

**Association of Learning Providers press release
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Employers' recovery hopes hit by government training cash running dry

Efforts by business to train workers for an economic upturn are being thwarted by an acute shortage of funding in the government's biggest skills programme.

Limited funding for 'Train to Gain', which is managed by the Learning and Skills Council, means that many firms can't start training any more staff on the scheme until at least next April. As training providers were told by the LSC to stop taking on new trainees from 1st April of this year, many employers are not able to access new publicly funded training provision for an entire 12-month period at a critical time for the economy.

Training bosses are comparing the situation to the recent college building programme debacle and say that its immediate impact on the prospects for recovery is far more serious. A committee of MPs has said that the matter should be scrutinised when Parliament returns from its summer recess.

The Association of Learning Providers (ALP), which represents the training providers that deliver Train to Gain, is receiving regular reports from its members of angry employers becoming completely disillusioned about seeking government support for their training programmes after being wooed by the 'Our future. It's in our hands' multi-million pound advertising campaign.

Private and public sectors affected

Sectors hit by the funding shortage include ones regarded as vital for the anticipated upturn such as construction, engineering and childcare (*see employer examples below*). Most business sectors across England are adversely affected while demand for vocational training for school teaching assistants, NHS hospital staff and charity workers is also not being met.

The lack of Train to Gain funding means that many workers, who left school without basic literacy and numeracy skills, are unable to access the learning to acquire them. This is in spite of the government introducing this year a legal Adult Entitlement to Learning that gives all eligible adults aged 19 and over the chance to go on a range of courses which can be free of all tuition fees¹.

Apprenticeship provision severely cut

Another significant impact of the funding shortage has been a major reduction in the training of firms' adult apprentices², which has effectively been funded by the Train to Gain programme. The Prime Minister has pledged 400,000 apprenticeship places in England by 2020 and much of the growth in the programme over the last two years has taken place in the adult workforce. However, a combination of the Train to Gain problems and the National Apprenticeship Service's budget being prioritised towards 16 to 18 year old apprentices means that adult apprenticeship provision will be slashed in 2009-10.

As the recession has led to a major challenge in terms of employer recruitment of young apprentices, ALP expects an underspend for overall apprenticeship provision over the next 12 months, which will significantly reduce the likelihood of achieving the 2020 'target'.

Ministers offered way out of the issue

Ironically the association now expects an underspend in the £925 million Train to Gain budget for 2009-10 because of the lack of new starts between now and April 2010 and the capacity of providers to step up provision again for the final four months of the year's programme when new money comes through.

Training providers are currently having to make staff redundant, including highly valued training assessors, because of the absence of new starts. They say that it is totally unrealistic to expect the staff to all be back in place for the final four-month period without any guarantee of the level of the provider's business thereafter. They will also face the challenge of rekindling the enthusiasm of disaffected employers, put off the programme by the present difficulties.

ALP has been in constant discussion with the LSC and the LSC's sponsoring department, the Department for Business, Innovation and Skills (BIS), throughout this year in an effort to solve the funding issue. The association warned months ago that a major problem was brewing for this September and has proposed solutions to get more money now into the programme, specifically:

i) Move money across from national LSC budgets: The LSC should move money from the mainstream Further Education budget to Train to Gain in the current financial year, with the amount being 'repaid' in the next financial year. This would allow starts to be planned evenly across not only this year, but in a viable fashion for the year after. Counter proposals made by the LSC to restrict this budget movement to individual institutions would disadvantage the majority of Train to Gain learners that are not being trained by providers able to access such budgets.

ii) Allow training providers earlier access to allocated funding: Funding for the current academic year is now split into two ring-fenced tranches, with one ending at March 2010 and the other ending at July 2010. This results in an uneven distribution of programme starts requiring the vast majority of learners to be enrolled in the last four months of the year. (One provider has calculated that their monthly start rate with employers will need to increase by 500% in the last four months of the year to achieve target, and such calculations are by no means untypical.) Allowing access to the entire year's funding would enable employers to start learners on programme almost as required as the year progresses instead of potentially delaying them until the summer of next year.

Graham Hoyle OBE, ALP's chief executive, said: "After months of talking, the situation now needs resolving urgently. With businesses needing to be competitive to fight their way out of the recession, it seems strange, and potentially damaging to the economy, that many can go a whole year without being able to start workers on the government's flagship training scheme. Proposed solutions, which don't require extra money, are on the table and we urge the government to start implementing them immediately."

ENDS

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Notes to editors

1. Employers voice their frustrations

Large businesses, SMEs and public sector employers have been affected by the shortage of Train to Gain funding. Here are some examples:

Southend University Hospital NHS Foundation Trust

Jane Gretton, Vocational Qualifications Manager at Southend University Hospital NHS Foundation Trust said “The stop-start nature of this issue brings difficulty to the employer because we cannot create a smooth and predictable training schedule for our staff. Staff need to be released from the workplace to undertake training; this is best done over a year rather than crammed into a four month period. It also creates uncertainty about how many people we can train and will hold back improvements to our workforce.” Qualifications delivered at the Trust include Health and Social Care level 3, Cleaning Support Services, Professional Cooker and Customer Service level 2 as well as Literacy and Numeracy Skills for Life.

Continuum Group

Liz Jones, Head of Training & Development at the Continuum Group, which provides a full range of services within residential care and family support in partnership with local authorities, said: “The success of the Every Child Matters and the professionally qualified care workers agenda is dependent on having confident, competent and qualified staff. The announcement of limited funding for Train to Gain is adversely affecting long term plans to increase and improve skills levels in the care sector. This is not only letting down the adults – who have committed to their own lifelong learning – but also the young people. This environment in which the employees work provides a stable and structured environment to enable the young people to flourish. The inconsistent approach of this government in its funding policy does not allow for the same environment to be created for the employees.”

Zest Caterers

Shawn W. Brown, Executive Banqueting Manager of Zest Caterers in Milton Keynes, said: “Over the last year or so, Qube Learning and I have been working in partnership to help my workforce choose qualifications. Qualifications that would complement their present work undertaking and increase their chances of development within our organisation, or to improve their chances of career advancement outside. Alongside this some have taken on the opportunity of developing their mathematics and English skills, which we have encouraged them to do during their normal working week. We have been planning the next group of staff to undertake qualifications but have to re-look at which of our team can undertake training due to the reduction of government funding. We are a small company that believes in training and development of our staff but are not in a position to put much funding towards this. We have therefore put a large percentage of our next group off on this round of training, which is obviously a disappointment to them.”

Ringshill Care Home, Huntingdon

Audrey Thorpe, Care Manager for Ringshill Care Home in Cambridgeshire, said: “Any reduction in funding will have a severe impact on the business; we will struggle to satisfy the Care Quality Commission inspection and find it very difficult to meet the national care standards. Staff will lose motivation as training will be very limited and will be given to priority staff. This will lead back to the days of high staff turnover and lower standards.”

One national training provider in a key business sector has 24,000 trainees waiting to start in various customer businesses.

A childcare chain wants to train 1,000 childcare assistants under the programme but is unable to do so at present.

One of the government's National Skills Academies, which is partly funded by Train to Gain, is withdrawing places previously offered to learners.

2. Background to the Train to Gain funding issue

The problems surrounding the funding of Train to Gain started earlier this year when employer demand for the programme exceeded that which was available under the LSC's budget for it (£826 million for the year August 2008 to end-July 2009). In a July 2009 report, the National Audit Office³ estimated the overspend for 2008-09 was £50m after providers had been actively encouraged to generate more demand from employers following underspends in the two previous years.

When the total level of demand became apparent, the LSC instructed providers not to start training any new trainees after 1st April 2009. Employees already in the programme are being allowed to complete their training and the £925m budget for 2009-10 was raided to enable this to happen.

The net result is however that many training providers under contract to the LSC for the 2009-10 programme have had to inform many of their employer customers that they cannot take on new trainees until next April when the LSC is replaced by the new Skills Funding Agency, because there is only enough money to cover the course completions of those who were already in training before April of this year. Effectively therefore, many employers are not able to start new training for their staff under Train to Gain for an entire 12-month period (April 2009 to end-March 2010).

Another obstacle to new starts under the 2009-10 programme, which began on 1st August with many providers being expected to carry on training without a new contract from the LSC, is that larger providers may not be allowed to move their allocated funding from one English region to another in accordance with varying demand. ALP is seeking clarification on this, believing that national funding agencies should permit such flexibility.

ALP has always been supportive of the Train to Gain concept, believing it to be a positive first step in the implementation of a demand-led skills strategy, as advocated by Lord Leitch. However its introduction suffered from an inflexible design which limited its appeal to employers who wanted customised training solutions for their businesses. As documented in NAO and Ofsted reports, this resulted in underspends for the programme for 2006-07 and 2007-08. ALP made a series of recommendations for building flexibilities into the 2008-09 programme and this led to a take-off in demand. At the same time against a backdrop of two years' underspend, providers were told by local LSC officials that all identified employer demand would be funded and so the large overspend became apparent in the first quarter of this year.

Employers and providers have made representations to their local MPs on the issue and the Innovation, Universities, Science and Skills Committee at the House of Commons has recommended⁴ that the new BIS select committee 'must maintain scrutiny of how the LSC deals with Train to Gain and adult apprenticeship funding'.

3. About the Association of Learning Providers

The Association of Learning Providers (ALP) is the leading trade association for vocational learning and employment providers in Britain. The majority of its 455 members are independent private, not-for-profit and voluntary sector training organisations. Membership is open to any provider committed to quality vocational learning and it includes over 60 FE colleges involved in work based learning. ALP members train a significant majority of the apprentices in England and are the major deliverers of New Deal and Train to Gain contracts on behalf of government. More information is available at: www.learningproviders.org.uk .

¹ Much of work-based basic skills provision comes under Train to Gain via the Skills for Life programme. For more on the new Adult Entitlement introduced by the Education and Skills Act 2008, see the LSC website: <http://www.lsc.gov.uk/providers/adultentitlement/>

² For more, see *Personnel Today* report : <http://www.personneltoday.com/articles/2009/08/24/51861/adult-apprenticeship-funding-cut-backs-slammed-by-hr.html>

³ NAO report, July 2009: http://www.nao.org.uk/publications/0809/train_to_gain.aspx

⁴ Commons select committee recommendation:
http://www.parliament.uk/parliamentary_committees/ius/ius_190709.cfm