



Right Honourable Alistair Darling MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

9 April 2009

Dear Chancellor,

We write on behalf of the six trade unions representing staff in further education colleges. We are deeply concerned that a serious and unprecedented shortfall in three vital funding streams for further education colleges fundamentally undermines their ability to deliver. This is at a time when the national economy and their communities most need them.

We wish to bring to your attention the seriousness of the shortfalls and request that extraordinary consideration be given, even at this late stage, to extra funding support in this year's budget allocations for:

- Fully funding programmes of education to cater for the significant increased retention of young people aged 16 to 18 in further education
- Ensuring sufficient funding is available for Train to Gain programmes in order to meet the increased demand created by the economic situation
- Fulfilling commitments that have already been made in the FE capital programme such that no colleges are financially adversely affected by the problems that this programme has experienced

We acknowledge that in many ways the funding shortfalls in these programmes are created by their success with the uptake on all three above and beyond expectation. However In the current economic situation we believe that it is entirely appropriate, indeed necessary, to give further funding support to these programmes in order to meet the Government's stated aims of:

- Supporting people through difficult economic times and
- Stimulating the economy through investment in capital programmes for the future.

Therefore we are now calling on the Government to ensure the future success of these programmes by allocating additional funding in the forthcoming Budget.

16 – 18 funding allocations

We understand that the numbers of young people staying in education and training after the age of 16 has exceeded all previous levels of participation. We understand that although the LSC did plan for some growth of numbers of young people participating in education and training, the numbers actually enrolling this year exceeds these plans. It is of course not surprising that the numbers participating are so high given the economic climate. Clearly young people are choosing to stay on in education and training to achieve the qualifications and skills that can enable them to find employment. The rising numbers of unemployed also mean that the labour market for young people is extremely difficult.

Funding allocations are now with colleges and they are not sufficient to meet the current and anticipated demand for places by young people. We have been advised that the additional resources required to fund this growth in participation will need to be identified in your Budget. We again ask you to give urgent attention to find these additional funds so that young people do gain the knowledge and skills to make the best possible start in employment. We know that you will share our urgent desire not to repeat mistakes from other such economic situations and condemn many young people to despair and joblessness at the start of their adult lives.

Train to Gain

We are also concerned at what appears to be a potential crisis with Train to Gain funding following warnings from the LSC last week that growth might exceed budget allocations. We understand that many colleges have already had their Train to Gain funding frozen or reduced. We are extremely concerned that cuts in the Government's flagship training programme will create severe financial difficulties for many colleges.

The Train to Gain programme is intended to play a vital role in the economy at this time. It is entirely appropriate that businesses be encouraged to create training opportunities for both existing and new staff, supported by Government assistance to keep people in work and re-skilled for the benefit of the whole economy. Funds spent in this way build resilience in the economy and provide the platform for future growth. We are sure that you will agree with us that opportunities for people to stay in work and receive training are immeasurably preferable to the alternative of receiving job seekers allowance. Now is simply not the time to restrict access to a programme that is an investment in the nation's economic recovery. We therefore ask you to find the required funding to allow this programme to continue to meet the demand for it.

College Capital Building Programme

After many years of neglect, further education has been receiving a much needed injection of resources for capital projects. The demands on this have exceeded the available resources. Sir Andrew Foster has been asked to produce a report on what has happened. This Report, published on the 1st April, has stated that there had been problems with both the LSC and DIUS processes in managing the capital budget in relation to the amount of resources that were available, and that the crisis was both predictable and avoidable. Nonetheless this capital programme is still essential both for colleges and the nation. Sir Andrew Foster calls the policy intent 'to transform the FE estate clear and positive'. He states that it has 'benefited countless students, staff and entire communities' and that 'the potential improvement in skills in the economy adds to our global competitiveness'. We therefore would ask you to find resources in the Budget to allow this vital programme to continue.

The Government has recognised that Further Education colleges and their work will be central to Government efforts to re-skill and re-equip the nation to end the recession as quickly as possible. You have already taken action in your Pre-Budget Report to stimulate the economy. This was accomplished by introducing significant flexibilities to existing skills creation programmes such as Train to Gain and new initiatives around colleges' ability to provide education and training for those unemployed and those at risk of redundancy.

The Further Education capital programme has been a success. Funds from the Government have been matched by those raised by colleges themselves to invest in new buildings and equipment and create a network of modern, up-to-date facilities in every part of the country. Colleges are at the forefront of the new apprenticeship programmes, the introduction and delivery of the new Diploma programmes, of adult basic skills and the many programmes to generate new skills for industry as well as re-skilling those who have lost their jobs. This capital programme also meant that around 10,000 – 20,000 much needed jobs in construction would have been secured for the immediate future.

These very welcome developments are now in danger. Whilst it is important to understand why and how this particular situation has happened, and to take actions to prevent similar occurrences, It is also important to keep up the momentum around colleges' capital programmes so that they are in a position to meet the new challenges that the country faces. Many colleges have already invested considerable sums of their own resources on preliminary work in order to have been able to submit to the LSC capital proposals for approval. If these proposals now do not go forward, then the impact on colleges may be very serious in terms of their financial position.

The Further Education unions have met with the LSC and have been apprised of the current situation. We understand that any new resources to resolve this current problem will need to come from the Budget. We therefore ask that even at this very late stage in the Budget-making process that you give urgent

attention to providing the extra resources needed to ensure that colleges can continue with these projects.

We fully understand and appreciate that calls for additional resources from the Budget are numerous. However given the vital role that further education will play in these economic times we believe that further education is an entirely appropriate target for increased Government funding. We consider that the extra investment we are asking you to make for further education to be an economically sound investment in the future capacity of the economy and therefore the right kind of stimulus to the economy. We are also clear that not to provide this funding would jeopardise the future success of the Government's further education policy agenda.

Please send any response to this letter to the following address:

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Yours sincerely



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