

**BIS** | Department for Business  
Innovation & Skills

**SKILLS FOR  
SUSTAINABLE GROWTH**

Strategy Document

FULL REPORT

Skills are 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 of the United Kingdom to any UK-wide actions or policy positions.

## Foreword



Skills are vital to our future and improving skills is essential to building sustainable growth and stronger communities. A skilled workforce is necessary to stimulate the private-sector growth that will bring new jobs and new prosperity for people all over this country.

And a strong further education and skills system is fundamental to social mobility, re-opening routes for people from wherever they begin to succeed in work, become confident through becoming accomplished and play a full part in civil society.

We need to give fresh hope to our young people, one in seven of whom is currently not in education, employment or training. And, at the same time, we need to reduce the ruinous fiscal deficit that is draining money that should be used to help improve the quality of people's lives.

We have not shied away from the difficult decisions about the use of public funds or the need to radically reform the system we inherited. And we will not chop and change our strategy every five minutes creating confusion in the sector and demoralising its workforce.

The strategy will guide the Government's reform of adult learning and skills over the remainder of this Parliament and point the way towards growth in the longer term. Those plans are founded on three principles.

The first is fairness. We believe those first in line for help must be those least able to help themselves. So we are paying special attention to young people and those without basic literacy and numeracy skills.

The second is responsibility. While Government has a role, employers and citizens must take greater responsibility for ensuring their own skills needs are met.

The final principle is freedom. Freedom does not just mean abolishing stifling bureaucracy and meaningless targets. It means trusting people to do their job. The adult education movement was not born of Government, but of the people. And its primary accountability today should be not to the Government, but to the people it serves.

Our objective is to deliver a skills system driven from the bottom up, able to respond to the needs of individuals, communities and an increasingly dynamic economy. It is a vision of a system – shaped by our shared belief in the value of learning - that everyone can help build. We hope that you will think hard about what part you can play in making sure that change happens. Change which will fuel opportunity and power prosperity.

Vince Cable, Secretary of State for Business, Innovation and Skills  
John Hayes, Minister of State for Further Education, Skills and Lifelong Learning (jointly with the Department for Education)

# SKILLS FOR SUSTAINABLE GROWTH

## EXECUTIVE SUMMARY

### Introduction

#### The purpose

1. This Government's purpose is to return the economy to sustainable growth, extend social inclusion and social mobility and build the Big Society. Underpinning every aspect of this purpose is the improvement of skills. This document sets out our strategy for improving and using skills to realise our central objective.
2. It sets out the direction for skills policy for the life of this Parliament and the shared responsibility of Government, employers and individuals to create a system for skills in which all parties can invest with confidence and benefit with consistency.
3. We need a more competitive, rebalanced economy, which is environmentally sound and resource efficient, and we need to reduce the deficit. There should be no illusions about the scale of the challenge we face. Our working age population is less skilled than that of France, Germany and the US and this contributes to the UK being at least 15% less productive than those countries<sup>1</sup>. We are currently weak in the vital intermediate technical skills that are increasingly important as jobs become more highly skilled and technological change accelerates. Approximately 80% of the people who will be in the workforce in 2020 have already left compulsory education<sup>2</sup>. If we are to achieve a world-class skills base we need to increase the level of their skills and meet the demands of our economy.

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<sup>1</sup> ONS: International Comparisons of Productivity, October 2010

<sup>2</sup> BIS analysis of Labour Force Survey, updating the Leitch Review of Skills report "Prosperity for all in the global economy", HMT, December 2006

4. Our ambition is that the UK should have a world-class skills base that provides a consistent source of competitive advantage. If we are to achieve this, we must enable businesses and individuals to transform the performance of the nation as a whole.
5. Skills are not just important for our global competitiveness, however. Skills have the potential to transform lives by transforming life chances and driving social mobility. Having higher skills also enables people to play a fuller part in society, making it more cohesive, more environmentally friendly, more tolerant and more engaged.<sup>3</sup>
6. It is through making sure everyone has the opportunity to gain skills that the benefits of renewed growth can extend throughout our society.
7. We must make a bold change and move to a new system, where we do things differently. We must abandon a culture of bureaucratic central planning and regulatory control. For too long, the skills system has been micromanaged from the centre, with Government setting targets for the number and type of qualifications that ought to be delivered, and with learners and colleges following funding, rather than colleges responding to the needs of employers and the choices of learners. Public funds have been absorbed by regulation and centralised control, rather than devoted to what learners want and employers must have. This would be an inefficient use of money at any time, but is particularly undesirable in the current fiscal climate.
8. We want to turn the system on its head, so that it is those using the system, not the state, which drives the system. We will give them control over their funding and the support and information they need to make the right choices for their future.
9. Under our new system, learners will select training and qualifications valued by business, and available through a broad range of autonomous providers who will attract learners depending on the quality of their offer. We will prioritise funding support for learners with very low levels of skills or the disadvantaged, while there will be an expectation that learners

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<sup>3</sup> For example, Blanden, J Buscha, F, Sturgis, P, Unwin, P (2010 „Measuring the Returns to Lifelong Learning Centre for the Economics of Education DP 110)

and employers will co-invest alongside Government in meeting the costs of intermediate and higher level training courses from which they will derive private benefits.

## The principles and the practice

10. This strategy sets out radical reform of the skills system, to deliver skills for sustainable growth. It is founded on the Coalition principles of fairness, responsibility and freedom.
- **Fairness.** Skills play an important role in creating a fairer society by promoting social inclusion and social mobility. As those who choose vocational routes into work tend to be from lower socio-economic groups<sup>4</sup>, further education has a key role to play in opening up access to higher level skills to individuals from backgrounds with historically lower rates of participation. The Government will ensure that funding for adult education is refocused on those who need it most. We will support adults who lack the basic skills they need to access employment and participate in society, and support the unemployed who are actively seeking work.
  - **Responsibility.** The Government cannot tackle the skills challenge on its own. Employers and citizens must take greater responsibility for ensuring their own skills needs are met, and to do this they will need from Government good quality information, the opportunity to influence the system to provide the training they need, and access to finance. We will improve both the quality of information available about skills and make it easier to access through the new all-age careers service. We will offer every individual adult undertaking learning a Lifelong Learning Account, while employers will work alongside Government and a re-modelled UK Commission for Employment and Skills identifying and increase investment in the skills they need. We will introduce new FE loans, from 2013/14, to help people access the funds they need to gain intermediate and higher-level skills. These loans will be supported by Government and repayment will be dependent on borrowers earning above a certain threshold. It is only fair for those who benefit the most from training to make a greater contribution to the costs of their course, but also only fair for them to make this contribution when they are indeed realising those benefits and earning a good salary.

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<sup>4</sup> LYSPE Waves 4 to 6 and YCS Cohort 13, Sweeps 1 to 3,

- **Freedom.** Control should be devolved from central government to citizens, employers and communities so they can play a greater role in shaping services to ensure that they meet their needs efficiently. We will increase competition between training providers to encourage greater diversity of provision, including, for instance, FE colleges offering more Higher Education courses. This, together with empowering learners by providing better information on quality and tackling poor performance, will drive up standards. We will free providers from excessively bureaucratic control and centrally determined targets and radically simplify the formulae which determine funding for adult education, so that providers can effectively respond to the needs of business and learners. For example, we have already removed the requirement for college principals to acquire a specific qualification.

## Skills for Growth

11. Apprenticeships are at the heart of the system that we will build. They bring together individuals, motivated and working hard to develop themselves; employers, investing in their own success but supporting a programme with wider social, environmental and economic value; and Government, providing public funding and building the prestige and reputation of the programme.
12. We will expand the numbers of adult Apprenticeships available by up to 75,000 by 2014-15, leading to more than 200,000 people starting an Apprenticeship each year. To fund this, we will increase investment in Apprenticeships by up to £250 million over the spending review period. There will be investment of £650 million in 2011-12 and an indicative budget of £648 million in 2012-13.
13. We will not only increase numbers, but we will also improve the programme. As an advanced economy needs advanced skills, we will reshape Apprenticeships so that technician level – Level 3 – becomes the level to which learners and employers aspire. To widen access, there will be clear progression routes from Level 3 Apprenticeships to higher level skills, including Level 4 Apprenticeships or higher education.

14. Alongside Apprenticeships there will be a wider and more flexible system of vocational qualifications that meets the needs of the economy.
15. The Qualifications and Credit Framework, developed with business to meet the needs of business, will allow individuals and employers to access units of training that meet their specific needs. Sector Skills Councils will act for businesses in regularly updating national occupational standards, and we will expect qualification awarding bodies to take these standards into account as they update and introduce their vocational qualifications.
16. As training providers become increasingly able to respond to the needs of local employers, we expect to see courses provided for employees increasingly within the workplaces of Small and Medium Enterprises (SMEs), and anticipate that at least £100 million of Government investment will support training delivered to SMEs each year.
17. The introduction, with the agreement of industry, of professional standards to increase skills in a sector or occupation, can support skills development and protect consumers. This cannot be done by one employer alone, and we will work with groups of employers to explore how new professional standards can drive competitiveness in their industry.
18. We will establish a new Growth and Innovation Fund to support employers to be more ambitious about raising skills in their sectors and to promote workplace practices that will lead to better development and deployment of workplace knowledge and skills. The Government will contribute up to £50 million per year with businesses co-funding training costs covered by the Fund.
19. The Government's limit on non-EU economic migrants will reduce employer access to skilled migrant labour and employers will need to do more to recruit and to access existing systems to train resident workers, particularly in sectors with a high reliance on migrant labour, such as hospitality and care.

### **Skills for a fair society**

20. The Government understands its responsibility to ensure that everyone has the basic skills they need to access employment and participate in civil society.

21. For both economic and social reasons it is essential that those without employment are helped to gain the right skills to find sustainable work with the prospect to progress, and that employers have access to skilled labour to help their businesses succeed. We will provide funding to support specific training for those on active benefits and we will work closely with Jobcentre Plus to identify the people who could most benefit from support. The Government's work programme will encourage and challenge people to take up employment opportunities in areas they might not otherwise have considered.
22. Young people suffered disproportionately from unemployment as a result of the recession<sup>5</sup>, and those unemployed in their youth are more likely to be unemployed throughout their lives. We will fully fund a first full Level 2 or Level 3 qualification for those aged 19 up to 24 who don't yet have one, and support them in making the transition from education to work.
23. Learning and skills development is not always about qualifications, and we will protect funding for informal adult and community learning. During the coming months we will undertake a major piece of collaborative work to reinvigorate and reform informal adult and community learning such that it builds the Big Society, engages the disadvantaged and offers progression routes for those looking for a way in to formal learning.
24. Education at all levels is fundamental to a fair society. The forthcoming Schools White Paper will include new plans to improve the quality of education in schools and ensure all children gain the basic skills and knowledge they need to make a successful transition from school into further education or employment. It will set out a new focus on primary literacy, a reformed National Curriculum, and a more robust qualifications system.
25. There remains, however, a problem with adult literacy in this country. 16% of the working age population, equivalent to 5.2 million people, did not have functional levels of literacy in 2003<sup>6</sup>. We will also continue to support those who left compulsory education without basic

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<sup>5</sup> Bell, D & Blanchflower, D, 'What Should be Done About Rising Unemployment in the UK?' <http://www.dartmouth.edu/~blnchflr/papers/speech379paper.pdf>

<sup>6</sup> Williams, J., S. Clemens, K. Oleinikoya and K. Tarvin (2003) *The Skills for Life Survey: a national needs and impact survey of literacy, numeracy and ICT skills*, Department for Education and Skills: Research Report 490

literacy and numeracy skills through providing free training through the further education and skills system, including in the workplace.

26. We recognise that higher education (including higher education delivered through further education colleges), and post-graduate study, also play an important role in social mobility, and we will set out our strategy for higher education in a forthcoming white paper.

### **A shared responsibility for skills**

27. If Government takes it upon itself to resolve the skills needs of every individual and business, it risks failure. We can only succeed if we give the energy, commitment and the power of individuals and employers full rein.
28. Investment in training gives real returns. The cost of paying for training should ultimately be shared between employers, individuals and the state to reflect the benefit each receives. As well as being a better way of allocating scarce resource, it means that individuals and business are motivated to ensure that what is provided meets their needs.
29. Training for adults at Level 2 and above brings the greatest financial and wider benefits to individuals. It is therefore fair that individuals training at this level and above should contribute toward the cost of acquiring these skills.
30. From the 2013/14 academic year, Government will provide and subsidise a system of loans to support continued participation in training where Government grant funding is no longer available for intermediate or higher-level qualifications. As with the graduate contribution to the costs of higher education, individuals will only start to contribute when they realise the benefits of their training and are earning a decent wage. Their training will therefore be free at the point of access with repayment of the loans contingent on the borrower earning above a certain threshold.

Entitlements for 2012/13

Learning Level	<i>Priority population groups and Government subsidy for learning they can expect</i>		
	<b>Individuals aged from 19 up to 24</b>	<b>Individuals aged 24+</b>	<b>Individuals who are unemployed and on active benefits</b>
<b>Basic Skills</b>	Fully funded	Fully funded	Fully funded
<b>Level 2 (first)</b>	Fully funded	Co-funded	Fully funded targeted provision for learners with skills barriers to employment
<b>Level 2 (retraining)</b>	Co-funded	Co-funded	
<b>Level 3 (first)</b>	Fully funded	Co-funded	
<b>Level 3 (retraining)</b>	Co-funded	Co-funded	
<b>Level 4 (any)</b>	Co-funded	Co-funded	

*Notes:*

- This table shows the expected position from 2012/13 (following the legislative process required to reform statutory entitlements).
- All Apprenticeships for those aged 19+ will continue to be co-funded at 50% by Government and employers.
- Co-funding at Level 2 for workplace learning outside of Apprenticeships will only apply to SMEs and applies at a level of 50%.
- Learning at Level 3 and above for workplace learning outside of Apprenticeships and entitlements will not receive Government funding.

Entitlements for 2013/14

Learning Level	<i>Priority population groups and Government subsidy for learning they can expect</i>		
	<b>Individuals aged from 19 up to 24</b>	<b>Individuals aged 24+</b>	<b>Individuals who are unemployed and on active benefits</b>
<b>Basic Skills</b>	Fully funded	Fully funded	Fully funded
<b>Level 2 (first)</b>	Fully funded	Co-funded	Fully funded targeted provision for learners with skills barriers to employment aged 23 and under and/or training below Level 3. Loans for those aged 24+ on courses at Level 3 and above.
<b>Level 2 (retraining)</b>	Co-funded	Co-funded	
<b>Level 3 (first)</b>	Fully funded	Loans	
<b>Level 3 (retraining)</b>	Co-funded	Loans	
<b>Level 4 (any)</b>	Co-funded	Loans	

*Notes:*

- This table shows the expected position from 2013/14 onwards (following the introduction of loans).
- Loans will apply equally to Apprenticeships, replacing the contribution formerly provided by Government. 19+ Apprenticeships at Level 2 will remain co-funded at 50%
- Co-funding at Level 2 for workplace learning outside of Apprenticeships will only apply to SMEs, and applies at a level of 50% - 50%
- Learning at Level 3 and above for workplace learning outside of Apprenticeships entitlements will not receive Government funding.

31. We will offer every adult a Lifelong Learning Account. This will provide access to the new FE student loans and other forms of financial support for learning, such as an enhanced discretionary learner support fund; and allow adults to signal where they have demands which the market is not meeting. An account will also provide incentives for learning, including a means of recognising the social contribution made through volunteering. Accounts will provide access to personalised information on training already achieved and information on the wage and employment benefits of different courses.
32. We will also establish a new all-age careers service, providing clear and transparent information to all learners about the options open to them and the benefits of particular training. Lifelong Learning Account holders will be able to access the service alongside the personalised information in their account. Good careers guidance is at the heart of increasing social mobility and ensuring opportunities are available to all. It both helps young people and adults progress in learning and careers and helps increase confidence, motivation and the desire to succeed. Accordingly, the new service will provide intensive face to face support for those with greatest need.
33. There will be a new role for employers as we grow a world-class skills base. They have been frustrated in the past that increases in public investment have not led to matching increases in quality or responsiveness, and they have seen new bodies and initiatives in an increasingly crowded and confusing landscape full of goodwill but lacking in efficiency or effectiveness.<sup>7</sup>

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<sup>7</sup> A recent employer survey by the Confederation of British Industry (2010) indicated that employers were keen for public sector resources to be used more efficiently, with 75 per cent of all employers wanting the government to take steps to reduce red tape. Reference: Confederation of British Industry (2010a) Ready to Grow: business priorities for education and skills: education and skills survey 2010: CBI/EDI. Available online at: <http://www.cbi.org.uk/pdf/20100501-cbi-education-and-skills-survey-2010.pdf>,

34. Employers do not want low cost approaches that deliver second-class results. They themselves invested over £39 billion on training over a 12 month period<sup>8</sup>. They are willing to invest - to invest far more than they do at present - in the skills of their workforces if they can be sure that the training they buy will be high quality and geared to their needs. We need a new approach.
35. We will change the focus of the UK Commission for Employment and Skills to become a true vehicle for economic growth and social partnership, with employers, trade unions and others coming together to give effective leadership to business on skills.
36. We will not tell employers what they should do, but instead support them in implementing proposals they make to raise their game on skills. For instance, we know that in some sectors of the economy employers favour new professional standards, including occupational licensing and training levies.
37. For small and medium enterprises, we will continue to support the development of leadership and management skills as a key to allowing these companies to grow and make full use of their workforce, and we will provide co-funding for some Level 2 qualifications delivered in small and medium enterprises. We will also be prepared to co-fund training programmes in new or rapidly changing parts of the economy, for example to meet skills needs arising from the transition to a low-carbon economy.

### **A reformed system with increased freedom**

38. Helping learners identify the training they need is not sufficient if the supply side cannot respond to their demands quickly and flexibly. A dynamic economy needs a dynamic skills

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<sup>8</sup> Shury, J., Winterbottom, M., Davies, B. and K. Oldfield (August 2010) National Employer Skills Survey for England: main report, IFF research: UK Commission for Employment and Skills.  
[http://www.ukces.org.uk/upload/pdf/NESS%20main%20report\\_1.pdf](http://www.ukces.org.uk/upload/pdf/NESS%20main%20report_1.pdf)

system that is not hampered by over-complicated bureaucracy and regulation; one that can work closely with businesses to support them to grow and develop.

39. We are committed to the Leitch ambition of developing a world-class skills base, but we will abolish the Leitch targets and the machinery of centralised control set up to meet them. Providers will be able to supply the type and volume of training that is needed in their local area, with increasing flexibility to respond to local needs and the demands for quality of learners and employers. In this way we will build a responsive, dynamic system.
40. We will simplify funding for FE by reducing the number of separate budget lines, cutting down the number of interactions between colleges and training providers (including voluntary organisations) and the Skills Funding Agency, reducing the number and types of audits and forms, and reducing the number of providers with direct contracts with the Skills Funding Agency. Each college or provider will continue to have a single point of contact, and BIS will work with the Department for Education, YPLA and the Skills Funding Agency to achieve greater alignment where appropriate between the pre- and post-19 funding systems.
41. A high quality further education sector is at the heart of our skills strategy. As learners and employers take greater roles in the system, the quality of their experience must improve. Working with the Skills Funding Agency, we will remove funding from provision that does not meet minimum levels of performance.
42. As part of our commitment to drive up quality and enable choice and in line with our reforms for Schools and Academies, we will act decisively, closing failing colleges. We will ensure that provision is delivered by an excellent education provider, and that training provision for learners and employers is secured. New providers and their strategic leaders could be drawn from groups of employers, quality independent training providers and other employer-led organisations. We will publish further details of this approach in spring 2011.
43. The scale and extent of the reforms set out in this strategy should not be underestimated. Our aim is to shift profoundly the balance between the state, businesses and individuals. We are confident in the capacity, drive and vision of learners, employers, and providers up and down the country, and we believe that they will eagerly grasp this opportunity.

## CHAPTER ONE – SKILLS FOR GROWTH

- *We will expand the numbers of adult Apprenticeships available by up to 75,000 by 2014-15*
- *We will reshape Apprenticeships so Level 3 becomes the level to which learners and employers aspire*
- *We will ensure there are clear routes from Apprenticeships to higher level training including, but not exclusively, Level 4 Apprenticeships*
- *We will ensure that vocational qualifications reflect the changing needs of employers*
- *We will reduce the reliance of some sectors of our economy on migration to fill jobs*
- *We will support employers in addressing their skills needs through a new growth and innovation fund of up to £50 million*
- *We will provide some co-funding for training at Level 2 delivered in small and medium sized companies*
- *We will encourage more widespread teaching on entrepreneurial skills*

## CBI response to consultation

***There must be a “respected and credible” vocational offer to employers and individuals that can command the same respect as academic options. This should be based on an expanded Apprenticeships scheme and reformed vocational qualifications.***

1. As John Hayes, Minister for Further Education, Skills and Lifelong Learning said at City & Islington College on 17 June 2010, *“Even before Lord Leitch published his compelling analysis of the problem, it’s been no secret to most of us that skills are economically vital. And that doesn’t apply just to the manufacturing and industrial sector, but right across our economy, to the service and retail sectors, and the public sector too.”*
2. Our goal is to build a skills system where responsibility for quality and investment is shared between Government, employers and learners; where those using the system are in the driving seat and can select training and qualifications that are designed and valued by business, prepare them for worthwhile careers and provide a foundation for further learning.
3. Apprenticeships will be at the heart of this. They bring together individuals, motivated and working hard to develop themselves, employers, investing in their own success but supporting a programme with wider social, environmental and economic value, and Government providing public funding and building the prestige and reputation of the programme.
4. And this approach works. The life time earnings that flow from a Level 3 Apprenticeship are comparable to those flowing from a degree and employers will typically recoup their investment within two to three years.
5. Alongside Apprenticeships we will develop a wider system of vocational qualifications fluid enough to meet the needs of the economy. Sector Skills Councils will act for businesses in regularly updating national occupational standards and we will expect qualification awarding bodies to take these standards into account as they update existing qualifications and introduce new ones in emerging sectors of the economy.

6. Approximately 80% of the people who will be in the workforce in 2020 have already left compulsory education. If we are to achieve a world-class skills base we need to increase their skills and enable them to gain new skills as these are demanded by our dynamic economy. To support this, we will co-fund Level 2 qualifications (both first and repeat) for adults. (This is in addition to fully funding first Level 2 and 3 qualifications for people up to the age of 24.) To make it easier for small and medium sized enterprises to support training, these qualifications can be delivered for their employees in the workplace.
7. There are some measures that would support growth, such as the introduction of professional standards to increase skills in particular occupations in appropriate sectors, which cannot be done by any employer acting alone. We will establish a new Growth and Innovation Fund of up to £50 million to support employers to be more ambitious about raising skills in their sectors and to promote workplace practices that will lead to better development and deployment of workplace knowledge and skills.

## Apprenticeships

### TUC response to consultation

***Putting Apprenticeships at the heart of the government's skills policy is the right approach as is supporting many more apprentices to achieve intermediate level skills and to progress to higher level skills.***

### BAE Systems response to consultation

***Going forward, the UK will need to become an increasingly high skills based economy and there should be a greater emphasis on Level 3 and above skills training.***

8. The Apprenticeships programme is already successful at all ages. However, as the economy increasingly needs more people with intermediate and higher level skills, we will reshape it so that Level 3 (rather than Level 2) becomes the level to which learners and employers should aspire. In most sectors, an individual will not be considered to have finished their Apprenticeship journey until they have reached this level.

9. This level will be sufficiently high that someone achieving it will feel fully prepared for a rewarding career. We will work with Sector Skills Councils and the UK Commission to ensure the frameworks (based on a new statutory arrangement to ensure a consistent standard) offer high-quality, economically-relevant provision. We will also ask the Sector Skills Councils to work together to ensure that programmes are developed that cut across sectoral boundaries.
  
10. We will also learn from the experiences of apprentices through the Apprentice Ambassadors' Network and the Online Learner Panel to continuously improve the programme.

### **Celebrating achievement**

11. We will build on the established prestige of the Apprenticeship brand and celebrate achievement at each level of the Apprenticeship system. We believe that apprentices should receive similar recognition for completing their Apprenticeships as university graduates do when they complete their degrees. We will work with the National Apprenticeship Service to introduce graduation ceremonies, an Apprentice Roll of Honour and new alumni networks. We will also consider how Apprenticeship training is recognised as conferring "technician" status in appropriate sectors.

### **Further progression**

12. An Apprenticeship will also provide the foundation for further learning at higher levels including, but not exclusively, Level 4 Apprenticeships. Given the growing evidence that entry points for many careers are shifting upwards, we will ask Sector Skills Councils to ensure that Apprenticeship frameworks reflect these changing demands. They will need to work closely with employers, further education colleges, other providers, universities and professional associations to ensure that there are clear ladders of progression so employers and apprentices can more easily understand and access higher level skills opportunities. This is likely to mean colleges, providers and universities offering more flexible provision to meet the needs of these learners.

### Association of Learning Providers (ALP) response to consultation

***ALP agrees totally in the need for the vocational route, and vocational qualifications to be given the same respect as the academic route, and academic qualifications – always described in the past as “parity of esteem”.***

13. To support this, the Government is committed to fostering stronger links between colleges and universities through, for example, internships, work experience opportunities and fully integrated work place training supporting learners to develop from basic entry skills to the highest professional levels. Further education colleges and providers will play a major part in reaching out to a wider range of learners, supporting higher level skills, qualifications, and better progression from further education to higher education and employment.

### Expanding the programme

14. We have also promised to increase the number of Apprenticeship places available so that more learners and employers benefit from the advantages of an Apprenticeship. We have begun to deliver on that promise by redeploying £150 million to provide an additional 50,000 places earlier this year. Over the coming years we will expand the programme significantly. We will raise the budget for adult Apprenticeships by 50% (compared to what the previous administration was providing) so that in 2014-15 there will be 75,000 more starts than under the previous administration. The details of this growth are set out in *Investing in Skills for Sustainable Growth*.

15. For young people, an Apprenticeship can offer an excellent entry point to their chosen occupation or career. As we raise the age to which young people must remain in learning, to 17 in 2013 and 18 in 2015, we expect Apprenticeships to become an increasingly sought after option for those keen to combine paid work and study. We will set out our detailed plans for 16-18 year old Apprenticeships, in the Department for Education’s 16-18 Funding Statement which it plans to publish in December.

16. Apprenticeships are jobs; therefore employers are central to the continuing success of the programme. As part of our drive to encourage industry to develop new forms of professional

standards (discussed below), we will encourage employers to consider how they can put Apprenticeships at the centre of any new proposals. The Department for Business Innovation and Skills will also work with public sector bodies to encourage and support them to use public procurement as a lever to raise employers' engagement with Apprenticeships and other types of training.

17. But we recognise that smaller firms have been discouraged by the administration and the costs and risks of employing apprentices. Group Training Associations help spread these costs and risks and create new jobs and training opportunities allowing smaller businesses to offer training opportunities to apprentices. Similarly we welcome the support of larger companies that train more apprentices than they need in the expectation that they will find jobs with the smaller businesses in their supply chain.

#### Guardian Marine Testing Ltd response to consultation

***“Apprenticeship Vacancies” is a fantastic idea. As well as providing a free recruitment service for employers, it is very straightforward to use. It gives people the opportunity to search and apply for local, regional and national vacancies. On top of that it gives employers a vast database of interested candidates to tap into.***

18. The National Apprenticeship Service has developed a comprehensive set of resources for employers and individuals who may be interested in finding out more about Apprenticeships and how to get involved. This includes “Apprenticeships Vacancies”, an online service, which allows employers to advertise their vacancies and individuals to apply.
19. We will also continue to support unionlearn to enable trade unions and Union Learning Representatives to work more effectively with employers to increase the number of high quality Apprenticeship places available; in particular by promoting the benefits of Apprenticeships to disadvantaged groups in the workforce and to employers who have not previously trained apprentices.

## Access to Apprenticeships

20. We will also make sure there are clear routes into Apprenticeships to widen access to the programme (while maintaining standards) and to increase the numbers of young people who have the skills and attributes to secure and complete an Apprenticeship with an employer.
21. To ensure that the increased Apprenticeship opportunities are open to all, the National Apprenticeship Service will fund 18 'Apprenticeship Diversity' pilots over the next 12 months designed to test out different methods for improving access to Apprenticeships for under-represented sections of society. These projects will directly lead to approximately 5,000 opportunities and provide valuable evidence to influence the wider programme.
22. In addition, we will work with key partners to increase the diversity of people starting Apprenticeships and encourage men and women to take up atypical courses. The provision of flexible Apprenticeships will be encouraged.

## More flexible high-quality vocational qualifications

### Association of Colleges (AoC) response to consultation

***Although we agree that it is not enough to accredit existing competence, it is also important to recognise that accreditation makes individuals more confident and provides helpful information for employers.***

23. As with Apprenticeships, it is essential that all vocational training is worthwhile and helps people gain relevant skills. This will create strong, flexible pathways towards professional careers that are understood and recognised by employers and valued by prospective learners.
24. Many learners and employers have told us they would like more flexibility in the vocational qualifications available at both pre- and post-19 vocational education. The Secretary of State for Education has recently asked Professor Alison Wolf of King's College London to carry out

an independent review of vocational education for 14-19 year olds. She will consider the organisation, funding and target audience and the principles that should underpin the content, structure and teaching methods and will report in spring 2011.

25. We are determined to build on the esteem of vocational qualifications and the extent to which they can provide routes to higher level study. This will partly be through our Apprenticeship model which will place more emphasis on Level 3, and partly through our work to create strong pathways toward professional careers that are understood and recognised by employers and provide clarity and value to prospective learners. These will build in alternative routes that recognise the value of vocational learning as well as academic achievement.

26. Skills competitions and awards can provide an excellent opportunity to raise the profile of the vocational skills across the UK and inspire young people to develop their skills. The UK will host the WorldSkills International competition in London 2011 which will encourage young people to think seriously about gaining vocational skills as a route to a worthwhile career.

27. The new Qualifications and Credit Framework is now nearly fully stocked with almost 7,000 new vocational qualifications and this will be completed by the end of the year. We will use the new flexibilities that the QCF gives us to help ensure that learners can develop the skills they need and employers value and can progress with their learning. We will look to each Sector Skills Council to keep its National Occupational Standards up to date and to contribute to the development of appropriate qualifications to meet each sector's needs. Meanwhile the qualifications regulator, Ofqual, will hold each awarding organisation to account for its qualifications being fit for purpose and meeting the needs of users such as industry and higher education.

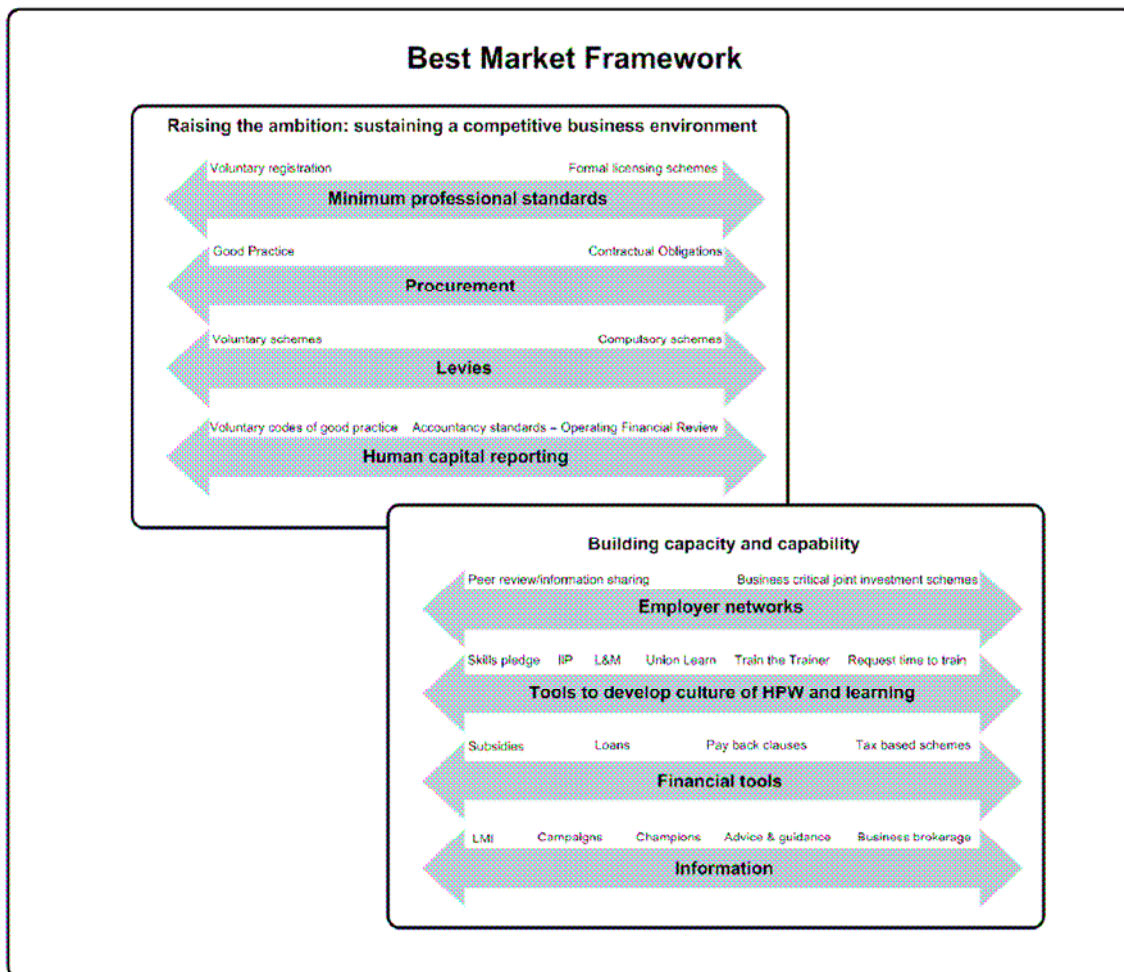
28. We will also continue to support measures to ensure we have a professionally-qualified teaching workforce which takes responsibility for keeping its skills up-to-date and relevant. We will look further with the profession at how to create the conditions to encourage flexible and innovative approaches to teaching and learning, which are cost-effective, responsive to

employer and learner needs, and make full use of the potential of technology. In specialist areas of provision employer-led National Skills Academies can help spread good practice.

## Employer leadership

29. There are some measures that would support growth which cannot be done by any employer acting alone. We will change the focus of the UK Commission for Employment and Skills to become a vehicle for social partnership, bringing together employers, trade unions and others to identify measures that would support the growth of their sector.
30. We believe that in some sectors there is a continuing role for formal licensing or standards-based requirements in industries and occupations where there is a clear consumer protection or other public interest. We also want to encourage a wider set of industries and professional bodies to consider where the introduction of clear professional standards will benefit an industry and its competitiveness. For example, a number of sectors, including nuclear and IT, have introduced skills passport schemes to drive standards in industry training. We do not want to impose a one-size-fits-all solution but encourage proposals developed by businesses, in consultation with a wide range of employers. In particular, we will welcome proposals that demonstrate the role that Apprenticeships can play in providing a key route for progression in an occupation.
31. We also believe there is also a role for statutory and voluntary training levies or other collective arrangements, where employers have identified the need for collective action on skills and consensus can be secured within an industry. Levy schemes in the construction and engineering construction sectors, supported by a majority of employers, have had a positive effect on skills investment in those industries. The UK Commission has mapped out the different tools that sectors might want to use to raise their skills ambitions.

UK Commission’s best market frameworks model.



32. Employer leadership is also required to find a long term solution to the UK’s current reliance on migrant workers. This needs to be driven by employers, by the immigration service and by coordinated cross-Government action including through the skills system. Success hinges on a number of reputational factors which lead to negative perceptions of certain sectors as places to work. These represent a significant challenge to the sectors and the communities affected.

33. We are investigating the scope for introducing professional standards and levy-based arrangements on a voluntary basis as a means of ensuring the skills system delivers a ready supply of the skills employers need. Government Departments, Sector Skills Councils and employers will work together to develop specific options in the social care and hospitality industries, and will also consider whether similar approaches might apply in other migration-reliant sectors and occupations.

34. The changes we are taking forward to both the migration and skills system will be complementary and help build a stronger, more valuable labour market in the UK. Our limit on non-EU economic migrants will be operated through a sophisticated model, targeting and prioritising the entry of the brightest and best and workers with skills that are in genuinely short supply in Britain. The skills system will lift the quality of the domestic labour market. These measures will benefit UK workers, UK employers and the economy as a whole in both the short and long term.

### **Growth and Innovation Fund**

35. We intend to establish a new Growth and Innovation Fund to overcome obstacles that get in the way of employer-led innovation to raise skills in sectors. The Government will contribute up to £50 million per year and there is an expectation that businesses will co-fund the training costs covered by the Fund. The Fund will pump-prime and pilot new initiatives developed by businesses to increase the contribution skills makes to growth in their sectors. It will give early priority to those looking to raise skill levels and business performance through the introduction of new professional standards, including occupational licensing and the uptake of Apprenticeships.

36. The Fund's investments will be time-limited. They will support initial start-up costs and risks in testing and piloting new initiatives, and they will be linked to outcomes. We expect that Sector Skills Councils will be well placed to bid and increasingly we will expect their funding from Government to come through support for specific projects, but the Fund will be open to other sectoral and cross-sectoral employer groups.

### **Sector Skills Councils and National Skills Academies**

37. Sector Skills Councils remain an excellent means for employers to lead and influence change, giving to the UK Commission on Employment and Skills, which oversees the network, an ability to reach into different sectors of the economy. Sector Skills Councils are already implementing innovative solutions to improve the commitment of employers to skills and this will be their core role in future. As set out above, we will continue to look to Sector

Skills Councils to ensure that Apprenticeship frameworks and national occupational standards are updated to meet the needs of employers and employees in the face of new market conditions and increasing competition. We expect that Sector Skills Councils will also be well placed to bring forward proposals for professional standards to the Growth and Innovation Fund and to feed in information to the Next Step programme about careers options and the qualifications needed for a career in each sector.

38. National skills academies will also continue to form an integral part of support to sectors as specialist, employer-led delivery organisations, many of them as subsidiaries and “delivery arms” of their Sector Skills Councils, working through networks of selected specialist providers to develop and deliver tailored skills to meet employers’ needs and to stimulate increased employer investment. For example, national skills academies can play a significant role in delivering training to support professional standards. And they have already demonstrated that they can become sustainable, responsive organisations which are independent of government and capable of becoming self-financing within 3 years. The first eight national skills academies have levered in £58 million of employer investment in skills and, across the network, are expected to bring in over £80 million from employers by end 2010-11 including capital funding to improve training facilities.

### Developing the cream of British Dairy Technical Skills

**The National Skills Academy for Food and Drink engaged all the major dairy companies over two years to develop an innovative industry-wide training solution for a new generation of dairy technologists to match the highest European standards. This has resulted in the development of a brand new three year Foundation Degree in Dairy Technology benchmarked against the best training in Europe, an industry contribution of £1 million to create a state of the art European Centre of Dairy Training Excellence at Reaseheath College (matched by £6 million of Government funding) and a pipeline of skilled dairy Technologists for the future. Employers who participated in the solution highlighted the key role played by the national skills academy, especially in facilitating constructive discussion on the future of skills and training in the sector.**

## Support for small and medium sized enterprises

39. Compared to large employers, small and medium sized enterprises are often unaware of the full extent of growth opportunities in the economy and how the skills system can support them to achieve their growth potential. We know small and medium sized enterprises find engaging with the skills system costly and burdensome and often lack the resources to adequately invest in training their staff.
40. We will continue to support the development of leadership and management skills in small and medium sized enterprises as a key to allowing these companies to grow and make full use of their people. We will also provide some co-funding for Level 2 qualifications delivered in these enterprises.

## Supporting enterprise and entrepreneurialism

41. Business start-ups and entrepreneurialism will also be a key driver of economic growth as new and small businesses create jobs, stimulate innovation and create a competitive spur to existing businesses to increase their productivity.
42. Evidence suggests that people in the UK, while being supportive of enterprise and entrepreneurs, tend to favour employment as a career option. Often, this decision is based on poor information or knowledge about the risks and benefits of running a business and the skills needed to do so.
43. To address this we will provide a framework that will encourage the further education sector to do more to support enterprise amongst learners. The National Enterprise Academy has developed brand new practical enterprise and entrepreneurship training for young adults with strong employer mentor support for learners, as part of this. This was rolled out in three areas in 2010/11 and will be progressively expanded across the country over the next 3 years. External inspections have rated the quality of entrepreneurship training as 'very good', and 96% of all learners have either had an offer to continue in higher or further

education, direct employment or the opportunity to continue running the business that they established during the course.

44. We will also work with the Skills Funding Agency to build on the “Qualify with a Business” pathfinders, encouraging more Sector Skills Councils to incorporate enterprise education units within occupational standards, and to ensure that information and advice about self employment is as accessible as possible within the Next Step service. We will work with the Association of Colleges and others to explore and extend best practice and to demonstrate the educational benefits of building enterprise education into their offer.

## CHAPTER TWO – SKILLS AND A FAIR SOCIETY

- *We will ensure those who have left school without basic literacy and numeracy have access to state funded training and we will make that training more effective*
- *We will provide state funding for targeted provision for people on active benefits: Jobseekers Allowance or Employment Support Allowance (work related activity group)*
- *We will reinvigorate and reform informal adult and community learning to support the development of the Big Society, engage disadvantaged people and create progression routes for people who want to move on to formal learning, ensuring that all groups can benefit*
- *We will provide grant funding for training for young people to help them move from education into work*
- *We will consult on a simplified learner support offer*

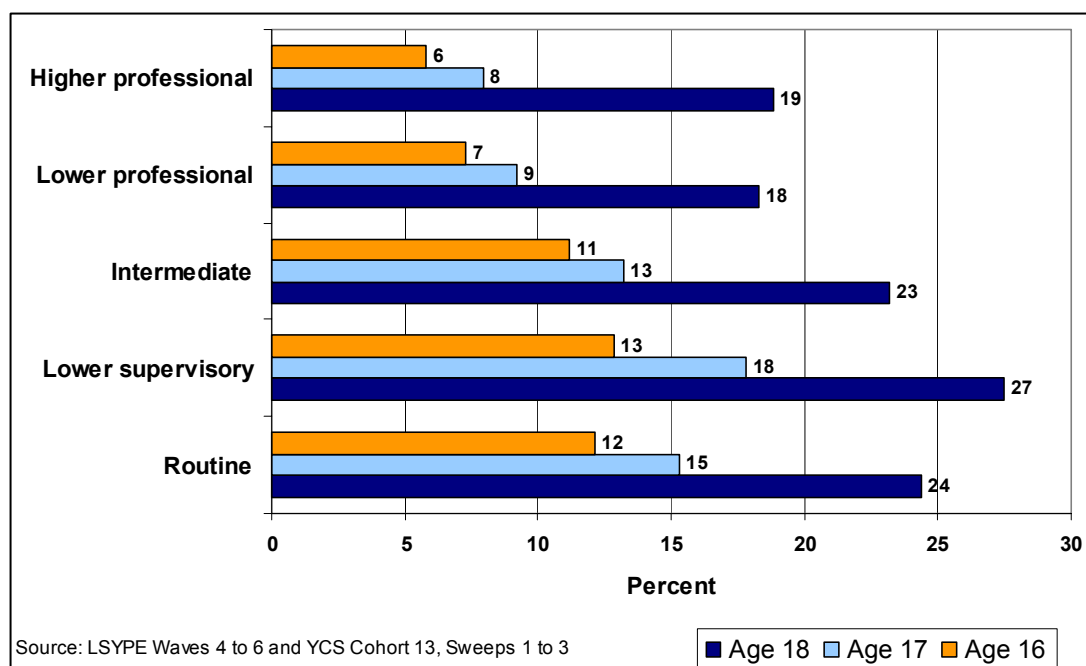
### Introduction

1. We want to create a fairer model of society, where everyone has the opportunity to contribute to and share in the benefits of prosperity. Skills are essential to this, enabling people to obtain rewarding jobs offering a good quality of life whatever their background.<sup>9</sup>
2. As those who choose vocational routes into work tend to be from lower socio-economic groups, a strong further education and skills system is fundamental to social mobility.

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<sup>9</sup> McIntosh 2007 found that people who had completed a Level 3 Apprenticeship achieved an 18% wage enhancement and people completing a Level 2 Apprenticeship achieved a 16% wage enhancement.

**Proportion of Young People studying vocational qualifications at age 16 (2007), 17 (2008) and 18 (2009) by Socio-Economic Background**



3. We recognise that skills needs and barriers to opportunities vary widely for each individual and this requires different responses. Women, for example, often have a more fragmented career pathway and this has an impact on their training opportunities. Making skills training responsive to the needs of different groups ensures we can draw on the talents and skills of all. People also have different experiences in the workplace. Flexible working, supported by our commitment to extend the right to request flexible working to all and new provisions to allow a greater sharing of parental leave, can help to reduce gender disparities and help people prosper in their chosen careers.
  
4. Skills are an asset of our cultural and community life. They enable people to play a full part in society, making it more cohesive, more environmentally-friendly, more tolerant and more engaged. The benefits to social cohesion include reduced crime, greater civic engagement, better health and more socially tolerant attitudes towards minority groups. The process of learning also has a strong positive impact on mental health and well-being, helping people cope better with the stresses of daily life as well as social change. As Vince Cable, Secretary of State for Business, Innovation and Skills said in his speech to the Association of Colleges on 16 November 2010, *“Adult education classes are often a lifeline*

*for adults battling to overcome disadvantage or mental illness or exclusion from the labour force.”*

5. Social inclusion can be increased through providing opportunities to those who need additional help to progress such as disengaged young people, unemployed people, offenders and harder to reach learners such as those with disabilities. This may be most effective when delivered through informal adult learning and non-formal provision which can help those who had bad experiences at school and are not motivated by classroom-based learning. Since engaging in learning once makes someone more likely to engage in learning again in the future<sup>10</sup>, it really is worth helping people step onto the first rung of the ladder. And it is important that their aspirations are not limited because their starting point is different.

### Those without basic literacy, numeracy or English language skills

6. Literacy and numeracy skills enable people to function in society, progress into vocational learning and employment, and operate more productively in work. But millions of adults in England lack even basic reading, writing and mathematical skills. We believe this resulted from an unacceptable failure of the education system and that it is therefore only right to give them a second chance to acquire those skills.

#### BAE Systems response to consultation

***Government should still have a responsibility for paying for the tuition fees for those needing basic literacy and numeracy skills. This is a failure of the education system and should not be met by employers.***

7. We will therefore continue to fully fund literacy and numeracy provision for those who need it, whether in the workplace or in the community, but to maximise economic and personal returns we will review the way basic skills are delivered and take steps to ensure this training fully equips individuals and employers with the functional literacy and numeracy

<sup>10</sup> Dearden et al, 1997, 'Labour Turnover and work related training'

skills they need. This reformed programme will move away from targets to focus on equipping individuals with the skills and qualifications they need to get a job, progress in work and play a full part in society. We recognise the importance of the quality of teaching and learning, access for those most in need, and skills which support progression, employability and improved productivity.

8. At this critical time of economic recovery, we must look for new ways to address the continuing high proportion of adults with poor numeracy skills. We expect providers, freed from central planning and control, to develop innovative ways of responding to this challenge, building social partnerships with employers, local communities, voluntary and third sector organisations and other stakeholders.
  
9. English for Speakers of Other Languages (ESOL) provision is important to help those who do not speak English to gain employment and to contribute to society. However, we believe that those who come from other countries to work in England, or their employers, should meet the cost of their English language courses. Therefore we will not fund ESOL training in the workplace. This will enable us to focus publicly-funded provision on people whose lack of English is preventing them from finding work. Full funding will only be available for those actively seeking work on Jobseekers Allowance and Employment Support Allowance (work related activity group) benefits. For others ESOL will be co-funded. In line with their increased accountability to their local communities, further education colleges and providers will be able to identify particularly vulnerable learners in their community and will be able to prioritise support for them as part of their business planning and local engagement.

## Training for people who are unemployed

### TUC response to consultation

***Ministers have rightly emphasised the social, as well as economic, role that learning plays. Nowhere is this more evident than in promoting equality. Investing in skills can play a very large part in reducing inequalities in relation to gender, disability, race, age and other areas. Low pay and unemployment is often a result of lack of skill and is disproportionately concentrated within already disadvantaged groups within society.***

10. We still have too many people in this country whose lack of appropriate skills prevents them from finding sustainable work with prospects of progression. Furthermore, as we come out of the recession, it is essential that employers have access to a pool of skilled labour to help their businesses succeed. A combination of poor employability skills and not having the vocational skills which are relevant in the local labour market can prove a real barrier to entering and staying in work, especially for young people with no clear work history.
11. We will therefore support people on active benefits (Jobseekers Allowance and Employment Support Allowance (work related activity group)) to access state subsidised, accredited and labour market relevant training. This could be single units from the QCF or full qualifications, depending on what the individual needs to help them obtain work. Training providers and the Next Step service will give impartial information, advice and guidance to help the unemployed person find the training that will best support their employment and career goals, taking into account their employability and basic literacy and numeracy skills as well as technical, job-specific skills that they may need.
12. The Department for Work and Pensions is developing a new Work Programme. This will encourage and challenge people to address their barriers to employment and to leave benefit dependency. As an integral part of this approach we will enable Work Programme providers, where they identify an outstanding skills barrier to work, to refer clients to the flexible skills training on offer locally.

#### Association of Colleges (AoC) response to consultation

***Colleges now have closer working links with Jobcentre Plus but are often constrained by rigid programmes which do not allow them to properly assess individual needs or devise appropriate programmes.***

13. As set out more fully in chapter 4, providers will have greater autonomy to identify and meet the needs of this group, rather than being constrained by centrally determined programmes. We expect skills providers to work with Jobcentre Plus to identify the most appropriate training, and will introduce incentives for providers who achieve economically-valuable outcomes, including job outcomes. Jobcentre Plus advisers will be encouraged and enabled to consider a clients' needs as early in their claim as possible. This will ensure that training needs are identified and met at the outset of their claim, and unemployed people

develop the skills they need to find and keep work rather than cycling back onto benefits. We expect that many unemployed people will need shorter courses but some, particularly younger people who have not completed their initial education, may benefit from longer courses, perhaps leading to a full qualification.

14. We will also support skills providers and Jobcentre Plus to use their new flexibilities to work with employers to establish a range of Service Academies, initially targeted at areas of greatest need. Skills providers will be able to use their flexibilities to provide training to complement work experience brokered by Jobcentre Plus, and which is expected to lead to a guaranteed job interview.

### Social disadvantage and skills inequalities

15. Further education is about more than just studying for full qualifications. Informal learning is an integral part of the skills agenda, allowing every citizen to engage with our society and with the world around them, and to contribute more fully to their local communities.
16. It is because we recognise the importance of this approach that, even in these tight financial times, we have protected the funding for informal adult and community learning, to support learning for individuals, families and communities.

#### NIACE response to consultation

***Each individual whose contribution is lost or marginalised represents not only a story of personal frustration and disillusionment, but also a loss to our shared society and economy.***

17. Informal adult and community learning-funded programmes will provide a wide range of learning opportunities, ranging from arts, culture and health to digital skills, employability skills, family learning, civic engagement and community development. Public funding will be prioritised for the people who need the most help and have had the fewest opportunities.

This is an area where forming appropriate social partnerships can be very effective and we will encourage providers to work with appropriate specialists in the voluntary and social enterprise sectors.

18. As part of the Big Society agenda, we would like to see this kind of learning offered in a range of ways: by colleges, by local authorities and other providers, and through the hundreds of unfunded community groups, clubs and societies set up by local people who want to organise their own learning. We will also encourage providers to make links with the adult learning on health, environment, culture and sport that is funded by other government departments and with the Opening Up Spaces movement.

#### **miEnterprise: Supported self-employment scheme in Herefordshire**

**miEnterprise is a ground-breaking social enterprise working directly with socially disadvantaged unemployed people, particularly those with learning disabilities, to help them establish and develop micro businesses. Developed as a joint-venture marketing co-operative in close partnership with Herefordshire Council, Jobcentre Plus and HMRC, miEnterprise offers a membership scheme, which provides comprehensive business support tailored to overcome disadvantages faced in gaining employment. Individuals use personal budgets to purchase scheme membership. This provides personalised support geared to developing a range of entrepreneurial skills and competencies in a real-life work environment, mostly in their own community. There is evidence that miEnterprise members learn best when learning is individualised, applied and directly related to their business venture. This kind of supported self-employment offers a real option for many disadvantaged people to work towards becoming less dependent on traditional and often costly social care services.**

19. During the next three months we will undertake a major piece of work, in close collaboration with a wide range of partners, to develop a new model of informal adult and community learning that will support the development of the Big Society, ensure all groups can benefit and create a progression route for those people who want to move on to formal learning.

### Natspec response to consultation

***Not all disabled people are “hard to reach” and many are keen to engage in learning and training, but they may have support needs that organisations fail to meet in a timely and comprehensive fashion.***

20. The other important issue is to ensure that organisations who can provide expert brokerage and facilitation, as well as skills provision, often the voluntary and community sector or social enterprises, have the capability and capacity to work with these groups. There is strong evidence that supports the economic arguments for this approach too. We will encourage local consortia arrangements so that resources can be shared and large and small providers can work collaboratively. We will lighten the regulatory burden for all providers, including voluntary organisations that are best placed to reach people who are furthest away from learning and employment.

### St Giles Trust: Peer Advice Project in London

**The Peer Advice Project is a scheme run by the St Giles Trust for offenders in custody and in the community. Serving prisoners and ex-offenders are trained to offer advice on a range of issues such as housing and employment issues, mental health and substance dependency and offer general support and counselling. Following an assessment to test suitability, volunteer Peer Advisers are professionally trained to NVQ Level 3 in Information, Advice and Guidance. The project is achieving strong positive outcomes for both parties. Peer advisors gain a recognised qualification and valuable work experience which improve their employment prospects when released. Clients receive practical advice which is crucial to re-integration back into their communities and is a first step into learning and work.**

21. The Government’s review of offender learning will ensure that the personal and vocational skills training offered in prisons is relevant to real jobs outside and linked to the new all-age careers service and progression routes available on release. This will improve the rate at which offenders flow into work rather than onto benefits on leaving prison, which we know is one of the keys to reducing offending rates.

## Supporting young people to make the transition from education to work

22. It is crucial that we do not lose a generation of young people who are unable to establish themselves effectively in the job market. Young people suffered particularly badly as a result of the recession and still form a disproportionately large component of those who are unemployed. While the youth labour market has shown early signs of recovery, and we can expect to see some young people move into jobs more quickly, others will need to improve their skills in order to stay in work and start to build their careers. Investing in young people can bring considerable benefits for individuals and the public purse, increasing, as it does, the likelihood that they will become net contributors rather than net beneficiaries throughout their working lives.
23. Successive studies have shown that not being in education, employment or training for six months or more is a predictor of future disadvantage, including a wage penalty, spells of unemployment and poorer health and well-being. Also, young people who, for whatever reason, have not achieved their full potential at school or college and who need to improve their skills to get sustainable work with opportunities for further progression have fewer resources on which to draw than older adults, including limited sources of finance and less work experience.
24. We will therefore continue to fully fund training for young people (19 up to 24) without a first full Level 2 and 3 qualification to support them in making the transition from education to work.

## Digital life skills

25. Using a computer and the internet are now basic skills for employability, and for many other aspects of learning and living. Yet there are still 9.2 million adults in the UK (18%) who have never used the internet.<sup>11</sup> The support that they need to get online is often best

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<sup>11</sup> ONS August 2010

provided in informal community settings with help from volunteers or friends and family, or integrated as part of other courses. We will encourage all parts of the learning skills system to contribute to the broader campaign led by Martha Lane Fox, the Digital Champion, to get as many people as possible online by 2012. In response to specific recommendations in her Manifesto for a Networked Nation, we are ensuring that the Next Step service includes an informal web skills check, so those who need help can be referred to where they can get appropriate support. We will also look to ensure that those who are most disadvantaged can continue to obtain free support for short courses such as Online Basics, whether in an accredited form or as part of the offer supported through adult and community learning.

### Learner support funds

26. Currently there is a range of support available to help learners with the additional costs associated with training such as childcare, course materials and travel costs. We are committed to streamlining arrangements to ensure there is a clear and coherent offer to support those furthest from the training market to enter and progress in learning. We expect to create an enhanced discretionary learner support fund by combining Discretionary Learner Support, the Adult Learning Grant and Residential Student Support Scheme. We will undertake a separate review of the Adult Education Bursary. This takes into account recent changes to Learner Support for 16-18 year olds as recently announced by the Department for Education. We recognise these budgets support those facing financial hardship whilst in learning and any changes need to be managed carefully in consultation with the sector.

## CHAPTER THREE – A SHARED RESPONSIBILITY FOR SKILLS

- *We will introduce government-backed loans from 2013/14 to help people finance intermediate and higher-level qualifications*
- *We will offer every adult a Lifelong Learning Account bringing together information about available grant funding and learning opportunities as well as access to new government-backed loans*
- *We are establishing an all-age careers service providing high quality, professional careers guidance to young people and adults, with intensive support available for those with greatest need*
- *A reformed UK Commission for Employment and Skills will provide inspirational leadership to employers on how to get the best from their workforces*
- *We will support initiatives taken by employers to build modern high-performing workplaces.*

### Introduction

1. Investment in further education and skills is fundamental to sustainable growth and improving the prospects of individuals and businesses. But the Government cannot tackle the skills challenge on its own. And the current financial situation has required us to make choices about the best way to invest public money in skills. We believe that the cost of paying for training should be shared between employers, individuals and the state to reflect the benefit each receives. As well as being a better way of allocating scarce resources, requiring those that benefit to contribute to the costs of training will motivate them to demand that what is provided meets their needs.

2. Training for adults at Level 2 and above brings the greatest financial and wider benefits to individuals. It is therefore fair that individuals should contribute towards the cost of acquiring these skills – as they already do with higher education.
3. But employers and individuals will only invest more if they are able to make informed choices about what training they need, what courses are available to them and which would benefit them most and are able to influence the skills system to provide the training they need.
4. And shared responsibility goes further than just who pays for training. We set out in chapter 1 how we will support employers to act together to tackle the skills issues that might otherwise hinder the growth of their sectors and how employer representative bodies will broker the introduction of measures such as professional standards, including occupational licencing and levies where appropriate. This is shared responsibility in action at the sectoral level. But we believe that within every workplace, employers and employees share responsibility for creating an environment where everyone can develop their skills and use them.
5. This encompasses employers and employees jointly identifying skills needs and working out how these can be met. It goes further to include better employee engagement in a range of workplace issues including a simpler underpinning of employment law that supports employers, reduced regulatory burdens, and protecting employees by making it simpler to comply with the law and easier to access help. Therefore we want employers, employees, employee representatives and others to work together to create modern high-performing workplaces where skills are valued and fully used and where everyone is encouraged to give of their best for the good of the enterprise.

## Loans

6. To help people access finance for intermediate and higher-level training, we will introduce new FE student fee loans in 2013/14. These will be similar to student loans for higher education in that the training will be free at the point of access with repayment of the loans contingent on the borrower earning above a certain threshold. As set out in *Investing in Skills for Sustainable Growth*, over the next few months we will engage with colleges and other providers to discuss the details of how this will be implemented in a way that recognises both similarities and differences between types of learners and delivery arrangements in further education and skills compared with higher education.

## Lifelong Learning Accounts and information

7. To combine fairer access to finance with better information, we will offer every adult a Lifelong Learning Account when they begin a new course. This will bring together information about any grant funding to which the learner is eligible with information about learning opportunities. It will also allow adults to signal where they have demands which the market is not meeting. Lifelong Learning Accounts will help learners to make choices about how and when they learn and to invest in learning. Together with changes in funding for skills, Lifelong Learning Accounts will create strong incentives for colleges and training providers to work harder in attracting learners. For those who can't access a Lifelong Learning Account online, help will be available by telephone through the Next Step service, and in due course through the all-age careers service.
8. Over time, we will explore ways of using Lifelong Learning Accounts to create further incentives for learning. This might include recognising the borrower's positive social contributions such as volunteering or creating learning groups.

## Careers guidance

### West Yorkshire Learning Providers response to consultation

***The introduction of a single careers service for all young people and adults would be a significant improvement on the present arrangements and provide efficiencies and benefits to the system.***

9. All adults at every stage of learning are now able to receive independent, impartial careers and skills information, advice and guidance through the Next Step service. The service is driven by the needs of the individual customer, helping them to understand their starting point, aspirations and how to achieve their goals. It provides information on careers prospects and the skills needed to do particular jobs, using information provided by employers.
10. We have announced that we will build on that offer by integrating careers advice services for young people and adults, to create an all-age careers service. This service will be open to all young people and adults through a range of channels – online, by telephone, and in the community – with intensive face-to-face guidance prioritised for those with the greatest need.
11. The all-age careers service will be the centrepiece of a programme of reform for careers guidance. Schools and colleges will make informed decisions about careers guidance provision for their pupils and students, securing access to independent, impartial guidance, whether from the all-age service or other high-quality careers guidance services. Higher education establishments will continue to provide their own guidance to their students. Local authorities will provide wider personal support to vulnerable young people and those who are not in education, employment or training aged 13-19, and young adults with learning difficulties and disabilities up to the age of 25. The all-age careers service will work in partnership with Jobcentre Plus to help jobseekers improve their skills.

12. A new career progression framework is already in place for careers advisers working with adults, supported by new qualifications and arrangements for continuous professional development. We are strengthening the general and specialist skills of the adviser workforce. Responding to the recommendations of the Careers Profession Task Force commissioned by the Department for Education, we will now bring together standards for careers advisors working with young people and adults, to form a new professional basis for the all-age careers service.

### Next Step in the North West

**Following the completion of his degree in Physical and Human Geography (BSc), Matthew Chamberlain struggled to find employment and wanted to undertake a work placement to develop his skills. He was given the opportunity of a four month voluntary placement with Merseytravel. Whilst working at Merseytravel, Matt took the opportunity to engage with Next Step, the Careers Service for Adults, and contacted Next Step adviser and Merseytravel IT tutor Norman Hunter.**

**Norman gave Matt a structured learning plan which was designed to take advantage of his time at Merseytravel and achieve recognised qualifications whilst gaining the valuable work experience he wanted. The Next Step support did not stop there as Norman also helped Matt secure a six-month contract as a Research Assistant in Merseytravel's Transport Planning Department.**

**Matt is unequivocal "...throughout the whole experience, the most refreshing thing was actually having a reason to get up in the morning. Being unemployed can be difficult at times and Next Step and Merseytravel have given me the opportunity to start moving up the working ladder.....my advice to anyone in a similar situation to myself six months ago would be to visit a Next Step adviser. They will support you to be as pro-active as possible. I would suggest taking every opportunity on offer whilst you can. This is what I am currently doing at Merseytravel and I am benefiting immensely."**

### Information for employers

13. Information for employers will also be reformed, with a simpler, integrated source of online support. The current range of skills websites will be brought together into a single improved online channel, Businesslink.gov, backed by a national call centre to provide telephone assistance for those businesses without internet access or requiring further assistance. The Businesslink site will present information on skills in one place making it

easier for employers to navigate and access the diagnostic tools and tutorials that will allow them to make the right investments in training and access provision which meets their business needs.

## Information about provider performance

14. Clear information on the benefits of learning is critical to driving an informed system. By giving learners and employers a wide range of information about the curriculum, quality and value of different learning opportunities, including typical wage gains and chances of securing a job after qualification, they will be better informed to make choices about where and what to learn. This will drive a “step change” in quality improvement; where accountability is founded on the relationship between provider and customer rather than provider and government.
  
15. In December 2010 we will publish information gathered through the Framework for Excellence on the quality and outcomes of further education provision. Learners, employers and their intermediaries will be able to access this information through a customer facing website and judge whether the provision will meet their particular needs. This will form the basis for the Further Education National Improvement Partnership Board to develop a more comprehensive range of public information, which will be published in January 2012 and will be more widely available through the all-age careers service and each provider’s own website.

## High-performing workplaces

16. Equally, we will not achieve sustainable growth unless people are able to make full use of their knowledge and skills in the workplace. Excellent leadership and management lies at the heart of outstanding business performance. In the most successful workplaces, employers adopt progressive working practices that identify their own capabilities and those of their staff, recognise the value that diversity brings, encourage high levels of

employee dialogue and commitment, and balance the interests of the business with those of individuals, the local community, wider society and the environment.

17. During 2011 we will work with employers, employer bodies, the TUC, ACAS, Business in the Community (BITC), the National Enterprise Academy, and the Chartered Institute of Personnel Development (CIPD) to develop a new framework to support better leadership and management, and help employers develop greater employee commitment and nurture and make better use of the talents, knowledge, innovation and creativity within their businesses. We will review the current range of policies and frameworks to ensure they support the development of good workplace relations, productivity and innovation. Through this work we aim to ensure that we provide a firm basis for more businesses to grow. We will set out a simpler approach to employment law and skills that supports businesses, especially small and medium sized enterprises, and reduces their regulatory burdens; as well as protecting employees by making it simpler to comply and easier to access help.
18. For example, the statutory right to request time to train was introduced for organisations with over 250 employees in April 2010. Under current plans the right would be extended to cover all other organisations from April 2011. We have widely consulted on the future of this legislation under our review of regulations introduced by the previous government since the beginning of 2010. We are carefully considering the differing views expressed and will announce the way forward on the right to request time to train in due course.
19. The UK Commission for Employment and Skills will work with employers, Sector Skills Councils, ACAS, CIPD, CBI and the TUC to develop a new ambitious strategy for Investors in People in 2011. This will include repositioning Investors in People so that it becomes the improvement tool of choice for businesses wishing to grow through smarter acquisition and use of skills and through joint enterprise between employers and the employed. The process will be simplified and the new offer will be based around the specific needs of sectors.

## Sainsbury's Wins Gold

**Sainsbury's and its employees are celebrating becoming the biggest organisation to achieve Investors in People Gold status. Sainsbury's has worked with Investors in People to drive growth across the group, drawing on the latest best practice to:**

- **Engage employees in the business plan and equip them to play their part**
- **Identify, develop, and support talent in ways that aid performance and improve retention**
- **Provide tailored guidance and support to managers across the business.**

**This has helped to shape an engaging, high-performance culture that is driving the group's performance and expansion. Jacki Connor, Sainsbury's Director of Colleague Engagement said "we were really impressed with how Investors in People has evolved in recent years. Its new approach allowed us to shape the support we received around specific opportunities. The advisors and assessors we worked with were in tune with Sainsbury's aims and values. Working with Investors in People has helped us to shape our colleague engagement plans for the future and the assessors we worked with were in tune with Sainsbury's aims and values."**

20. We will ask the UK Commissioners to work with leading employers, Sector Skills Councils, trade unions and other representatives of workers to develop a pledge setting out their commitments to work together to create high performance workplaces. The new pledge, which will replace the Skills Pledge, will include a number of core commitments together with specific commitments decided by each sector. Core commitments, which will be agreed with the UK Commissioners, may include action on leadership and management, engagement with employees, investing in skills especially for those with the lowest levels at present and increasing the number of Apprenticeships. Employers in each sector will be encouraged to agree workplace commitments in support of the sector pledge.

## Unionlearn and workplace learning champions

21. We will continue to support unionlearn, the TUC's learning and skills organisation, in building on the impressive track record of unions and Union Learning Representatives. Unionlearn has played a major role in promoting formal and informal learning in workplaces and wider communities, especially in reaching out to those who are poorly qualified and most in need of support. We would like unionlearn to play a greater role in

promoting Apprenticeships to disadvantaged groups in the workplace and to employers that have not trained apprentices before and will support Union Learning Representatives to play a more active role in helping individuals in the workplace to access careers information and advice. For example, they might help individuals use the tools available through the Next Step online channel, including the skills health checks, course directory, relevant market information and funding support available, or open a Lifelong Learning Account.

### **Glatfelter paper mill in Gloucester**

**Unionlearn and paper manufacturing firm Glatfelter CFBU have got together to open a new employee learning centre at the US-based multi-national's paper mill in Lydney, Gloucestershire. Primarily funded by unionlearn, with financial support from the company, the joint venture aims to give employees the opportunity for learning and skills development in premises that have benefited from significant investment in computer equipment and infrastructure.**

**Glatfelter CFBU's UK Human Resources Manager Declan Lynch believes the learning centre will be an invaluable resource for all employees at the mill and help the company develop the skills it needs for the future. "Supporting employees in their desire to enhance their learning and develop new skills will be central to Glatfelter's strategy in developing a sustainable skills base into the future," Declan says.**

**Bill Yanavitch, Vice President for Human Resources and Administration at Glatfelter, agrees. "This collective commitment represents an investment in our workforce and our future as we pursue our vision to become the global supplier of choice in specialty papers and engineered products." The launch of the new facility was attended by senior representatives from Glatfelter CFBU, union officials and representatives of the paper industry skills agency Proskills.**

22. As a further step we will work with other relevant bodies to explore how we can promote the development of workplace learning champions in non-unionised workplaces drawing in particular on the experience and success of Union Learning Representatives and Community Learning Champions. Subject to these discussions we aim to promote this through the new 'workforce pledge' and in other ways from April 2011.

### **Support for small and medium sized enterprises to grow**

23. Small and medium sized enterprises are often particularly disadvantaged in developing leadership and management skills because of pressure on resources and a lack of information and knowledge of how to access the support available. We will therefore continue to provide the SME Leadership and Management development grant but from April 2011 we will prioritise support for small and medium sized businesses that demonstrate a potential for growth. This grant will complement other support available to small and medium sized enterprises to support growth through the Business Improvement Programme.

24. Small and medium sized high growth businesses will be able to access in depth information about skills through new Growth Hubs. These will provide strategic advice, coaching and mentoring and access to other publicly and privately funded business support.

## CHAPTER FOUR – A REFORMED SYSTEM WITH INCREASED FREEDOM

- *We will no longer impose top down skills targets.*
- *We will streamline the organisational landscape*
- *We will simplify systems and processes with a much simpler funding system and, where appropriate, greater alignment across pre- and post-19 systems*
- *We will remove regulations to free colleges to deliver for their local communities*
- *We will act decisively to tackle unacceptable performance*

### Introduction

1. Helping learners and employers identify the training they need is not sufficient if the supply side cannot respond to their demands quickly and flexibly. A dynamic economy needs a dynamic skills system, which is not hampered by complicated bureaucracy and regulation, and one that can work with businesses to support them to grow and develop.
2. As John Hayes, Minister for Further Education, Skills and Lifelong Learning said at the Queen's Speech Forum on 10 June 2010, "*We must replace the bureaucratic, target-driven, top-down regime to which colleges and learners alike have become used with a genuine devolution of power within the system. I see the Government's primary role as being to create a framework which helps individuals and their employers to get at the learning they want or need. An indispensable part of achieving that goal is removing the barriers that get in the way of learning providers' efforts to respond to what their customers are asking for.*"

3. We will give greater freedom to colleges and providers in three main ways. The first of these is to reduce the number of bodies in the skills landscape and streamline those that remain. Secondly, we will simplify systems and procedures, including the funding system, to cut down on bureaucracy and enable the system to operate more efficiently. Thirdly, we will remove regulation and introduce freedoms and flexibilities for the sector.

## Reducing the number of bodies in the further education and skills landscape

### 157 Group response to consultation

***In order to make the system more responsive to employer needs the Government needs to do less rather than more. It should be for colleges and other providers to actively engage with local employers in order to keep abreast of their emerging needs in particular contexts. Central or even regional attempts to predict demand are inevitably too broad brush and inflexible.***

4. The further education and skills landscape is overcrowded, costly, and requires colleges and providers to interact with too many intermediary bodies each with their own superstructures. This gets in the way of flexibility, innovation and efficiency. It inhibits the needs of learners, employers and communities and there is room for significant simplification.
5. We will abolish Regional Development Agencies. Instead, local enterprise partnerships will lead the transformation of their local economies. We believe that these partnerships, covering natural economic areas, will be able to respond to local needs and priorities much better than the regional structures they replace.
6. Other simplifications include:
  - Transferring UK Skills into the Apprenticeship service, part of the Skills Funding Agency;
  - Transferring ownership of the Learning and Skills Improvement Service to the further education sector from April 2011;
  - Working with the Institute for Learning so that it becomes a self financing body by March 2013;
  - No longer publicly funding Standards and Verification UK by March 2011;
  - Moving Ufi/learndirect out of the public sector;
  - Abolishing BECTA and the Qualifications and Curriculum Development Agency.

## Simplifying systems and procedures

### Suffolk County Council response to consultation

***Providers welcome simplification of the current system which would allow more concentration of resources on providing adequate advice and guidance to learners and employers and delivering a quality learning experience.***

7. We will simplify the funding structures for adult learning and make them more transparent by reducing the number of separate budget lines, cutting down the number of interactions between colleges and providers and the Skills Funding Agency, reducing the number and types of audits including form filling, and reducing the number of providers of adult learning with direct contracts with the Skills Funding Agency.
8. We will transfer responsibility for dispensing 16-18 calculated grants to further education colleges and independent training providers on behalf of the Young People's Learning Agency to the Skills Funding Agency so that further education colleges and other further education providers will have a single point of contact with one agency, with a single discussion on performance and audit. The Young People's Learning Agency will remain responsible for calculating 16-18 grants for named colleges on the basis of lagged pupil numbers and the 16-18 funding formula.
9. In addition, we are working with the Department for Education, Young People's Learning Agency and the Skills Funding Agency to secure greater alignment where appropriate between the pre- and post-19 systems to achieve greater efficiencies and reduce bureaucracy for colleges and other providers.
10. A new proportionate performance management system will place greater reliance on the sector taking responsibility for its own performance and will focus on self assessment, peer review and improvement work and transparent performance information. We will also lighten the touch of further education quality assurance. For example all colleges and training providers judged 'outstanding' will be exempt from Ofsted inspection unless their performance drops. However, underperformance will be quickly identified and robustly

addressed, with inadequate providers removed from the register of providers eligible for public funding.

11. We will also seek to reduce the bureaucracy and costs associated with colleges and other providers purchasing qualifications. This may be achieved by developing improved procurement support and guidance and a procurement framework mechanism through which the sector can buy services from Awarding Organisations from an agreed service catalogue. We will also support the college sector to consider the feasibility of developing its own awarding capability. There is also potential for more streamlined recognition from Awarding Organisations so that colleges do not need to submit for additional recognition when they engage other Awarding Organisations and can be more selective about the services they wish to purchase.
12. Data is needed to account to Parliament and the public on use of public funds, to enable college and provider performance management, and to inform learner choice. But we will ensure that data is only collected when needed for these purposes and that we minimise collection burdens as far as possible. We will improve data collection, dissemination and sharing, rather than collect the same data for different uses.

## Removing unnecessary regulation

### Institute of Directors response to consultation

***We support the goal to move FE towards greater self regulation, as in HE. There is, though an important balance to strike here in reducing unhelpful bureaucracy whilst maintaining the audit and inspection systems necessary to provide the evidence and information about quality so necessary to employers and individuals.***

13. Our third way of freeing up the sector will be by removing central planning targets and unnecessary regulation giving colleges and training providers the freedom to make their own judgements and decisions about how best to manage their internal affairs for the benefit of learners, employers and their wider communities. We therefore intend to use

the next available legislative opportunity to remove unnecessary statutory powers and duties imposed on colleges by central government and our agencies.

14. This will include removing duties that dictate how colleges interact with the communities they serve, and limiting the powers of intermediary bodies to intervene in college business decisions. As part of this process we will also review the financial memorandum that sets out the financial relationship between the Skills Funding Agency and colleges. The aim will be to remove or relax any unnecessary or disproportionate controls, while still maintaining an effective governance framework for the delivery of publicly funded training. We also plan to repeal the legislation which gives the Secretary of State the facility to specify by order an area for which specified bodies may formulate and keep under review a skills strategy; and to repeal the provisions governing the establishment of the London Employment and Skills Board under the Apprenticeships, Skills, Children and Learning Act 2009.

#### Northumberland National Park Authority response to consultation

***Shifting focus to end user needs, rather than responsive to Government demands should open the system to offer good value for money as training will be able to develop in a demand-led way. The measures should encourage innovative solutions to real gaps in skills provision especially in rural areas where access to college based learning is difficult for learners.***

### Greater responsiveness to individuals, employers and local communities

#### 157 Group response to consultation

***In a demand-led system, the market will hold colleges and other training providers to account; those who fail to respond to the needs expressed by individual adults and individual employers will find their funding reduces as that of more responsive competitors grows. We also believe that individual employers are the best judges of which training adds real economic value and would be wary of any attempt to interfere with the free expression of those choices, however well intentioned.***

15. The main driver in this new system is empowered learners and businesses. We expect that by giving learners and employers a good range of information about the curriculum

and the quality and value of different learning opportunities (as set out in chapter 3) they will be better informed to make choices about where and what to learn. This will drive a step change in the quality of learning and establish clear accountability of providers to their customers rather than of providers to government.

16. Learners and employers will be able to influence skills provision by using the information about further education we are making publicly available to choose the courses that best suit their needs. We are also improving opportunities for them to give feedback on the service they receive, so that other customers can learn from their experience, and providers can use their comments to continue improving quality and services.

#### Local Partnership Working in the West of England

**The employer-led West of England Skills and Competitiveness Board covers the Bristol city-region economic area. It has recently developed and formalised an agreement with all five FE colleges in the area.**

**The Board's functions are to be incorporated into those of the newly formed local enterprise partnership and an agreement with colleges will ensure that the further education sector plays a full part in securing the transformation of the local economy.**

**The joint agreement sets out how employers and colleges will work together to develop a training plan for the area that delivers the skills required for its economic priorities. The agreement provides a framework of accountability to local business without placing any additional burdens on colleges or interfering with their primary relationship with their direct customers. The agreement will run alongside the local enterprise partnership's overall plan, initially for three years. The plan will: (a) demonstrate that the partners have a set of priorities which are driven by the wider job and growth ambitions set out by the LEP; (b) assess current and future skills needs in relation to those priorities; (c) and will set out actions to take joined-up action in growing, sustaining or modifying provision.**

17. We will also encourage higher and further education institutions to work together collaboratively, through self-organised networks, so that they can engage with their local enterprise partnership to ensure alignment between the economic development priorities and the skills provision available locally. This will include colleges consulting local enterprise partnerships, as well as other employer-led boards, local authorities and

Jobcentre Plus, on their business plans and how public funding can be aligned so that it contributes to local economic and community demand. Colleges will self-assess delivery against the plans, taking account of feedback and develop strengthened peer-led review assessment and monitoring approaches including Codes of Practice on effective governance, complaints and remedy mechanisms which drive improvement.

18. These arrangements will operate on the basis of partnership and agreement and local enterprise partnerships will not have formal powers to direct or control the activity of skills providers. Therefore college governors will have a critical role in ensuring that their college develops a meaningful relationship with the local enterprise partnership, is responsive to the needs of the local community and supports the economic ambitions of the area. Where local partners feel the sector is not responding they will be expected to challenge the leadership of the sector locally, including college governors and principals and to raise issues with representative bodies, who are expected to take a stronger peer role in driving up improvement.
  
19. To support local enterprise partnerships and other local economic areas to understand what is being delivered and how well, the FE Data Service (located within the Skills Funding Agency) will publish regular information so that they and others can assess the extent to which skills delivered match their economic priorities. The Data Service is discussing with a small number of local partnerships what information would be useful, and will trial the results, initially in Greater Manchester.

## Collaboration and federation

20. We will build the capacity of the college sector to work collaboratively on the efficient delivery of both back office functions such as the procurement of goods and services and front line services supported by the more effective use of benchmarking data to identify efficiencies and adopt best practice in the sector. We have established an Efficiency Innovation Fund, which has committed £2.6 million so far, to help colleges to address some of the barriers to collaboration around technical and legal issues, system and process issues, and culture. Twenty one projects have been set up across the country to

explore a range of models including college-owned companies providing shared back office functions or acting as managing agent for out-sourcing these functions.

### Efficiency Innovation Fund – Exploratory Projects (national)

**102 Colleges across England are to receive a share of a new FE Efficiency and Innovation Fund. The Fund's aims are to find the best ways of sharing functions such as ICT, finance, HR, curriculum and exam administration. Colleges selected to participate in the projects all recognise that collaborative working has the potential to significantly improve college efficiency, which is particularly important in the current economic climate.**

- **Thirteen colleges in two separate projects are reviewing how existing members can form the basis for shared service**
- **Five colleges and a range of partners including a university, four local authorities, schools and voluntary organisations are working in different projects to develop strategic cooperation arrangements**
- **Seven colleges in two different projects are working with business partners to develop a collaborative outsourcing approach to shared services**
- **Two colleges are working on a project to embed joint governance for shared services.**

21. Colleges will also collaborate and may federate to ensure the most efficient use of resources, with more shared services and curriculum specialisation, to improve the quality of their offer, while reducing administration and other costs. The removal of the detailed requirements of the funding system around how learning is delivered will enable much more innovative and cost effective approaches for adult learning. This will be supported by developing strengthened sector-led peer review assessment and monitoring approaches including Codes of Practice. These will be essential tools in delivering ever better provision at a time of fiscal austerity.

### North Devon Skills Boards

***The planned measures are wholly to be welcomed. They imply a reduction in wasteful competition between colleges and others and the encouragement of collaboration instead.***

## Landex response to consultation

***Government should encourage, assist and support groups of colleges (such as those involved in Landex) who also have a track-record of success in improving quality to build on that activity and apply the same approaches to improving responsiveness, procurement, financial benchmarking and optimising commercial income. It is also important to trust colleges to get on with the task of being more efficient and responsive in their own individual ways.***

## Opening up provision to new entrants

22. High quality further education is at the heart of our strategy for skills. Our freedoms agenda recognises that colleges and other providers are in the main excellent institutions. However, as in all strands of life, there can be those few exceptions that bring down the reputation of the whole sector. This Government is committed to tackling failure head on whether that is in schools, hospitals or the college sector. We believe that inadequate performance must be identified quickly and tackled robustly. Those who do not meet minimum levels of performance will not have their contracts renewed for the relevant provision.

23. In the past, when it became clear that action had to be taken on a failing college the default position was to look at options for merger with other colleges. We believe that this approach is too narrow and fails to address the real issues of driving up quality and enabling choice. We therefore want to open up the opportunity to run a local college to others in the independent and private sector who can bring both a wide range of talent and experience to the job and an employer-led focus. These could be drawn from groups of employers, independent training providers and other employer-led organisations, and we would expect them to have established track records in managing high quality delivery, and to use this experience to drive up standards within the college. We will publish further details of this approach in Spring 2011.

## ANNEX – Measuring success

BIS has recently published its departmental business plan which forms part of the Government's performance framework - the Public Services Transparency Framework. This framework replaces the previous public service agreement targets with a new system of *democratic accountability*. The twin aims of the framework are to: improve the quality of public services through '*structural reforms*' that put more power in people's hands; and to ensure value for taxpayers' money through the Government's '*transparency*' agenda. This is being delivered through the open publication of data on performance and spending, enabling individual citizens to hold public service providers and the Government to account.

For the further education and skills agenda we have included 4 indicators in the business plan (subject to consultation):

- the proportion of graduates and college leavers going onto employment or further training;
- international comparison (within the OECD) of the qualification levels of the working age population in England;
- the funding per student in further education; and
- the administrative cost of the further education system as a proportion of total funding to further education colleges.

Whilst we are not setting any targets it is clear that we will still want to assess for the department at a national level what the impact of the skills strategy has been. We have in consultation with key partners developed an additional set of measures (based on already published data sources) for performance monitoring to be used in our internal governance and risk management processes.

These are not to hold others to account, as local communities, local businesses and individual learners will hold the sector to account for the services they provide. These are simply to ensure we can take a view over the longer term about whether the strategy has had the intended impact to support the system to become more demand led which in turn should drive up both quality and participation.

We will continue to monitor the impact of the strategy on different groups to inform ongoing policy development, and data will be published where appropriate disaggregated by ethnicity, gender, disability and age.

These high level indicators are as follows:

Outcomes we aim to achieve	Indicators and Measures
<ul style="list-style-type: none"> <li>Increased <b>productivity and employment</b> as a result of an internationally competitive skills base</li> <li>Increased <b>numbers of skilled jobs and skilled people</b> at all levels</li> </ul>	<ul style="list-style-type: none"> <li>The percentage of working age people who have achieved at least Level 2, Level 3, or Level 4 - and compared with international benchmarks</li> <li>The number of people, in publicly funded provision, achieving for the first time at a higher level in basic skills, Level 2, Level 3, or Level 4+</li> </ul>
<ul style="list-style-type: none"> <li>Skills gained by adults have high <b>economic value</b>, both through publicly or privately funded training, and provide progression to higher levels of learning</li> </ul>	<ul style="list-style-type: none"> <li>The number and proportion of learners who go onto further learning (at a higher level), into (improved) employment or who achieve wage gain</li> </ul>
<ul style="list-style-type: none"> <li><b>Increased investment in training</b> by employers and individuals increases in response to improved opportunities and incentives, and <b>increased numbers of Apprenticeships</b> being jointly provided by employers and government.</li> <li>Increased <b>use by employers of qualifications</b> as a means of assuring quality in their training</li> </ul>	<ul style="list-style-type: none"> <li>The level of investment in training and skills by employers (we will look for options to differentiate between certified and non-certified training)</li> <li>The number of people completing Apprenticeships (all ages, all levels)</li> </ul>
<ul style="list-style-type: none"> <li>Increased engagement by employers with <b>publicly funded colleges and training providers</b>, in recognition of the quality and relevance they offer</li> </ul>	<ul style="list-style-type: none"> <li>The proportion of employers who are satisfied with HE, FE and private training provision</li> </ul>
<ul style="list-style-type: none"> <li><b>Reduced skill deficiencies</b> at local, regional or sectoral level, because they are quickly identified and tackled, through the demand led skills system.</li> </ul>	<ul style="list-style-type: none"> <li>The proportion of employers reporting skills shortages and gaps</li> </ul>
<ul style="list-style-type: none"> <li>Improved <b>social mobility and opportunities for adult learning</b> available in all parts of the country</li> </ul>	<ul style="list-style-type: none"> <li>The proportion of people participating in lifelong learning, by area and by socio-demographic groups</li> </ul>
<ul style="list-style-type: none"> <li>Reduced numbers of 18-24 year olds who are <b>NEET</b></li> </ul>	<ul style="list-style-type: none"> <li>The percentage of those aged 18-24 who are Not in Employment, Education or Training (NEETs)</li> </ul>

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Any enquiries regarding this publication should be sent to:

Department for Business, Innovation and Skills  
1 Victoria Street  
London SW1H 0ET  
Tel: 020 7215 5000

If you require this publication in an alternative format, email [enquiries@bis.gsi.gov.uk](mailto:enquiries@bis.gsi.gov.uk), or call 020 7215 5000.

**URN 10/1274 Skills for Sustainable Growth – Full Report**