

# thinking: new economy

## BRIEFING 02

### SKILLS FOR GROWTH: THE NATIONAL SKILLS STRATEGY

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Please direct any questions or comments regarding this paper to:

**Commission for the New Economy**

Economic Strategy Team

Tel: 0161 237 4127

E-mail: [john.holden@neweconomymanchester.com](mailto:john.holden@neweconomymanchester.com)

THINKING NEW ECONOMY:  
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**Skills for Growth: the National Skills Strategy**

*Skills for Growth sets out the Government's strategy to boost England's skills profile in a climate of impending reduced government spending. The Strategy outlines a more interventionist approach to skills planning focused on the development of intermediate technical skills in key growth sectors to boost the UK's international competitiveness, promote economic and social inclusion, and support economic recovery. The Strategy also sets out the Government's intention to simplify England's skills system.*

SOURCE:

Department for Business Innovation and Skills

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COMMENTARY

The *Skills for Growth: the National Skills Strategy* White Paper was published by the Department for Business, Innovation and Skills on November 11<sup>th</sup> 2009. It is relatively light on detail, with many of the new interventions and proposals presented in headline form with the promise of further detail to come. As had been widely anticipated, *Skills for Growth* fleshes out the 'skills activism' approach outlined in *New Industries, New Jobs*, and sets out a shift in the Government policy towards a more interventionist approach to skills planning focusing on the development of intermediate technical skills in key growth sectors. As would be expected, it is pragmatic regarding the funding available for skills given the current state of public finances.

Importantly for Greater Manchester, given the Statutory City Region (SCR) Pilot proposal that the City Region be given formal strategy setting powers over adult skills, *Skills for Growth* reiterates the value of city-regions working across local authority boundaries to identify future sectoral skills needs and develop skills strategies. *Skills for Growth* confirms that the Regional Development Agencies will lead the development of regional skills strategies and, mirroring the approach that Greater Manchester has adopted through the development of the SCR agreement, stresses the importance of regional and sub-regional strategies being aligned. Other key announcements include:

- **Measuring the success of the skills system by employment and other outcomes**, not just qualifications targets. This is a sensible and positive development, but no detail is provided on how these other outcomes will practically be measured.
- **Stopping funding through Train to Gain of second Level 2 and 3, and individual units/short courses** reverses what was a real positive step forward in meeting employers' and individuals' needs. Further, the Train to Gain budget will be reduced as the Government intends to fund the initial costs of the new advanced apprenticeships places (£17 million) and Joint Investment Schemes (£20 million) by re-prioritising funds within Train to Gain. (It should be noted that the Conservatives have already pledged to scrap Train to Gain so this is a vulnerable budget in the medium term)
- **Individual Skills Accounts** are set to be much narrower than originally proposed in Leitch and will, to all intents and purposes, just be an information source to inform learners of the funding and support they are entitled to, brokered through the new Adult Advancement and Careers Service.
- The **introduction of clear, consistent "traffic light" data about every college and every course** is a positive step towards more informed learner choice. However, *Skills for Growth* does not obligate colleges and other learning providers to collect information on learner destinations and labour market outcomes which will mean the information will have critical gaps.
- **Doubling advanced apprenticeship places for young adults, creating 20,000 apprenticeship places using procurement contracts let across government, and developing University Technical Colleges** all support Greater Manchester's aspirations for skills development.
- **Piloting a Joint Investment Scheme** with a small number of sector skills organisations in areas key to economic recovery is potentially a positive step, more detail is promised. In GM we would particularly want to see the low carbon sector prioritized for funding at all levels.
- **Delaying developing clear policies to promote employer skills utilisation** until the reviews by the UK Commission of high performance working are published, which is a clear gap in the strategy.
- **Further simplification of the skills system** is sensible, particularly as the Government recognises the important role that can be played by local and subregional structures.

## SUMMARY

*Skills for Growth* sets out the Government's strategy for skills under six objectives. The key points from each are outlined below:

### ***Promote skills for economic prosperity by:***

- Setting a new overarching ambition for our higher education and skills systems that three-quarters of people should participate in higher education or complete an advanced apprenticeship or equivalent technician level course by the age of 30.
- Measuring the success of the skills system by employment and other outcomes, not just qualifications targets.

### ***Expand the apprenticeship system to build a new technician class by:***

- Almost doubling advanced apprenticeship places for young adults - up to 35,000 new advanced and higher-level apprenticeships beginning over the next two years. Funding investment to support this will rise from around £17 million in 2010-11 to £115 million in 2014-15.
- Developing University Technical Colleges to offer new opportunities for 14-19 year olds to undertake vocational and applied study.
- Creating an Apprenticeship Scholarships Fund, to provide a "golden hello" of up to £1,000 to 1,000 of the best apprentices seeking to go into higher education.
- Boosting the numbers and availability of Level 4 apprenticeship frameworks.

### ***Ensure the system responds to demand from businesses, while better supporting key sectors, by:***

- The Skills Funding Agency, from April 2010, switching more funding into the sectors and markets where it can make a demonstrable difference in underwriting necessary skills development. Priorities for increased funding include life sciences, digital media and technology, advanced manufacturing, engineering construction and low carbon energy.
- The UK Commission will work with employers to ensure full understand the short, medium and long-term skills needs of the economy. This will span both training and higher education institutions. Regional Development Agencies, city regions and local authorities will feed in their knowledge of demand in different parts of the country.
- Strengthening the links between the work of the Migration Advisory Committee and training priorities in the skills system.
- Giving an important new strategy setting role to the Regional Development Agencies. Regional Development Agencies, working in partnership with the Sector Skills Councils, local authority leaders and sub-regional bodies, will take responsibility for producing regional skills strategies that will articulate employer demand and more closely align skills priorities with economic development. The Skills Funding Agency will contract with colleges and providers to deliver the skills priorities in these strategies.
- Piloting a Joint Investment Scheme with a small number of sector skills organisations in areas key to economic recovery, at skilled technician and associate professional levels.
- A fifth competitive bidding round of the National Skills Academy programme.

### ***Empower all adults to equip themselves for future jobs by:***

- Introducing skills accounts for every learner. Accounts will signal to learners what training they are entitled to, the levels of public funding available, and any fees they will need to pay. They will signpost learners to wider support, such as Professional and Career Development Loans, and the full range of information, advice and guidance services.
- Developing a new, user-friendly public rating system for every college and every course to empower learners in the choices they make about their future by introducing clear, consistent "traffic light" data about every college and every course, including, where possible, its record of getting people into jobs.
- Setting out next steps on employment and skills in more detail in the forthcoming employment White Paper, which will include a new single purse funding approach to streamline current funding arrangements, subject to spending priorities.
- Continuing aligning Jobcentre Plus and the adult advancement and careers service with a view to providing a fully integrated and seamless support offer to customers to ensure they find work, stay in work and progress.
- Testing a range of approaches to ensure more colleges across the country offer people the chance to "Qualify with a Business".

***Raise recognition among business of the value of investing in workforce skills to improve productivity by:***

- Helping companies accessing business support schemes to develop clear policies for making effective use of the skills already in their workforce. The Government intends to examine carefully the reviews by the UK Commission of high performance working, and work with the Commission to progress its recommendations. In the meantime, the Government will work with Regional Development Agencies on the development of Business Link diagnostics so that companies accessing Train to Gain support or other government business support are helped to utilise the skills their employees gain in achieving their business growth objectives.
- Promoting skills and apprenticeship opportunities through the procurement contracts let across government, delivering 20,000 apprenticeship places over the next three calendar years.
- Working with business to ensure effective implementation of the proposed legislation on the right of employees to request time to train.
- Being sympathetic to employer proposals for new occupational licensing arrangements.

***Improving the quality of provision within a simpler skills system by:***

- Ensuring the best colleges and training institutions benefit from simpler funding and monitoring arrangements, in exchange for more publicly available data about performance.
- Reducing the number of separate publicly funded agencies by over 30, including.
  - Making the Learning and Skills Improvement Service a sector owned body, incorporating the range of quality development functions. Increasingly the Government will move funding for quality improvement and workforce development to colleges and providers.
  - Investors in People UK will cease to operate as a separate organisation and the Investors in People standard will be overseen by the UK Commission from next April.
  - The Qualifications and Curriculum Development Authority will not play a role in adult qualifications from 2010.
  - Asking the UK Commission to bring forward proposals for a substantial reduction in the number of separate Sector Skills Councils by 2012.
  - No longer having Regional Skills Partnerships as separate bodies from the Regional Development Agencies.
- Recognising the important role that can be played by local and subregional structures and ensuring that there is clarity about each of their responsibilities.
- Switching resources away from the programmes that contribute least to the Government's strategic priorities. In 2010-11, the Government will fund the initial costs of the new advanced apprenticeships places (£17 million) and Joint Investment Schemes (£20 million) by re-prioritising funds within Train to Gain.
- Ensuring the system supports an increased focus on priority sectors identified by the UK Commission, while maintaining a strong commitment to funding entitlements, dedicated training to help the unemployed back to work and provision for priority learner groups. All commitments will be met through the reprioritisation of existing budgets. In support of this the Government will:
  - Stop the full funding of repeat qualifications within Train to Gain, shifting resources to medium and long term skills priorities for those who do not yet have qualifications at Levels 2 and 3. The flexibilities for small and medium sized enterprises to access fully funded unit and short qualifications will also be withdrawn.
  - Focus on those training programmes that offer the biggest skills gain for individuals, rather than activity that assesses existing skills.
  - Increase the volume of training that depends on matched funding either from an employer or an individual.
  - Stop funding training that contributes least to the Government's strategic priorities, in terms of student success or economic impacts, while ensuring that all communities have access to adult learning and skills.