

SLIM – Comment

Skills for Growth: a national strategy for economic growth and individual prosperity

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Business Secretary Lord Mandelson this week set out a new vision for giving people and businesses the skills they need to help drive economic growth. The Government will:

- Create a modern class of technicians, through a dramatic expansion of advanced apprenticeships, creating 35,000 new places over the next two years;
- Introduce light touch monitoring arrangements for ‘best providers’;
- Give every adult a personal skills account, empowering learners to shop around for training with new information on how well different courses and colleges can meet their needs;
- Invest in skills in the sectors on which future growth and jobs depend;
- Radically simplify the way in which skills policy is delivered – working with the UK Commission for Employment and Skills (UKCES) to reduce the number of public bodies by more than 30.

Through these policies *Skills for Growth – The National Skills Strategy* sets out a pathway to achieving a ‘bold new ambition for three quarters of the population to go to university or get an advanced technical qualification by the age of 30’.

“An active government approach to equipping this country for globalisation means making sure we have the skills that underwrite the industries and jobs of the future. That means skills for the high tech, low carbon, more high-value added sectors that drive the growth that underwrites everything else we want to achieve as a society. These skills are becoming more sophisticated and complex, and more vital”. Lord Mandelson

Accompanying the Skills Strategy is a useful Analytical paper that we will link to in the final section. I hope you find this SLIM-Comment useful.

Chris Evans

Chris Evans
Director, SLIM

Andrew Dean

Dr Andrew Dean
Editor – South West Skills Newsletter
a.dean@exeter.ac.uk

CONTEXT

Skills in Britain have long been recognised as an area of relative competitive weakness, notably in the area of intermediate skills. Britain has not completely shed its historic weaknesses at advanced technician and vocational levels. Compared to international competitors, too few young adults acquire advanced vocational skills after leaving school.

“We recognise that skills have historically been an area of British competitive weakness. Since 1997 we have made real progress in tackling the economic and social scandal of adult illiteracy and innumeracy. We will not abandon our promise of basic skills for all... We have eradicated much of the poor quality that blighted our further education system. We have transformed work place training through Train to Gain which has trained over one million employees and helped them get on in work... We have revived apprenticeships, which were allowed to wither away in the 80s and 90s.” Lord Mandelson

In response to this, the skills system needs a stronger focus on strategic skills and the strategy represents a radical shift in national priorities. The focus on skills for high-tech, low carbon driven growth represents an investment in future growth areas. The strategy seeks to:

- Tackle the gaps in intermediate skills in this country, by expanding apprenticeship numbers to create a modern class of technicians. The White Paper thus signals Government’s clear intention to boost provision at Level 3.
- There is a recurrent theme of building new bridges between the workplace and higher learning, and engaging businesses – reflecting the key themes of *Higher Ambitions* though with more of an FE than HE agenda.
- A system that provides a higher level of vocational experience; one that promotes a greater mix of work and study and that encourages skills that are transferable from job to job.

SUMMARY OF THE REPORT

Although this strategy renews the Government’s commitment to the targets set by the 2006 Leitch report for improving skill levels, it proposes new priorities or approaches.

With a view to building a modern class of technicians, associate professionals and people with higher level craft and trade skills, there is a new overarching ambition for our higher education and skills systems that three-quarters of people should participate in higher education or complete an advanced apprenticeship or equivalent technician level course by the age of 30.

The focus of the skills system will be shifted by measuring its success in meeting employers' skills needs and enabling learners to progress in work, as well as in the achievement of qualifications.

There will be a doubling of advanced apprenticeship places for young adults with up to 35,000 new advanced and higher level apprenticeships beginning over the next two years, with the possibility of further expansion. Further actions will increase the opportunities for advanced level apprentices to move on into higher education. Something mentioned in last week's *Higher Ambitions* paper.

There is a re-statement of the Government's commitment to a demand-led system in which businesses are given the power to shape the provision of training. Furthermore, the funding within the skills budget will be increasingly focused on the sectors and markets on which future growth and jobs will depend.

Adults need to be able to gain basic skills up to Level 2, but also to be encouraged to continue training throughout life. Learners will be given real consumer choice through skills accounts, supported by high quality information, advice and guidance on the quality and relevance of courses.

There is a need to support some businesses and sectors to raise their ambition for equipping their staff with skills and employers. In particular, where they benefit from higher level skills, employers need to make a greater contribution to funding training. This chimes with last week's *Higher Ambitions* paper's aims of increasing business linkage with higher education.

There should be backing for sectors where the majority of employers and unions want to work together to set minimum skills standards in their industry. The Government will use its influence as a purchaser to encourage employers to invest in skills. Government has also pledged to help employers with the effective implementation of the proposed new right to request time to train.

Over 30 publicly funded skills bodies are to be removed over the next three years in line with UKCES proposals for simplification. There will be progressively greater autonomy for colleges and training institutions that demonstrate teaching excellence. The Government will cut funding to lower priority courses.

THE REPORT IN DETAIL

The meat of the report deals with the challenges in six headings. These are dealt with in turn.

1. Promoting the skills that matter for economic prosperity in modern Britain

There will be added emphasis over the coming years to the need to train people in advanced vocational skills at Levels 3 and 4, alongside continuing to expand higher education. The proposals to create a technician class and expand advanced apprenticeship numbers are central to this ambition.

The Government will adopt a new national scorecard approach in measuring skills progress, using four elements:

- Ensuring the supply of skills matches demand
- Ensuring the skills we deliver have economic value for employers, raising productivity as a result of training
- Ensuring Government helps adults improve their employability and progress – by measuring employment and earnings outcomes from training, and taking further steps to integrate employment and skills training
- Driving progress on raising skills towards a world class skills base – using industry-approved vocational qualifications as the main indicator.

The national scorecard will be introduced in time for the next spending review period. The UKCES will provide independent reporting on the new measures as part of its annual series of Ambition 2020 publications. Underpinning indicators will be used in the national scorecard to monitor the impact of this strategy by regions, sectors, and socio-demographic groups such as gender, race and disability.

2. Dramatically expand the advanced apprenticeship system for young adults

The Government will almost double advanced apprenticeship places for young adults with up to 35,000 new advanced and higher level apprenticeships beginning over the next two years - with the possibility of further expansion in subsequent years. The funding investment to support this will rise from around £17M in 2010-11 to some £115M in 2014-15.

New University Technical Colleges will offer new opportunities for 14-19 year olds to undertake vocational and applied study, alongside 14-19 Diplomas, aimed at strengthening the flow of young people skilled for technician careers. This is combined with a commitment to stronger pathways into higher education for apprenticeships, including the development of the apprenticeship scholarship proposed by the Panel on Fair Access to the Professions.

An Apprenticeship Scholarships Fund will provide a 'golden hello' of up to £1,000 to 1,000 of the best apprentices seeking to go into higher education. The numbers and availability of Level 4 apprenticeship frameworks will be boosted, with composite honours and masters programmes being piloted.

3. Respond to demand from businesses, while ensuring that key sectors for growth and employment sectors are better supported through the skills system

There will be a greater focus of the skills budget on the areas of the economy which can do most to drive growth and jobs. The New Industry, New Jobs and Jobs of the Future began to outline some market areas and sectors which will be crucial to future growth.

The new Skills Funding Agency will switch more funding into the sectors and markets where it can make a demonstrable difference in underwriting necessary skills development. £100M will be available for priority sectors in future years to fund some 160,000 training places at Levels 2 and 3.

Priorities for increased funding include life sciences, digital media and technology, advanced manufacturing, engineering construction and low carbon energy. UKCES will identify the short, medium and long-term skills needs of the economy, spanning both training and higher education institutions. Regional Development Agencies (RDAs), city regions and local authorities will feed in their knowledge of demand in different parts of the country. Sector Skills Councils (SSCs) will contribute knowledge of sectoral demand and how business processes in different sectors are changing.

Account will also be taken of the work of the Migration Advisory Committee, in the form of its shortage occupations analysis to ensure that both current, acute shortages and likely future demand for skills is addressed. The Prime Minister recently spoke on this topic – indicating a likely reduction in shortage occupations.

RDAs, working in partnership with the SSCs, local authority leaders and sub-regional bodies, will take responsibility for producing regional skills strategies that will articulate employer demand and more closely align skills priorities with economic development.

A Joint Investment Scheme with SSCs in areas key to economic recovery, with a cash match from employers, will be piloted from autumn 2010. This will be a combined fund which might grow over time to £100M – including a £50M cash match from employers, supporting some 75,000 training places in priority sectors at advanced vocational levels (3 and 4).

There will be a fifth competitive bidding round of the National Skills Academies programme and £16M of public revenue funds available for the National Skills Academy programme as a whole in 2010-11.

4. Go further in ensuring all adults are empowered to equip themselves for future jobs

Skills accounts will be introduced for every learner, allowing them to become well informed, active consumers who drive improvements in colleges and training institutions.

“To give effect to that greater choice, we will set up new Skills Accounts which will enable students to shop around for training, backed by good information on how well different courses and colleges can meet their needs.”

“Critically, we are going to more than treble the number of public and private institutions where accounts can be used to over one thousand five hundred – not only creating new options for learners but creating a big incentive for providers to design courses that attract students.” Lord Mandelson

The number of places where accounts can be used will be trebled to allow greater access to the best colleges. Skills accounts will only be able to be used with accredited providers. As well as signalling what training they are entitled to, the levels of public funding available, and any fees they will need to pay, they will also contain the learner’s full learning history. These new elements of skills accounts will come on stream from 2012.

A new, user-friendly public rating system will be established for every college and every course to empower learners in the choices they make about their future. This will include the introduction of a clear, consistent ‘traffic light’ data about every college and every course, including, where possible, its record of getting people into jobs.

People on out-of-work benefits will be equipped with the skills they need to compete for and to stay and progress in jobs, supported by skills accounts, and continue to help this group as a priority within the overall skills system. The next steps will be set out in the forthcoming employment White Paper. This will include a new single purse funding approach to streamline current funding arrangements, subject to spending priorities. Alignment of Jobcentre Plus and the Adult Advancement and Careers Service will continue with a view to providing a fully integrated and seamless support offer to customers.

More colleges across the country will offer people the chance to “Qualify with a Business” so that further education learners who want to progress in this way are able to go to college and come out both qualified and ready to run a business.

5. Raising recognition among business of the value of investing in workforce skills to improve productivity

Companies will be helped to access business support schemes to develop clear policies for making effective use of the skills already in their workforce. As well as examining the review of high performance working, Government will work with RDAs on the development of Business Link diagnostics. Thus, companies accessing Train to Gain support or other government business support will be helped to utilise the skills their employees gain in achieving their business growth objectives. Again, where companies wish to access business support schemes,

there will be help to identify where high quality leadership and management skills may help them achieve their growth ambitions.

The Government spends over £220B a year on its procurement of goods and services. Those undertaking government contracts will be asked to play their part in raising the skills of the workforce by investment in skills training and delivering 20,000 apprenticeships.

Government will work with business to ensure effective implementation of proposed legislation on the right of employees to request time to train. Government has indicated that they will be sympathetic to employer and union proposals for new occupational licensing arrangements, where the great majority of employers in a sector want this and without undermining the interests of consumers.

6. Further improve the quality of provision at further education colleges and other training institutions

“The FE sector has made significant strides in improving the quality of its provision over the last decade. Many of our colleges are performing at world-class levels and overall success rates have increased by over 40% in the last 10 years. We will build on this by providing progressively greater autonomy to colleges that demonstrate teaching excellence – but also by cutting funding to low priority and poorly provided courses. We will invest in the courses that employers judge are in line with their needs and requirements.” Lord Mandelson

The best colleges and training institutions will benefit from simpler funding and monitoring arrangements, in exchange for more publicly available data about performance. Greater freedom will be introduced for all colleges and training institutions to manage their resources more flexibly, combined with enhanced freedoms for outstanding colleges and providers across their total budget. Quality will be maintained through annual assessment of their performance against priorities, linked to future funding.

The performance measures in the new Framework for Excellence (in effect, a report card at college level) which will come in from 2011, will mean fewer targets and lighter touch monitoring for the best colleges, with a clear signal to others about what they need to do to reach that level. In return for this greater freedom, colleges will be expected to participate actively in the public assessment and quality assurance system described above.

The UK Commission’s recommendation to reduce the number of separate publicly funded agencies by over 30 has been welcomed and will be implemented over the next three years.

“We have decided to simplify the organisational clutter of public bodies delivering skills policy. We welcome the recommendation of the UK Commission for Employment and Skills to reduce the number of separate publicly funded agencies

by over 30 and will work with them and others to make this happen. Our new model will make the Regional Development Agencies responsible for leading the regional skills strategy in each area, working in partnership with local authorities and others.” Lord Mandelson

This includes:

- The Learning and Skills Improvement Service will become a sector owned body, incorporating the range of quality development functions (funding for quality improvement and workforce development will be progressively moved to colleges and providers, so that they can decide whether and from where to commission support)
- Investors in People UK will cease to operate as a separate organisation and the Investors in People standard will be overseen by the UK Commission from next April
- The Qualifications and Curriculum Development Authority will not play a role in adult qualifications from 2010 (subject to Parliamentary approval)
- UKCES will work with the 25 SSCs to bring forward proposals for a substantial reduction in the number of separate SSCs by 2012
- RDAs will no longer be required to support separate RSPs, but will be free to review existing arrangements to ensure that they have the right balance of partnership working to deliver the new regional skills strategies
- The important role that can be played by local and sub-regional structures is recognised and the Government can grant skills strategy setting powers to certain sub-regional bodies. Where these powers are granted, close working with local and regional partners to ensure alignment with existing strategies will be essential. Government will:
 - Take advice from relevant partners in the spatial area concerned, including at regional level
 - Require the body seeking the powers to ensure future alignment with the regional skills strategy, which itself will need to be signed off by local leaders
 - Require the body seeking powers to demonstrate how it will ensure that there is a streamlined approach to employer engagement with the skills system in the region.

New measures will be financed by switching resources away from the programmes that contribute least to the strategic priorities. The changes set out in the strategy will be funded from within existing resources. In 2010-11, the initial costs of the new advanced apprenticeships places (£17M) and Joint Investment Schemes (£20M) will be met by re-prioritising funds within Train to Gain.

The system will also be directed to support an increased focus on priority sectors identified by the UKCES, while maintaining a commitment to funding entitlements, dedicated training to help the unemployed back to work and provision for priority learner groups.

All commitments will be met through the re-prioritisation of existing budgets. In support of this, Government will:

- Stop the full funding of repeat qualifications within Train to Gain

- Focus on programmes of training that offer the biggest gain for individuals, rather than activities which largely assess existing skills
- Increase the volume of training that depends on matched funding either from an employer or an individual
- Stop funding training that contributes least to the Governments strategic priorities

There are a number of existing policies that will remain priorities for the future, subject to spending pressures:

- Entitlement to literacy and numeracy training
- First full Level 2 qualifications and a first full Level 3 for 19-25 year olds
- Training for people with learning disabilities and difficulties
- Training support for the unemployed
- Informal adult learning for vulnerable low-skilled learners

SLIM COMMENTS

Skills for Growth: a national strategy for economic growth and individual prosperity places apprenticeships right at the heart of England's skills strategy and at the heart of its education system. This would have appeared almost inconceivable in the 1980s and 1990s. Achieving the apprenticeship targets set will not be easy – particularly with the relatively high levels of youth unemployment (for the UK, not necessarily for our competitors – it should be noted). The strategy builds upon the momentum being established by the Future Jobs Fund and will gradually refocus into areas seemed essential for the future health, and growth, of the economy. This chimes well with our current work here at SLIM on Green Jobs and Green Skills.

With last week's rather university focused *Higher Ambitions* paper, this week was expected to be very much further education's turn. In fact, the report builds new bridges between the workplace and higher learning – something the South West specifically requested in its Regional Funding Advice to government. This is a very positive move and is welcomed.

An additional welcome aspect is not in the report at all. It is simply that, even in the midst of a recession, government commitment to skills and training does at least seem resolute.

With the merging of SSCs (employer-led organisations that articulate employer needs to the Government and were only introduced five years ago), bigger may prove more beautiful and let's hope that in a difficult financial climate they are adequately resourced to carry out their roles.

Refocusing Train to Gain away from assessment and more towards training that demonstrates genuine benefits for the individual responds to one of the oft-cited criticisms of this programme.

The introduction of light touch monitoring arrangements for 'best providers' is welcomed and hopefully will make life an awful lot easier for our further education providers.

The provision of individualised skills accounts can also be welcomed and should help empower learners; so long as they have access to good quality Information, Advice and Guidance – the South West's Union Learning Reps will have a key role here.

Giving the RDAs the capacity to modify the structure / setting of the Regional Skills Partnerships – such as our own South West Regional Employment and Skills Partnership (SWRESP) - gives them flexibility, but may also strengthen criticism that the RDAs are gaining too much say over skills strategies.

In the South West, through the work of the SWRESP and the commitment and support of partner organisations, there is a really strong partnership working on employment and skills which we feel is something to be built upon rather than lost. The SWRESP will therefore be working together with partners taking into account the new landscape in which they will all be working. Until those next steps have been agreed it will be business as usual.

Simplifying the way in which skills policy is delivered is long overdue and will be welcomed by almost all commentators. Though not all have been very positive about the strategy. Some of the responses have been a tad 'knee-jerk' - *"Employers shut out as skills quangos continue to multiply like bunnies"*, was the CIPD response. However, the CIPD's point about employer input is significant. This may well be the start of a slight watering-down of the demand-led system that has been favoured to-date. The slimming-down of the number of SSCs is another element of this.

What may be missing? The knowledge economy is not just the technical side of skills. It also embraces softer skills that will need to be improved as people become more demanding and discerning and the potential to source services from ever further afield becomes greater and greater.

"This strategy empowers the further education system above all to compete to meet the needs of businesses and learners. That will put further education where it belongs, right at the heart of the knowledge economy, at the heart of our recovery and our future prosperity." Lord Mandelson

LINKS

Skills Strategy

<http://www.bis.gov.uk/wp-content/uploads/2009/11/Skills-Strategy.PDF>

Skills Strategy Analytical Paper

<http://www.bis.gov.uk/wp-content/uploads/2009/11/Skills-Strategy-Analytical-Paper.PDF>

Higher Ambitions: The future of universities in a knowledge economy (Exec Summary)

<http://www.bis.gov.uk/wp-content/uploads/publications/Higher-Ambitions-Summary.pdf>

Higher Ambitions: The future of universities in a knowledge economy (Full Report)

<http://www.bis.gov.uk/wp-content/uploads/publications/Higher-Ambitions.pdf>

CBI Response

<http://www.cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/3df1a18cd48c67e38025766b005cbdaa?OpenDocument>

TUC Response

<http://www.tuc.org.uk/skills/tuc-17234-f0.cfm>

CIPD Response

<http://www.cipd.co.uk/pressoffice/articles/Skillsstrategyresponse121109.htm>

Guardian

<http://www.guardian.co.uk/education/2009/nov/11/mandelson-announces-apprenticeships>



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