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Investing in jobs and skills

Learning & Skills Policy Update

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Introduction

This newsletter is intended to keep unions and other stakeholders abreast of policy developments in learning and skills, including providing updates on what the TUC and unionlearn are saying on specific policy issues. If you have any suggestions about either the content or the design of the newsletter, please contact Iain Murray: imurray@tuc.org.uk. This newsletter and policy briefings providing more information on specific issues are available on the unionlearn and TUC websites.

Please note that the following acronyms are used in this newsletter for the main government organisations/agencies covering learning and skills: BIS (Department for Business, Innovation and Skills): DfE (Department for Education); UKCES (UK Commission for Employment and Skills); SSCs (Sector Skills Councils); and LEPs (Local Enterprise Partnerships)

"Employment through Growth" report

The TUC and CBI have both given their support to a new UKCES report – Employment through Growth – which sets out a strategy for action that must be taken to improve skill levels and how they are developed in order to boost productivity, wages and social mobility. The UKCES report "calls for employers to lead the way, working with unions and the government, to ensure the UK has the skilled workforce needed to create better jobs and fight off international competition".

Commenting on the report, TUC General Secretary and UKCES Commissioner, Frances O'Grady said:

"Far too many of the new jobs currently being created are of the insecure and temporary variety, often with scant access to training and on low rates of pay, when what working people and our economy needs are highly skilled, well-paid jobs with real prospects.

When workers are stuck in low-paid jobs with little access to training, they can struggle to gain the confidence and skills they need to allow them to move into positions where they can start not just to make more of a contribution to society in the form of higher taxes, but are also more able to provide for their families.

By investing in people and encouraging them to grow as individuals and workers, unions and employers are investing in the UK's future. A coherent industrial strategy which involves both sides of industry assessing the skills needed to ensure individual sectors of the economy are at their most competitive will not only help UK companies become the best in the world but will also guarantee that our future workforce is not just highly skilled, but well-paid too."

The UKCES report identifies five priorities for action, as follows:

- Employers need to lead the charge and work collaboratively with unions and other stakeholders, especially through the new Industrial Partnerships
- Tackling the UK's poor productivity is key if economic growth is to generate decent wage growth
- We need more high quality 'earning and learning' routes like apprenticeships for young people
- We need to bridge the gap between education and work, especially through more high quality work experience opportunities
- The skills system should be measured by a wider set of outcomes, not just the achievement of qualifications.

The report acknowledges that the different stakeholders supporting the report differ on some of the detail but, more importantly, concur on the general direction of travel. It says: "This [UKCES] statement is supported by the CBI and TUC, and whilst we may differ on how to implement solutions, we have more in common than not. What matters is effective leadership and stimulating an informed debate on how to tackle these deep-rooted challenges."

Industrial Partnerships

The *Employment through Growth* report also highlighted that the number of new industrial partnerships now in place has grown to eight. Five industrial partnerships were officially launched during summer 2014 covering the following sectors: Energy, Creative Industries, Science, Information Economy, and Nuclear. Three additional IPs were announced in November 2014 covering the Aerospace, Automotive and Tunnelling sectors. Unionlearn has published a briefing paper and an eNote about the Industrial Partnerships on its website.

The *Employment through Growth* report is strongly in favour of the collaborative approach on skills being developed through these new partnerships and also their close links with the government's industrial strategy. It says: "We are making good progress in the UK. In line with industrial strategy, in England government has invested £131 million in industrial partnerships of businesses working with each other – often for the first time –and with trade unions, training providers, sector skills councils and other sector bodes to tackle the skills and recruitment challenges in their industries."

The report also identifies similar approaches being taken forward in the devolved nations. For example, in Scotland Industry Leadership Groups provide a similar role for Scotland's key industry sectors, and this enables employers, unions and other stakeholders to set out skills investment plans to ensure the long-term skills needs of the industry in question. Northern Ireland has also witnessed the development of Industry Working Groups in key sectors with the aim of identifying skills needs and to develop appropriate solutions.

However the report also acknowledges that the UK has a long way to go to establish the kind of social partnership arrangements at the industrial level that are common in many other European countries. It says that "compared to countries with strong vocational systems, such as Denmark, Germany and the Netherlands, industry leadership and partnership working in the UK is underdeveloped." To tackle this, the UKCES argues that there needs to be a long-term commitment by all governments to this policy objective if there is any prospect of the UK building industry-wide collaboration on skills along the lines found in other European countries.

Autumn Statement

There were a number of announcements in the government's Autumn Statement relating to learning and skills, as follows:

- From April 2016 employers will not have to pay National Insurance contributions (NICs) for all but the highest earning apprentices aged under 25 (only apprentices earning at least £805 per week will be exempt). This builds on the announcement in the 2013 Autumn Statement that employers won't have to pay NICs on under 21s from April 2015.
- From 2016-17, income-contingent student loans will be made available for postgraduate taught masters courses in any subject for those under the age of 30. The loans, of up to £10,000, will follow the model used for undergraduate student loans and they will be repaid concurrently with undergraduate loans. The government will be consulting on the detail before confirming the delivery plan for the new postgraduate loans. The Government also confirmed a transitional plan for 2015-16 involving HEFCE allocating £50 million to HE institutions to offer bursaries on a match-funded basis. These bursaries will be £10,000 and will benefit 10,000 students.
- The government will invest £20 million to improve careers advice and support for young people (see pages 5-6 for more information).
- The government will provide £5 million to the Behavioural Research Centre for Adult Skills and Knowledge (ASK) to conduct pilots using Children's Centres to provide parents with employment support and access to basic skills training.
- Back-to-work support for older workers – from April 2015 the government will pilot career change work experience and training opportunities for older benefit claimants to help them gain the experience and training they need to re-skill and get back to work.
- Intensive activity period for young people – from October 2015 jobseekers aged 18 to 24 who are not in education, employment or training before claiming Universal Credit will have to participate in a period of intensive activity and job search support at the start of their benefit claim.
- National Minimum Wage – the government will increase funding by £3 million in 2015-16 to improve enforcement of the NMW, including addressing the widespread contravention of the apprenticeship NMW.

Apprenticeships

National Minimum Wage

In response to the publication on 18 December of the government's *Apprenticeship Pay Survey 2014*, the TUC called on the government to take tougher action on employers who break minimum wage rules. The survey published by BIS finds that around one in seven (14 per cent) apprentices are not receiving the minimum wage they are entitled to, despite the fact that the rates for apprentices are already substantially lower than the main adult rate.

Apprentices aged 16 to 18 years old were more likely to be underpaid, with 24 per cent receiving lower pay than their legal entitlement, according to the BIS survey. Sectors where more young women tend to work have higher rates of underpayment, including 42 per cent in hairdressing who are paid less than the minimum wage and 26 per cent in childcare.

Commenting on the survey, TUC General Secretary Frances O'Grady said: "The TUC strongly supports quality apprenticeships, but is concerned that such widespread pay exploitation may put off young people from signing up for one. The government should focus more minimum wage enforcement action on tackling apprenticeships pay abuses and withdraw training funding from cheating employers. Tackling abuse would be made easier if apprenticeship minimum wages were simplified and increased to the same level as for other young workers."

Trailblazers

The government is currently testing out a range of reforms to apprenticeships through the "Apprenticeship Trailblazers" comprising groups of employers and key partners working together to design apprenticeship standards and assessment approaches that will support the development of more "world class Apprenticeships". The aim is that the trailblazer process should lead to "industry standards" for all Apprenticeship frameworks by September 2017.

The first 8 trailblazers began in October 2013 and the second phase of the scheme was launched on March 2014. The standards produced by trailblazers will become the blueprint for apprenticeships in those occupations. More than 400 employers in 37 sectors have been involved in the first 2 trailblazers and 51 new apprenticeship standards developed by them were approved and published in March and August 2014. These cover a broad range of roles such as a land-based service engineers, senior culinary chefs, solicitors, journalists and dental practice managers. Standards and assessment plans that have been produced by employers and agreed by the government are published at: Apprenticeship Standards.

In November the government announced a third phase of trailblazers involving new apprenticeship standards in 76 occupations, including policing, boatbuilding, TV production, surveying and many others.

In its response to the original Richard Review of Apprenticeships the TUC supported the overall policy thrust of moving to a more "industry-led" Apprenticeship model. In fact for many years the TUC has pointed out that high quality Apprenticeship programmes in many European countries are underpinned by such an approach involving a social partnership of employers and unions closely collaborating on all aspects of Apprenticeships at national and sectoral levels. However, the TUC has expressed concerns that there is increasing evidence that too often the trailblazer process is not incorporating the voice of unions and/or individual learners and is therefore very different to the social partnership model in many other European countries.

Traineeships

Response to Traineeships consultation

In November the government issued its response to a consultation on a number of proposed changes to the funding of Traineeships. A key aim of the proposed changes was to link funding more to the achievement of positive outcomes, in particular around jobs and Apprenticeships. The TUC response was generally supportive of these funding reforms but called for a number of safeguards (see our October newsletter for more details) and this view was shared by a number of stakeholders. In the foreword to the consultation response the Skills Minister said the overall tenor of responses was as follows: "Stakeholders welcomed plans for a greater focus on outcomes and, while there were a range of suggestions for how best to achieve this, a clear message was that an evolutionary approach was favoured which enabled providers to build on what has worked so far."

A number of changes to Traineeships will be implemented as a result of the consultation, including the following:

- Traineeships will now be available to 19 to 24 year olds who already have the equivalent of a full level 2 qualification, on par with the offer for 16 to 18 year olds
- Better use will be made of destination and progression data for Traineeships, based on improved definitions of positive outcomes for trainees
- There will be simplified funding arrangements to bring closer alignment across the 16 to 24 age group but taking an evolutionary approach following consultation feedback.

Traineeship statistics

Government statistics for the full 2013/14 academic year show that there were 10,400 Traineeship starts in that period. Of these, 7,000 were aged under 19 and 3,400 were aged 19-23. According to a recent article in FE Week the government is calling on Jobcentre Plus to do more to support young people to access Traineeships. The FE Week analysis says anecdotal evidence suggests that in the past Jobcentre Plus staff had been turning 18 and 19-year-olds away from Traineeships because enrolment could have put their benefits at risk.

Careers Service

Continuing concerns about the quality of careers advice and guidance in many secondary schools has put increasing pressure on the government to implement reforms in this area. The Autumn Statement included a commitment by government to spend an additional £20 million to improve careers advice and support for young people. This funding will be used to support the establishment of a new careers and enterprise company which will be employer-led and independent of government. According to the government the company "will focus on young people aged 12 to 18, helping them access the best advice and inspiration about the world of work by encouraging greater collaboration between schools and colleges and employers."

However, the company will not in itself be a direct delivery organisation. The government statement says: "It will work closely with the National Careers Service, which will continue to support young people directly through its helpline and website and to help the company bring employers, schools and colleges together though its local brokerage role. The National Careers Service will also remain the mainstay of the government's offer for adults." The announcement also says that the new company will run a £5 million investment fund to support and generate innovation in careers advice". The new company is expected to be fully operational in spring 2015, after the board has been established

The government has also reiterated that "securing independent careers advice for all pupils is a statutory requirement, and [that] DfE will be reinforcing this, as well as further improving guidance to schools on careers." The government also announced a number of other new initiatives to better inform young people about suitable careers, including:

- experimental earnings data providing estimates of the earnings of learners up to 3 years after achieving a further education qualification; and
- a new UKCES report - Careers of the Future – that identifies some of the occupations "that offer some of the best opportunities in the near future and that will play an important role in the economy"
- A BIS research report 'Further education: comparing labour market economic benefits from qualifications gained'.

The TUC, UNISON and NUS are holding a seminar on 7th January to launch a joint campaign calling for improvements to career guidance for young people (contact Matthew Creagh – mcreagh@tuc.org.uk - for more information). To accompany the seminar a joint campaign briefing has been produced which is available on the unionlearn website. This campaign briefing calls for a number of policy reforms and also comments on the government's recent announcement about establishing a new careers and enterprise company, as follows:

"The recent government announcement to provide an additional £20m to fund a new enterprise to facilitate improved and increased interactions between students and employers is welcomed. To ensure that the new body delivers good quality, impartial, industry wide information to young people it is vital that it must be truly representative of the whole industry, including careers advisers and a range of employers, both large and small. To avoid local bias the company will have to put in measures to help areas facing severe economic and industrial decline. The development of the new enterprise should be part of a package of reforms to ensure that young people receive good quality careers information, advice and guidance. The new enterprise should not be seen as a substitute for the role that local authorities and qualified professionals have to play."

On 7th January the Secretary of State for Education is due to give oral evidence to the Education Select Committee as part of its ongoing inquiry about careers guidance for young people.

Changes to vocational qualifications

The government has published its list of "approved" technical and vocational qualifications taught up to the age of 19. This is the culmination of the recommendation in Professor Alison Wolf's review of vocational education that too many young people were engaged in pursuing qualifications that were of little value to their future job prospects. Professor Wolf contended that the previous system incentivised schools to put some pupils on vocational courses that might boost their league table positions but which were not in the best interest of the pupils.

As a result the government has undertaken a process to strip out thousands of qualifications and the number of qualifications that can be reported in the school performance tables has fallen from over 5,000 to just 625. There are now 3 categories of qualification, include the new 'technical certificates', which help 16- to 19-year-olds into skilled trades. The other categories are 'technical awards' for 14- to 16-year-olds and the A level-equivalent 'tech levels'.

English and Maths

Government response to Select Committee inquiry

On 11 December the government published its response to the inquiry undertaken by the BIS Select Committee into literacy and numeracy.

The Select Committee's report and recommendations were published in September and a summary is available in our October newsletter. The government's response includes a short video and also a detailed report addressing all of the recommendations in the Select Committee report. Overall the government says it "has taken several significant steps to increase the standard of English and maths in England", including the following:

- reforming maths and English GCSEs, supporting as many people as possible to gain good grades in these qualifications; from August 2015 providers who teach English and maths GCSEs to adults, outside of apprenticeships, will receive a higher rate of funding.
- commissioning the Education and Training Foundation to carry out a review of the best way to achieve and accredit maths and English outside of GCSEs, as it is essential to ensure these qualifications are understood and meet the expectations of employers.
- investing more than £30 million over 2 years to raise the capacity and quality of the further education workforce.
- putting in place research programmes on English and maths to further understand the challenges learners and teachers face so that future investment can be smarter and more focused; this includes the setting up of the Behavioural Research Centre for Adult Skills and Knowledge (ASK); as one of their first projects, ASK will look at the role Children's Centres can play in helping disadvantaged, low skilled parents get the English and maths skills they need to get into work

NIACE Review

On 11 December NIACE also published its findings from the review it undertook on behalf of the government to seek views as to how the new GCSEs in English and maths can be successfully implemented into post-16 education. More information on the NIACE inquiry and the unionlearn submission to the inquiry is available in our October newsletter. Based on the response to its call for evidence over the summer months, the NIACE review summarises its key findings as follows:

"It is clear that there are over-arching themes in stakeholders' views which apply across the analysis, including the request for flexibility in the implementation and delivery of the new GCSEs; the request for Government to continue to support providers in raising the standards of teaching; the importance of embedding and contextualising the teaching and learning of English and maths; the role of stepping stone qualifications; and the use of technology to enhance teaching, learning and assessment practices."

ETF review of English and Maths outside GCSEs

In November 2014, Nick Boles, Minister of State for Skills and Equalities, asked the Education and Training Foundation to lead a review of what employers and learners need from the maths and English qualifications taken by students who are not studying GCSEs. In particular this review is aimed at leading to improvements to ensure better English and maths outcomes for post 16 students, apprentices and adults. Many stakeholders, including Unionlearn, have welcomed this review as there were widespread concerns that Functional Skills qualifications were being undermined by the focus on GCSE attainment.

The announcement of the ETF review marked a new approach by government, including an acknowledgement that qualifications such as Functional Skills play a key role in supporting adults and others to achieve non-GCSE qualifications in English and maths. It is also increasingly acknowledged that Functional Skills can act as "stepping stones" for individuals with the potential to progress towards GCSE attainment in these subjects over the longer term. These were some of the key themes identified in the Unionlearn submission to the NIACE Review (see our October newsletter for more information).

The ETF website describes the parameters of its review as follows: "It is vitally important that students who are not studying English and maths GCSEs study alternative qualifications that are high quality, consistent, understood by parents and respected by employers. We will be working with a wide range of experts, including employers, to recommend how English and maths qualifications outside of GCSE, including Functional Skills, could be improved to ensure better outcomes for learners."

Functional Skills

The Skills Minister, Nick Boles, has recently expressed his support for Functional Skills qualifications, saying that he wanted to make them "legitimate, valid, respected [and] admired". Earlier this year Ofqual embarked on a review of Functional Skills qualifications and Unionlearn submitted a response highlighting the need for many adult learners' to have an alternative to GCSEs. Ofqual's review of Functional Skills qualifications is nearing completion and its report should be published shortly.

The Ofqual Chief Regulator, Glenys Stacey, has previously written to the Minister saying, "I welcome your clear statement about the importance you attach to functional skills." She also emphasised that it was a priority to "keep the qualifications system as stable as possible, to allow qualifications time to prove themselves". However, the letter also suggests that a rebranding exercise might help improve how Functional Skills are understood and trusted.

Funding for SME Engineering Skills

The government has announced that engineering employers with less than 250 employees are to be offered the opportunity to apply for a share of the first £2.5 million of a £10 million match funding pot to develop innovative company-specific training. Under the scheme the government will contribute 50% of eligible costs to successful applicant firms who have projects to provide extra training to employees to support:

- Career Progression - enabling those currently in engineering occupations to move forward in their careers.
- Conversion training - allowing people to transfer from other occupations into engineering to fill skills gaps and to increase the firm's stock of engineers.

There are, however, limitations on the sort of training that the fund can support. Funding of 1st and post-graduate degrees, apprenticeships and traineeships programmes, where funding can be obtained through existing funding channels, will not be eligible.

The new skills fund forms part of a £30 million pound initiative that formed part of the government's response to Professor Perkins' review of engineering skills. The first 2 tranches of funding were targeted at improving engineering careers and developing women engineers.

National Colleges

The government has announced a new wave of employer-led National Colleges to help the UK develop world-class skills in the advanced manufacturing, digital, wind energy and creative industries. The 4 colleges will cater for around

10,000 students by 2020 and up to £80 million of capital funding from government will be matched by employers in 2015-15 and 2016-17, a potential total investment of £160 million by 2017.

Launching the new colleges, the Secretary of State said: "Economic growth is underpinned by technological innovation, a strong manufacturing sector and scientific excellence. The UK can no longer afford to lag behind countries like France and Germany, which have invested heavily in technical skills at the highest level for generations. The National Colleges will function on a par with our most prestigious universities, delivering training that matches the best in the world. They will help build a strong, balanced economy that delivers opportunity across all regions in the UK."

Each national college will have at least one major central hub and colleges across the country will act as nationwide 'spokes' through delivery of specialist skill sets. The National College for Advanced Manufacturing will have major facilities in Sheffield and Coventry. The National College for Digital Skills will have an entirely new facility initially based in London. The National College for Wind Energy will be headquartered in the Humber with spokes across the country. The National College for the Creative and Cultural Industries at the Backstage Centre in Essex will be managed by the Creative and Cultural Skills SSC on behalf of a consortium of employers.

The National Colleges announced today will join 3 National Colleges announced earlier this year – specialising in High Speed Rail, Nuclear, and Onshore Oil and Gas

Five million pounds has been allocated for maintenance scholarships that will enable the strongest candidates from across the country to attend the new National Colleges in 2016 to 2017. Building on this, the government has said that it will subsequently develop and introduce new maintenance loans to support students at National Colleges.

In addition the government has also announced a new Rail Academy. This will be a training facility for rail engineering based in Northampton that opens in autumn 2015. The Department for Transport, BIS and the National Skills Academy for Rail Engineering have provided £3.5 million for the National Training Academy for Rail (NTAR) with industry partner Siemens contributing the rest.

UKCES Futures Programme

The UKCES is currently running a programme of competitive skills bidding competitions – Futures Programme - that target specific workforce development problems. Employers and partners can bid for funding to test out innovative approaches to tackle skills and workforce development challenges and this normally involves a match-funded approach. So far this year there have been three competition rounds involving: tackling skills problems in the off-site construction industry; increasing demand management and leadership skills; and, improving progression and pathways in retail and hospitality.

UKCES has recently provided information on a fourth competition that will be launched in the New Year focusing on applications for funding that will lead to new approaches to deal with workforce development challenges which prevent UK businesses from capitalising on innovation. Before bidding is opened up the UKCES has launched an online consultation seeking perspectives on the skills and business practices needed to maximise the value of UK innovation. Responses to the online consultation will inform the final bidding documentation that will be produced early in the New Year.