

Skills

BIS | Department for Business
Innovation & Skills

SKILLS FOR GROWTH

The national skills strategy

EXECUTIVE SUMMARY

NOVEMBER 2009

Building 
Britain's Future

A Strategy for England

Skills is a devolved matter and this is a strategy for England. The Departments of HM Government are committing themselves to action in England only. All facts, figures, policies and actions refer to England only, except where stated otherwise. 'National' should be taken to mean England-wide except where the context indicates otherwise. The strategy does not commit any of the four Governments to any UK-wide actions or policy positions.

Many of the legislative commitments included in this strategy are contained in the Apprenticeships, Skills, Children and Learning Bill which is currently going through Parliament. It is hoped that, Parliament willing, the bill will receive Royal Assent at the end of the fourth parliamentary session.

Secretary of State's Foreword

Skills are a key part of our plan for economic recovery and, as such, an urgent challenge. This country's future can only be built by educated, enterprising people with the right skills; the skills demanded by modern work in a globalised knowledge economy. Skilled people are more productive, they are more innovative, and they build stronger businesses.



Peter Mandelson
Secretary of State for
Business, Innovation
and Skills

In our society, skills must always be a ladder up. Skilled people get more out of work and rise higher. Equipping people who are out of work with the skills they need to take up jobs in key sectors will be essential to a strong recovery. The skills system needs to mesh with our university system in such a way that there is a clear vocational route from apprenticeship to technician to foundation degree and beyond.

Because skilled employment is one of the key determinants of social mobility, we need to create opportunities for hard working people to put themselves on the path to prosperity. And by equipping more of our population with these skills, we help employers become less reliant on migrant labour.

Yet skills in Britain have long been recognised as an area of relative competitive weakness. Since 1997 we have made real progress in tackling the economic and social scandal of adult illiteracy and innumeracy. We have revived apprenticeships that in the 1980s and 1990s had been allowed to wither away. We have eradicated much of the poor quality that blighted our further education system. We remain committed to basic skills for all. There will be no return to a system that lets people fall through the cracks because they lack the ability to read, write or add up.

Despite this, the UK's skills base still has notable weaknesses in key areas, especially for intermediate skills. As we emerge from the banking crisis and rebuild the British economy, the skills system needs a stronger focus towards strategic skills, businesses need to contribute more to shaping demand for skills, and learners need to be able to choose where they train and what they study to drive competition and improve courses.

This skills strategy addresses all these problems. It is, in many respects, a radical shift in our national priorities. It sets out an

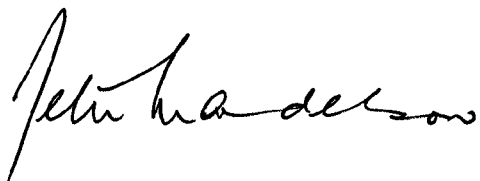
active approach to equipping this country for globalisation by making sure we have the skills that underwrite the industries of the future. Skills for high-tech, low carbon driven growth. We are committed to investing in these strengths, not least because it is employment in these high-value added, skilled occupations that drives the growth that underwrites everything else we want to achieve as a society.

To tackle the gap in intermediate skills in this country, we will expand our apprenticeship numbers to create a modern class of technicians. They will have transferable skills, gained as a result of both academic study and practical on-the-job experience.

As with our new framework for higher education, *Higher Ambitions*, we want to build new bridges between the workplace and higher learning, and engage businesses to a much greater extent in communicating the skills students need for the world of work, designing qualifications that deliver real value to graduates and funding the training from which they are one of the biggest beneficiaries. We will do this through new partnerships with employer-led bodies and the Regional Development Agencies, and through supporting proposals to strengthen engineering registration schemes and develop similar schemes for science technicians.

The better the market reflects the skills needs of business and the expectations of learners, the clearer the benchmarks of quality and relevance for our further education colleges will be. For that reason, this White Paper contains far-reaching proposals to empower learners through new skills accounts that will enable them to plan and invest in their own futures. By giving learners greater power to choose among courses we expect quality to rise. We will reward colleges that respond, and cut back funding to courses that fail.

Investing in skills is a vital part of this Government's growth plan for economic recovery. We need to get skills policy right in a way that no Government has fully done before. This White Paper sets out how we will do that.

A handwritten signature in black ink, reading "Peter Mandelson". The signature is written in a cursive, flowing style.

Peter Mandelson
Secretary of State for Business, Innovation and Skills

Executive summary

The skills challenge

- 1 As with all developed economies, this country's future can only be built on educated, enterprising and skilled people. Our economic recovery and long term prosperity will require people who are not only highly skilled, but who have the right skills, appropriate to the changing economy. Increasing social mobility will depend on enabling the great majority to acquire these skills, with quality information helping individuals to make good choices. This is a strategy to support economic growth and individual prosperity, opportunity and choice.
- 2 We know that investing in skills pays a double dividend for society. Skilled individuals have more options and climb higher. They earn more, get greater satisfaction from their jobs, and the wealth they help to create stimulates the creation of more jobs. Skilled people are the building blocks of successful businesses, especially businesses built on sophisticated services or complex processes. A one percentage point increase in the proportion of employees trained is associated with an increase in productivity of 0.6 percentage points¹ – which in turn is worth around £6 billion a year to the UK economy.
- 3 For this reason, skills policy must be based on twin objectives: wider and more flexible access to skills training at every level, including through more opportunities to study part-time; and an even greater focus on the skills required for the modern world of work. These objectives also underpin the framework for higher education, *Higher Ambitions*, that we published in November 2009.
- 4 We must learn the lessons of *Unleashing Aspiration*, the report of the Panel on Fair Access to the Professions, led by Alan Milburn. This highlighted that the UK's professions have become more, not less, socially exclusive over time. We accept the thrust of that report and its focus on the need to boost apprenticeships and vocational routes into higher education and the professions. We also welcome the recent wide-ranging UK Commission for Employment and Skills' report *Skills, Jobs, Growth*.
- 5 The skills system must ensure that access to higher skills and capabilities is as wide as possible. The demonstrated benefits in social mobility and earning potential that come with higher skills must be open to everyone, not just a few. At the same time, we must maintain the drive to improve basic literacy, language and numeracy skills and ensure all adults establish a basic platform for employability. The employment rate of those with Level 2 qualifications is over 50% higher than for those without qualifications.² We must ensure that we support people who are on out-of-work benefits to get the skills they need to get a job and stay and

1. J. van Reenen, H. Reed, L. Dearden, *The impact of training on productivity and wages: evidence from British panel data*, Institute of Fiscal Studies (2005)

2. Analysis of *Labour Force Survey* (2008, Q4). Employment rate of those with no qualification 50% versus employment rate of those with Level 2 qualification of 78%



progress in work, continuing to help them as a priority within the skills system.

- 6 It is critical that young adults gain the skills they need at the start of their working lives. But the great majority of our 2020 workforce is already in a job, which means that our skills system must also be equipped to increase the skills of those already in employment. Amongst older adults there is a legacy of weak literacy and numeracy, which all too often hampers the educational performance of their children. Too many of our teenagers and young adults are neither in employment, nor in education or training. In all of these cases, a flexible and accessible skills system, harnessing all the

talents of the public, private and third sectors, is a key part of the solution.

- 7 But the nature of the skills we need is also evolving. The needs of growing markets like bioscience and low-carbon will require new and higher level skills. The skills system needs to equip Britain with a workforce capable of prospering in the demanding conditions of a globalised knowledge economy.
- 8 In doing this we will maintain our focus on ensuring equality of access by giving a clear remit to promote equality and diversity to the key bodies. Through our Equality Bill, our public sector partners will have a legal duty to tackle underlying social and economic disadvantages. By equipping more of our population with the skills they need to prosper, we shall also help employers become less reliant on low-skilled migrant labour.

Recent progress

- 9 Over the last decade the performance of the school system has sharply improved and the skills system has increasingly focused on the needs of the economy and the skills of the workforce. The 14-19 reform programme has raised to 18 the age to which young people will stay in education and training. It is delivering learning routes, such as diplomas and 16-18 apprenticeships that will encourage all young people to develop the skills they need for further learning and employment. Performance by further education

colleges and other training institutions has improved dramatically and satisfaction rates from employers and learners have risen. The skills system has responded with flexible training options for businesses and individuals through the recession.³

- 10 Since 2001, over 2.8 million adults have improved their basic skills and achieved a national qualification. Over 2 million people have started an apprenticeship since 1997. We have started to tackle the employment prospects of those at the greatest distance from work, through new strategies such as *Valuing Employment Now* for people with learning difficulties. The Train to Gain service has been very successful, engaging with over 143,000 employers and enabling more than 1 million people to start learning programmes at work. Feedback from employers and learners has been very positive with employers citing reduced staff turnover and improved working practices; and learners saying that the training gives them skills to do their jobs better and get on.
- 11 Trade Unions have helped us reach hard to reach workers giving them the advice, support and confidence they need to improve their skills. In 1998 we introduced the Union Learning Fund, now worth some £21.5 million a year, to help unions build their contribution to workforce skills development. There are now

over 23,000 trained Union Learning Representatives who helped over 220,000 workers into learning last year.

- 12 But despite all this progress, the UK started well behind other countries at the end of the last decade in investing in the quality of our skills base. The evidence in the White Paper, and in the parallel analytical document,⁴ is that we are not catching up fast enough.

The argument of this strategy

- 13 The goal of this strategy is a skills system defined not simply by targets based on achieved qualifications, but by 'real world' outcomes. We want 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. Skills must be taught expertly and carry genuine weight with employers. For students with the ambition to do so, we must broaden opportunities to progress through further education into higher education.
- 14 Although this strategy renews our commitment to the targets set by the 2006 Leitch report for improving our skill levels, it proposes new priorities or approaches in six key areas.
- 15 **First, how we promote the skills that matter for economic prosperity in modern Britain.** Since 1997, we

3. *Real Help Now* was launched to help both business and individuals cope through the recession. Flexibilities have also been introduced to the Train to Gain programme to make the system more responsive to current needs

4. *Skills for Growth: Analytical Paper* is available at www.bis.gov.uk/publications

have made substantial progress at two ends of the skills system. A focus on basic skills and Level 2 qualifications has substantially improved adult literacy and numeracy and helped millions of adults gain broad employability skills. We must continue that drive. At the other end of the spectrum, many more young people have been given the opportunity to go to university – rising towards our aspiration of 50% participation.

16 But Britain has not completely shed its historic weaknesses at advanced technician and vocational levels. Compared to our international competitors, too few of our young adults acquire advanced vocational skills after leaving school. Employers face a workforce with insufficient skills at the intermediate technician, associate professional and skilled occupation levels⁵ which are critical to many of the industries of the future. The time has therefore come to broaden, but not replace, our ambition that 50% of young people should go to university to include advanced vocational education, and in doing so build a modern class of technicians, associate professionals and people with higher level craft and trade skills.

17 More skills are not enough in themselves. We need the system to deliver skills with economic value. So we will shift the focus of the skills system by measuring its success in meeting employers' skills needs and



enabling learners to progress in work, as well as in the achievement of qualifications.

18 Second, **how we can dramatically expand the advanced apprenticeship system for young adults** to help meet this broader ambition and deliver the advanced vocational skills that the economy requires. The apprenticeship programme has undergone a renaissance over the last decade. Last year saw record starts, completions and success rates for apprenticeships. But building the technician class will require more. Expanding advanced apprenticeships for young adults must be a central plank of our strategy to equip the next generation for the higher level jobs of the future and help generate the wealth we

5. UK Commission for Employment and Skill, *Working Futures 2007-2017* (2008) predicted a likely increase in the demand for skilled technicians and associate professionals of 654,000 over the period 2007 to 2017 (1.4% per annum)

need to create more jobs. We also need to increase the opportunities for advanced level apprentices to move on into higher education.

- 19 **Third, how we ensure the system responds to demand from businesses, while ensuring that key sectors for growth and employment sectors are better supported through the skills system.** We need a system which is driven above all by the demands of the market. We need to give businesses more power to shape the provision of training through their choices and priorities, building on the success of the Train to Gain programme. But, within a demand-led system, it is right that more of the funding within the skills budget is focused on the sectors and markets on which future growth and jobs will depend.
- 20 **Fourth, how we can go further in ensuring all adults are empowered to equip themselves for future jobs.** It remains critically important that adults who missed out at school are able to gain basic skills up to Level 2, but we also want all adults to be encouraged to continue training throughout life. To do so, we need to give learners real consumer choice through skills accounts, supported by high quality information, advice and guidance on the quality and relevance of courses. The choices made by learners can then really drive improvements in the performance of the skills system

- 21 **Fifth, how we can raise recognition among more businesses of the value of investing in workforce skills –** including through better use of their existing skill base. We need to support some businesses and sectors to raise their ambition for equipping their staff with skills. Where they benefit from higher skilled staff they should make a greater contribution to funding training. We need to back sectors where the great majority of employers and unions want to work together to set minimum skills standards in their industry. We need to use Government's influence as a purchaser to encourage employers to invest in skills. And we must help employers with the effective implementation of the proposed new right to request time to train.
- 22 **Sixth, how we can further improve the quality of provision at further education colleges and other training institutions** through a simpler system that empowers learners with greater choice between courses. The system must provide progressively greater autonomy to colleges and training institutions that demonstrate teaching excellence, but also cut funding to lower priority courses. Employers have encouraged us to aim for the largest **simplification of the skills landscape** for many years, with a goal of removing over 30 publicly funded skills bodies over the next three years.

The proposals in this strategy

Promoting skills for economic prosperity

We will set 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

23 This bold new ambition will give 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. Our proposals to create a technician class and expand advanced apprenticeship numbers are key to this ambition. This will both meet an economic need and, through increasing advanced vocational routes into work, give a wider range of people the opportunity to gain the skills for a rewarding career. We remain committed to the ambition of a world class skills base set out by Lord Leitch, meaning that our skills levels should be in the upper quartile of those in the OECD group of countries by 2020. We are making good progress towards the interim targets we set for 2011.

We will measure the success of the skills system by employment and other outcomes, not just qualifications targets

24 It is important that acquiring qualifications is not seen as more

valuable than acquiring new skills. Increasing qualification levels cannot be the only way we measure the achievements of the skills system. We shall in future adopt a 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 we help 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

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

Expanding the apprenticeship system to build a new technician class

We will almost double advanced apprenticeship places for young adults

- 26 More advanced apprenticeships are crucial to our ambitions to create a technician class – and wage return data suggests that this form of vocational training is particularly effective compared to other levels and types of training. So we will significantly expand advanced apprenticeships, 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 £17 million in 2010-11 to some £115 million in 2014-15.
- 27 We will work with the Department for Children, Schools and Families to support the development of University Technical Colleges. These will offer new opportunities for 14-19 year olds to undertake vocational and applied study. Alongside the introduction of 14-19 Diplomas, University Technical Colleges will greatly strengthen the flow of young people coming into the labour market with the skills and capabilities employers want, particularly for technician careers. We will ensure good progression from University Technical Colleges to other routes of study including advanced apprenticeships and foundation degrees.

We will build stronger pathways into higher education for apprenticeships, including the development of the apprenticeship scholarship proposed by the Panel on Fair Access to the Professions

- 28 The number of individuals progressing from non-academic routes to higher education remains low despite the significant expansion of apprenticeships seen in the last decade. The figure today, as identified by the recent report from the Panel on Fair Access to the Professions, led by Alan Milburn, remains at around 0.2%. We will commit funds to their proposal for an Apprenticeship Scholarships Fund, to provide a “golden hello” of up to £1,000 to 1,000 of the best apprentices seeking to go into higher education. The fund will be open to applications from apprentices across England and successful applicants will receive the scholarship once their place at a higher education institution has been confirmed.
- 29 We will boost the numbers and availability of Level 4 apprenticeship frameworks. We will work with higher education institutions, Sector Skills Councils, professional bodies and employers to pilot composite honours and masters programmes which maintain at their heart the principal requirements for an apprenticeship: employed status, technical expertise, occupational competency and professional recognition of their skills.

Ensuring the system responds to demand from businesses, while better supporting key sectors

We will focus more of the skills budget on the areas of the economy which can do most to drive growth and jobs

30 Our economy must continue to turn on the twin axes of high growth and high employment. In *New Industry, New Jobs* and *Jobs of the Future* we began to outline some market areas and sectors which will be crucial to future growth. In April 2010 we will create a Skills Funding Agency that will switch more funding into the sectors and markets where it can make a demonstrable difference in underwriting necessary skills development. Although it is impossible to predict in advance precisely where such targeting might be needed, a capacity of £100 million for priority sectors in future years would fund some 160,000 training places at Levels 2 and 3.

31 Priorities for increased funding include life sciences, digital media and technology, advanced manufacturing, engineering construction and low carbon energy. However, the UK Commission will work with employers to ensure we fully understand the short, medium and long-term skills needs of the economy. This will span both training and higher education institutions. Regional Development Agencies, city regions and local authorities will feed in their

knowledge of demand in different parts of the country. Sector Skills Councils will contribute knowledge of sectoral demand and how business processes in different sectors are changing. This will enable the skills system to be more active in identifying skills gaps and shortages, and more responsive in supplying training provision that raises the skills of UK workers to compete for jobs.

We will strengthen links between the work of the Migration Advisory Committee and training priorities in the skills system

32 The UK Commission-led analysis of future sectors and jobs will take account of the work of the Migration Advisory Committee in the form of its shortage occupations analysis. This will help us to ensure that the skills system is sufficiently responsive in tackling both current, acute shortages and likely future demand for skills. We will work with Sector Skills Councils to ensure we build the right partnerships with employers to support training of the domestic population to compete successfully for jobs in skills shortage areas. Over time, we will ensure that there is less need to fill skills gaps through migration, because we are better at equipping our own people with the right skills. The Gibson review⁶ is considering how we could pursue this goal within the specific area of engineering construction.

6. The Department for Business, Innovation and Skills has commissioned Mark Gibson to review skills and productivity in the engineering construction sector. It is expected to report later this year

We will give an important new strategy setting role to the Regional Development Agencies

- 33 Regional Development Agencies, working in partnership with the Sector Skills Councils, 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. The Skills Funding Agency will contract with colleges and providers to deliver the skills priorities in these strategies.

We will pilot a Joint Investment Scheme with Sector Skills Councils in areas key to economic recovery, with a cash match from employers

- 34 The employer-led Sector Skills Councils have achieved significant progress in raising employer interest in skills. They are spearheading a far-reaching reform of the skills system, to ensure that by the end of 2010 anyone who gets a vocational qualification can be confident that the employers in their chosen sector will value it.
- 35 Some sector skills organisations have argued that they could raise significant new investment from employers to boost skills in priority sectors if funds were matched by Government. We therefore propose to pilot a Joint Investment Scheme

from autumn 2010 with a small number of sector skills organisations in areas key to economic recovery, at skilled technician and associate professional levels. A combined fund which might grow over time to £100 million – including a £50 million cash match from employers – would support some 75,000 training places in priority sectors at advanced vocational levels (3 and 4). Employers covered by the scheme will be able to identify the training or higher education institutions they believe are most capable of delivering the training their industry needs.

We will continue to support employers to drive and shape supply in key areas of the economy through announcing a fifth competitive bidding round of the National Skills Academies programme

- 36 National Skills Academies have been a successful example of collective employer action and co-investment. They enable employers to shape training provision in key areas of the economy. So we are, through this strategy, announcing a fifth competitive bidding round of the National Skills Academy programme. We will continue to attract employer investment in skills by making more than £16 million of public revenue funds available for the National Skills Academy programme as a whole in 2010-11.

Empowering all adults to equip themselves for future jobs

We will introduce skills accounts for every learner, to put the learner's choice at the forefront of driving improvement and quality in the skills system and ensure more people train at the best institutions

37 To help adults get into work, progress in work or get a better job, we want to improve everyone's awareness of their training entitlements and their ability to exercise choice over the courses they take and how and where they take them. Through the new skills accounts, we want learners to become well informed, active consumers who drive improvements in colleges and training institutions.

38 The Government will increase the reach and power of accounts by trebling the number of places where they can be used; and by allowing greater access to the best colleges. But we will avoid the problems of individual learning accounts by ensuring skills accounts can only be used with accredited providers. Accounts will signal clearly to learners what training they are entitled to, the levels of public funding available, and any fees they will need to pay. They will signpost learners to wider support, such as Professional and Career Development Loans, and the full range of information, advice and guidance services. They will explain the likely benefits of further training in terms of wages and career prospects and enable learners to rank one college course against another through links to the new



“traffic light” data described below. They will also contain the learner’s full learning history. These new elements of skills accounts will come on stream from 2012.

We will develop a new, user-friendly public rating system for every college and every course to empower learners in the choices they make about their future

- 39 So that learners and skills account holders know which courses will help get them the career progress they want, we will introduce clear, consistent “traffic light” data about every college and every course, including, where possible, its record of getting people into jobs. This will include information about the quality of different courses, customer satisfaction ratings, likely resulting wage gains and so on.

We will equip people on out-of-work benefits 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.

- 40 We will set out our next steps on employment and skills in more detail in the forthcoming employment White Paper. We plan for this to include a new single purse funding approach to streamline current funding arrangements, subject to spending priorities. We will continue aligning Jobcentre Plus and the adult advancement and careers service with a view to providing a fully

integrated and seamless support offer to customers – whether they are in or out of work – to ensure they find work, stay in work and progress.

We will ensure more colleges across the country offer people the chance to “Qualify with a Business”

- 41 The skills system has come a long way in supporting skills for successful business growth, but too often those who might wish to combine the skills needed for a trade with practical help starting a business, still have to navigate the possibilities on their own or with too little support.
- 42 We will ensure 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. We will test a range of approaches to achieving this goal, and our ambition is that, over time, a coherent “Qualify with a Business” offer is available across the whole country.

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

We will help companies accessing business support schemes to develop clear policies for making effective use of the skills already in their workforce

- 43 There is growing evidence that some companies pay too little attention to the skills already in their workforce or miss opportunities to grow their companies by investing in skills.



For example, five million women are working below their potential.⁷ We will examine carefully the further reviews by the UK Commission of high performance working, and work with the Commission to progress its recommendations. In the meantime, we will work with Regional Development Agencies on the development of Business Link diagnostics so that companies accessing Train to Gain support or other government business support are helped to utilise the skills their employees gain in achieving their business growth objectives.

- 44 Better skilled managers are an effective way of developing a more skilled workforce and more innovative business strategies. These help the economy and also drive up demand for skills, creating a virtuous circle. Research suggests that the skills of UK managers sometimes fall short of managers in other countries. Again, where companies wish to access business support schemes, we will help them to identify where high quality

leadership and management skills may help them achieve their growth ambitions.

We will promote skills and apprenticeship opportunities through the procurement contracts we let across government

- 45 The Government spends over £220 billion a year on its procurement of goods and services. We want those who undertake government contracts to play their part in raising the skills of the workforce by investment in skills training and apprenticeships. We will deliver 20,000 apprenticeship places over the next three calendar years by encouraging employers working with Government – whether to build a new school or hospital, to develop a new IT system, or to deliver facilities management services – to invest in the skills of their employees and provide apprenticeship opportunities. This is a challenging ambition and every government department and agency will be expected to play its part in making it a reality.

We will work with business to ensure effective implementation of our proposed legislation on the right of employees to request time to train

- 46 The best employers see making the most of the commitment and potential of their workforce, including through investing in their skills, as one of the most powerful things they can do to drive their

7. The Labour Force Survey shows that more than 500,000 women are qualified in science, engineering and technology, but fewer than 150,000 work in these sectors

businesses forward. We need to create a culture in which every employer takes this view; and one in which individuals see improving their skills as one of the most beneficial things they can do to help them realise their potential and progress in their careers. We are in the process of taking through Parliament a Bill to allow employees to request time to train. We will work to implement this smoothly and successfully with employers and unions, keeping administration costs to a minimum. In doing so, we will promote the important lessons learnt through the MacLeod Review,⁸ which makes the compelling case for the benefits gained when employees are actively engaged in the operation and success of the business.

We will be sympathetic to employer proposals for new occupational licensing arrangements, where the great majority of employers in a sector want this and without undermining the interests of consumers

- 47 Occupational licensing establishes national minimum standards to operate at a given level in a sector. Schemes such as the Gas Safe Register scheme (previously CORGI) and the requirement for qualifications in social care have stimulated significant change in the UK. These measures could help lever up skills levels in occupations. We will be sympathetic to employer

proposals for new occupational licensing arrangements, where the great majority of employers in a sector want this and without undermining the interests of consumers.

Improving the quality of provision within a simpler skills system

We will ensure our best colleges and training institutions benefit from simpler funding and monitoring arrangements, in exchange for more publicly available data about performance

- 48 Further education colleges have been subject to much greater regulation and oversight than universities for many years. This is a reflection in large part of the problems at a minority of colleges in the 1990s. The improvement in standards of teaching and learning across the further education and skills sector over the past decade has been a remarkable success story, which owes much to the dedication and professionalism of the lecturers and trainers, and the quality of leadership in the sector. We now need to enter a new era where colleges can earn greater autonomy through their performance. We will introduce greater freedom 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

8. David MacLeod was commissioned by the Department for Business, Innovation and Skills to take an in-depth look at employee engagement and to report on its potential benefits for businesses and employees. He published his report in July 2009

assessment of their performance against priorities, linked to future funding.

49 The performance measures in our 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 our 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.

50 Through the development of new funding approaches, over the next three years we will progressively move to a simpler, more liberalised system, less driven by multiple qualification targets and with an increasing focus on labour market outcomes and career progression.

We welcome the UK Commission's recommendation to reduce the number of separate publicly funded agencies by over 30 and will work with them and others to make this happen over the next three years

51 The improvements in college and provider performance, and the proposals we have set out to enable customers to drive the system give us confidence that the sector is ready to take more responsibility for its own quality improvement and can thrive with less central stipulation. We shall bring about a sharp reduction in the number of

separate publicly funded skills agencies as follows:

- The Learning and Skills Improvement Service will become a sector owned body, incorporating the range of quality development functions
- We shall increasingly move funding for quality improvement and workforce development 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)
- We are asking the UK Commission, working with the 25 Sector Skills Councils, to bring forward proposals for a substantial reduction in the number of separate Sector Skills Councils by 2012
- By April 2010 the nine regional Learning and Skills Councils will cease to operate, subject to Parliamentary approval

- There is no longer a requirement for nine Regional Skills Partnerships as separate bodies from the Regional Development Agencies. Regional Development Agencies will lead on reviewing existing arrangements to ensure that they have the right balance of partnership working to deliver the new regional skills strategies and those at the sub-regional level where they exist

52 In simplifying the national skills landscape, we also need to recognise the important role that can be played by local and sub-regional structures and ensure that there is clarity about each of their responsibilities.

53 We have the ability to 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.

54 We are currently working with the city-region pilots, Manchester and Leeds, to agree their proposals for strategy setting powers. Building on these pilots, in considering further requests for powers we 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

We will finance our new measures by switching resources away from the programmes that contribute least to our strategic priorities

55 In 2010-11, we shall fund the initial costs of the new advanced apprenticeships places (£17 million) and Joint Investment Schemes (£20 million) by re-prioritising funds within Train to Gain. In later years, we shall look across our skills budgets and decide the best source of funding for the further costs of these proposals.

56 At a time when public spending will be under severe pressure, we are clear that the changes set out in this strategy must be funded from within existing resources. The system must support an increased focus on priority sectors identified by the UK Commission for Employment and Skills, while maintaining a strong 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 reprioritisation of existing budgets. In support of this we will:

- Stop the full funding of repeat qualifications within Train to Gain. During the recession, we have helped many businesses to manage difficulties through

flexing the scheme to allow over a third of the employees it benefits to do repeat courses. But as business conditions improve, from next autumn, we will progressively shift resources to medium and long term skills priorities for those who do not yet have qualifications at Levels 2 and 3. The flexibilities for small and medium sized enterprises to access fully funded unit and short qualifications will also be withdrawn

- Focus on those training programmes that offer the biggest skills gain for individuals, rather than activity that assesses existing skills
- Increase the volume of training that depends on matched funding either from an employer or an individual. In order to take forward this approach successfully, ensuring that

quality of provision is high, we have commissioned a review of co-funding and fee collection in further education, which will report in early 2010

- Stop funding the training that contributes least to our strategic priorities, in terms of student success or economic impacts, while continuing to ensure that all communities have access to adult learning and skills

57 There are a number of existing policies which will remain priorities in the future, subject to spending pressures. These include the entitlements to literacy and numeracy training, first full Level 2 qualifications and a first full Level 3 for 19-25 year olds; training for learners with learning difficulties and disabilities; training support for the unemployed; and informal adult learning for vulnerable, low skilled learners.



