

# SLIM - *Comment*

## Future Skills and Employment Policy

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The general election is now only months away and the three main parties have been setting out their stalls on a host of issues around skills, employment and the labour market.

Two years ago the parties must have anticipated that the battleground for the election would be on very different ground, but the recession has led to a pronounced re-focusing of priorities, with each party trying to inject sufficient gravitas to emphasize the sheer magnitude of the problems they, if elected, will face. It has also placed welfare, employment and skills firmly in the limelight. If major savings are to be made, where could they come from, and if major investments need to be made, where could they go?

The party conferences have been a particular source of new (and not so new) ideas and here at SLIM we are taking this opportunity to look at just what they are promising. So is there clear blue water between what the parties are proposing ... or are the differences really around emphasis and language?

This *SLIM-Comment* looks at each party's proposals in turn and includes a number of links to useful articles and information for those wishing to explore the issues further.

I hope you find this *SLIM-Comment* useful.

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## Conservative Party Proposals

With Conservative claims that Labour have stolen many of their own proposals for employment and benefits, it is not too surprising that in terms of employment support the similarities far outweigh the differences. However, differences definitely do exist. The publication, “Work for welfare: real welfare reform to make British poverty history”, outlined a number of proposals that include utilizing the private sector earlier – after six months of unemployment, getting in early to offer initial assessments within 24 hours and providing sustained mentoring, advice and guidance once the individual has re-entered the labour force. This was updated at the recent Conservative Conference as ‘Get Britain Working’. This unveiled proposals to cut payments for those fit enough to work but currently claiming Incapacity Benefits.

The intention is to scrap the New Deal welfare-to-work programme in favour of a new Work Programme. Every person claiming incapacity benefit will be tested to see if they really are too ill to work with studies suggesting that up to a fifth will be found fit enough to have a job. These would be shifted onto Jobseekers Allowance (JSA).

With the basic rate of Incapacity Benefit at £89.90 per week, compared with £64.30 for JSA, the Tories claim the scheme will save the taxpayer £600m over the first three years of the next Parliament. They have pledged to use experts from the private and voluntary sector to get people back into work. And will only pay them when they have moved someone off benefits and into a sustainable job. In a recent speech Theresa May summarised the proposals as:

- *Re-test everyone on Incapacity Benefit and make sure they are receiving the right level of benefit. That means for those who are found to be fit for work there will be a cut in their benefits of up to £25 a week.*
- *Give help faster to those who need it most - the young and long term unemployed.*
- *Use experts from the private and voluntary sector to get people back into work. And only pay them when they have moved someone off benefits and into a sustainable job.*
- *...Offer proper support but if people can work, and then refuse to, they will not receive benefit...*
- *Replace the New Deal with one simple integrated back to work programme for everybody.*

The Conservative Party has pledged to abolish Train to Gain. They calculate this would ‘free’ around £900M and the Conservatives are pledging commitments to:

- *A massive expansion in the provision of real apprenticeships, creating 100,000 additional apprenticeships and pre-apprenticeship training places every year and making it easier for companies to run apprenticeships.*
- *More community learning to improve skills and employability, including a NEETs Fund aimed at youngsters not in any kind of education, employment or training, and a Community Learning Fund.*
- *Supply-side reform... creating a streamlined funding model where government support for training follows the learner.*
- *Better careers advice by creating a new all-age careers service and providing a careers adviser in every secondary school and college.*

They have said very little about funding 'traditional' Adult Education Provision and little about funding Unionlearn. Sector Skills Councils will receive extra support and would accredit existing qualifications.

The greatest changes will probably lie with the structural alterations that may follow the arrival of a Conservative government – notably the shift to 'localism' and the future of the Regional Development Agencies (RDAs). Some have argued for their total abolition and others for more limited changes. The most recent green paper, *"Control Shift"*, states they intend to allow: *"councils to establish their own local enterprise partnerships to take over the economic development functions and funding of the Regional Development Agencies"*.

In terms of abolishing the RDAs altogether, there is a major issue - a great deal of responsibility for skills and employment now lies with them. If they were to disappear it would need an awful lot of unpicking and quite probably a new body to handle the regional aspects of policy making and support. This is an area in which more clarity would be welcomed but it may not be forthcoming – maybe until after any election.

On universities there are a few differences in approach, with pledges for a fairer deal for part-time and mature students and a move to establish clearer pathways from vocational routes into Further and Higher Education. They have committed to more university places, with an additional 10,000 funded by *"introducing an early repayment scheme for graduates paying off their debt to the taxpayer"* although some bridging money will be needed in the interim.

## Labour Party Proposals

Significant changes to the skills infrastructure are already well under way with the loss of the LSC and the phasing in of the Skills Funding Agency (SFA) and Young Peoples Learning Agency (YPLA). The SFA's main function will be to direct funding quickly and efficiently to further education colleges and other skills providers. The YPLA will support local authorities to commission high quality provision for all young people, whilst ensuring budgetary control.

The latest announcement from the Labour Government came earlier this week, promising that work trials and work experience would be made mandatory for long-term jobless as part of a major expansion of employment support and welfare reform to get people back to work. The logic for Labour's policy on welfare and employment is that "there is a body of evidence that people are better off in work – not only financially, but in terms of their health and well-being, their self-esteem and the future prospects for themselves and their family."

The Government is rolling out the next phase of welfare reform designed to help more than three-quarters of a million people back into work by the end of next year. In theory, the extra help they are providing should be accompanied by a stronger responsibility for people to take up help that is on offer and could get them back into work. In trial areas from next year, where jobseekers have been out of work for more than six months but have turned down work experience, support or training that could help them get jobs, advisors will be able to require

them to take up a work trial or work experience placement as a condition of continuing to receive benefit.

This week also saw the start of the Flexible New Deal, involving private, public and third sector partners, and the first new starters under the £1bn Future Jobs Fund, alongside a major expansion of the successful Local Employment Partnerships (LEPs).

The Flexible New Deal includes increased obligations for individuals (including lone parents) to seek work and will incorporate extended use of the private sector in the delivery of provision. This is on top of the Employment Support Allowance that replaced Incapacity Benefit a year ago. The Future Jobs Fund was announced in Budget 2009 and the money is to be spent between October 2009 and March 2011. It seeks to create 150,000 additional jobs, primarily aimed at 18-24 year olds who have been out of work for nearly a year to deliver real benefits to communities. The Future Jobs Fund is a part of the Young Person's Guarantee. From early 2010, everyone between the ages of 18 and 24 who has been looking for work for a year will get an offer of a job, work experience, or training lasting at least six months.

LEPs have been round for a short time and involve establishing a partnership between businesses and Jobcentre Plus. Employers offer people opportunities to get back into the workplace and progress – through, for example, interviews, mentoring, on-the-job training and work trials. In return, Jobcentre Plus ensures the employers have the chance to recruit the people they need and will also make links to financial and practical support so employers can give their workforce the job-related skills they need.

Labour remains committed to Train to Gain despite growing criticism from the likes of the Learning and Skills Network (Report – 'Beyond Leitch: Skills Policy for the Upturn') – which recently published a report requesting that *"Instead of creating a demand-led system driven by employers, Train to Gain has created a state of dependency where companies are not thinking as hard about their skills needs and strategies as they would if they were footing the training bill themselves."*

The Government also remains committed to the introduction of Skills Accounts. These guarantee that those eligible will receive advice about sources of support to help them with their learning and a Skills Voucher, which will show what funding may be available. Depending upon eligibility, individuals may be supported with funding of up to £7,000 from the Government for their learning.

Labour has maintained its commitment to getting 50% of young people into some form of Higher Education, but with tighter budgets, this could be even more problematic than it is at present. For now the pledge to open or commit funding to 20 new university campuses over the next six years remains.

## **Liberal Democratic Proposals**

In terms of employment policy, the Lib Dems have stayed focused upon the need for more personally tailored support through the private and voluntary sector. Whilst the major two

parties have emphasized the stick as much if not more than the carrot the Lib Dems have sought to separate employment advice and support from the administration of benefits. They seek the creation of a new body to replace Jobcentre Plus – the First Steps Agency.

Instead of waiting ten months to receive the Young Person’s Guarantee it would be delivered after three months. They would also seek to create a paid internship until the end of 2010 for up to 800,000 young people. These three month placements would be paid for by the taxpayer. The Lib Dems remain committed to abolishing tuition fees in Higher Education.

In terms of Adult Education, they propose:

- Covering the full fee costs for first Level 3 qualifications (e.g. A-levels, Advanced Apprenticeships and NVQ Level 3) for those aged over 25.
- Making maintenance grants available to adult first Level 3 FE students at the same level and on the same means-tested basis as for full-time and part-time HE students
- Enhancing provision for Adult Community Education.
- Redirecting resources from the employer-led Train to Gain programme into Adult Education, Adult FE, and Adult Apprenticeships.

They have pledged to strengthen Adult Apprenticeships by:

- Fully funding the off-the-job training costs of apprenticeships.
- Developing a national application system for apprenticeships similar to UCAS.

## SLIM Comments

The major differences between the major parties, when it comes to employment policy, are around the use of third-party delivery by the voluntary and private sector and the extent to which punitive measures are needed to support the availability of training opportunities. If third-party deliverers are not to be paid until individuals are in “sustainable jobs”, one wonders how willing they will be to tackle hard-to-reach groups. If they cherry-pick those individuals most likely to find work relatively quickly anyway, there will little, if any, actual benefit from their involvement.

A localisation agenda has been emphasized particularly by the Conservative Party, though Labour has been boosting sub-regional skills policy for some time through the creation of Employment and Skills Boards and Local Area Agreements and Multi-Area Agreements. A Conservative Government seems likely to radically alter current regional structures but just how this would work and whether anything new would emerge remains very unclear.

In recent years the significant re-emphasising in skills policy has been the shift to the demand side. This does not look set to change, whoever wins the next election. However the new paper from the Learning and Skills Network signals a desire amongst many to do just that.

## Links

Flexible New Deal article

<http://www.guardian.co.uk/society/2009/sep/30/emma-hamilton-unemployment-tougher-benefits>

Personnel Today article on the proposed Conservative Party employment changes

<http://www.personneltoday.com/articles/2009/10/05/52419/conservative-party-conference-get-britain-working-plans.html>

Learning and Skills Report - Beyond Leitch: Skills policy for the upturn

<https://crm.lsnlearning.org.uk/user/order.aspx?code=090165>

Campaign for Learning Report (from Sept 2008 but still useful) - Conservative Education and Skills Policy: The State of Play

<http://www.campaign-for-learning.org.uk/cfl/assets/documents/OtherDocuments/Conservative%20Policy%20Event%20Outcome.pdf>

Conservative Party

- Website - <http://www.conservatives.com/>
- 'Get Britain Working' website - [http://www.conservatives.com/Campaigns/Get\\_Britain\\_Working.aspx](http://www.conservatives.com/Campaigns/Get_Britain_Working.aspx)
- Control Shift link - [http://www.conservatives.com/~media/Files/Green%20Papers/Localism\\_Policy\\_Paper.a\\_shx?dl=true](http://www.conservatives.com/~media/Files/Green%20Papers/Localism_Policy_Paper.a_shx?dl=true)

Labour Party Website

<http://www.labour.org.uk/home>

Liberal Democrat Party website

<http://www.libdems.org.uk/>



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