



Sanctuary Buildings Great Smith Street Westminster London SW1P 3BT
tel: 0870 0012345 dfes.ministers@dfes.gsi.gov.uk
Rt Hon Charles Clarke MP

Bryan K Sanderson CBE
Chairman,
Learning and Skills Council
2nd Floor,
8-10 Grosvenor Gardens
London SW1W 0DH

4 December 2003

Dear Bryan

GRANT LETTER 2004-05

This is the first grant letter to the Council since the arrival of your new Chief Executive, Mark Haysom. The Council has accomplished much since it was established, including significant improvements in participation and attainment in post-16 learning. This is good news, but it makes the drive for quality and standards all the more crucial, building on the Success for All reforms.

The high level objectives set out in the Remit Letter of November 2000 remain the cornerstone of the Council's work. You now need to bring greater coherence to the sector as a whole, at national, regional and local level. I also look to you to ensure that the benefits of recent and planned investment are fully realised.

Funding

Last year I set out a three year settlement, linked to key objectives and targets. This grant letter reaffirms the financial resources allocated to the Council for 2004-05. Details are at Annex A. I will set out a three year allocation for 2005-06, 2006-07 and 2007-08, once the current spending review has been completed and the cross-Government efficiency review is at a more advanced stage. David Normington wrote to Mark Haysom on 29 October to ask you to work with us to identify ways that we could release resources to the front line through increased efficiency and more effective ways of working. I have asked James Turner to work closely with the Council and to report to me by the end of January on your firm proposals for savings for 2004-05 and beyond.

The Council has a range of funding priorities, in particular meeting Ministers' commitments on increases in unit funding levels for school sixth forms and FE providers. You will also need to manage other pressures, as Success for All, the 14-19 reforms and the Skills Strategy start to deliver results. Close working with my Department will need to continue to ensure we understand the challenges and possible choices we face in 2004-05 and beyond, including emerging funding pressures and how best to respond to these. Priority must be given to securing delivery of all our shared PSA targets and key strategies. The Council will need to make best use of the financial flexibilities given in 2003-04; to work with colleges and training providers to maximise fee income; and to continue to draw down ESF where appropriate. High priority must also be given to value for money in prioritising capital spending proposals, including those from Strategic Area Reviews.

department for

education and skills

creating opportunity, releasing potential, achieving excellence



INVESTOR IN PEOPLE

Priorities and Targets

Achievement of the post-16 targets (at Annex B) remains critical. Key priorities for 2004-05 include:

- further developing the capacity of the learning and skills sector to deliver a more learner-centred offering for the 14-19 age group;
- working with employers, Sector Skills Councils and Regional Development Agencies to help deliver the priorities from the skills strategy;
- continuing to drive up the quality of teaching and learning, building on the Skills for Life and Success for All initiatives; and
- securing better information about sector performance, and understanding and sharing evidence about what works in particular localities and for different customers.

I would also like you to work with my officials to assess progress against the Secretary of State's Remit Letter, and to consider whether any updated strategic guidance is required.

14-19 Learning

The Council has provided strong support for the early development of the 14-19 proposals, and should continue to build on this through close working with LEAs, schools, colleges and work-based training providers. Priority areas for the Council in the coming year include:

- continuing to support the Increased Flexibility Programme for 14-16s and the 14-19 pathfinder programme; and supporting other collaborative initiatives which promote choice and progression;
- playing an active role in supporting disadvantaged learners, by helping to embed E2E, and maximising the take-up of financial support including Education Maintenance Allowances;
- improving completion rates and employer take-up of Modern Apprenticeships;
- transforming the organisation of 16-19 provision where there is clear evidence that existing arrangements are failing young people and communities, and that new arrangements would encourage higher participation and achievement. Close engagement of all key stakeholders will be essential to develop viable proposals;
- listening to and responding to the needs of learners, including through effective relations with local Connexions Partnerships and others; and
- ensuring that the learning and skills sector plays a key role in raising the attainment and aspirations of learners to enable more people to progress into Higher Education.

Skills development, adult learning and Skills for Life

The Council should continue its good work on improving people's literacy, language and numeracy skills, working with employers and Jobcentre Plus, and to focus resource on improving the quality of provision, and increasing delivery in the workplace. It will be important to work with my Department and the Prison Service to devise an innovative and relevant education service for offenders.

The Skills Strategy sets a new framework for tackling our long-standing skills gaps, and success will require co-ordinated marketing and communications, and much greater levels of joint working. The Council has a major part to play in securing its effective implementation as a member of the new national Skills Alliance. You also have a pivotal role in leading the Delivery Partners Group, to create constructive collaboration between major delivery organisations, giving clear direction and priorities for action, and a robust drive to secure lasting change.

The implementation agenda should focus on:

- engaging constructively in the development of regional skills partnerships, in partnership with RDAs, the Small Business Service, the SSDA and Jobcentre Plus, to offer coherent responsive services for skills, training, business support and employment, which meet employers' needs;
- developing the processes for implementing the new entitlement to a first level 2 qualification for adults and a unit/credit based approach for adult qualifications;
- implementing Sector Skills Agreements, and developing options for an Employer Training Programme and Business Support Network, drawing on Employer Training Pilots, and the successful programme of sector skills pilots;
- rolling out the implementation of the new Adult Learning Grant, within a more coherent system of financial support for adult learners, and linking more effectively with Jobcentre Plus labour market activities, including work to help people affected by industrial and economic change;
- reforming our methods for allocating funds to support training and skills, including the introduction of a new fees framework. I welcome your proposals for funding reform, as a major step in ensuring responsiveness, value for money and impact; and
- widening participation, including reform of the funding and planning of adult and community learning, maximising the contribution of learning and skills to neighbourhood renewal and community regeneration, and identifying and supporting pathfinder learning communities.

The proposals in the Green Paper *Every Child Matters* underline the importance of the Council's work to improve the skills and supply of the childcare workforce, and the need to work in partnership with the planned Children's Workforce Unit. You will need to work closely with local authorities and the Sure Start Unit to meet shared local targets for level 2 and 3 achievements by childcare trainees. Continuing to develop the skills of school support staff is another priority. It will also be important to continue to help adults develop themselves and help their children achieve; and you should continue to develop family learning in a wide range of contexts, including in a sporting environment, for example through coaching for success arrangements.

It is also important to secure effective integration of Ufl/**learndirect** activities in the planning and funding of local provision, in a way that develops Ufl's contribution to our key learning and skills objectives. E-learning should be used innovatively to widen participation and to support workforce development so that learners demonstrate their achievements in progressing towards qualifications.

Success for All

The Council should build on the excellent progress made in the first year. You should continue using three year development plans to ensure that colleges and providers focus on key performance issues, including staff recruitment and retention; and to ensure learner success and delivery of headline targets. Judgements about performance should be based on fair and transparent measures, accepted by the sector. Where excellence exists, it should be recognised and rewarded.

I am pleased that Strategic Area Reviews are underway. They offer a real opportunity to make changes which will significantly improve the capacity and capability of the sector to better meet the needs of individual learners, employers and communities. The Council should also continue to work closely with my Department's Standards Unit to maintain the drive towards a fully qualified workforce, including developing leaders in the sector, by:

- supporting the development of the Centre for Excellence in Leadership; and the emerging Lifelong Learning Sector Skills Council; and

- building the strategic human resource capacity of the sector, including succession planning, effective initial training, continuing professional development, and the modernising pay agenda.

Equality and Diversity

The Council's second annual report on Equality and Diversity demonstrates its commitment and impact, and this is reflected by its good reputation with key partners. I also welcome the progress made on inclusive learning. The Council must continue to use appropriate levers to ensure that equality and diversity is addressed by all providers, and that they comply fully with relevant legislation.

I welcome the proposed changes to Council arrangements for learner health and safety, and expect these to be implemented in full, including clearly defining accountability for support arrangements. I also welcome the Council's positive response to my action plan for sustainable development in education and skills, and the commitment to spread good practice and inspire others in the sector.

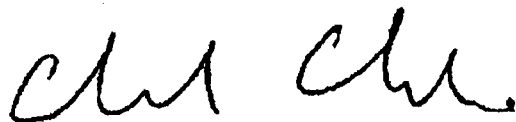
Ways of working and reducing bureaucracy

I welcome your focus on excellence in partnership working and the commitment to understanding the communities you serve. I also welcome your plans to strengthen the Council's capacity at regional and local level, to ensure better engagement with the full range of organisations you work with. I expect the Council to continue developing its strategic capability, particularly in its relations with colleges, training providers and employers. It is also vital to make best use of the knowledge, skills and experience of the non-executive members on the national Council, its Committees, and local Councils. They represent a pool of talent which should be used to inform policy-making and to maximise links with employers, regional and sectoral organisations, and other key partners.

We are all committed to reducing burdens at the front line, and cutting out wasteful processes, while maintaining proper accountability for use of public funds. I am pleased with Sir George Sweeney's second report, but it is important to see more evidence about impact on the front line, including better and clearer communications with schools, colleges and training providers. I want you to work with Sir Andrew Foster and his Bureaucracy Review Group to identify and push through radical reforms that will make a real difference, including through further streamlining of existing systems. This will include working with HEFCE to reduce burdens on institutions delivering both higher and further education.

Conclusion

The challenges ahead represent a significant new stage in the Council's development. You are implementing changes which will ensure that you have a strong and credible organisation capable of delivering our radical post-16 learning and skills agenda. My Ministerial colleagues and I look forward to discussing the Council's performance and impact at our quarterly reviews; and to seeing your next Corporate Plan and operational plan for 2004-05.



Charles Clarke

Budget 2004-05

	04-05 (£millions)
Learning Participation	6,311.616
School Sixth Forms	1,514.000
Local Intervention and Development	250.587
Capital	379.500
Administration	218.400
TOTAL	8,674.103

Notes:

1. The amounts set out above are the Council's resource budgets. They represent the maximum amount of resource that the Council may consume to further the purposes for which the budgets have been made available. The amounts are subject to Parliamentary approval and may be revised to reflect changing priorities.

2. Changes to the composition of the Council budgets need to take place to reflect the Council's accrued costs of depreciation on fixed assets and a charge which falls to the Council to cover from within its budget to reflect the cost to the exchequer of financing the Council's assets (cost of capital charge). Both of these costs were formerly outside the Council's control totals but are now within scope, and so are devolved to the Council to cover within the resource limits set out above. Separate budgetary provision will be provided to cover the cash cost of the Council's capital purchases. These changes are technical in nature and do not increase the overall cost to the Exchequer.

KEY TARGETS

I expect the Council, working with other key partners, to take the lead in delivering the following key targets:

- By 2010, 90% of young people by age 22 will have participated in a full-time programme fitting them for entry into higher education or skilled employment;
- By 2004, increase by 3% points the number of 19 year olds achieving a qualification equivalent to NVQ level 2, compared to 2002; with a further increase of 3% points by 2006;
- Increase the proportion of 19 year olds achieving a level 3 qualification to 55% in 2004;
- By 2004, at least 28% of young people to start a Modern Apprenticeship by age 22;
- Improve the literacy and numeracy skills of 1.5 million adults by 2007, working in partnership with the Prison Service and Jobcentre Plus. In working towards this, I expect the Council to achieve the initial target of 750,000 adults with improved basic skills by the end of July 2004;
- Reduce by at least 40% the number of adults without a level 2 qualification by 2010, with one million adults currently in the workforce achieving level 2 standard between 2003 and 2006;
- Agree challenging targets for minimum performance and value for money in FE colleges and other providers.

Other important targets on which we have agreed further progress must be made include:

- 2006 target for 90% of full time and 60% of part time college teachers to be qualified to teach;
- Establishing 400 COVEs by 2006.