



The National Employer Training Programme (Train to Gain)

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Author: Ed Beale

Economic Policy and Statistics Section

This note describes the new National Employer Training Programme (NETP), known as Train to Gain, which began national roll-out in August 2006. Details of Employer Training Pilots, which preceded Train to Gain, are also provided.

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A. Introduction

The National Employer Training Programme (NETP), known as Train to Gain (T2G) was developed from the Employer Training Pilots (ETPs) scheme. National roll-out of the programme began in August 2006. The programme includes a "core offer" to employers willing to give their employees paid time off to train, of free training for their employees who lack basic skills and/or a first full level 2 qualification (and in some cases level 3).¹

The programme is offered through an independent and impartial brokerage service acting on behalf of employers. Beyond the core of free training up to Level 2, brokers provide support to design and source a comprehensive training package to meet employers' wider needs. In certain areas, assistance at level 3 is also being trialled.²

The Government recently announced the further expansion of T2G (most notably the programme's expansion to include Level 3 training nationally) with funding rising from £460 million in 2007/08 to £657 million in 2008/09 and exceeding £1 billion by 2010/11.³

B. Background

1. Policy rationale

In December 2001 the Strategy Unit of the Cabinet Office set out options for a workforce development strategy in their report *"In demand: Adult Skills for the 21st Century"*.⁴ The report concluded that the Government's top priority should be to target individuals who need to acquire basic skills, with a long-term ambition to widen the opportunities for all adults to achieve a level 2 qualification. This would require an increase in the demand for training.

It was highlighted in the 2002 Budget that increasing the demand for training would only be possible by reducing the barriers that prevent people from training.⁵ These barriers are particularly prevalent in small firms.⁶ The 2002 Budget found that "... there was strong evidence to suggest that those who work for small firms are less likely to receive training than those who work for larger firms."⁷

Furthermore, the Government recognised that:⁸

[...] the quantity and quality of skilled labour available in an economy is an important determinant of economic performance and productivity growth. Skilled workers can often adapt faster and more effectively to change, and may be better at implementing new investments and pursuing innovation. A highly skilled workforce enables firms to

¹ A level 2 qualification refers to any qualification equivalent in standard and breadth to 5 GCSEs at A*-C or a National Vocational Qualification at level 2. Level 3 is equivalent to two A levels or NVQ Level 3.

² See section C of this note for more details of these trials.

³ LSC, *Our Statement of Priorities*, November 2007, p50

⁴ Cabinet Office, *In Demand: Adult Skills in the 21st Century*, December 2001

⁵ For example the cost to employers of giving low skilled staff time off work.

⁶ Firms with less than 50 employees.

⁷ HM Treasury, *2002 Budget Report*, Chapter 3, pp68-69

⁸ *ibid.* p76

update working practices and products at the rate demanded by rapidly changing markets, making the economy more flexible and productive in the longer term.

International evidence suggests that the UK suffers from significant skills shortages, especially at the lower-intermediate level. In particular, a higher proportion of the UK population have low skills compared with Germany, other European countries and the US.

T2G (and ETPs before) is a key elements of the Government's Skills Strategy. The 2003 Skills Strategy White Paper⁹ states that the Government aims to give employers greater choice and control over the publicly-funded training they receive and how it is delivered. The second Skills Strategy White Paper published in March 2005 outlined that key role the N2G would play in enhancing skills levels in the workplace:¹⁰

Skills Strategy Core Strands

To work in partnership with employers to enhance skills by putting their needs and priorities centre stage in the design and delivery of training for adults. The main vehicle will be the National Employer Training Programme, working alongside business support programmes to raise demand for skills to a more ambitious level.

2. Employer Training Pilots

The Chancellor, in his December 2001 Pre-Budget Report (PBR),¹¹ committed £40 million for pilots to test financial incentives for employers linked to paid time off for individuals without basic skills or a level 2 qualification. Further to this the ETPs programme was formally announced in the 2002 Budget with the aim of encouraging skills development among low-skilled employees.¹² A paper produced by the Treasury in April 2002 set out an analysis of the importance of skills in increasing UK productivity and explored the potential role of government intervention in workforce development.¹³ It also set out more details of the new ETPs.

In September 2002, the then Department for Education and Skills (DfES) and the Learning and Skills Council (LSC) set up six pilots in local LSC areas (phase 1).¹⁴ These pilots were intended to run for one year in an effort to evaluate whether employers would be encouraged to train employees if they were subsidised for the cost of giving them paid time off work to study.

The Government target for the first year of operation of the pilots was that approximately 4,000 employers would participate, releasing 24,000 low-skilled employed individuals to gain qualifications up to level 2.¹⁵

⁹ DfES, *21st Century Skills*, July 2003

¹⁰ DfES, *Skills: Getting on in business, getting on at work*, March 2005, p9

¹¹ HM Treasury, *2001 Pre-Budget Report*, November 2001, Chapter 3

¹² HM Treasury, *2002 Budget Report*, March 2002, Chapter 3, pp79-80

¹³ HM Treasury, *Developing Workforce Skills: Piloting a New Approach*, April 2002

¹⁴ Birmingham and Solihull, Derbyshire, Essex, Greater Manchester, Tyne and Wear, and Wiltshire and Swindon.

¹⁵ TUC Briefing Document, *Employer Training Pilots: IES First Year Evaluation Report*, 28 Jan 2004, p4

An additional £130 million in funding was subsequently made available¹⁶ in the 2002 PBR to enable an extension of the pilots for a second year, and to introduce a further six one-year pilots (phase 2).¹⁷

The 2003 PBR announced the extension of ETPs for a third year. The 2004 Budget allocated an additional £190 million to continue the funding in the 12 existing pilots areas, plus the setting up of pilots in the six new areas (phase 3),¹⁸ while the 2005 budget announced an extra £65 million in funding to support the pilots during their final year of operation before national roll-out.

a. Features of ETPs

All pilots aimed to provide training to a first level 2 qualification, or in basic skills for employees. In order to break down the barriers to training each pilot featured a combination of:¹⁹

- A minimum amount of paid time off work to train for all employees who have not attained basic skills or level 2 qualifications. This constitutes either 35 or 70 hours of paid leave a year depending on the individual LSC pilot scheme.
- Wage compensation for employers whose staff take time off to train to acquire basic skills and to progress to level 2. There were additional financial incentives for small firms.²⁰
- Free or subsidised training up to level 2 for all employees in participating firms who had not yet achieved this standard. Those employees who needed to acquire basic skills as a necessary first step to level 2 also receive this support. Training was delivered in the way that most suits the employers' business.
- Free information, advice and guidance for employers and employees. A key element of the scheme was that employers are offered skills audits to ensure that the training meets their business need and the need of their staff.

ETPs varied between the LSC area in which they operated. This was in order to allow evaluators to assess the relative impacts different amounts of time off, levels of financial support for employers, and the varying delivery of training needs/information. For example the minimum amount of paid leave in certain LSC areas was 35 hours per year while for other LSC areas it was 70 hours per year. A major focus of the pilots was to determine the amount of time off needed to stimulate demand for training among low-skilled workers and to enable them to reach the level 2 standard and, if necessary, acquire basic skills.²¹

¹⁶ HM Treasury Press Release, "[Developing Skills In The UK Workforce](#)", 27 November 2002

¹⁷ In September 2003 pilots in LSC areas of Berkshire, Kent and Medway, Leicestershire, London East, Shropshire, and South Yorkshire began.

¹⁸ The Government has provided £219 million in funding through the Windfall Tax since the pilots began. See HM Treasury, [2003 Pre-Budget Report](#), December 2003, Table 4.3, p94

¹⁹ HM Treasury, [Developing Workforce Skills: Piloting a New Approach](#), April 2002 pp23-4

²⁰ Small firms face higher costs associated with training for low skilled employees. Under the ETP, small firms (less than 50 employees) are paid up to 150 per cent of the average wage cost for low skilled workers. Large firms (250+ employees) are expected to bear some or all of the costs of paid time off. All financial support to employers is administered via a local LSC-managed grant system.

²¹ *ibid.* p26

b. Eligibility

All employers within pilot areas were eligible to participate in the schemes on a voluntary basis. Participating firms were required to offer the minimum amount of time off to all staff without basic skills and level 2 qualifications in order to receive financial support for the training involved.²² All employees in pilot scheme areas without basic skills or a level 2 qualification were eligible for support in the pilot schemes. Employees with qualifications at level 2 or above were eligible for the pilot schemes if a need to re-train as a result of a loss of skills through, for example, illness was identified.²³ Once an employer was signed up to a pilot, participation by eligible employees was also voluntary.

c. Evaluation of ETPs

The evaluation of the pilots ran from September 2002 to March 2005. The primary purpose of the evaluation was to enable the Government to decide whether and how to implement such a policy on a national basis. It involved independent qualitative surveys of employer and employee participants and case study work with all major stakeholders. Quantitative surveys of training provision and take-up in pilot and control areas²⁴ were also used. The final evaluation report was published in July 2006.²⁵ Some of the key findings are as follows:

- 22,900 employers participated in the pilots; this represented 18.0% of all eligible employers²⁶ in phase 1 areas, 14.4% in phase 2 areas, and 7.2% in phase 3 areas.²⁷
- 196,000 employees participated in the pilots; 9.6% of the estimated eligible population in phase 1 areas, 6.8% in phase 2 areas, and 2.9% in phase 3 areas.
- Most ETP employers were small (under 50 employees) and 40% had fewer than 20 employees.
- It is estimated that between 14% and 25% of ETP employers were classified as 'hard to reach'.²⁸
- Between 10% and 15% of training taking place through ETPs was found to be additional – ie it would not have occurred in the absence of ETPs.
- The overall successful completion rate was approximately 70.0%. This is higher than the 'most equivalent' national average – the completion rate for learners taking an NVQ level 2 through LSC-funded work-based learning is 65%.
- 86% of learners said they were either extremely, very or fairly satisfied with their training experience. However, this proportion is similar to those recorded by work-based learners in national surveys. Similarly, employers also expressed high levels

²² HM Treasury, *Developing Workforce Skills: Piloting a New Approach*, April 2002, p24-25

²³ DfES, HM Treasury, and LSC, *Employer Training Pilots: First Year Evaluation Report*, Hillage J and Mitchell H, January 2004, p46.

²⁴ Control areas are areas where the pilots are not in operation. However surveys are also carried out in these areas to provide comparative data so evaluators can quantify additional training taking place as a result of ETPs.

²⁵ Institute for Employment Studies, *Employer Training Pilots: Final Evaluation Report*, July 2006

²⁶ ie employers with employees not qualified to level 2.

²⁷ These data are to August 2005. The latest available data to February 2006 shows that over 29,000 employers and 240,000 employees have participated in the pilots.

²⁸ ie not previously involved in government training programmes or not using external training providers.

of satisfaction (93% were very or fairly satisfied), although this was also in line with those of other surveys on employers' views of state-funded training provision.

- Between 78% and 85% of participants reported that they had gained a range of skills and other benefits.
- Approximately 60% of employers believed that participants in ETPs had gained new skills relevant to a current or future job.

The report concluded that:²⁹

- There is still a large unmet potential demand for qualifications-based training among low-skilled employees, despite the large volume of participation. The policy needs to engage with the 'harder to reach' employers to maximise additionality and minimise deadweight
- The policy set out to tackle the barriers of cost and time. It is the changes to supply and the provision of free, flexibly provided and brokered training that appeared to have the most effect in this regard. Wage compensation did make a difference in some cases and there is a positive relationship between the level of participation and wage compensation in the third year, particularly for employees.
- Application of the 'assess train assess' model was relatively rare, but should be encouraged, since a thorough initial assessment makes a significant difference to the success of the subsequent training.
- Although ETP appears to have involved significant amounts of assessment rather than formal training, the overall benefits to learners (and employers) of the learning process were evident in high satisfaction ratings, in relatively high completion rates, and in learners (and employers) identifying skill and work-performance gains.
- ETP learners are more inclined to undertake further learning at the end of their training than when they started. It is important, for momentum to be maintained, that learners are offered the opportunity to progress and there is an important role for information, advice and guidance to identify appropriate further learning and available funding.

C. Train to Gain

It was announced in the December 2004 PBR that the pilot scheme would be extended nationally from 2006/07.³⁰ The National Employer Training Programme (NETP), or Train to Gain (T2G), follows a format broadly similar to the ETPs, with the existing eligibility criteria and voluntary approach for employers being maintained. Alongside the 2004 PBR, the Government outlined the main features of T2G:³¹

- A brokerage service for employers, linked to a reformed business support service, with independent brokers responsible to and funded through the

²⁹ *ibid.* p19

³⁰ Although full national roll-out will not be completed until 2007/08.

³¹ HM Treasury, *Skills in the global economy*, December 2004, p46

Learning and Skills Council. Brokers will act for employers to assess their training needs, design integrated training packages, and source training provision.

- A “core offer” to employers willing to give their employees paid time to train, of free, high quality training for their employees who lack basic skills and/or a first full level 2 qualification.
- Support from the broker to design and source a wider training package at level 3 and higher, and for non-qualifications based training, to deliver high quality and value for money for those employers who want to invest further in the skills of their workforce.
- Relevant, flexible, high quality training provision in the workplace, where employers want that, to suit operational needs.
- Advice on the most appropriate training provision and qualifications, agreed by employers through their Sector Skills Councils as the most relevant to meeting current and future skills needs within their sectors, and set out in Sector Skills Agreements.

A key feature of ETPs was that participants were guaranteed paid time-off to train of either 35 or 70 hours, depending on the pilot. To qualify for free training in T2G, the employer need to agree with their broker the paid time which employees will be allowed to train, within normal working hours, to acquire their new skills and achieve their qualifications.

Additionally, in funding terms, the Government now guarantees that, where employers are prepared to offer their low-skilled employees paid time-off to train up to level 2, the cost of this training will be fully subsidised.³²

A written answer also stated that:³³

Beyond that core of free training up to Level 2, employers will be able to access more comprehensive training packages to meet their wider needs, including at Level 3 and higher, and non-qualification based training. As part of the partnership between Government and the employer in raising investment in skills, we will look to employers to pay a fair contribution towards the cost of this wider training.

Since August 2006, two level 3 trials have been operating in the North West and West Midlands regions, offering businesses with less than 250 employees a subsidy for employees to achieve a first full level 3 qualification through T2G. A third level 3 trial began in London in September 2006, targeting women and ethnic minority women in occupational areas where they are under-represented at level 3. Furthermore, three higher education T2G pathfinders are currently being introduced by the Higher Education Funding Council for England (HEFCE) in the North East, North West and South West.

In addition, employers in all regions can obtain support through T2G for employees without a first Level 2 qualification and who wish to go straight onto a Level 3 qualification. The

³² *ibid.*

³³ HC Deb 21 July 2005 c2056W

support provided to these employees is equivalent to what they would have received, had the learner been undertaking a Level 2 qualification in the same area.³⁴

Regarding wage compensation, the 2005 PBR announced that:³⁵

To help businesses with fewer than 50 employees, wage compensation, paid to employers for the time low-skilled employees take off to train, will continue to be made available in 2006–07 and 2007–08 at a cost of £38 million a year.

This contribution is available up to a maximum of 70 hours of training. It should be noted, however, that employers participating in the Level 3 T2G trials are not eligible for wage compensation.

The contribution to wage costs consists of:

- The full payroll costs (ie excluding National Insurance contributions, pensions, etc) of releasing staff for companies willing to share information about wage levels with the local LSC; or
- For companies unwilling to give this information to the local LSC, a national flat rate of £5 an hour wage contribution has been agreed.

To qualify for the compensation (in addition to the company employing fewer than 50 people);

- The training/qualification must be successfully completed; and
- The training must involve the release of staff during their normal working hours.

When fully operational, the Government envisages that the programme will deliver 175,000 first full level 2 qualifications, to 350,000 employees, from 50,000 employers per year. By the end of 2010 it is expected that over 500,000 learners will have achieved a first full level 2 qualification through T2G.

£230 million was made available for the programme in 2006/07 and £399 million for 2007/08.³⁶ The latter figure has since been increased to £460 million following the announcement of the expansion to include Level 3 training nationally. Funding will then rise to £657 million in 2008/09, exceeding £1 billion by 2010/11.³⁷

³⁴ HC Deb 18 January 2006 c1408W

³⁵ HM Treasury, *2005 Pre-Budget Report*, November 2005, [Chapter 3](#), p64

³⁶ HC Deb 14 November 2005 c936W

³⁷ LSC, *Our Statement of Priorities*, November 2007, p50

1. Performance to date

The final report of the Leitch Review of Skills highlighted the initial performance of T2G programme as an example of the success of a demand-led approach which meets the needs of, and engages, individuals and employers rather than being centrally planned.³⁸

A recent report by the House of Commons Education and Skills Committee, *Post 16-Skills*, welcomed the Government's focus on T2G, however, concerns were also raised regarding bureaucracy and funding constraints associated with it, while the assessment of the effectiveness of contracted T2G brokers had to be more explicit.³⁹

Additionally, between August 2006 and October 2007:⁴⁰

- 52,730 employers were engaged against a target of 47,770;
- Almost 250,000 employees have been trained against a target of 313,590;
- Of these learners, 100,000 achievements so far – ahead of profile;
- 72% of companies were defined as 'hard to reach', exceeding the target of 51%;
- Employer satisfaction rates with skills brokerage have been consistently over 80%;
- Employee satisfaction with the training they have received is 77%;
- 95% of eligible skills brokers achieved the new professional standard.

2. Expansion of Train to Gain

In November 2007 the LSC published *Train to Gain: A Plan for Growth* which detailed plans for the programme over the period to July 2011.⁴¹ The key measures are summarized as follows:⁴²

- More funding will be offered for a broader range of skills. Part funding will now be available for those doing a second full Level 2 qualification and funding for Level 3 will be increased nationally. Skills for Life training will now be supported as a stand alone offer as well as part of a full Level 2 qualification;
- The funding cap to be lifted for the best providers, enabling them to do more business as their performance improves;
- A massive boost for SME management training – the budget has increased from £4 million per annum to £30 million per annum, which will support some 60,000 key directors and managers in around 42,000 companies over the next three years;
- The LSC's National Employer Service will be expanded, with additional account managers to help more of the country's largest national employers,

³⁸ Leitch Review of Skills, *Prosperity for all in the global economy – world class skills – Final Report*, December 2006

³⁹ Education and Skills Committee, *Post-16 Skills: Government Response to the Committee's Ninth Report of Session 2006–07*, 29 October 2007, p2

⁴⁰ LSC, *Train to Gain: A Plan for Growth*, Executive Summary, November 2007

⁴¹ LSC, *Train to Gain: A Plan for Growth*, November 2007

⁴² "Extension of Train to Gain Scheme", DIUS Press Release, 26 November 2007

while skills brokerage will also be extended to help provide even more companies with specialist support;

- By working closely with Jobcentre Plus through their Local Employment Partnerships, Train to Gain will support people who have been unemployed to secure employment with training and progression on to higher level skills;
- New compacts with each Sector Skills Council which will tailor Train to Gain to ensure it meets the skills needs of employers in each sector – and joint investment planning so that public and employer funds work together to boost skills and improve.

D. Further reading

Train to Gain website: <http://www.traintogain.gov.uk>

LSC, *Train to Gain: A Plan for Growth*, November 2007

Institute for Employment Studies, *Employer Training Pilots: Final Evaluation Report*, July 2006

IFS, *The Impact of the Employer Training Pilots on the Take-up of Training Among Employers and Employees*, December 2005

ALI, *ALI Employer Training Pilot Survey*, December 2005

Institute for Employment Studies, *Platform for Progression: Employer Training Pilots Year 2 Evaluation Report*, March 2005

DfES, *Skills: Getting on in business, getting on at work*, March 2005, part 2, pp5-10

HM Treasury, *Skills in the global economy*, December 2004.

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