have always been a region of contrasts; both spectacularly rural, as in the Lake District National Park, and triumphantly urban, as in the newly gleaming office blocks of Manchester City Centre. This diversity gives the region dynamism and colour.

But some of our contrasts are less desirable; the prosperity of Cheshire is less pleasing when considered against the backdrop of worklessness and poverty of aspiration evident in parts of Manchester, Merseyside and Lancashire.

Partners across the region have long been determined to tackle this disparity in opportunities and their work is beginning to yield results. Unemployment has fallen steadily for years and educational attainment has risen - most steeply in the very areas that seemed to be holding regional achievement back.

However as the general standard rises, the communities that still have problems become more starkly visible. Often these are communities of interest or circumstance, such as people living on Incapacity Benefits without access to work.

The LSC is determined to enable all people who want to gain qualifications and skills to get the help they need. We and the region's colleges and providers accept the challenge of making learning as individual and quick to respond as the people and companies taking it up.

Here can be found our analysis of the key skills challenges for the region, and what must be done to effect the next step change in the transformation of the North West to become, as the Regional Economic Strategy states, *"A dynamic, sustainable international economy which competes on the basis of knowledge, advanced technology and an excellent quality of life for all."*

We look forward to working with partners across the region to deliver this vision

John Korzeniewski

Roger Hoyle

Regional Director

Chair

North West Learning and Skills Council

LSC Regional Management Board

A Strategic Context

1 We published *Raising Our Game, our Annual Statement of Priorities for 2007/08* which sets out our key national priorities and targets and outlines how we will be investing our funding to meet these priorities and targets.

2 We have four national priorities:

Priority 1: Raise the quality and improve the choice of learning opportunities for all young people to equip them with the skills for employment, further or higher learning, and for wider social and community engagement.

Priority 2: Raise the skills of the nation, giving employers and individuals the skills they need to improve productivity, employability and social cohesion.

Priority 3: Raise the performance of a world-class system that is responsive, provides choice and is valued and recognised for excellence.

Priority 4: Raise our contribution to economic development locally and regionally through partnership working.

3 A copy of our Annual Statement of priorities can be found at:

<http://www.lsc.gov.uk/Publications/Recommended/Raising-our-game-our-annual-statement-of-priorities.htm>

A new approach to commissioning

4 A new ambition for world-class skills has been set in the Leitch Report and we are moving to a more demand led approach to support this vision. Our proposal is simple – give individuals and employers the power to choose, and empower the best of providers to engage more learners and employers.

5 For choice to be exercised there must be a balance and range of supply available. We will continue to take an active interest in the overall volume, pattern and range of supply from which individuals and employers can choose in each area. There must also be an adequate and appropriate supply for all types of employers and all groups of individuals. We will ensure through our analysis of delivery that no groups are being disadvantaged and that equality of opportunity exists.

6 Our commissioning plan is the vehicle through which we will share intelligence on current supply and future demand. It will identify, at a broad level, the range of provision needed to create the right market environment for supply to meet demand. It is based on a thorough strategic analysis across the region and this has informed the anticipated changes in provision that are needed to meet demand. We expect our providers to respond to these changes in the context of their own markets and customers.

7 This new approach will be underpinned by a new relationship with colleges and providers; one characterised by strategic dialogue, which is light touch, appropriate and which minimises bureaucracy. This will change the way we plan, commission and contract with colleges and providers.

8 Overall, we expect a greater proportion of public funding to be spent on our targets and priorities as set out in our Annual Statement of Priorities.

9 Specifically this means:

For Young People (14–19)

- 10 Colleges and Providers will set out how they will contribute to the delivery of the entitlement as set out in the local 14–19 prospectus. We will work together with local authorities to secure the provision to deliver this entitlement.
- 11 Gaps in provision or significant new growth in capacity will be commissioned. This will include sixth form and FE presumptions, 16–19 competitions and tendering for specialist provision – for example, targeted at young people not in education, employment or training.

For adults

- 12 We expect colleges and providers to continue to respond to the demands of their local communities, delivering the provision they want. However, where the needs of particular groups are not being met we will undertake customer-centred tendering to address any gaps.
- 13 We expect a greater proportion of government funding for adult learning to focus on employability outcomes, using qualifications to help people enter and progress in sustainable employment to meet the changing needs of the economy.
- 14 Investment in Personal and Community Development Learning (PCDL) will increasingly be determined by local partnerships as part of the ongoing reform of PCDL.

For employers

- 15 We will continue with the Train to Gain approach where colleges and providers will tender to become approved providers, and maximum contractual volumes will be awarded and varied in-year in response to employer choice.

Opening up and diversifying the market

- 16 To achieve what we want in the region, we will open up the market to extend the range of existing, successful colleges and providers. We also aim to bring in new providers, for example, those with particular strengths in engaging wider groups of learners and employers
- 17 Competition will be supported. Providers demonstrating quality of provision will be able to expand. New entrants to the market will be encouraged and unwarranted barriers to entry removed. Suppliers of unwanted or lower-quality provision will not be protected from the resulting loss of income.
- 18 Our commissioning plan identifies the provision we expect to go out to tender for across the region. This is based on the 4 triggers for competition outlined in our Annual Statement of Priorities:
 - New investment – for example Train to Gain, or to meet growth in demand for service
 - Restructuring of provision or delivery model restructuring – for example Offenders' Learning and Skills Service
 - Significant gaps in provision, including 16-19 competitions or where provision is not available to meet the demands of learners and employers
 - Poor quality – where colleges or providers or elements of provision fail to meet minimum performance levels and / or are deemed inadequate by Ofsted

How this applies in our region is detailed throughout this plan.

Investing in capital

- 19 We want world class facilities across our region. Capital investment will support the building of high-quality facilities to extend and improve the choice and quality of learning. Our regional capital strategy will be aligned to support this commissioning plan.
- 20 Details of which groups of providers are eligible to apply for LSC capital funds, the criteria for qualifying projects and how to apply can be found the LSC's Capital Handbook which is available on the LSC's website (<http://www.lsc.gov.uk>).

Ensuring quality

- 21 We want to buy the best quality provision to meet the region's needs. We have a key duty to protect the interests of learners and employers and will take robust and urgent measures to withdraw funding from poor-quality provision and move funding to those colleges and providers that can deliver.

Regional Priorities and Key Actions

22 Our regional priorities and key actions are based on a robust strategic analysis of supply, demand and need and dialogue with key partner organisations. The aim of this analysis and the following priorities and actions is to set out a summary of intelligence for delivery organisations to take into account when formulating their offer or preparing tenders. A copy of our full regional strategic analysis can be found at:

<http://www.lsc.gov.uk/Regions/NorthWest/NorthWestStrategicAnalysis.htm>

23 The strategic analysis has underpinned the development of the regional statement of skills priorities for 2007-2010 produced by the Regional Skills Partnership (RSP), of which the LSC is a key member. The statement can be found at:

<http://www.nwda.co.uk/publications.aspx?Publications=1&area=78&subarea=81&Item=200611105802624148&publicationview=1&navfromaofi=1>

24 A summary of sector skills needs identified by regional sectoral consultation can be found at <http://www.lsc.gov.uk/Regions/NorthWest/> together with a sector based supply side analysis.

Regional Priority 1

Supporting National Priority 2/4

Tackle worklessness by linking people, jobs and training

25 Economic activity rates and workforce skills levels are two key determinants of productivity. The North West has lower rates of economic activity than the England average and its workforce is less well qualified. Our economically active population includes 29% without a level 2, but this increases to 54% in the inactive population (5% points above the national average). The regional rates of inactivity for people aged over 50 and people with a disability are well above the England average. There is also a large number (19,000+) of young people not in employment, education and training (the “NEET” group).

26 A lack of qualifications and basic employability skills mean that a significant proportion of adults of working age population in the North West are either not in employment or working in lower skilled, lower paid jobs. Access to employment and qualification levels are strongly correlated and attainment of a qualification at any level will improve the likelihood of employment.

27 **We need a progressive system that provides systematic upskilling at every level.** As part of the wider objective of full employment in every region, over the three years to Spring 2008, we need to:

- demonstrate progress on increasing the employment rate;
- increase the employment rates of disadvantaged groups¹;
- reduce significantly the difference between the employment rates of disadvantaged groups and the overall rate.

¹ The main target group is workless adults. In particular: people from black & minority ethnic (BME) communities, lone parents, people with disabilities &/or long term, limiting health problems (who may receive Incapacity Benefits), those living in the local authority wards with the poorest initial labour market position, those with the lowest qualification levels, people aged 50 & over & ex-offenders/offenders in the community.

- 28 For individuals excluded from employment, the employer route to training and up-skilling is not available, and, given the high rate of economic inactivity in the region, there are a lot of people² who cannot easily access the support they need to reach their full potential.
- 29 By far the largest pool of potential new recruits to replace people leaving the workforce is to be found in the workless families and communities in the most disadvantaged neighbourhoods and which are often closest to the demand for new jobs in our cities and major towns. These groups are the least skilled/qualified and are becoming increasingly cut off from the labour market. Rates of worklessness within the region are highest among groups such as offenders and ex-offenders, lone parents, Incapacity Benefit claimants, young unemployed (18 – 24), older people (over 50) and BME communities. **Targeting these disadvantaged client groups will be key to closing the unemployment and incapacity gaps.**
- 30 As the cohort of young people declines over the years to 2015, reductions in the numbers looking to enter jobs requiring level 2 skills have been forecast, and there are also plans in place to increase the proportion progressing to level 3 and HE. Future regional prosperity depends upon moving the economically inactive into employment, particularly into level 2 jobs. As a result, many sectors now recognise the need to engage workless people.
- 31 The Leitch Review of Skills (December 2006) clearly articulates the need for an integrated employment and skills approach. Through our regional skills partnership and strong links to Local Area Agreements (LAAs) we will meet this challenge and address the issues of worklessness in the North West.
- 32 Across the NW, there are major projects underway or planned³ which will create major employment opportunities, some suitable for people currently outside the workforce. However, to link local people to these opportunities often requires individually tailored work preparation programmes, developed by a number of organisations working together. These are opportunities for colleges and providers to work with partners (JobCentre Plus, local authorities, community organisations etc) to develop comprehensive packages of support.
- 33 We expect colleges and providers will use LSC resources, alongside those of partners, to develop comprehensive packages of support. At the core we expect workless people be supported to secure first full level 2 and Skills for Life qualifications.
- 34 In those areas taking forward DWP⁴ City Strategy initiatives (also known as employment consortia), it is expected that colleges and providers will link their LSC-funded provision to the support arrangements offered through the City Strategies.

Actions

- 35 As a priority we will:
- **Increasingly refocus both our negotiated and tendered investment in adult learning on people not in work**, helping them to gain sustainable employment

² There are 410,000 adults of working age in the region claiming Incapacity Benefit &/or Severe Disablement Allowance, 9.8% of the working age population. Nationally, female economic inactivity is higher than male - 26.9% vs. 16.5%. In the NW, male inactivity is higher than the national average by 2.8% points.

³ See the list of initiatives in the North West Statement of Skills Priorities 2007-2010.

⁴ Department of Work and Pensions. <http://www.dwp.gov.uk>

by commissioning high-quality bespoke training linked to specific jobs or by equipping them with the skills needed to enter suitable employment.

- Work closely with JobCentre Plus and other key partners on an integrated and coordinated approach that links workless people to job opportunities by providing information, advice, education and training
- Target learners with particular characteristics (see Footnote 10)
- Target the employers involved in economic development and regeneration to maximise opportunities for upskilling the existing workforce.

Key Performance Indicators

- 36 In the medium term we expect to see increases in economic activity, employment and level 2 qualifications held by adults.
- 37 We also expect the numbers of young people not in employment, education and training (the “NEET” group) to reduce as efforts to develop individualised packages of support that assist them to re-enter education or enter the labour market bear fruit.

Regional Priority 2

Supporting National Priority 1

Increase the participation of 16-19 year olds in education &/or work based learning, thereby securing increases in level 2 & level 3 attainment & progression into higher education

- 38 DfES figures show 16-18 participation increased to 76.2% in 2005⁵. Overall national 16-18 participation was 75.2% in 2004, however this conceals a picture of high participation at 16 but much lower participation at 18.
- 39 Connexions’ estimates paint a positive picture of 16 yr old participation in the NW – indicating that the NW actually has a higher proportion of 16 yr olds in learning than England does, with the rate of increase also exceeding national performance⁶. There are however some areas in the region where participation lags – especially in Greater Manchester, which in 2004 had 77% of 16 and 17 year olds in education and work based learning, compared with 84% in Cumbria. Given that Greater Manchester has the largest cohort in the region (almost six times larger than Cumbria’s), this is a major issue.
- 40 If we are to increase 16-18 participation to 90% significant rises in participation will be needed in all age groups, but especially 18 yr olds. The challenge will be particularly stretching in Greater Manchester (and Greater Merseyside, the next largest cohort and, together with Lancashire, the sub-region with the next lowest participation).
- 41 Achievement of level 2 (and level 3) at age 19 has been below national averages; in 2004 the region saw 64.4% of the cohort achieve level 2 compared with 67% nationally⁷. The NW has narrowed the gap more quickly than the rest of England since 2004 but the performance gap has not closed, so the focus on achievement of level 2 and 3 must be sustained.

⁵ Includes full-time education, government sponsored training (GST), employer funded training & other education and training.

⁶ The main difference between the regional & national picture is that the North West has a slightly lower proportion of 16 yr olds in full time education & in employment without training, but a higher proportion in training & employment with government sponsored training (GST).

⁷ If English & Maths are included, the comparable rates were 42.5% in the NW & 44.3% nationally.

Actions

- **Local 14-19 partnerships to ensure that a comprehensive offer is available to all eligible young people that maximises participation and attainment;**
 - Examples of good practice from areas successfully reducing their NEET and “not known” cohorts should be used to drive improvement; ESF and discretionary funding used to develop innovative engagement strategies;
 - Work with Connexions to promote all types and routes of education and training (including new vocational qualifications) to all young people;
 - **All areas must have appropriate employer engagement and work related learning strategies** as required for the delivery of Specialist Diplomas. Local employers to be encouraged to use apprenticeship as a preferred recruitment route for young people;
 - **Targeted and tailored provision for young people** who are disengaged/at risk of disengagement such as care leavers, offenders and ex-offenders (here we expect to see colleges and providers working with criminal justice partners such as the probation service and youth offending teams), teenage parents, those with Learning Difficulties and Disabilities and other vulnerable groups;
 - Innovative and attractive routes to be introduced that deliver **increases in level 2 participation and achievement including English and Maths**. Innovative solutions to improve attainment in English and Maths are essential to support progression to level 3 and beyond.
 - Greater use will be made of programme led apprenticeships;
 - **Actively promote growth in apprenticeship volumes** to arrest the decline in 2006-07 and restore the growth trajectory;
 - **Implement new and better strategies to improve retention and continuation at 17** as part of providers’ quality improvement priorities. If robust responses are not received during provider dialogue it is our intention to tender for this provision;
 - Education Maintenance Allowance (EMA) take up to increase, with information, advice and guidance on EMA targeted at learners likely to drop out of education due to financial pressures;
- **Local colleges and providers to ensure that their education and training opportunities for young people provide a sound preparation for employment and meet the needs of employers and public services** by active intervention to:
 - **Increase rates of progression** into employment and higher education;
 - **Increase education and training that improves employability** and increases young people’s chances of progression to higher education. To include preparing the way for the Apprenticeship entitlement and the new pre-Apprenticeship route;
 - **Create a learning environment that encourages all learners to reach at least level 2**, by enabling young people to reach their full potential and gain the skills needed to enter the employment market and higher education;
 - Deliver effective progression from foundation level tier (FLT) programmes; **this will be a pre-requisite for negotiated growth in FLT.**

Key Performance Indicators

- Increased number of enrolments and achievements in English and Maths to level 2; achievement to increase by at least 3 percentage points;
- Improved success rates for Apprenticeships; to increase by at least 5 percentage points;
- Increased attainment of young people aged 16-19, including those with learning difficulties and disabilities;
- Reduced proportion of 16-18 year olds NEET in the North West, to align with national averages (in January 2006 the NW NEET percentage was 8.5% compared with 7.5% nationally);
- To increase achievement of level 2 and 3 at 19 to deliver the national target and support economic growth: both to increase by at least 3 percentage points;

Regional Priority 3

Supporting National Priority 2

Increase the proportion of adults with the skills and qualifications needed for employment, with a focus on Skills for Life and level 2 attainment;

- 42 Adults in the North West are more likely than in the rest of England to have Skills for Life needs and less likely to have a level 2 qualification, especially if they are economically inactive. Of employers in the North West who reported skills shortage vacancies in the national employer skills survey (NESS), 31% reported literacy skills as lacking and 30% reported numeracy skills as lacking. These rates compare to 22% and 21% for England respectively and are the highest of any English region. Currently, Skills for Life provision meets only a small proportion of identified need⁸.
- 43 There is also variation across the region in the balance of provision to need, with annual provision in Greater Manchester addressing only 2% of need, rising to 6.4% in Greater Merseyside. The mix of learners aged 16-18 and adults aged 19+ on Skills for Life courses is skewed towards young people, while the scale of need is much larger for adults.
- 44 Only 47% of Skills for Life learners in the region are on courses that count directly to the target, with a further 18% on first rung provision leading to target qualifications. This means 35% of learners are taking Skills for Life provision that is not target facing and this proportion must be reduced. **The Annual Statement of Priorities 2007-08 announced that the LSC will no longer fund non-approved level 1 and 2 literacy, numeracy and language provision.** Skills for life also forms part of Train to Gain, and should be embedded in sector skills and productivity action plans.
- 45 Level 2 attainment is the minimum requirement for employability and also provides a platform for progression into developing intermediate and higher level skills. Demand for level 2 from employers arising from expansion and replacement demand is forecast to average 45,000 p.a. in the region.
- 46 Between 2001 and 2005, the number of working age people in the NW without a level 2 fell by 12% and the number of people with at least a level 2 qualification increased by almost 5%, or 129,105 people⁹. But 36% of working age people in the region still do not have a level 2 (England = 33%). Estimates in the strategic analysis

⁸ This is partly a result of the nature of the skills for life survey, which across England results in very high proportions of people identified with basic skills needs. <http://www.literacytrust.org.uk/socialinclusion/adults/survey.html>

⁹ An additional reduction of 428,000 would be required to meet the national PSA target within the region.

suggest that 82% of these are in work (around 750,000) and 18% are workless (around 165,000).

Regional Priority Sectors for Level 2 (those with the highest volume of demand) are:

- retail
- health and social care
- financial services
- logistics and education

Sectors with a substantial potential demand for upskilling of the existing workforce are:

- retail
- logistics
- hospitality, leisure and tourism.

Actions

- **Colleges and providers should plan to deliver a mix of learning for adults¹⁰ in their area that addresses priority skills needs across the full range of provision**, including learndirect provision, First Step and entry level opportunities that assist people to move from welfare into work.
 - These opportunities to form part of a comprehensive skills map containing clear and effective progression routes, supported by information and advice from nextstep.
- **More adults aged 19+ must be encouraged to acknowledge and address their Skills for Life needs by undertaking approved courses. More provision must be target bearing.**
 - All colleges and providers to align skills for life provision so that 80% is target bearing by 2008-09 and to achieve a step change towards this in 2007-08. If this is not achieved we plan to tender in 08-09.
 - The level of need for numeracy is much greater than for literacy. The provision mix should reflect this and colleges and providers should increase the number of numeracy qualifications contributing to the skills for life PSA target.
- **Colleges and providers should target their marketing on the priority groups listed below**, working with partners including JobCentre Plus, those working with offenders within the Offender Learning and Skills Service (OLASS), regeneration project managers and economic development organisations.
 - Working with local employers and their intermediary organisations will help in targeting low skilled people in employment.
- **Partners to work with sectors that have high volume employment growth opportunities** as these have the highest level of replacement demand at level 2 and can offer entry level opportunities for adults currently outside the workforce.
- **Across the region we expect to see an increase in both the volume of full level 2 delivered and in the proportion of the negotiated adult budget used**

¹⁰ Priority Customer Groups: Unemployed people & Incapacity Benefit claimants, working with Jobcentre Plus; Offenders in custody & those supervised in the community, working with OLASS; Public sector employees; Low-skilled people in employment & other groups at risk of exclusion (including homeless, refugees, travellers, parents & people living in disadvantaged communities); Adults aged 19+ without a level 2 qualification, both in & outside the workforce, including workless people wishing to re-enter the workforce (particularly men), people in low skilled work, people working in priority sectors, people resident in disadvantaged areas, offenders/ex-offenders, people aged 50+.

to deliver full level 2. For general further education colleges, a minimum of 20% of the negotiated adult budget provision should be full level 2.

- **Colleges and providers recruiting adults on to full level 2 provision must ensure that “firstness¹¹” is a minimum of 55%;**
- Research shows that many of the people without a level 2 qualification also have some other type of disadvantage in the labour market and may require additional support to enter the labour market or to progress within it.
- The majority of the population without a level 2 is in work. Colleges and providers should have an appropriate balance in the mix of classroom based/workplace based delivery for adults funded by Train to Gain, WBL and FE.
- Colleges should review their curriculum to ensure that level 2 qualifications delivered count as full level 2 achievements.
- **There must be no displacement of negotiated employer facing level 2 by Train to Gain.**

Key performance Indicators

- **To achieve trajectories on Skills for Life and full level 2:**
 - Skills for Life: 27,400 adults on approved provision in 2007-08
 - First full level 2: 18,500 adults on negotiated provision, 40,000 adults on Train to Gain

Regional Priority 4

Supporting National Priority 2

Support adults to progress beyond level 2 and to attain skills and qualifications at level 3 and above, with a focus on key sectors;

- 47 Skills are recognised as a key driver of international competitiveness and the scale of the skills challenge the UK faces is well documented in the Leitch interim report. According to Leitch, even if the Government’s ambitious targets for improving UK skills by 2020 are met, the UK will still not have ‘world class’ workforce skills levels.
- 48 International comparisons of productivity & skills highlight the challenge facing the NW. The region has a significant (13%) productivity gap with the England average. Trend based forecasts of GVA per head from Working Futures 2006 show average annual growth over 2004-14 in the North West at 2.1%, below the England average of 2.4%. If past trends continue, the region’s productivity gap will widen.
- 49 Compared to England, the North West has a lower proportion of economically active people qualified to level 4 or above (29.2% against 30.7%) but a slightly higher proportion qualified to level 3+ (20.5% against 19.6%);
- Cheshire & Warrington has the most highly qualified economically active population, with 36% holding degree-level qualifications, & only 25% below level 2.
 - Gtr Merseyside has the least well qualified economically active population, with 32% below level 2.
- 50 Large numbers of workers have been engaged in Train to Gain in the North West (which was a pilot area); these people and their employers have demonstrated a commitment to learning that can provide a platform for progression to level 3 and to higher education.

¹¹ First full level 2 should be targeted on adults with no qualifications or qualifications at level 1 or below.

Actions

- **Colleges and providers to target individuals who have participated in level 2** with the aim of encouraging further progression.
- **Colleges and providers to review level 3 and 4 provision** to ensure they are offering:
 - the higher level qualifications that individuals want, and
 - qualifications prioritised by Sector Skills Councils.

Key performance Indicators

- Increased volumes of adult full level 3 achievements to meet employer demand and provide a platform for progression to level 4

Regional Priority 5

Supporting National Priority 2

Stimulate employers to invest more in workforce development which meets business needs including innovation, management, leadership & intermediate and higher level technical & professional skills;

- 51 The Regional Skills Partnership invited regional Sector Skills and Productivity Alliances to set out their skills priorities in formal submissions. A summary of the priorities highlighted by each Alliance can be found at <http://www.lsc.gov.uk/Regions/NorthWest/>.
- 52 To establish **the level 3 and 4 priorities for the region**, the RSP took the sectors identified in the draft Regional Economic Strategy as priority sectors. These knowledge based sectors have international growth potential and contribute significantly to the North West's GVA:
- Biomedical
 - Food and drink
 - Digital and creative industries
 - Energy and environmental technologies
 - Advanced engineering and materials
 - Business and professional services
- 53 These sectors have been overlaid with an analysis of the Alliance submissions to identify which of them have highlighted level 3 or 4 priorities.

Regional priority sectors for level 3:

- Advanced engineering and materials (specifically aerospace and engineering, automotive, chemicals)
- Care/ Healthcare
- Digital and creative industries
- Biomedical
- Retail
- Energy and Environmental technologies including nuclear de-commissioning
- Construction
- Education and Training
- Food and Drink
- Visitor economy (specifically tourism)

54 Regional priority sectors for level 4:

- Advanced engineering and materials (specifically aerospace and engineering, automotive, chemicals)
- Construction
- Energy and Environmental technologies including nuclear de-commissioning
- Care/ Healthcare

- Biomedical
- Food and Drink
- Digital and creative industries
- Business and professional services (specifically financial services)

- 55 There is an expectation that employers will contribute to the cost of provision (other than for Skills for Life & first full level 2 – which is fully funded by the LSC). Current employer behaviour in the North West offers significant opportunities to providers to secure this type of investment. Employers in the NW have the highest spending per trainee of employers in any region, & more of them have a formal training plan than to the English average (47% and 45%).
- 56 Employers must be challenged to bear a larger part of the cost of training; without an increase in employer investment the challenging goals in the Regional Economic Strategy are not likely to be achieved.

Actions

- **Our aspiration is that colleges & other providers have a detailed understanding of the needs of employers as a key customer group & the capacity to meet those needs.** We expect that:
 - The curriculum offer to employers reflects what is known about employer preferences: **where a Sector Skills Council has identified preferred qualifications, there should be a presumption for these;**
 - Providers & colleges will ensure that Skills Brokers are aware of the **full** range of (chargeable & non-chargeable) provision they offer;
 - Colleges have plans to **increase the volume of FE-funded first full level 2 & 3 qualifications delivered entirely or mainly in the workplace** both through planned provision & Train to Gain level 3 trials;
 - Credible plans are in place to maximise the level of employer contribution;
 - Where employers are participating in Train to gain or Apprenticeships, the opportunity will be taken to promote wider development opportunities, including leadership and management and higher level skills.

Key performance Indicators

- Increased numbers of employers participating in level 3 Train to Gain and adult advanced apprenticeships

Regional Priority 6

Stimulate demand for, & investment in entrepreneurial, intermediate & higher level skills from individuals

Supporting National Priority 2

- 57 This priority area is led in the North West by the Skills for Business Network, however the LSC has several important roles to play here, firstly by funding Union Learning Representatives who work within organisations to encourage workers to participate in learning.
- 58 The second contribution made by the LSC is directing the work of the Information, Advice and Guidance (IAG) service offered through Nextsteps provision in each of the five sub regions. This focuses on supporting individuals yet to achieve a Level 2 qualification. It makes an important contribution to stimulating demand for employability skills and provides a strong base to encourage progression to intermediate and higher skills.

- 59 The LSC also funds the national Learndirect telephone advice line which provides a universally available service offering linked information, advice and guidance for adults covering jobs, qualifications and training. This has recently been supplemented with Level 3 guidance trials.
- 60 Finally, it's important to note that the LSC is supporting a range of programmes that encourage young people to develop appropriate skills for the workplace, including 14-19 Enterprise skills, Education Business Links, Young Enterprise and the Aim Higher programmes. By also providing a Level 2 offer to adults that exceeds national averages in success rates we provide an effective platform that encourages individuals to progress into higher level skills and provides many of the skills needed for self employment.

Actions

- Continue to support Union Learning Representatives to stimulate demand for and take-up of learning, especially in the priority areas of skills for life and level 2.
- Continue to support the delivery of Information, Advice and Guidance (IAG) targeted on people without a level 2
- Support for Learndirect to be continued; provision to become increasingly targeted on priority groups and to reflect LSC priorities in *Raising our Game*.

Key performance Indicators

- Achievement of agreed targets for referrals of workers by Union Learning Representatives (Targets to March 2007 include 1,000 referrals to Skills for Life assessments, 800 learners on Skills for Life, 700 learners on level 2 and 80 learners on level 3)
- IAG: 46,422 advice sessions delivered to people without level 2 by July 2007
- Learndirect targets delivered.

Regional Priority 7

Supporting National Priority 3

Support providers to respond to the needs of individuals & employers through delivery of high quality provision.

- 61 Colleges and providers have shown that it is possible to deliver high quality training to employers, at a time and place that suits business needs. Train to Gain will continue to be developed as a holistic service to employers, at the forefront of changing the way training is delivered to meet the needs of business, through improved choice, and increasingly flexible provision.
- 62 Train to Gain in the North West covers sector subject areas in proportion to expected employer demand. We will continue to work with Sector Skills Councils to commission through tendering the key qualifications that employers want, as articulated in the relevant Sector Skills Agreements. If planned provision for 2007/08 falls behind profile for volumes or achievements we will reallocate to providers able to deliver additional volumes.

Actions

- Here we want to see:
 - **Provision becoming increasingly demand-led**, this includes LSC funded provision and provision fully funded by employers

- **Collaboration through the Regional Skills Partnership** to increase employer investment in education and training
- **Increased employer engagement in Train-to-Gain**, targeting harder to reach employers

Key performance Indicators

- Increased numbers of employers and individuals engaging with Train to Gain successfully
- Increased repeat business from employers

Commissioning Principles

- 63 By 'commissioning' we mean all our planning and purchasing activity across the sector, including purchasing through both negotiation and competitive tendering. It applies equally to grant in aid agreements and contracts as we move towards a 'provider neutral' approach to tendering for provision.
- 64 We are committed to ensuring that our allocated resource is targeted towards provision of the highest quality, contributes to government targets and priorities and is delivered at an appropriate unit cost.
- 65 We will work with our existing college and provider base and also open up provision to competition where there is poor quality, significant gaps or new funds available. We will apply a light touch approach where providers are excellent.
- 66 We want to introduce more competition to drive up quality and responsiveness. So we will commission provision in two main ways:
- Negotiated commissioning – agreeing plans with colleges and providers that currently deliver LSC funded provision
 - Tendered commissioning – competitive tendering for adult and skills provision and 16-19 competitions. This will be open to any new providers wanting to enter the market and to existing colleges or providers wanting to extend their provision or enter new markets or geographical areas.

When will we use competition?

67 We will use competitions in the following circumstances:

- New investment
- Restructuring of provision or a new delivery model such as OLASS
- Significant gaps in provision including 16-19 competitions or where the market is not making provision available to meet the demands of learners and employers
- Poor quality – where colleges, providers or elements of provision are not meeting the minimum levels of performance and or are deemed inadequate by Inspection

Qualification Reform - Qualification and Credit Framework

- 68 Nationally, the LSC aims to fund 25,000 learners on trials of provision in the new Qualifications and Credit Framework (QCF) by July 2008. From 2008 the QCF will be the preferred regulatory framework for provision, approved by Sector Skills Councils, which the LSC will fund. The trials will help prepare for the implementation of the new framework.
- 69 As part of this transition we will agree *in principle* to fund learners in England on QCF trials that are led by the appropriate SSC or have the SSC as an active partner in the project. Funding for learners on provision approved *in principle* will only be available where there is a clear demand for that provision from learners or employers. If demand exists, funding for learners will be agreed through the commissioning process, either negotiated or tendered, as part of the annual business cycle.
- 70 A list of the QCF units and qualifications, along with contact details for the trials' lead organisations is available at www.lsc.gov.uk/. Where the qualifications were approved as part of the first phase in 2006/07 a list of the providers already involved is available at www.lsc.gov.uk/ as many of the providers may wish to continue their involvement.

Commissioning Strategy

Young People

71 We need these changes to negotiated provision to be delivered by providers:

- **More young people in provision that improves their employability** and increases their chances of progression to higher education - including preparation for the Apprenticeship entitlement and the new pre-Apprenticeship route;
- **Increased rates of progression into Higher Education and employment;**
- Increased attainment of young people aged 16-19, including those with **learning difficulties and disabilities;**
- **Increased numbers achieving L2 English and Maths between 16 and 19;**
- Providers identifying at least one area of specialism in 2007/08

72 In addition, the following gaps / changes in provision will be tendered for:

- **New 16-18 provision** in Rochdale;
- **Up to 750 new 16-18 Apprenticeship** places to replace current provision that is failing to achieve minimum levels of performance;
- **Reductions in NEET**, especially in the NEET “hotspots”¹². Some ESF money will be targeted on developing innovative approaches and provision in a tender to be issued in April 2007. There may be shortfalls in the delivery of planned volumes of 16-18 provision in 2006/07 and 2007/08; should this occur, any funds released will be targeted on addressing the needs of high NEET areas;
- **70 Programme led Apprenticeships in the Chemicals sector** to meet identified need.

Adult Learners

73 We need the following changes to negotiated provision to be delivered by providers:

- **A significant increase in target bearing Skills for Life provision.** As mentioned above, in future all Skills for Life provision at levels 1 and 2 will be approved; therefore the 80:20 benchmark will now only apply to entry level provision. Partnership teams should agree with colleges and providers an aspirational benchmark appropriate to the communities they serve. Pre-entry provision will not be affected, although the LSC does not expect growth in this area without prior discussion with partnership teams;
- **An increase in the volume of full level 2 provision** so that it comprises a minimum of 20% of overall adult provision. It is expected that a larger proportion (at least 46%) of this provision will be taken up by people without a level 2, targeting the groups identified below;
- **Colleges and providers to stimulate increased demand for and investment in learning by adults**, especially at levels 2 and 3, including the delivery of the new entitlement to free tuition for a first full level 3 for adults aged 19-25;
- **Piloting of unit accreditation via the QCF qualification reform programme;**

¹² NEET hotspots: Knowsley (16.1%); Manchester (15.4%); Halton (15.3%); Rochdale (15.2%) & Liverpool (14.8%). Other areas with above average NEET include: Blackpool (12.9%); Nelson (12.6%); Bolton (12.5%) & Wigan (11.9%). All data from Connexions, June 2006.

- **Development of targeted and appropriate learning for people** who face barriers to employment with clear progression routes from first step learning through to qualification bearing programmes, including:
 - workless people, including Incapacity Benefit claimants;
 - residents of deprived areas (as defined by the Indices of Deprivation);
 - people whose first language is not English;
 - people with no qualifications;
 - people who traditionally are under-represented in learning (including certain black and minority ethnic groups), and
 - people with learning difficulties and/or disabilities.
- Through OLASS¹³, **delivery of learning through all routes (including University for industry, or Ufi) that provides the skills and qualifications offenders and ex-offenders need to hold down a job and perform a positive role in society;**
- Providers identifying at least one area of specialisation by 2007/08.

74 In addition, the following gaps / changes in provision and new provision identified through regional strategic analysis will be tendered for:

- **Up to 750 new Apprenticeship places for people aged 19-24** to replace current provision that is failing to achieve minimum levels of performance.

Personal and Community and Development Learning

75 We will move to a position where the provision offered will be determined locally through local partnership arrangements. Any significant gaps in the offer or quality will be tendered for.

Employer Skills Provision

76 We have a good base of existing employer skills provision through our current contracts for Apprenticeships and Train to Gain.

77 In addition to the continuation of existing contracts we will be tendering for:

- **Up to 1,000 new Apprenticeship places for people aged 24+**

78 There will be 20% of the Train to Gain budget for the region available as a responsiveness fund. This will be commissioned throughout the year in light of emerging demand in response to employers needs.

79 Within this provision there will be sectoral specific commissioning needs. We will commission qualifications that are listed by Sector Skills Councils as those which are a priority for employers.

¹³ Offender Learning and Skills Service

Commissioning Volumes

16-18 Participation	FE	PCDL	WBL	School Sixth Forms	ESF	Other discretionary / pilots
Number of learners (total)	122,600		23,500	37,000	16,000	¹⁴ 3,962
Number of learners undertaking Level 3	69,800		6,400		300	34
<i>of which: Full Level 3 Learners</i>	52,900					34
Number of learners undertaking Level 2	30,900		17,100		600	120
<i>of which: Full Level 2 Learners</i>	25,500					120
Number of learners undertaking Skills for Life qualifications that directly contribute to PSA target	46,500		14,300		170	350
Number of learners undertaking Level 1 and Entry	19,500				1,500	312
Number of learners undertaking Entry to Employment (starts)			9,700			

16-18 Outcomes	FE	PCDL	WBL	School Sixth Forms	ESF	Other discretionary / pilots
Number of Learners achieving a Full Level 3 qualification	35,300		2,100		TBC	TBC
Number of Learners achieving a Full Level 2 qualification	17,340		8,600		TBC	TBC
Number of learners achieving a Skills for Life qualifications that directly contribute to PSA target	27,900		8,700		115	280
Number of learners progressing to a positive destination from Entry to Employment			4,900			

¹⁴ Total figure for Young People contains: 1,000 starts for Youth Apprenticeships, 350 Starts for UFI, 2,612 starts for Learner Agreement Pilots.

Adult Participation	FE	PCDL	WBL	Train to Gain	ESF	Other discretionary / pilots
Number of learners (total)	248,141	109,647	13,800	54,600	39,000	¹⁵ 6,310
Number of learners undertaking Level 4 and above	10,000					
Number of learners undertaking Level 3	52,600		6,390	8,000	3,900	TBC
<i>of which:</i> Full Level 3 Learners	26,500			8,000		TBC
<i>of which:</i> First Full Level 3 Learners	14,500			8,000		TBC
Number of learners undertaking Level 2	99,200		7,530	40,000	4,100	1,110
<i>of which:</i> Full Level 2 Learners	33,700			40,000		1,110
<i>of which:</i> First Full Level 2 Learners	18,500			40,000		TBC
Number of learners undertaking Skills for Life qualifications that directly contribute to PSA target	40,000		9,000	6,600	1,200	5,200
Number of learners undertaking Level 1 and Entry	97,800				4,000	TBC
Number of learners undertaking Safeguarded Adult Learning (total)		98,847				
Number of learners undertaking Family learning, literacy and numeracy		5,800				
Number of learners undertaking Neighbourhood learning in deprived communities		8,400				
Number of learners undertaking Wider Family Learning		7,300				
Number of learners undertaking Personal / Leisure Learning		10,700				

Adult Outcomes	FE	PCDL	WBL	Train to Gain	ESF	Other discretionary / pilots
Number of Learners achieving a Full Level 3 qualification	9,200		2,700	1,200	150	TBC
Number of Learners achieving a First Full Level 3 qualification	5,500			1,200		TBC
Number of Learners achieving a Full Level 2 qualification	24,200		4,500	22,300	310	TBC
Number of Learners achieving a First Full Level 2 qualification	11,100			22,300		TBC

¹⁵ Total figure for Adult learners includes: 5,200 for UFI, 1,110 starts for Apprenticeships for Adults

Number of learners achieving a Skills for Life qualifications that directly contribute to PSA target	27,400		7,200	4,600	210	4,900
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List of related strategies

Strategy / Publication	Summary of Content	Web Link
Regional LLDD Review	Review of provision for learners with learning difficulties	Will be available after February 2007 www.lsc.gov.uk
North West Equality and Diversity Impact Measures	Regional priorities for equality and diversity	Being reviewed; available April 2007 www.lsc.gov.uk
Regional Joint plan with Job CentrePlus	Plan to provide an integrated offer to employers and individuals	Link to be added www.lsc.gov.uk
Offender Learning and Skills Service (OLASS) Delivery Plan	North West Reducing Re-offending action plan ¹⁶	http://nwda-cms.amaze.co.uk/DocumentUploads/NW_RRAP_17_11_2005.pdf National Strategy: DfES link is at: http://www.dfes.gov.uk/offenderlearning/index.cfm?fuseaction=news.view&NewsID=36 Young Offenders national strategy is at: http://www.yjb.gov.uk/Publications/Scripts/prodView.asp?idproduct=282&eP=
North West Capital Strategy	Framework and principles driving capital investment by the NW LSC	Being updated: available April 2007 www.lsc.gov.uk

¹⁶ Being updated

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Date created **Error! Unknown document property name.**
Document ref. \\manfp001.lsc.local\site\North West Regional Office\Learning Planning and Performance (Learning)\Planning\Regional Planning\2007-08\nwr-finallscnorthwestcommissioningplan2007-08-publicreport-17jan2007.doc
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