
Skills for Growth: the National Skills Strategy

Skills White Paper, November 2009

Skills for Growth: the National Skills Strategy

Introduction

The Government published its Skills White Paper – *Skills for Growth* – on 11th November and subsequently released the detailed skills funding plans for the next financial year (*Skills Investment Strategy 2010-11*). Both publications can be downloaded from the website of the Department for Business, Innovation and Skills (www.bis.gov.uk/policies/skills-for-growth).

The TUC welcomed the broad thrust of the White Paper and in particular the focus on strengthening the apprenticeships route further whilst also maintaining investment in key skills entitlements (e.g. Skills for Life, Level 2 entitlement and Level 3 entitlement for young people). However, the TUC also highlighted that achieving the goals set out in the White Paper would require a ‘genuine commitment from businesses to invest in staff training’ and a renewed focus by Government on the third of employers that currently provide no training.

Policy background

Earlier this year the Government announced in its new industrial strategy policy document - *New Industry, New Jobs* - that it intended to take a more proactive approach to addressing and meeting future skills needs that would also sustain a speedy economic recovery. In the foreword to the Skills White Paper the Secretary of State states that the new national skills strategy ‘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’, with a particular focus on expanding higher-level apprenticeships to ‘create a modern class of technicians.’

The foreword also highlights the Government’s belief that ‘skilled employment is one of the key determinants of social mobility’ and the White Paper addresses many of the recommendations in the final report of the Panel on Fair Access to the Professions chaired by Alan Milburn (*Unleashing Aspiration*) published earlier this year.

The White Paper also partly reflects a change of tenor in policy as regards the role of regulation that was originally articulated by the previous Secretary of State in a speech to the CBI in October 2008. In this speech he stressed that 'through policy, regulation and through procurement, we are able to shape and create markets, and the skills that will be needed to drive them'. It is debatable whether the White Paper achieves this ambition but it does at least support some new initiatives on this front, especially as regards procurement and occupational licensing.

Empowering learners through the new Skills Accounts is another key theme of the White Paper and the role of Union Learning Reps in supporting this is clearly acknowledged as is their role in supporting the forthcoming implementation of the Right to Request Time to Train.

The White Paper also addresses a number of recommendations put forward by the UK Commission on Employment and Skills (UKCES) as set out in its recent policy paper, *Towards Ambition 2020: skills, jobs, growth*.

Ambitions and targets

Whilst the White Paper endorses the skills targets established by the Leitch Review, it does highlight some real concerns about current progress towards achieving the Level 3 target in particular and the urgent need to build a 'modern class of skilled technicians'. To this end it argues the need for a 'bold new ambition' as follows: '*We will set a new overarching ambition for our higher education and skills system that three quarters of people should participate in HE or complete an advanced apprenticeship or equivalent technician level course by the age of 30*' (this broadens out but does not supersede the existing 50% HE participation target). The TUC has welcomed this new approach on the basis that 'it rightly recognises that both routes matter equally if the UK is to have more highly skilled workers.'

The White Paper also addresses a number of concerns expressed by employers that the existing skills system is too focused on qualifications rather than wider skills acquisition. There is therefore a new commitment to measure the success of the skills system by outcomes other than just qualifications (including progress/earnings at work) and to develop a new national scorecard along these lines in time for the next spending review. The UKCES will monitor progress on the range of measures included in the scorecard, including a breakdown by regions/sectors and also by gender, race and disability.

Apprenticeships

Apprenticeships are at the heart of the White Paper and the vision of rebuilding the intermediate/technician skills base. The main proposals are as follows:

- Additional funding to increase the number of advanced (Level 3) and higher-level (level 4) apprenticeships with £17m allocated to this in 2010/11 and £115M by 2014/15. The aim is to almost double the numbers over the next two years by creating 35,000 such apprenticeships.
- There is also a commitment to increase the Leitch target for total apprenticeship starts by 2020 from 250,000 starts to 360,000 starts.
- Introducing a number of measures to support many more apprentices to progress to HE in line with the recommendations in the *Unleashing Aspiration* report, including a new Apprenticeships Scholarships Fund offering a 'golden hello' of up to £1,000.
- Development of a new network of *University Technical Colleges* for 14-19 year olds to undertake vocational and applied study with a focus on progression to advanced vocational education (e.g. advanced apprenticeships and foundation degrees). This proposal builds on a new technical school/college along these lines being developed in Birmingham, which is being sponsored by Aston University and due to open in 2012. Lord Baker, a previous Conservative Secretary of State, has been closely involved in this project and the Conservative Party are committed to opening 12 such 'technical schools' if they gain power.

Skills Accounts & Adult Careers Service

The White Paper argues that the new Skills Accounts will 'put the learner's choice at the forefront of driving improvement and quality in the skills system'. These accounts, which set out the range of individual 'skills entitlements' and levels of public subsidy, are currently being piloted alongside trials of a new integrated adult careers service. By and large the White Paper does not mark any major change to ongoing policy development in this area with the exception of making the accounts much more flexible by trebling the number of accredited providers that individuals will be able to approach (the original intention was to limit use of the accounts to FE provision).

The Government does not want to include any real cash entitlements in these accounts because they remain concerned that this could lead to a repeat of the Individual Learning Accounts scandal. The UKCES had been recommending including some form of tax breaks in Skills Accounts but the White Paper does not recommend this. However, it does give a commitment that Government 'may be able to do more to help individuals to save for learning' via the accounts and that it 'will explore the case for taking further steps in this direction' and report back on this by the end of 2010. However, the White Paper does take forward the UKCES's recommendation that colleges and providers will need to provide much more information about the quality of courses and outcomes (e.g.

earnings/job outcomes) so that individuals will be able to make more informed choices about how they use their Skills Accounts.

Unionlearn is currently considering what potential the Skills Account approach could offer in relation to the union role in promoting and supporting learning at work both at the individual level and the collective level.

Employer investment in skills

The White Paper includes positive noises about the potential for using regulatory measures to drive up employer investment in training albeit largely on a voluntary basis. Procurement is one such lever which is highlighted and the White Paper says Government will build on recent developments by using its spending power even more extensively in order to require contractors to recruit 20,000 apprenticeship places over the next 3 years. The role of local government to use its spending power more proactively to require greater skills investment by contractors is also flagged up. The White Paper also highlights the potential for more government regulators to use their powers to increase employer investment in training, building on positive initiatives by Ofgem and Ofcom.

It is also welcome that the White Paper includes a recommendation that there should be a greater use of occupational licensing (i.e. Licence to Practice) to lever up employer investment in skills. The benefits of this approach in driving up skills in the gas heating and social care sectors are referred to and the White Paper includes a commitment that in future the Government 'will be sympathetic to employer proposals for new occupational licensing arrangements'. The UKCES had recommended a greater use of occupational licensing and other measures in its recent advice to Government and the White Paper confirms that there is scope for further discussions with the Commission on some of their other recommendations.

The Right to Request Time to Train is also covered in the White Paper chapter on *Raising Business Investment in Workforce Productivity*, confirming that it will be phased in from April 2010 for the 11 million employees in businesses or organisations with more than 250 employees and that it will apply to all employees from April 2011.

The role of trade unions is also highlighted in this section of the White Paper as follows: '*Trade unions can help us reach the very hardest to reach workers, giving them the advice, support and confidence they need to improve their skills ...[and] their help is also greatly valued in supporting apprenticeships and will be important to support employees in exercising their right to request time for training.*' There is also a trade union/apprenticeship case study – UNISON and North Yorkshire County Council – in the chapter in the White Paper covering apprenticeships.

Funding issues

Whilst the White Paper confirms that the existing shape of the skills funding system will be maintained, it acknowledges that there will be some 'refocusing of the resources' to meet two new developments: (i) the increase in advanced apprenticeships, and (ii) the increased focus on priority sectors. There will also be a greater emphasis on co-funding of training by employers and individuals. In line with these priorities there is a new proposal to pilot a Joint Investment Scheme with Sector Skills Councils in areas key to economic recovery with a 'cash match from employers'. The overall aim would be to achieve a combined fund of £100 million (£50M from employers) over time to support around 75,000 training places in priority sectors at advanced vocational levels. In addition the Government is commissioning a review of co-funding and fee collection in FE which will report in early 2010.

The White Paper confirms that Government will fund the initial costs of expanding advanced apprenticeships (£17M) and establishing the Joint Investment Scheme (£20M) by reprioritising funds within Train to Gain, largely by ending or limiting the flexibilities introduced last year to give more training subsidies to employers during the recession. It is very welcome that although there is to be reprioritisation of Train to Gain funding, there is a commitment in the White Paper to maintain spending on Skills for Life and the Level 2 and 3 entitlements. More information on the funding situation in 2010/11 is set out in the *Skills Investment Strategy* document and unionlearn is currently analysing these detailed figures.

Institutional skills framework

The White Paper endorses many of UKCES's recommendations to simplify the skills system, saying that there will be a 'substantial reduction in SSCs by 2012' so that they 'achieve a better fit with the likely sector boundaries of the future.' In addition it states that the Government welcomes 'the UKCES'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.'

It is also confirmed that RDAs will in future have the strategic remit for skills at the regional level and that they will work closely with local authorities and other bodies to draw together regional skills strategies. Although SSCs are to be reduced in number over time, the sectoral approach and SSCs remain a policy priority (e.g. there is a commitment to introduce a number of new National Skills Academies).