

BRITISH BROADCASTING CORPORATION

RADIO 4

TRANSCRIPT OF "FILE ON 4" – "LEARNING SKILLS COUNCIL"

CURRENT AFFAIRS GROUP

TRANSMISSION: Tuesday 16th June 2009 2000 - 2040

REPEAT: Sunday 21st June 2009 1700 - 1740

REPORTER: Gerry Northam

PRODUCER: Ian Muir-Cochrane

EDITOR: David Ross

PROGRAMME NUMBER: 09VQ4549LH0

THE ATTACHED TRANSCRIPT WAS TYPED FROM A RECORDING AND NOT COPIED FROM AN ORIGINAL SCRIPT. BECAUSE OF THE RISK OF MISHEARING AND THE DIFFICULTY IN SOME CASES OF IDENTIFYING INDIVIDUAL SPEAKERS, THE BBC CANNOT VOUCH FOR ITS COMPLETE ACCURACY.

“FILE ON 4”

Transmission: Tuesday 16th June 2009

Repeat: Sunday 21st June 2009

Producer: Ian Muir-Cochrane

Reporter: Gerry Northam

Editor: David Ross

NORTHAM: The Government wants a skills renaissance for a 21st century economy, with bright new colleges and a new emphasis on apprenticeships. So guess who they got to advertise it on TV?

EXTRACT FROM TV ADVERT WITH ALAN SUGAR

SUGAR: I've succeeded in business because I've employed people with dedication, motivation and persistence. When I met some apprentices recently, I was really impressed by their attitude.

NORTHAM: Early this year the message of the National Apprenticeships Campaign was clear and positive.

SUGAR: It's amazing, there are over 200,000 apprentices in this country, and it's easier to get an apprentice on board than you may think.

NORTHAM: But, despite the presentational talents of Gordon Brown's latest recruit to the Government, the crucial job of reskilling the nation has run into snags. At the heart of the plan is England's biggest quango, the Learning and Skills Council, with an annual budget of £12 billion - an epic sum, with which it has managed to create epic financial fiascos. It has botched its college re-building programme and its flagship adult training schemes. Both have dramatically run out of money, leaving students and trainers bewildered. File On 4 can reveal how these cash crises were exacerbated by the LSC itself encouraging demand it couldn't meet. And we invite the quango's leadership to respond. Would you like to take the opportunity to apologise to colleges who you have allowed to get into these desperate positions?

BANKS: I do apologise for allowing the ambition of the sector to get ahead of the ability to fund them, and that's something that I regret and am disappointed by.

SIGNATURE TUNE

ACTUALITY ON COLLEGE SITE

BOOTH: We're walking across the demolished half of the main college site, at the bottom of a very large pile of rubble. We've demolished half the main site. The remainder is the 1960s building.

NORTHAM: Which has seen better days, frankly.

BOOTH: Which has seen better days, it has indeed.

NORTHAM: It looks as if, in the middle of a building programme, time has suddenly frozen.

BOOTH: Yes, well it has, yes. That's exactly what happened.

NORTHAM: At Barnsley College, next to the town centre, the Principal, Colin Booth, is partway through a complete rebuilding programme costing £55 million. At least, that's what he thought. What he's got at the moment is a pile of debris 25 feet high.

BOOTH: This is where the new college building was going up. We should have started building on the 25th May. This should be a hive of activity at the moment where we're standing. We've demolished what we call A Block, B Block remains. We were going to put a park there. That becomes a pleasant walk down into the town centre, because it's all part of the development of Barnsley town centre.

NORTHAM: In October 2007, the College's plans won approval in principle from the Learning and Skills Council. The letter said that 'budgetary provision' would be made for the project. The college, local businesses and town councillors took this at face value and worked together enthusiastically to get the plan going. Then, at the last minute, Mr Booth received an unwelcome surprise.

BOOTH: We were invited to a meeting on the 9th January and were told there was a crisis and all the building programmes might not go ahead. I mean, you can sum it up by saying that the LSC couldn't add up and committed twice as much money as they actually had.

NORTHAM: You're saying they couldn't add up, this is the biggest quango in England.

BOOTH: Yes.

NORTHAM: And they couldn't add up?

BOOTH: They had £2.3 billion to allocate and they promised the colleges more than twice that. It was mismanaged centrally, they should have seen that they had a problem and they just didn't seem to see that they had a problem. We were at the meeting on the Friday and I said, 'Well, our demolition is scheduled to start on Monday. I can stop it now, but we can't reoccupy the buildings.' So we went ahead with the demolition.

NORTHAM: Barnsley isn't alone. There are 79 colleges in England which have Approval in Principle for building projects, but which the Learning and Skills Council has told to stop. The total value of their plans is £2.7 billion. A further 65 colleges have worked up plans totalling another £3 billion, again all now put on hold. In the budget, an additional fund of £300 million was allocated to help some of them go ahead. The LSC said it would announce the winners on the 3rd of June. Then, two days before, it said it wouldn't announce them after all - that would have to wait until 'later in the month' - a date unspecified and which many fear will slip further. For colleges like Barnsley, the result is financial uncertainty. The Principal, Colin Booth, worries that the college is already heavily in debt in anticipation of the building project.

BOOTH: We have spent the college reserves, we've taken out a £10 million loan. We start paying the interest on that next year and then the interest and the capital the year after. Regardless of the LSC decision, we would have had that loan long term, but we would have also had a new building. We are in some difficulty in terms of making sure that we can repay that loan, because we can't expand and therefore we don't have the turnover to pay the loan long term.

NORTHAM: The Government has promised to refund development costs for projects that are cancelled. They are expected to be something over £200 million - straight down the drain. But while a total of 144 colleges are currently waiting to learn if they'll be among the fortunate few, others have already transformed their campuses with spectacular new buildings. A total of 253 schemes have benefited, some at much greater cost than was needed.

ACTUALITY ON BUILDING SITE, CREWE

NORTHAM: This is the building site on the edge of Crewe where a magnificent new crescent is under construction, which will completely replace the existing South Cheshire Further Education College. It will provide a brand new architectural gem for thousands of local students, and nobody is going to say they don't want it. But it's much more elaborate - and much more costly - than the college really needs. The plan will involve demolishing a perfectly serviceable (and recently renovated) 8-storey teaching block, which the Principal, Dr David Collins, believed had a long useful life ahead of it.

COLLINS: Our original proposal was to keep the tower block; we didn't actually think we would be able to take it down. It's been refurbished over the past fifteen, twenty years and it's quite a good state, so we had a design that involved building around it and making it effectively the centre of a new development.

NORTHAM: Total cost would have been how much?

COLLINS: Somewhere between £25 and £30 million. And when we first discussed that with the LSC, that seemed to be the way they were going, but in further discussions the general approach was, 'Look, this isn't going to be necessarily so appropriate in thirty or forty years' time, use the opportunity while it's there, why not take the whole lot down and redesign the whole campus?'

NORTHAM: The Learning and Skills Council were encouraging you to think bigger?

COLLINS: Indeed, I think they wanted iconic buildings that would be seen as being a real tribute to the further education sector, and clearly from our point of view, there was no point in disappointing them.

NORTHAM: And how much is the new project then?

COLLINS: The total cost of the new project is something like £75 million.

NORTHAM: Three time what it was?

COLLINS: Three times the original, but of course we are now renewing the whole campus.

NORTHAM: Dr Collins is also the national President of the Association of Colleges and complains that, around the country, officials of the Learning and Skills Council prompted colleges to put in much more ambitious and expensive schemes than they originally planned, which ultimately contributed to the crisis in January when

NORTHAM cont: colleges were told the money had run out. But this is a contentious claim. It was denied at hearings held last month by the Parliamentary Select Committee – which is examining what went wrong in the LSC’s building programme.

ACTUALITY OF SELECT COMMITTEE MEETING

MAN: Order, order. Could I welcome our first panel of witnesses this morning ...

NORTHAM: The leading co-ordinator of the capital programme was called to give evidence. David Hughes, the National Projects Director, said he had no knowledge of any such encouragement by his officials.

HUGHES: I have never talked up the project, I have never bigged up a budget, I have never suggested and I am absolutely confident that no-one in my team ever did that. What I am clear about is that there was lots of ambition in the sector and there were lots of very iconic schemes being put down, and other colleges looked at those and I think thought, ‘We want one of those.’ I don’t think we were in the game of saying, ‘Go away and rewrite and make it two or three times as big.’

NORTHAM: But perhaps Mr Hughes is unaware of what his colleagues did. Certainly the Chairman of the Select Committee - the Liberal Democrat Phil Willis MP - is unpersuaded by the LSC's claim of innocence.

WILLIS: That astounded us that that comment actually came from someone who was, in fact, now in charge of the whole capital programme. We have received from college principals clear evidence that in discussions with regional members of Learning and Skills Council were encouraged to be more ambitious. What we have not been able to get is a memo, a letter, an instruction from the Learning and Skills Council that this was what was required.

NORTHAM: But you have no doubt, as Chairman of the Select Committee, that it did happen verbally?

WILLIS: Oh, I have no doubt whatsoever that that happened and I have no doubt that the people who within the Learning and Skills Council, who were encouraging bigger and better bids, did it because that was what they believed was expected of them. It was because that became the culture.

NORTHAM: This could turn into a significant point in the courts. Some colleges are currently taking legal advice about suing the Learning and Skills Council for compensation if their projects are cancelled. Their case might be strengthened if they could also show that officials had actively encouraged them to increase financial risk by going for bigger plans. But when we met the LSC's Chairman Chris Banks for an interview, it proved difficult to pin him down on whether his officials talked colleges into raising their bids. College principals say they were encouraged by your officials to put in grander schemes than they were originally proposing and that that's part of what led to the disaster. At the Select Committee, your officials said this didn't happen. So it's important to know from you, as Chairman, did this happen or didn't it happen?

BANKS: Our strategy and our approach as the Learning and Skills Council was to work with colleges to encourage them to update and replace all further education college facilities over the next few years. We've done a really good job over the last few years in refreshing or replacing about half of the total further education estate. So I see no conflict between that and the reports that I've heard of our staff talking to, directly to colleges about that type of project that can make the most difference.

NORTHAM: Let me just ask you for a yes or no answer. Did your officials encourage colleges to put in grander schemes than they were originally proposing?

BANKS: Our approach has been to encourage the sector to take advantage of the investment to replace the facilities that they need to in order to provide really good, high quality learning environments for their students.

NORTHAM: That's neither yes nor no. Which is it?

BANKS: We have been absolutely determined to encourage colleges to come forward with proposals that would allow us to invest in high quality buildings.

NORTHAM: Why is it so difficult to give a clear answer to this question?

BANKS: Well, the National Council sets the strategy ...

NORTHAM: No, the question is very simple. Did your officials encourage bigger projects or didn't they?

BANKS: I think it's quite clear to us that the strategy has been to encourage further investment in further education buildings up and down the country deliberately because we know it's in the best interests of learners, employers and the local communities.

NORTHAM: The bleak future now facing 144 Colleges could have been avoided, Dr Collins of the Association of Colleges believes, if the LSC had only foreseen that one day the bonanza would end.

COLLINS: The Learning & Skills Council, unlike its predecessor, the Further Education Funding Council, is a planning and funding body, and one would have thought, in these circumstances, that planning was pretty essential. From a sector point of view - and I've spoken to a lot of principals - the question is, was it not possible to keep a spreadsheet with indications of what was in the pipeline and make sure that what was in the pipeline could actually be met from the funds?

NORTHAM: That sounds pretty basic common sense.

COLLINS: I think it does sound pretty basic common sense and that's why I think everybody was amazed at how quickly the problem showed itself and the whole situation unravelled.

NORTHAM: What's the impact going to be nationally across the whole of England?

COLLINS: I think we're going to get a two tier system, we're going to have some wonderful iconic buildings in various parts of the country - not because necessarily need was the greatest, but quite simply because they were first in the queue. The Government did put in a significant sum - billions of pounds - to renew the estate, and my view is if that had been spread around effectively in a planned way, where need was being addressed first and foremost rather than where you happened to be in the queue, then the whole estate should have benefited.

NORTHAM: The outcry over the LSC's handling of building projects was so great that the Government ordered a review. It reported in March this year with a detailed and blistering account of what the author called 'incompetence' by officials and management. The LSC's Chief Executive has resigned. One of the review's most devastating revelations is that the LSC was warned of impending financial disaster with the policy as early as February of 2008 - almost a full year before the crisis meeting in which colleges were told to stop their projects. A consultant's report, which has been released to File On 4, gave a stark projection of future expenditure. It said the building fund would be hundreds of millions short. And in case anyone missed the point, it went on:

READER IN STUDIO: This simply proves that the continuation of the current payment profile of projects is unaffordable to the Council.

NORTHAM: For reasons which apparently defy explanation, this dramatic warning - the so-called Edwards Report - was not passed to the senior management of the Learning and Skills Council. The first time the Chief Executive and the Chairman heard about it was nine months later, in November last year. And in Government too, although it was seen by middle-ranking officials, the warning never reached ministers until too late. The long delay was critical in the view of the Chairman of the Select Committee, Phil Willis MP.

WILLIS: All the problems actually stem from that report not being received at a senior level, and when you read that report, it actually says we're heading very very fast to a dead end here and there's going to be a crash. And what happened at that point was that it then went into the ether rather than in fact being flagged upwards in the organisation, and that's where I believe there was a cultural problem within the Learning and Skills Council.

NORTHAM: Had that report been acted on in February of last year at the senior level of the Learning and Skills Council, what would the outcome have been?

WILLIS: We would certainly have avoided this whole debacle. And what I find staggering is that there was not either within the Chief Executive's structure himself or indeed the board any mechanism to actually look at what was the largest capital programme that the FE sector had ever seen in the history of further education, and nobody thought it was important enough to bring to the board or bring to the Chief Executive. I find it just absolutely unbelievable and I do feel that, you know, while the Chief Executive fell on his sword immediately, we really do have to ask serious questions about what is the role of the board and the board chairman.

NORTHAM: The Chairman of the LSC doesn't work fulltime. It's a two-day a week job for which he is paid £51,000 a year. Despite criticism, Chris Banks has not resigned. So can he explain why he didn't ensure that the Council ran a risk management policy which would bring so important a warning to senior attention?

BANKS: Capital investment in colleges is a very important project and a very important programme and has been very successful, and it's in that context that the risk management of the capital programme was being judged. And at that time, and for several years, there had been a good balance between the demand for capital and the availability of funds. And I do apologise for allowing the ambitions of the sector to get ahead of our ability to fund them, but I don't apologise for the ambitions of the sector.

NORTHAM: You, as Chairman, were responsible for ensuring that the organisation was run in such a way that a report like that in February last year would come to your attention. It didn't. So is your position tenable?

BANKS: All I know is that at that time I didn't know that that report existed. I think the consequences of it and the details of it weren't understood by the people who were looking at it at the time.

NORTHAM: No, my point is that it's your position as Chairman to ensure that you are made aware of such a report. You didn't. Is your position tenable?

BANKS: Erm, the Chief Executive of the Learning and Skills Council felt that it was appropriate for him to resign, and we have appointed a new Chief Executive. My job, as the Chairman of the Learning and Skills Council, is to make sure that we do the right thing for learners, for employers, for the partners that we work with. That's our focus at the moment.

NORTHAM: And you're staying on?

BANKS: I have absolutely no doubt that the best thing for learners, for employers, for the system – and indeed for our organisation during this period of transition – is for me to continue to provide the strong leadership that's required.

NORTHAM: But that strong leadership is now presiding over a second funding crisis within the Learning and Skills Council, and one which has arisen in much the same way, with officials first encouraging a rapid expansion of the programme and then suddenly realising they've run out of money.

ACTUALITY AT LANFRANC SCHOOL

WOMAN: And so your D7 work tasks. Can you explain to everybody else ...

NORTHAM: In a classroom in Croydon, south of London, a small group of school staff and parent volunteers take a weekly lesson in management. They work at Archbishop Lanfranc secondary school in the nursery, the creche, the fitness centre and in classrooms. They are all adult apprentices, learning theory and improving their skills with the aim of making the school better run.

WOMAN: I want to talk a little bit about how are you going to set targets?

NORTHAM: The company that runs this course is called Smart Training. It has a total of almost two thousand people throughout England in apprenticeships, training them in various aspects of childcare - day nurseries, child minders

NORTHAM: Kate Stock fears that the current freeze on recruitment won't be the end of the financial crisis. Having been encouraged to take on all-comers this year, she expects next academic year to see a firm Government cap on spending.

STOCK: We are looking at a reduction in the number of spaces for next year. Even with the best outcome in the world, there's going to be a reduction. That is a disaster for a lot of people. That's a lot of teaching assistants, childminders, nursery nurses - that's a lot of children who won't have improved care. That is a scandal.

NORTHAM: Scandal?

STOCK: I think it is a scandal, yes.

NORTHAM: And the funding crisis that has frozen recruitment of adult apprentices has also hit another flagship Government scheme.

EXTRACT FROM TV ADVERT 'TRAIN TO GAIN'

PRESENTER: That's where Train to Gain can help. We're making it even easier to get the training you need to keep your business moving. Our future – it's in our hands.

NORTHAM: The Train to Gain programme has been running nationally for three years and has increased the skills of almost 200,000 people. It not only pays for training in NVQs, but offers small businesses help with wages costs to cover lost time. One of the beneficiaries of Train to Gain is a young man called Curtis Peters, who took a course at his local college and is now qualified to drive a fork-lift truck.

ACTUALITY AT WAREHOUSE

NORTHAM: This is the warehouse in North Staffordshire where Curtis works. It stores pottery, kitchenware, cosmetics, sacks of salt - anything you can pile onto a pallet. Curtis is currently busy on the fork-lift and is confidently getting goods ready to go out for delivery. He was so pleased with his first NVQ that he now wants to train for

NORTHAM cont: another. But just like adult apprenticeships, the Train to Gain programme is currently suffering a recruitment freeze, so Curtis's ambition is stalled.

PETERS: I was hoping to do my HGV driving courses, but I've been told I've got to wait on for that now because the Government funding has run out.

NORTHAM: So you wanted to be able to drive HGV, but at the moment it's on hold?

PETERS: Yes, I'm hoping to do 7.5 ton, 18 ton then either the artic eventually, but it's on hold now. I'm disappointed really, I was looking forward to doing them, I wanted to just get them done as fast as I can.

NORTHAM: Curtis's boss is Judy Mason, who runs the small company. She is a strong supporter of Train to Gain and is eager to have the flexibility and the economies it can bring to her workforce.

MASON: I would have to go outside and obviously use an agency driver. It's probably double the cost of employing some, you know, someone on a standard rate. We have instances sometimes where I can't accommodate the work that's offered to me because I haven't got the staff with the skills that's needed to basically carry out the work, which would obviously benefit us all at the moment.

NORTHAM: What do you think about the fact that the funding has run out?

MASON: It's a disappointment when, at the end of the day, the funding and these schemes obviously set by the Government must have encouraged small businesses, because they have me, and all of a sudden it's been taken away, and it's very much a disappointment.

NORTHAM: Judy Mason's experience is shared by many businesses across England. For the British Chambers of Commerce, it has become a serious national problem. David Frost, the Chambers' Director General, expresses his members' irritation.

FROST: All of a sudden the brakes were slammed on and we're told you cannot recruit more, you must work within contract, you must refer every potential new trainee to the local office before you engage with them.

NORTHAM: If you were told late last year it's full steam ahead and then March this year, as you say, the brakes were slammed on, what did you think?

FROST: Clearly what had happened was that the take-up with the new flexibilities that were introduced for Train to Gain had been dramatic and that take-up had been perhaps far greater than the LSC had expected. Therefore, when they were reviewing the budgets it was quite clear to them that if they carried on as they were, they were going to be seriously over-spent and way over budget.

NORTHAM: But you'd been told only months before, go out and recruit as many people as you can.

FROST: Training providers across the whole of England had been told that.

NORTHAM: So what did you make of this apparent reversal?

FROST: Well, it's clearly caused a lot of concern and the message about now is the time to invest in training looks rather shallow. The problem is, if you're a company now or you want to get involved in training, particularly at this time of a significant downturn, the money isn't there to do it.

NORTHAM: So how has the Learning and Skills Council got itself into the position of suddenly putting a stop on the adult apprenticeship and Train to Gain recruitment which it had, until only recently, actively stimulated? A question for the Council's Chairman, Chris Banks.

BANKS: It's our job to manage the relationship, the balance between demand and supply.

NORTHAM: But clearly you haven't.

BANKS: It is our job to encourage learning and encourage interest in continuing learning among adults in this country. That's something that's really important for this country's competitiveness over time. But we have to manage within the funds that are available, and that is the normal way that we would work with the providers of learning and training to try and make sure that that balance is maintained, because you can't spend what you haven't got.

NORTHAM: But colleges and private training providers were encouraged, up until the early part of this year, to go out and recruit, bring in more and more people. And then all of a sudden, they're told, you've got to stop, the money's run out. And again, the Learning and Skills Council has not foreseen that the money was going to be finite.

BANKS: The demand for learning has increased very significantly and I don't think anybody could have foreseen all of the implications of this economic downturn. We were very quick to respond to that and changes were made to the Train to Gain offer. That demand has been greater than we thought it would be.

NORTHAM: Let me give you an opportunity to apologise to colleges, private training providers, people who would be apprentices, people who would like to join Train to Gain who now can't because you've put a stop on the money. What do you say?

BANKS: My undertaking to all of those people who are already involved in learning and training is that we will work with the sector to make available as many places as we possibly can with the money that's available, and if anybody has to delay their start, then of course it's a disappointment. I share that disappointment as well. But we have to operate within the funds that are available.

NORTHAM: In the light of this year's twin funding crises, we've found a widespread loss of confidence in the ability of the Learning and Skills Council to manage its budget. Those who organise training simply don't trust it to get the best value

NORTHAM cont: from the £12 billion of public money it spends, and they've stopped believing it can deliver its good intentions. In Parliament, the Conservative spokesman on Skills Policy, David Willetts, has also lost faith.

WILLETTS: There are very striking parallels in the latest crisis in funding apprenticeships and training and the previous crisis in funding further education capital. They are both case studies in boom and bust, they are both cases where there is a frenzy of expansion whipped up about how many new colleges are being rebuilt or how many extra apprenticeship places are being provided, and everybody in the sector gets incredibly excited and all these plans are made. Then there is the sudden moment when people say, 'Ooops, sorry, we hadn't realised we haven't got any money to pay for these, everything is on hold.' And just as there are colleges with ambitious capital projects that they may not now be able to go ahead with, so similarly there are excellent training providers who are very keen to train more young people, especially during a recession, heard Gordon Brown saying there should be more training in a recession, and then find suddenly there are big cuts because nobody realised how rapid the growth might be. So there are parallels, and again that is why I think ultimately, despite all the individual failings at the Learning and Skills Council, you have to look to ministers to take responsibility.

NORTHAM: We wanted to interview a minister about the Government's part in the LSC's recent troubles but, after the reshuffle, nobody was available. In a statement to File On 4, the Department for Business, Innovation and Skills says:

READER IN STUDIO: In transforming colleges for learners, the Government will spend £2.3 billion over the current spending review period – a decade ago the budget was zero. Far from cutting spending on Train to Gain and apprenticeships, we are investing a record of almost £2 billion to give people skills through the recession and beyond. But of course the training budget is not unlimited, and working with the LSC we have to ensure that in the long term, spending matches resources.

NORTHAM: But the Learning and Skills Council's problems may not be over even yet. We have uncovered fears that another funding crisis may lie ahead. In its recent circular to colleges and private training companies, dated the 27th of May, the

NORTHAM cont: LSC sets out the rules for younger apprentices, those aged between 16 and 24. The circular says that there are no restrictions on that age group starting apprenticeships. But careful readers have noted that the LSC does add the ominous word 'currently'. At the FE College in Stoke-on-Trent, the Principal, Graham Moore, speaks for an organisation of large colleges, known as the 157 Group. And he suspects that a third funding crisis may be on the way.

MOORE: The LSC, at the beginning of this month, was talking to Principals about how we move forward. They did reemphasise the point that young apprenticeships, it's still open house, basically we want as many as possible. My worry is that in a few months' time, if the economy does pick up and a company starts on taking young apprenticeships, the same problems will emerge. And there is a real difficulty here. You haven't got open-ended budgets and yet you've got open-ended commitments.

NORTHAM: So for 16 to 24 year olds, it's still an open-ended commitment?

MOORE: That's what we're being told, but we've had two experiences now of open-ended commitments that aren't open-ended commitments, so I think colleges will be duly cautious and they will look very carefully to see whether or not those commitments will be honoured, not just now but in six months, nine months, a year's time.

NORTHAM: So if you're currently being told that for 16 to 24 year olds in apprenticeships, the sky's the limit, there's no restriction on the number that you can recruit, you fear ...?

MOORE: Logic tells me that if demand recovers, then the Government again ultimately has a limited budget and that that can't happen.

NORTHAM: And it may come as little comfort to colleges that the LSC's new Chief Executive, Geoff Russell - who arrived at the quango with the job of clearing up after the two main funding crises - reluctantly appears to accept that the current free for all in young apprenticeships may indeed not last, though take-up is a little slow at the moment.

RUSSELL: In that area of apprenticeships we're still a bit undersold overall and it's very important to get learners into learning. We are monitoring that very closely. I'd like to be able to think that we will be able to spot sufficiently far in advance if the demand threatens to exceed the supply.

NORTHAM: Well that's just what you haven't spotted over the capital funding project and Over 25+ apprenticeships.

RUSSELL: Over the capital funding project we had not been agile enough in terms of managing that supply and demand issue. In the area of under 25 apprenticeships at the moment supply exceeds demand and we will manage that as carefully as we can.

NORTHAM: And you're confident that this won't become a third disaster area?

RUSSELL: I am confident the LSC has made significant changes to the way that we manage ourselves. It is a fact, however, that we have changed in a very short period of time from an organisation whose main job was to try and stimulate demand to an organisation whose job now is to manage demand.

NORTHAM: And at some stage in the next few months, is the money going to run out for 16 to 24 year old apprentices?

RUSSELL: There is no doubt that the Government will continue to fund all these programmes at higher levels than they have in the past.

NORTHAM: That wasn't the question.

RUSSELL: Repeat the question, please.

NORTHAM: Is there a danger that at some time the money will run out for new recruitment of 16 to 24 year old apprentices?

RUSSELL: We will be able to fund the number of apprenticeships that we committed to fund. What I can't guarantee is that the demand for that money will not exceed the supply of that money.

NORTHAM: So the brakes might come screeching on on this programme as well?

RUSSELL: With all our programmes, our job is to manage the tension between demand and supply. It is possible that, as in some of our other programmes, that demand will exceed the supply.

NORTHAM: Even before the funding crises hit the LSC, the Government had decided to abolish it. Next year its powers and funds will transfer to local authorities and a collection of three new quangos. As the Prime Minister has repeatedly stressed, this work is vital to the country's future prosperity. So we can only hope that the LSC's successors will at least be able to count.

SIGNATURE TUNE