



House of Commons  
Innovation, Universities,  
Science and Skills Committee

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**Re-skilling for recovery:  
After Leitch, implementing  
skills and training policies**

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**First Report of Session 2008–09**

***Volume I***

*Report, together with formal minutes*

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## The Innovation, Universities, Science & Skills Committee

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### Staff of the Committee during the inquiry

Dr Lynn Gardner (Clerk); and Dr Edward Waller (Second Clerk).

### Contacts

All correspondence should be addressed to the Clerk of the Innovation, Universities, Science & Skills Committee, Committee Office, 7 Millbank, London SW1P 3JA. The telephone number for general inquiries is: 020 7219 2793; the Committee's e-mail address is: [iuscomm@parliament.uk](mailto:iuscomm@parliament.uk).

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## Summary

Lord Leitch published his review of skills two years ago, in December 2006. It set out ambitious targets for ‘upskilling’ the UK population which the Government adopted enthusiastically. But since then the economic climate has worsened, and our evidence was taken at a time when the thrust of skills policy was already under review.

Some of the evidence we took questioned the fundamental philosophy of Lord Leitch’s prescriptions, particularly at a time when people are moving between different types of employment, not just looking to increase their overall skills levels. Reskilling, rather than upskilling, is increasingly becoming the norm and it is our view that targets and the Government’s allocation of resources must change to reflect that.

We heard pleas from practitioners for simplification. Colourful phrases were used about how training and skills provision looks to those who come into contact with it: “a pig’s ear or a dog’s breakfast”, “a very complex duplicating mess”, “almost incomprehensible”, “astonishing complexity and perpetual change.” One witness told us that “I do not think there is an employer in the land who understands what the elements of the new system are, particularly pre-19”.

At regional level there is particular confusion and this may get worse with the abolition of the Learning and Skills Council and the creation of a new Skills Funding Agency for post-19 training. The Government must work speedily to create clarity on the roles of the many different organisations in the new funding landscape. In addition, it needs to cast a critical eye on the performance of the different RDAs, which is best described as patchy. We look forward to the review by the UK Commission for Employment and Skills of Sector Skills Councils, and we hope this will streamline the system from the sectoral perspective.

Taking the national, regional and sectoral complexities together it seems to us that much of this system is impenetrable to everyone apart from possibly a few civil servants and a handful of academics. The diagrams at the back of the report speak for themselves. And this matters. It matters because it is not the civil servants and the academics who typically have to access or deliver training, it is individuals, their employers and training providers. The Minister challenged us to say which activities should be stopped in the name of simplification—a fair point—but we challenge the Government to recognise that no-one’s interests are accommodated if users cannot use the system because they do not understand it.

Lord Leitch suggested that there was a ‘triangle’ of skills provision, with employers, individuals and the Government all playing a role. He did not address in detail the role of training providers, whether in HE, FE or privately funded. We have taken a great deal of evidence in this area. We recommend that HEFCE’s regional focus should be sharpened, to improve HE/FE collaboration. We also urge a greater recognition of the involvement of trade unions in workplace learning.

One of the central planks of the Leitch reforms is ‘Train to Gain’ through which employers gain access to funding and advice on training. We received evidence which was highly

critical of the way the programme currently operates. We conclude that radical reform is needed.

Finally, a Children, Skills and Learning Bill is to be introduced which, among other things, will contain provisions to set up a new Adult Advancement and Careers Service. The key to making this new Service a success will be quality. Given the current challenging times the Service must serve diverse target markets—and in particular those skilled people with professional or managerial experience who need to change career. Early, expert interventions are required.

We conclude that while the Leitch review was produced during a period of economic optimism, the climate has now changed. These programmes involve millions of pounds of taxpayers money, they play a large part in the success of UK companies and the UK economy and, perhaps most importantly, they make a difference to the lives of millions of people. The current economic situation has raised the stakes: skills policy could be the key factor which determines how and when the UK economy recovers and grows. Government must accept this and drive the agenda forward.

# 1 Introduction

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## Skills in the UK

1. In December 2004 the Government commissioned Lord Leitch to identify the UK's "optimal skills mix in order to maximise economic growth, productivity and social justice".<sup>1</sup> His report, published two years later in December 2006, was a call to arms, recalling the UK's position in the 19<sup>th</sup> Century, leading the world in the industrial revolution, and comparing this to the likely consequences if the UK did not take up the challenge to unlock the potential of the population: "Without increased skills, we would condemn ourselves to a lingering decline in competitiveness, diminishing economic growth and a bleaker future for all".<sup>2</sup> Leitch stated bluntly that the UK's skills "are not world-class" and concluded "despite substantial investment and reform plans already in place, by 2020, we will have managed only to 'run to stand still'", as competitor countries continue to improve their skills base.<sup>3</sup>

2. Lord Leitch's assessment was based upon depressing statistics revealing the level of skills among the UK working population. At the time of the report, over a third of adults lacked the equivalent of a basic school-leaving qualification, nearly half of all adults lacked numeracy skills and one in seven was not functionally literate.<sup>4</sup> Figures from 2006 placed the UK 17<sup>th</sup> among the 30 OECD countries in terms of the proportion of 25–64 year olds with low qualifications.<sup>5</sup>

3. To remedy this situation and to achieve the ambition for the UK to become a world leader in skills, Lord Leitch recommended "radical change right across the skills spectrum".<sup>6</sup> He focussed on adult skills, in recognition that 70% of the 2020 workforce had already left school, and proposed a series of objectives for 2020:

- 95% of adults to achieve basic skills of functional literacy and numeracy (up from a 2005 base of 85% and 79% respectively)—also known as a *Level 1* qualification;
- over 90% to have basic school-leaving qualifications (69% in 2005)—also known as a *Level 2* qualification, equivalent to 5 GCSE's at A\*-C;<sup>7</sup> and
- over 40% to be qualified to degree level or above (29% in 2005)—also known as a *Level 4* qualification.<sup>8</sup>

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1 HM Treasury, *Prosperity for all in the global economy—world class skills, Final Report*, December 2006 (referred to in this report as the 'Leitch Review of Skills'), Executive Summary, p 6, para 1

2 *Leitch Review of Skills*, foreword

3 As above

4 As above

5 *Skills: statistics and recent developments*, House of Commons Library Standard Note SN/EP/4504, October 2008

6 *Leitch Review of Skills*, foreword

7 With a "commitment to go further and achieve 95% as soon as possible" (*Leitch Review of Skills*, p 3)

8 *Leitch Review of Skills*, p 3

4. Other key recommendations in the report included routing all public funding for adult vocational skills in England, apart from community learning, through Train to Gain and Learner Accounts by 2010, strengthening the employer voice through the creation of a new body, the UK Commission for Employment and Skills (UKCES), reforming Sector Skills Councils, a new 'Skills Pledge' for employers to commit voluntarily to train all eligible employees up to Level 2 in the workplace, extending Train to Gain to higher levels and creating a new integrated employment and skills service.<sup>9</sup>

5. There have been many reports on skills in the UK since the industrial revolution invoked by Lord Leitch. One commentator observed:

Once in every generation, at least, the government panics about a perceived skills shortage in the UK economy. It's a crisis. Everyone gets blamed. A report is commissioned. Reforms are proposed. A new quango is established. Deadlines are set. Not much seems to change. Then there is another panic ... And so it is once more.<sup>10</sup>

6. But Lord Leitch spoke of the uniqueness of his review. Firstly, he noted "In the past there have been very many useful studies into skills, but there are certain features which did distinguish us. One was the width and the depth of the study; second was the duration of the study and, third, the emphasis on the study." He added:<sup>11</sup>

We spent a lot of time influencing and consulting; we had great input from a whole series of contributors, gaining agreement right across the United Kingdom. Gaining agreement was critically important, and we tried to make the study as apolitical as we possibly could. We raised and defined the agenda and then in the summer of 2007 that agenda and those recommendations became government policy, and that was the difference we made."

7. In its response to the Leitch Review in July 2007<sup>12</sup> the Government added one extra target (namely, 68% of the adult population to be qualified at level 3 by 2020)<sup>13</sup> alongside measures to implement the review programme. Most of the recommendations were accepted, although the Government took the view that routing all adult vocational skills funding in England through demand-led routes by 2010 would create "unacceptable risks" to colleges and training providers.<sup>14</sup> It also rejected the suggestion that UKCES should have a role in licensing Employer Skills Boards (ESBs) as it did not want to "prescribe one standard model".<sup>15</sup>

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9 *Leitch Review of Skills*, p 4-5

10 Kevin Donovan, Association for Learning Technology, January 27 2007  
[http://newsletter.alt.ac.uk/e\\_article000730193.cfm?xb11,0,w](http://newsletter.alt.ac.uk/e_article000730193.cfm?xb11,0,w)

11 Oral evidence taken before the Committee on 28 April 2008, HC (2007-08) 471-i, Q 1

12 Department for Innovation, Universities and Skills, *World Class Skills: Implementing the Leitch Review of Skills in England* (referred to in this report as '*World Class Skills*'), Cm 7181, July 2007

13 Ev 101, para 2.5

14 *World Class Skills*, para 1.11

15 *World Class Skills*, para 3.31



8. In order to finance these initiatives the Comprehensive Spending Review settlement for the Department for Innovation, Universities and Skills for the period 2008–09 to 2010–11 allocated funding of £5.3 billion a year by the end of the period “to increase adult skills and apprenticeships and make progress against the Leitch ambitions for world-class skills”, with the aim of providing 3.7 million adult qualifications.<sup>16</sup>

## Our inquiry

9. *World Class Skills*, the Government response to the Leitch review, describes itself as “the first significant document to be published by the new Department for Innovation, Universities and Skills”.<sup>17</sup> The implementation of the Leitch agenda therefore offered itself as a priority for investigation by ourselves as the newly established select committee scrutinising the work of DIUS. Such an inquiry would also continue the work of one of our predecessors, the Education and Skills Committee, which was an indirect casualty of the machinery of government changes of June 2007. On 4 March 2008, therefore, we announced our inquiry, aiming to examine how responses to the agenda set out in the Leitch Report would affect the broader structures of further education (FE), higher education (HE) and lifelong learning. We specifically invited submissions on:

- the responses of RDAs to Leitch and how coherent and structured these are;
- what the existing regional structures of delivery are and what sub-regional strategies may be required;
- the role of the Learning and Skills Council and Sector Skills Councils in this context;
- the respective roles of the further education and higher education sectors in delivering a region-based agenda for Leitch and their coordination with one other; and
- the impact on students of these initiatives, particularly in the context of policies for lifelong learning.

10. These terms of reference centred on regional responses, which we remain convinced are central to the successful delivery of skills policies, but the central role of Government emerged strongly from the evidence and we have reflected that development in this Report.

11. We are grateful to all those who gave written and oral evidence (which was taken by a dedicated Sub-Committee) during this inquiry. We were particularly pleased to launch the inquiry with an evidence session in Leeds which enabled us to focus on the range of players involved in the skills agenda in a single region, and we thank those who arranged and participated in that highly informative and useful visit. Transcripts of the oral evidence sessions are published alongside this Report, together with written evidence submitted to the inquiry. We also benefited from the minutes of a meeting convened by one of our members, Gordon Marsden MP, at Warrington Business School on 3 October. This gave

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<sup>16</sup> HM Treasury, *Meeting the aspirations of the British people*, 2007 Pre-Budget Report and Comprehensive Spending Review, Cm 7227, October 2007, p 212 and para D4.9

<sup>17</sup> *World Class Skills*, p 8

us an additional regional perspective and a summary of the meeting is published in Volume 2 of this Report.

12. As a prelude to our inquiry we took evidence on 28 April 2008 from Lord Leitch. This session was the last in a series of familiarisation sessions with key figures within our areas of responsibility which we organised in our first few weeks of existence as a new Committee. We are grateful to Lord Leitch for his evidence and we have drawn on his comments and observations throughout our inquiry and this Report.

13. Our special advisers for this inquiry were Chris Hughes CBE, formerly Chief Executive of the Learning and Skills Development Agency and Professor Ewart Keep, Deputy Director, ESRC Centre on Skills Knowledge and Organisational Performance, University of Cardiff. We are very grateful for their assistance.

## Our Report

14. This Report does not attempt a detailed analysis of all the programmes, reforms and structures involved in the implementation of skills policy in recent years. Instead, it takes a critical overview of the impact of the Leitch agenda and assesses how the UK, and more specifically England, can move towards achieving the ambitious targets within a tight timescale. This has to be put in context of the current economic climate which is very different from that in which Lord Leitch conducted the review, and should place skills development right at the top of the political and employment agenda. In a recent open letter to UK employers Sir Michael Rake, Chairman of UKCES, Mervyn Davies CBE, Chairman of Standard Chartered plc, Brendan Barber, General Secretary of the TUC, Richard Lambert, Director General of the CBI and Sir Stuart Rose, Chairman of Marks and Spencer plc, warned that although:<sup>18</sup>

In an economic downturn, there is always a temptation for businesses—large and small—to cut spending on staff training ... Investing now in building new skills will put us in the strongest position as the economy recovers. Skills to support the development of new products and services will shape whether we are ready to gain competitive advantage when growth resumes. From our experience in previous downturns, it was the businesses that did invest in their staff which saw the most dynamic recovery.

15. There is a general agreement that skills levels need to rise but questions remain about whether the Leitch agenda is realistic, whether the current direction of implementation is right and what action the Government should take now to improve the skills position in the UK in difficult times. It is these issues which we set out to address.

## Structure of Report

16. We first examine the principles and targets introduced by the Leitch agenda and the Government's plans for implementation. The rest of the Report examines progress towards the realisation of the vision set out in the Leitch review in terms of delivery structures and

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18 Open letter published 23 October 2008, available at [www.ukces.org.uk/default.aspx?page=4660](http://www.ukces.org.uk/default.aspx?page=4660)

programmes (chapter 3), employers (chapter 4), training providers such as FE colleges and universities (chapter 5) and individuals, including the role of trade unions—a key but often unacknowledged partner in skills delivery (chapter 6). We present our overall conclusions in chapter 7.

17. As we explain later in this Report, one of the major issues is the complexity of the skills landscape. There are many organisations, acronyms and relationships to understand. To aid the reader, at the back of this volume of the Report we have included lists of the different organisations involved in skills and charts showing how they relate to each other. The charts in particular speak for themselves showing how complicated the system has become. We are very grateful to the National Audit Office for supplying us with this information.<sup>19</sup>

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19 See Appendix. See also chart produced by the Alliance Employment and Skills Board, Ev 296.

## 2 The Leitch Agenda

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### Principles

18. The Leitch agenda, as set out in the original report and the Government response, has five principles which “underpin delivery of a raised ambition”. These are:

- *shared responsibility*: Employers, individuals and the Government must increase action and investment. Employers and individuals should contribute most where they derive the greatest private returns. Government investment must focus on market failures, ensuring a basic platform of skills for all, targeting help where it is needed most;
- *focus on economically valuable skills*: Skill developments must provide real returns for individuals, employers and society. Wherever possible, skills should be portable to deliver mobility in the labour market for individuals and employers;
- *demand-led skills*. The skills system must meet the needs of individuals and employers. Vocational skills must be demand-led rather than centrally planned;
- *adapt and respond*. No one can accurately predict future demand for particular skill types. The framework must adapt and respond to future market needs; and
- *build on existing structures*. Don't always chop and change. Instead, improve performance of current structures through simplification and rationalisation, stronger performance management and clearer remits. Continuity is important.<sup>20</sup>

### Skills and prosperity

19. The Leitch Review states that “Skills were once a key lever for prosperity and fairness. Skills are now increasingly the key lever.”<sup>21</sup> It also asserts:

The prize for achieving this ambition is great—a more prosperous and fairer society. The Review estimates a possible net benefit of at least £80 billion over 30 years. This would come from a boost in the productivity growth rate of up to 15% and an increase in the employment growth rate by around 10%. Social deprivation, poverty and inequality will diminish.<sup>22</sup>

20. In accepting his analysis and adopting most of the agenda for action which arises from the report, the Government appears to have accepted Lord Leitch's view, although it was slightly more circumspect in its evidence to our inquiry, stating that “developing skills is also one of the key ways of enabling people to find jobs and progress in work, and to

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20 *Leitch Review of Skills*, p 3

21 As above

22 *Leitch Review of Skills*, p 4

creating a cohesive, engaged society”<sup>23</sup> and that “a more highly skilled workforce *tends* to be a more productive workforce”<sup>24</sup> (emphasis added on both occasions).

21. Two of our academic witnesses were much less convinced by the equation, pointing out that in Scotland higher level skills had not delivered increased productivity.<sup>25</sup> Interestingly, in answer to a parliamentary question earlier this session, the Exchequer Secretary to the Treasury asserted that “The independent Leitch Review of Skills found no evidence that skill gaps or shortages have held back economic growth”.<sup>26</sup> This would be a surprising finding if the link between skills and prosperity was a straightforward one.

22. The UK Commission for Employment and Skills has expressed its intention “to tackle important questions, namely: why, when there has been significant progress on the UK skills front since the 1980s, has this not been matched by a comparable productivity miracle?”<sup>27</sup> and suggested that “The key to answering this lies in examining and understanding the complex interplay between the supply of and demand for skills and the interrelationships between economic development, employment and skills”.<sup>28</sup>

**23. It may well be the case that increased skills lead to an increase in national prosperity but there is a surprising lack of evidence to support the conclusion. There is clearly a need for more research to establish whether or not there is a causal relationship. This would help to justify the commitment of considerable public expenditure on training and skills development. Nevertheless, even without this evidence, we note that no voices have been raised to question the principle that it is right to aim towards a more highly skilled workforce, both in terms of individual benefit and for the wider good.**

### **Partnership**

24. The Leitch Review advocated “a new partnership” between Government, employers and individuals in taking action on skills and training. It identified the following roles for each party:

- *Government*: investing more, focusing on the least skilled. Ensuring that the education system delivers a highly-skilled flow into the workforce. Creating a framework to ensure employers and individuals drive the skills system so it delivers economically valuable skills. Being prepared to act on market failures, targeting help where it is needed most. Regulate if necessary and with care to reach the UK’s skills ambitions.
- *Employers*: to increase their investment in skills to raise productivity, wherever possible increasing investment in portable, accredited training. Ensuring that the skills system delivers economically valuable skills by effectively influencing the system. Pledging to support their low-skilled employees to reach at least a first, full

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23 Ev 99, para 1.5

24 Ev 99, para 1.4

25 Q 70 [Professor Alison Fuller] and Q 101 [Professor Alison Wolf]. See also Ev 337 [Kevin O’Leary]

26 HC Deb, 24 January 2008, col 2130W

27 Ev 298

28 As above

Level 2. Introducing sectoral measures such as levies, where a majority of employers in the sector agree; and

- *Individuals*: raising their aspirations and awareness. Demanding more of themselves and their employers. Investing more in their own skills development.<sup>29</sup>

25. This principle of partnership was reflected in Leitch’s ideas on funding, where the Review recommended “a much clearer balance of responsibility, based on clear principles of Government funding to be targeted at market failure and responsibility shared according to economic benefit”:

- the Government should provide the bulk of funding for basic skills and the platform of skills for employability, with employers cooperating to ensure employees are able to achieve these skills;
- for higher intermediate skills (Level 3) employers and individuals should make a much higher contribution, in the order of at least 50%; and
- at Level 4 and above, individuals and employers should pay the bulk of the additional costs as they will benefit most.<sup>30</sup>

26. It is hard to argue against the concept of shared responsibility between Government, employers and individuals as the major players in the delivery of increased skills. However, the duties that Leitch allocates to each partner and the funding obligations that accompany them are taxing and it is important to note that formal acceptance of this agreement has been made only by one of these players: the Government. The success of the Leitch agenda is therefore predicated upon a tripartite arrangement to which two parties have not committed themselves and indeed have no mechanism by which they can formally do so *en bloc*. On the matter of engagement with individuals, though, the fact that 7.6 million members of the workforce (26% of those in employment) are unionised must not be overlooked.<sup>31</sup> The Government has engaged with this group to an extent—and with notable success in its support of Union Learning Representatives—but this activity has sometimes been overlooked, which is regrettable. We analyse the important role of the unions in representing individuals’ views in Section 6 of this Report.

27. As we will cover when discussing employer engagement and the role of the individual, there is room for doubt that employers and employees are ready to play the part that Leitch has sketched out for them and on which the Government’s plans depend, especially where co-funding is concerned. Kevin Donovan, writing in the Association for Learning Technology newsletter, argued that Leitch will “disappear like so many of its predecessors”, partly because “its faith in employers is misplaced and will result in a corruption of the role of educational institutions”.<sup>32</sup> He cited research that shows that “although there are many companies for which skills enhancement forms part of business planning, there are others

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29 *Leitch Review of Skills*, p 17, para 49

30 *Leitch Review of Skills*, p 15, para 40

31 *Certification Office Annual Report*, 2007-08. Please note that the proportion is based on all in employment data from the Labour Force Survey.

32 Kevin Donovan, Association for Learning Technology, January 27 2007 [http://newsletter.alt.ac.uk/e\\_article000730193.cfm?xb11,0,w](http://newsletter.alt.ac.uk/e_article000730193.cfm?xb11,0,w)

which base their plans on driving down labour costs and/or other elements of productivity”. There is also a risk that the economic downturn is likely to have a significant negative impact in this area, as acknowledged in the open letter to employers by the Chairman of UKCES and others.

28. In addition we note that there are other parties which have a considerable involvement in the skills agenda which are omitted from Leitch’s neat triangle of responsibilities. The role of training providers, whether FE or HE or the private sector, is not addressed directly, nor does Leitch address in detail the role of trades unions which are of increasing importance.<sup>33</sup> These institutional partners will need to play a full part in implementing the agenda and should be fully involved in the process.

### ***Demand-led***

29. Closely linked to shared responsibility for skills delivery is another principle—that the system should be demand-led. This mantra runs throughout the review and led Lord Leitch to recommend several reforms, including that all adult vocational skills public funding, apart from community learning, be routed through ‘Train to Gain’,<sup>34</sup> where businesses have the choice of what training is provided, and ‘Learner Accounts’,<sup>35</sup> where choices are made by individuals, by 2010, a target date extended by the Government.<sup>36</sup> The Leitch Review also recommended that there should be a greater role for employers in shaping the skills framework through the new UK Commission for Employment and Skills and additional responsibilities for the Sector Skills Councils.<sup>37</sup>

30. Demand-led has come to define the whole skills agenda post-Leitch but its adoption as a principle by the Government and others raises several interesting issues, including whether a wholly demand-led system is practical or desirable, and, as Tom Bewick of Creative and Cultural Skills put it, “Whose demand are we talking about?”<sup>38</sup>

31. Professor Lorna Unwin, Institute of Education, University of London, giving evidence to the Education and Skills Committee in 2007, questioned whether employers are always capable of determining their own demands. She suggested that “a lot of employers themselves ... need a great deal of help in terms of learning how to improve their businesses ... Leitch tends to treat employers as if they are all leading members of big companies. Actually, on the ground, a lot of our employers themselves have low levels of education attainment.”<sup>39</sup>

32. A related point was made by Professor Deian Hopkin, Vice-Chancellor, London South Bank University, representing Universities UK, who commented on the need for “employers to understand what their future training needs are going to be rather than

33 See para 213

34 See para 111

35 Box 6.3, *Leitch Review of Skills*: “Learner Accounts, sometimes called Individual Learning Accounts (ILA), provide people with funding that they can spend at an accredited learning provider of their choice.”

36 Ev 308, para 29

37 *Leitch Review of Skills*, Executive Summary, paras 52-54

38 Q 178. See also Q 300 [Dr Malcolm McVicar, Million+].

39 Oral evidence taken before the Education and Skills Committee on 21 February 2007, HC (2006–07) 333-i, Q 17

simply reacting to what their present day needs are,”<sup>40</sup> and the role for universities to assist with this task. Other witnesses questioned whether “the pendulum has swung a little too far towards the employer-driven agenda because the employers do not always know what they want.”<sup>41</sup>

33. The former Education and Skills Committee questioned whether the system could be described as ‘demand-led’. It concluded:

The Government aspires to a ‘demand-led’ skills system. While mechanisms for making the system more employer-facing such as Train to Gain are welcome in principle, they cannot unconditionally be described as ‘demand-led’, given the strict constraints on what is currently fundable.<sup>42</sup>

34. Mick Fletcher, an education consultant, referred to the choices open to employers as “heavily constrained” by the need to “meet Treasury targets and as long as it allies with what a sector skills council has agreed, and as long as it fits in no doubt down-stream with some regionally based plan that comes from an RDA or a regional employment partnership.”<sup>43</sup> Chris Humphries of UKCES suggested that a slightly different definition of demand-led might be more useful:

To me demand-led refers to the need to ensure our employment and skills system understands and is responsive to employment needs ... It is about creating a system that is responsive on a number of dimensions. It can never be as simple as saying, ‘Let us meet employer demand’. It has to bring together employer demand, local and regional priorities and individual capability and opportunity and create a system that is more responsive to all those priorities.<sup>44</sup>

35. There is also a practical difficulty with determining the level of demand, even once the problems of encouraging demand and deciding whose demands are heard are resolved. The importance of good quality data on which to base planning decisions was also raised.<sup>45</sup> This affects the ability of the Government to measure achievement against targets and to make timely adjustments in the delivery of policy to enable the targets to be met. However, it is not clear who has ultimate responsibility for collecting data on skills needs and collating it in a useable form. The Chair of the Regional Skills Partnership Board in Yorkshire and the Humber told us:

what we are talking about here is a simple three-dimensional spreadsheet that says this is what by industry and by region we need for the various skills, and yet I have never seen that data. We have been trying within the Yorkshire context to get some aggregate data on that basis but it is as if each of the different agencies—the RDA, the LSC, the Sector Skills Councils and everybody else and his dog—has got their own

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40 Q 317

41 Q 350 [Dr David Collins, President of Association of Colleges and Principal of South Cheshire College]. See also Q 12 [Professor Geoff Layer]

42 Education and Skills Committee, Ninth Report of Session 2006–07, *Post-16 Skills*, HC 333-I, para 33

43 Q 80

44 Q 172

45 Q 8 [Mark Andrews, NG Bailey]



data set. Why do we need that? Why can we not have one data set that gives us really useful information that we can then use to drive the system?<sup>46</sup>

The availability of good quality, reliable and up to date data is a basic requirement and the arrangements for its collection must be clear and effective. The latest update from DIUS, FE and Skills Systems Reforms: an update, places the responsibility on UKCES to “forecast skills and report on the state of the nation, with input from Sector Skills Councils (SSCs) ... Regional Development Agencies (RDAs) and other key partners.”<sup>47</sup> **We recommend that UKCES review the collection of data on skills needs across sectors and regions and apportion responsibility for ensuring that it is collated and made available in a readily accessible format.**

**36. Shared responsibility and responsiveness to demand comprise a sound philosophy for the development of skills in the UK workforce. The difficulties arise in translating them into practical policies for implementation. To avoid “demand-led” and “partnership” becoming meaningless jargon, these difficulties have to be addressed.**

## Leitch targets

37. The Leitch Review recommended that “the UK commit to becoming a world leader in skills by 2020”.<sup>48</sup> This required “doubling attainment at most levels”, with the “stretching objectives for 2020” outlined in the introduction. As we noted, the Government response adopted these targets and added an additional target for 68% of the adult population to be qualified at level 3 by 2020. Interim targets have also been set for 2010–11 under the Public Service Agreement. These are that by 2010–11 79% of adults will be qualified to level 2, 56% to level 3 and 34% to level 4.<sup>49</sup>

38. There are several important points to note about these targets. First, the targets are tied to OECD league tables, rather than an analysis of the skills needs of the UK.<sup>50</sup> In theory, their achievement could leave the UK basking in glory at the OECD but no better off in terms of economic advancement or employment. Following on from this, they are blanket targets across all sectors, rather than homing in on particular sectors or types of skills. A representative from Yorkshire Forward told us:

there is a fundamental problem that whilst Leitch was very clear on the skills agenda .... what that does not feed though to is any targeting within the Leitch targets, so whilst innovation reports are saying how crucial these [STEM] skills are for the economy what then is delivered at an implementation of Leitch is a very blanket ‘wherever the eligibility is for qualification that is what will be funded’.<sup>51</sup>

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46 Q 10

47 DIUS, *FE and Skills System Reforms: an update*, December 2008, p 19

48 *Leitch Review of Skills*, p 3

49 Department for Innovation, Universities and Skills, *Investing in our Future*, (referred to in this report as ‘DIUS Departmental Report 2008’), Cm 7392, May 2008, p 24

50 The *Leitch Review of Skills* states “The Review recommends that the UK commit to becoming a world leader in skills by 2020, benchmarked against the upper quartile of the OECD. This means doubling attainment at most levels.” (Executive Summary).

51 Q 11

39. In the same vein, the targets do not encourage activity aimed at filling skills gaps either regionally or sectorally. The latest *National Employers Skills Survey* indicates that perceived skills shortages vary from region to region, with employers in the North East region most likely to be experiencing skills gaps (19%) followed by London (17%) and the South West (16%). All other regions had an incidence of around 14–15%.<sup>52</sup> Levels of shortages also vary between sectors, where Skillset (the Sector Skills Council (SSC) for Creative Media), ConstructionSkills, Semta (science, engineering and manufacturing technologies), Lantra (environmental and land-based) and e-Skills UK had the highest proportion of skill shortage vacancies as a percentage of total vacancies (41%, 40%, 31%, 29% and 28% respectively).<sup>53</sup> It is worth noting in connection with the previous discussion of the demand-led principle that the proportion of employers reporting skills gaps in England fell from 22% in 2003 to 15% in 2007, with a concomitant fall in the proportion of staff described as lacking in proficiency (11% to 6%).<sup>54</sup>

40. A further concern is that, except at the basic level of literacy and numeracy, the targets measure *qualifications* rather than skills. However, there are difficulties in using qualifications as a proxy for skills. Too great an emphasis on qualifications may skew policy away from skills which are needed now and for the future development of individuals, companies and the economy in favour of more easily measurable, but less relevant certificated courses. One witness suggested that “we have become extraordinarily hung up on qualifications”, adding that “you cannot automatically assume that just because somebody has another qualification, they become more productive”.<sup>55</sup> Another commented: “If we go back to much older work which was done by the National Institute for Economic and Social Research, by Sig Price and colleagues, they started off talking about the relationship between skills and productivity and trying to find ways of measuring it through their research. They came up with the best estimate of a 25 or 30% link between skills and productivity and education and productivity. There was this big gap ... relating to what actually goes on in the workplace.”<sup>56</sup>

41. Soft or employability skills, such as communication or problem-solving, are rarely reflected in qualifications yet these skills are highly valued by employers. Leitch reported that employers in the National Employer Skills Survey 2005 felt that “soft skills were lacking”, particularly team-working and customer-handling skills, but also other generic, soft skills such as oral communication, problem-solving and written communication,<sup>57</sup> and he recognised the problem that “qualifications only add economic value when they deliver skills that employers and individuals need”.<sup>58</sup>

42. UKCES is taking the lead on the employability agenda in its current review of practice in teaching employability skills. The purpose of the project, due to report by the end of 2008, is “to draw together such a consensus as there is on what is good practice in

52 Table 4.6

53 National Employers Skills Survey 2007, key findings: p 11

54 *Skills: statistics and recent developments*, House of Commons Library Standard Note SN/EP/4504, October 2008

55 Q 67 [Professor Wolf]

56 Q 70 [Professor Fuller]

57 *Leitch Review of Skills*, para 2.9

58 *Leitch Review of Skills*, para 4.32

inculcating employability skills, and to form the basis for further work necessary (a) to develop teaching/training and assessment approaches where necessary and (b) to establish ways of motivating and equipping the employment and skills system to adopt these approaches”.<sup>59</sup> **We believe that capturing the acquisition of employability skills within Government targets and therefore attracting Government funding for such training should be examined by UKCES as part of its ongoing work on employability.**

43. A second issue with using qualifications as targets is the danger that it can lead to a concentration within skills funding and provision on full qualifications because these count against the target. The former Education and Skills Committee argued that “The targeting of funding on particular kinds of full qualification-bearing courses makes it difficult for providers to offer the kinds of learning employers often say they want”.<sup>60</sup> The Committee concluded that “a more flexible way of targeting funding is needed urgently, allowing the accumulation of ‘bite-sized’ learning which can be built up into a portfolio over time”.<sup>61</sup> We have heard many similar comments during the inquiry which we examine in more detail later in the report, along with recent developments in government policy.<sup>62</sup>

44. Thirdly, an over-emphasis on measuring progress against the highest qualification held by an individual belies the dynamic nature of the acquisition of skills within the current job market—a key issue in the current economic climate. Individuals need to reskill in order to keep their qualifications relevant or to change careers. If the targets are too narrowly focussed on the number of people with a particular level of qualification, then it could be difficult to justify assisting people with training which will not take them up a level and which will therefore not count against the target. The controversial issue of the withdrawal of funding for equivalent or lower qualifications in higher education illustrates this point. Policymakers refer to this as “firstness”, which the LSC defines as “the rate at which learners taking qualifications are taking one at a particular level for the first time.” It notes “This is relevant, for example, with level 2 qualifications where the Public Service Agreement Target (PSA) target only counts those people who are over 19 who achieve a full level 2 qualification for the first time.”<sup>63</sup>

45. There has recently been some relaxation of this principle for small businesses and in particular sectors, as set out in the recent update from DIUS:

To help ensure that the Train to Gain offer meets the needs of every sector, we have already agreed 10 ‘sector compacts’ with employers in key sectors of our economy. Worth over £630 million over three years, these work in partnership with SSCs to tailor the Train to Gain offer to respond to the strategic challenges of each sector. They offer a range of benefits including:

- tailored, sector-specific advice from skills brokers;

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59 Ev 304

60 Education and Skills Committee, Ninth Report of Session 2006-07, *Post-16 Skills*, HC 333-I, para 11.

61 As above

62 See para 129

63 [www.lsc.gov.uk/providers/Data/datadictionary/businessdefinitions/Firstness.htm](http://www.lsc.gov.uk/providers/Data/datadictionary/businessdefinitions/Firstness.htm)

- joint Sector Skills Council-LSC marketing about the specific skills offer to employers in specific sectors, with information about qualification routes to meet industry standards;
- for businesses with more than 250 employees, a full subsidy is available echoing the offer to smaller, private sector businesses at Level 2 and 3 for people who are already skilled at that level for qualifications that SSCs say are the most important to the sector.
- These three-way agreements between DIUS, the Learning and Skills Councils and SSCs/other sector bodies set out the specific offer to employers in the sector within Train to Gain. Sector compacts have so far been agreed with 10 SSCs and sector bodies and together these are worth some £630m over three years. We are negotiating further sector compacts and will be looking to ensure that each sector offer responds to the impact of the current economic downturn.<sup>64</sup>

As part of the wider Government action to help businesses weather the current economic conditions we are providing £350m and new flexibilities for small and medium sized businesses to help them train their staff. Training for SMEs in England is now a priority in Train to Gain and training at level 2 will be free for all SME employees regardless of whether they already have qualifications at that level. Free bite-size courses in business-critical areas, including business improvement techniques and customer service, will be available to SMEs to raise productivity. Management and leadership training has been opened up to the smallest employers and is now available to employers with 5 to 250 employees.<sup>65</sup>

46. Fourthly, qualifications are also essentially a status measure: they do not reflect whether the skill acquired is being used or is useful. The OECD has announced a new study (the OECD Programme for the International Assessment of Adult Competencies) which might address some of these difficulties by assessing the knowledge and skills of adults, including general levels of literacy and numeracy, and how well participants use ICT and key work skills in their job.<sup>66</sup> DIUS is participating in this project and we look forward to the results. It will be instructive to see whether the UK emerges better or worse-placed in OECD skills league tables as a result of a different basis of measurement.

47. There is a case made by the Government to balance these arguments, which is that qualifications have a particular value for the types of individuals whom the Government is trying hardest to encourage. The then Minister for Skills told us “I am really passionate about this question. I want to put my terms in complete politics here. I want to ask the Committee not to unpick the good work that Leitch has done and the consensus that we reached on this ... if you look at those people within Train to Gain in the workforce who have taken up courses, they largely come from social economic groups D and E. These are

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64 DIUS, *FE and Skills system reforms: an update*, December 2008

65 As above

66 [www.oecd.org/document/10/0,3343,en\\_2649\\_34487\\_40290890\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/10/0,3343,en_2649_34487_40290890_1_1_1_1,00.html)

the poorest people in the country. I absolutely stand by qualifications because my attitude is very much that if it is good enough for us, it is good enough for everybody else”.<sup>67</sup>

48. Stephen Marston, Director General for Further Education and Skills at DIUS, added:

Earlier in the year we published some research evaluation of the impact of Train to Gain to both learners and employers. When we asked the learners in Train to Gain what they saw as the most important benefit for them, 93% of them said it was about gaining a qualification. From the learner’s point of view the qualification is immensely important and ... is most important for the people who have no qualifications yet ... Just as importantly, when you ask employers what do they see as the benefit, they are also seeing the benefit in their own companies from employees getting qualifications because it changes the motivation, the commitment to the company, the sense that the employer is willing to invest in their own employees and they are demonstrating it through giving the opportunity to achieve qualifications. There is a very powerful synergy and joint benefit if skills are certificated through qualifications.<sup>68</sup>

49. A recent CBI survey of more than 600 employers backed up this point to a degree: when asked the question “why offer training leading to qualifications?” 372 employers (62.4%) offered “employees value qualifications” as one of their responses. However, the complexity of the issue is demonstrated by the fact that when asked to list the barriers to providing training leading to qualifications 187 (34.9%) of the same pool of employers offered the response “available qualifications lack relevance to my firm.”<sup>69</sup> Furthermore, when employers were asked what their employees valued most, only 84 (14.1%) responded “training that leads to vocational/professional qualifications”, compared with the 361 (60.5%) who said “job-related training to help them to carry out their current role.”<sup>70</sup>

50. We have already commented on the need for more research to demonstrate the link between skills and productivity. The same arguments apply to the relationship between skills and qualifications. **We are concerned that the conflation of skills and qualifications in the targets may lead Government to assume that a qualifications strategy is an adequate substitute or proxy for an overall skills strategy. This may drive up levels of attainment, improve the UK’s position in international league tables and contribute towards improved economic performance but a real skills and training strategy would focus more on skills utilisation by companies to achieve high performance working practices and so raise productivity.**

### ***Are the targets achievable?***

51. It is perhaps too early to be measuring against the 2020 targets but DIUS gave us a progress report against the interim targets for 2011:

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67 Q 422

68 As above

69 CBI, *Stepping Higher*, October 2008, p 44

70 CBI, *Stepping Higher*, October 2008, p 40

- Level 1 literacy (2011 indicator) is 597,000 achievers. Although actual performance will not be measured until 2008–09, current performance is on track to achieve the 2011 indicator.<sup>71</sup>
- Level 1 numeracy (2011 indicator) is 390,000 achievers. Again, performance will not be measured until 2008–09 academic year, but latest data from 06–07 also indicates that we are on track, albeit with a steep trajectory to 2011.<sup>72</sup>
- Level 2 (2011 indicator) was to have 79% of working age adults qualified to at least Level 2. We are only at the beginning of the measurement period and the proportion of adults qualified to Level 2 or higher now stands at 70.6%. The target is very stretching and we are continuing to expand Train to Gain through recently announced Sector Compacts in key industrial sectors, including manufacturing, construction and processing.<sup>73</sup>
- Level 3 (2011 indicator) was to have 56% of working age adults qualified to at least Level 3. The actual level now stands at 50.3%. As happened with Level 2 there has been a slow initial take up of Train to Gain. We expect to see an upturn, following the introduction of the free entitlement for learners aged 19–25 and the roll-out of Sector Compacts.<sup>74</sup>

This indicates difficulties at everything above the basic skills level, and we note that the steepest climbs up to the 2020 targets are yet to come. To fill in the gaps: according to the latest available data from the UK Labour Force Survey, 12% of the UK working age population have no qualifications at all, whilst 29% have a higher education qualification. It is also worth noting that 14% of those aged 16–24 are not in education, employment or training (NEET).<sup>75</sup> Statistics from elsewhere also suggest a mountain to climb. Chris Humphries of UKCES told us that “The latest evidence from the OECD is that both in terms of the proportion of our adult population that have got secondary education and in terms of the proportion that have got tertiary education we are going backwards compared to our major competitors in the OECD, not forwards and I think there is a real need for a sense of urgency around this”.<sup>76</sup>

52. The Leitch targets require 5.7 million new adult attainments at Level 2, 4 million adult Level 3 attainments and 5.5 million attainments at level 4,<sup>77</sup> a challenging commitment,

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71 The DIUS Autumn Performance Review 2008 (published shortly before we agreed this Report) states “performance...suggests that we are on track to meet the indicator” (p 13).

72 The DIUS Autumn Performance Review 2008 states “although performance in 2006-07 and 2007-08 is broadly in line with that required in 2008-09 to maintain a trajectory towards the indicator, a significant increase in the number of annual achievements will be needed in 2009-2010 and 2010-11, which will be challenging to deliver” (p 14).

73 The DIUS Autumn Performance Review 2008 states “Since Quarter 4 2001, the proportion of working age adults qualified to at least full level 2 has increased from 65% to 70.7% as at Q4 2007. Between Quarter 4 2006 and Quarter 4 2007, the proportion qualified to at least full level 2 increased by 0.8%, a statistically significant increase, although making progress to 2011 will be very challenging” (p 16).

74 Ev 305, p 6. The DIUS Autumn Performance Review 2008 states “Since 2001, the proportion of working age adults qualified to at least full level 3 has increased from 44.7% to 50.6% as at Q4 2007. Between Quarter 4 2006 and Quarter 4 2007, the proportion qualified to at least full level 3 increased by 1.3%, a statistically significant increase” (p 18).

75 House of Commons Standard Note SN/EP/4505, *Skills: statistics and recent developments*, 22 October 2008

76 Q 186

77 *Leitch Review of Skills*, para 35

especially given the fact that reskilling at the same level of qualification may not count towards the targets.

53. It is instructive to examine how the targets translate at a regional level. In Yorkshire and the Humber, for example, Yorkshire Forward and the Learning and Skills Council calculate that:

- To achieve Leitch will require an additional 986,000 individuals qualified to Level 2 or higher, of which there will be an additional 583,000 qualified to Level 4;
- The estimated Level 3 contribution required by the region is likely to be an additional 190,000;
- The region will also need to find at least another 50,000 apprenticeships;
- To achieve the literacy and numeracy targets the region will need to achieve qualifications for around 750,000 additional people.<sup>78</sup>

54. These are very large numbers and we asked witnesses whether the targets were achievable. Only the Minister was confident that they were.<sup>79</sup> Other witnesses agreed that they were “very, very stretching”<sup>80</sup> or, in referring to the regional targets, “beyond aspirational”.<sup>81</sup> North West witnesses at the Warrington satellite meeting concurred, indicating that though the targets were “achievable” at level 2, they were “very challenging” at level 4.<sup>82</sup> An FE College Principal complained to us that “some of these targets actually do not motivate employers or the colleges up and down the country, which are one of the engine rooms for the delivery of skills more than qualifications. We want challenges but we want challenges that we can actually achieve.”<sup>83</sup> This view that the targets were too high to be relevant and may even be counterproductive was also voiced by others, including the witness from Yorkshire Forward RDA who told us “Our concern is as the Leitch ambitions translate into measurable targets and qualifications as to whether within the economy of Yorkshire and the Humber, within the labour market, we will have sufficient demand for those qualifications”, even if they were met.<sup>84</sup>

55. Not all our witnesses argued against the targets. Lee Hopley of the EEF told us that “The targets are good in the sense that they are the direction of travel that we need to be going in in order to remain competitive.”<sup>85</sup> Indeed, some pressed for additional ones, although these were notably more precise ones. The Equality and Human Rights Commission, for example, called for the Leitch targets to be adapted to include “some indicators below the target which was about disaggregating them down for different

78 Ev 279

79 Q 414

80 Q 177 [Frank Lord]

81 Q 36 [Dr Roger Bennett]

82 Ev 93

83 Q 36

84 Q 1

85 Q 127

groups”<sup>86</sup> and for “progression targets”.<sup>87</sup> NIACE suggested that there was also a need for participation targets to accompany the current achievement targets.<sup>88</sup> This would fit well with the worklessness agenda in encouraging focus on increasing the skills of disadvantaged groups. However, DIUS declared itself to be “not convinced that it would be useful at this point to introduce additional targets to focus on different groups”, believing that such targets would be hard to define and ineffective and that they would impose new burdens on the FE sector.<sup>89</sup>

## Conclusion

56. It is hard to avoid the pessimistic conclusion that the targets may be unrealistic and unachievable, in part because they do not take account of differences in skills needs in regions across the country. If this analysis is right it has unwelcome implications for the UK. In relation to 2020, we note that Lord Leitch set out in his report his analysis of the consequence of failing to meet the challenge in full when he foresaw the UK falling further and further behind its competitors. More immediately, there is the danger that skills policy might be distorted in order to meet the targets at the expense of programmes and delivery mechanisms that reflect what employers and individuals really need. As one witness said, “down the line [targets] tend to be abused. There are people who believe their jobs depend on them hitting the target, even if it means missing the point”.<sup>90</sup> The focus of the targets on gaining qualifications could lead to a near total concentration on the delivery of formal qualifications to people in work, rather than addressing NEETs or others who are less easy to pull up the qualifications ladder. The drive to meet the targets could also result in a pressure to increase the numbers with qualifications by re-badging those who already have skills instead of adding value through training. The deadweight costs of this would be considerable.

57. While we applaud the direction of travel and believe that it is right for the UK to be ambitious in its plans to raise the skills levels of its workforce, we are concerned that these targets as they stand risk alienating and disheartening those involved in delivering skills—training providers, planners and employers alike—by seeming too out of touch with reality. As the Chief Executive of Skillsfast told us, “I think the whole issue of targets, targets, targets and qualifications, qualifications, qualifications, which seem to be part of the implementation plan of Leitch, will disaffect employers”.<sup>91</sup> Yet the targets matter because they guide policy, leading to our concern that the Government’s adherence to these targets, both at the PSA level and for 2020, may lead to the temptation to be too mechanistic in pursuit of PSA commitments and make short-term policy shifts as the deadlines get closer—which might distort the market and not improve skills. There is also room for scepticism that there will be demand for all the qualifications produced through the Leitch agenda. Nevertheless, we recognise that it would be very difficult for the Government to

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86 Q 362

87 Q 367

88 Q 366

89 Ev 336, para 72

90 Q 72 [Mick Fletcher]

91 Q 3



abandon the targets or to scale them back without a negative impact on the perception of its commitment to the skills agenda which it rightly would wish to avoid, especially in the current economic climate.

58. The Equality and Human Rights Commission suggested that “consideration should be given to extending the entitlement to support lifelong learning and re-training in skills that have currency in the labour market for people to support effective re-entry and progression into sustainable work”.<sup>92</sup> This should be tied into work already underway to integrate employment and skills provision, as recently announced by the Government: “On 15 October we announced a £100m package over the next 3 years building on IES trials to support newly redundant workers facing the greatest barriers, eg, older workers and the low skilled. The extra funding will be available for people who are currently facing redundancy and those looking for work to help them retrain and develop their skills so that they can quickly move back into sustainable employment, either in their existing sector or a brand new one.”<sup>93</sup>

**59. An important step which could be taken would be to broaden the Leitch targets to include re-skilling. The current focus both within the targets and in entitlements on funding for a first level 2 qualification means that those who need to update skills, either because they have been out of the labour market for some time or because their job no longer exists, may not be supported. This situation is set to become even more pressing as the recession bites and redundancies force people to seek to move to other sectors in which their current qualifications are irrelevant. The Government has made some progress with its Sector Compacts and assistance to SMEs, but these initiatives need to be assessed and potentially broadened.**

**60. We recommend that the Government examine and develop ways to include the absolute number of qualifications gained rather than “firstness” alone in the skills targets, to reflect the importance of re-skilling. We also recommend that the Government should set out broad milestones indicating its aspirations for progress towards the 2020 targets in the light of the current economic situation.**

## Government implementation

61. The Government accepted the Leitch prescription with only minor amendments, such as pushing back the date by which all funding for skills should be through demand-led mechanisms<sup>94</sup> and rejecting the recommendation that Employment and Skills Boards should be licensed.<sup>95</sup> However, the Leitch review was not a blueprint and there has been much work since on the detail of how the reforms are to be implemented.<sup>96</sup> One skills

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92 Ev 269, para 25

93 DIUS, *FE and Skills system reforms: an update*, December 2008

94 The Government response to the Leitch Review, *World Class Skills*, states “Lord Leitch recommended that all adult vocational skills funding in England should flow through demand-led routes by 2010. We endorse this direction of travel. However, given budget constraints, we believe doing so by 2010 would create unacceptable risks to the performance and stability of colleges and training providers, which in turn would damage the quality of education and training offered to learners.” (para 1.11)

95 *World Class Skills* states (para 3.31) that “We do not intend to prescribe one standard model for an ESB. While we do not think it would be right to give the UK Commission a role in licensing such local Boards, as Lord Leitch suggested, we will ask it to promote local employer participation and to help share best practice as it develops.”

96 See Annex

provider in Leeds told us that FE was suffering from “initiative overload”.<sup>97</sup> At the same time, several witnesses, including EEF and SEMTA, expressed frustration from the point of view of employers at the slow rate of progress in delivering change on the ground.<sup>98</sup>

62. We note that two of the Leitch principles for delivery of the skills agenda which are less discussed than partnership or demand-led provision, are that implementation should firstly, be adaptable and responsive and, secondly, build on existing structures. The change in the economic climate will provide an early test of the adaptability of the Government’s programme, but we are concerned that so far the Government’s response has betrayed a propensity to redefine the machinery, rather than address more intractable problems such as building a culture in which training is the norm. DIUS has gone beyond Leitch in announcing the abolition of the Learning and Skills Council and in introducing draft legislation on apprenticeships. The creation of DIUS itself and the split between the schools and post-19 education and skills functions of the former Department for Education and Skills is another case in point.

63. Tom Bewick of Creative and Cultural Skills commented “I think we have a national obsession in this country with structural reform ... and responding inside the policy framework for a new organisation or a new structure ... It is not the institutions that need to change, it is the behaviour, it is the attitudes and it is the outcomes that need to change as a result of shifts in technology, shifts in employment and other changes in society.”<sup>99</sup>

64. Turning to the rate of progress, we were told by the Government in spring 2008 that “DIUS and its partners have already made significant progress towards the world class skills ambition that Lord Leitch recommended”, citing many examples of increases in skills.<sup>100</sup> However, a few months later, the UKCES Chief Executive was adamant that “I am certainly not satisfied with the rate of progress at the moment”.<sup>101</sup> His view is significant because UKCES has been charged with the “Publication of ‘a state of the nation’ report assessing progress towards making the UK a world leader in employment and skills by 2020, and monitoring progress against international competitors in the context of the aims and priorities of the four nations”.<sup>102</sup> The first annual report is due to be published by 31 March 2009.<sup>103</sup> It will be a test of both UKCES and the Government how robust UKCES is able to be in expressing its findings but on current form, we do not expect the UK to receive a glowing report. It may well be that the headline changes are merely a necessary precursor to addressing the other side of the skills equation. However, there is only a short time to go before the PSA target date of 2010, and only twelve years before the 2020 Leitch deadline, and a lot remains to be done.

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97 Q 3 [Dr Roger Bennett]

98 Ev 129, para 7 [EEF] Ev 202, para 1 [Semta]

99 Q 192

100 Ev 101, para 2.3

101 Q 186

102 Ev 298

103 Ev 308, para 32

## Evaluation

65. The Government's evidence to us measures its progress and the effectiveness of its implementation of the Leitch agenda in terms of the numbers achieving qualifications or on courses and in terms of satisfaction surveys concerning programmes such as Train to Gain. Both methods of evaluation have their difficulties. On Skills for Life, for example, in April 2008 the Government told us that "Since 2001, 1.76 million learners have achieved their first Skills for Life qualifications, with the Government meeting its target of 1.5m achievements by 2007 ahead of schedule".<sup>104</sup> This is undoubtedly impressive but in a recent report on this programme the NAO found that "the true impact of the Skills for Life programme on the nation's skills base is not known".<sup>105</sup> The NAO recommended that the Department undertake a follow-up to the 2003 Skills for Life survey "as soon as is practically possible" and "use the results of the survey to improve planning for Skills for Life provision which is hindered by the lack of evidence on current Skills for Life needs of the population".<sup>106</sup> The DIUS Director-General for Further Education and Skills told the Public Accounts Committee in June 2008 that "ministers in my department are considering now when and what sort of survey we should undertake".<sup>107</sup> The main factor under consideration was whether to conduct an international or national survey.<sup>108</sup> **Given the importance of this area of policy to the economy, it is important that the substantial sums of money spent on skills programmes demonstrably add value, not just deadweight cost. We await the Public Accounts Committee report on Skills for Life with interest and support the need for research into the effectiveness of DIUS programmes to improve skills levels.**

66. The use of surveys for the evaluation of Train to Gain is also problematic. There is a marked discrepancy between the levels of satisfaction expressed about Train to Gain in the surveys cited by the Government to justify the expenditure on this programme and the evidence to the Committee of considerable employer dissatisfaction. We believe that while surveys of individuals and employers who have taken part in Train to Gain are useful, a clearer and more accurate view of the value of the programme also requires the deployment of case studies of organisations and cohort studies of workers that can trace the longer-term impact of the programme on employers' attitudes towards, and investment in, training and the subsequent learning and employment patterns of those individuals who have benefited from Train to Gain. Control groups of similar firms and workers who have not received support from Train to Gain would be valuable in helping to access issues of deadweight and the real impact of the programme on earnings and promotion. Similar research on other programmes, such as the skills account pilots, is also needed.

**67. In view of the large amount of money spent on skills by the Government and the importance of the programme, it is essential that there is a proper evaluation of the**

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104 Ev 100, para 2.3

105 National Audit Office, *Skills for Life: Progress in Improving Adult Literacy and Numeracy*, HC (2007–08) 482, June 2008, para 4

106 As above, p 11

107 Oral evidence taken before the Public Accounts Committee on 25 June 2008, HC (2007–08) 854-i, Q 53

108 As above

**outcomes of all aspects of Train to Gain. We recommend that the Government report to us on an annual basis on the use of resources within the skills agenda and on the evaluation of their effectiveness, potentially involving the National Audit Office.**

## Government vision

68. We asked the Government for its vision in relation to the skills agenda. It told us that it was “for a prosperous and fair Britain in which the talent of every individual is used to build a skilled, resilient and innovative workforce that rivals the best in the world”.<sup>109</sup> This answers what the Government wants to achieve through implementation of Leitch agenda, albeit in somewhat vague and aspirational language, but it does not address the question of what the landscape of delivery structures will look like in the future. This is not an academic question. As DIUS has recognised, one of the major risks to its business is “Failure to persuade employers and/or learners that it is worth investing more of their time, money and energy in education, training and skills on the scale needed to meet the Government’s objectives”.<sup>110</sup> A second is “Sector instability and reform overload in further education—that the key delivery partners become distracted from delivering ‘business as usual’ due to uncertainty over the future organisational shape of the sector, or as a result of the sheer scale of change”.<sup>111</sup> If the Government is to persuade employers and individuals, as well as other key players, to enter into a sustained partnership on skills, then Ministers must do better than this.

69. We note also that two of the department’s strategic objectives (DSOs) relate to the skills agenda:

2. Improve the skills of the population throughout their working lives to create a workforce capable of sustaining economic competitiveness, and enable individuals to thrive in the knowledge economy.
3. Build social and community cohesion through improved social justice, civic participation and economic opportunity by raising aspirations and broadening participation, progression and achievement in learning and skills.<sup>112</sup>

70. It seems to us that the implementation of the Leitch agenda thus far has been governed by the first of these DSOs more than the latter. We have particular comments to make about lifelong learning later in this Report, for example.<sup>113</sup> While we recognise and welcome the Government’s moves towards the integration of employment and skills services, we believe that this process needs to be far closer to the heart of the implementation of Leitch. An LSC witness argued strongly that “One of the things we definitely do need is mechanisms for pre-apprenticeship for people who are not in work which give them stepping stones to prepare them properly for work, and that needs to be part of a broader and much more integrated approach. It is the forgotten bit of Leitch,

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109 Ev 304, para 2

110 *DIUS Departmental Report 2008*, p 118

111 As above

112 *DIUS Departmental Report 2008*, p 22

113 See para 208

frankly, and we need to be doing far more on integrating employment and skills interventions.”<sup>114</sup> Similarly, Dr Collins from the Association of Colleges believed that in calling for more flexibility for FE, “We are not forgetting that skills are very important to the economy and upskilling the nation, but they are also important to social cohesion and mobility and equality of opportunities, and some of those elements have been a little bit lost in the discussion about skills and moving the employer needs forward”.<sup>115</sup>

71. There is an urgent need for clarity of vision from the Government as to how the future skills landscape will look, rather than just buzzwords and warm principles. DIUS has made a start in its recent publication *FE and Skills Reforms: an update* but there is more to be done. **We recommend that the Government set out a clear picture of how the landscape of delivery structures will look once all its reforms are complete, from the point of view of planners, providers, employers and individuals in order that all involved are aware of the organisational end-point of the journey. The vision we call for should articulate how it is intended to meet both of the relevant departmental strategic objectives in the 2020 skills delivery arena.**

### ***The Secretary of State’s speech to the CBI, October 2008***

72. Since our evidence-taking concluded the Secretary of State for Innovation, Universities and Skills, the Rt Hon John Denham MP, has outlined his strategic vision for how the skills system needs to develop and his concern that “individual employer demand may not be sufficient to create a critical mass of the requisite skills and as such Government needs to do more to influence demand not only through policy and regulation but through procurement and purchasing”.<sup>116</sup> In his speech of 24 October 2008 to the CBI, he also identified the “key factors driving our skills system which are not yet properly addressed in our skills policies”, including “whether we understand properly what drives employer spending on skills and whether our current framework will maximise it”.<sup>117</sup>

73. This speech represents quite a dramatic change in stance from DIUS and we were pleased to see that in it the Secretary of State acknowledged many of the concerns reflected in the evidence we received, particularly that policy needs to be geared towards supporting “important and strategic sectors of the economy”, rather than merely achieving “the requisite number of successful learners”.<sup>118</sup> **Taken together with the changes to relax rules regarding funding of training by SMEs, the Secretary of State’s speech to the CBI in October 2008 indicates a welcome change in emphasis and a recognition of the realities of the UK’s skills problems. We hope that it will lead to a greater willingness to work with employers, particularly UKCES, and those who represent the concerns of individuals to adapt Government implementation of the Leitch agenda to observe the spirit of increasing skills, rather than the letter of the prescription. We welcome this contribution to the evolving post-Leitch agenda.**

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114 Q 267 [David Cragg]

115 Q 339

116 Ev 324

117 Speech, available at [www.dius.gov.uk/speeches](http://www.dius.gov.uk/speeches)

118 As above

## 3 Delivery structures and programmes

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### National structures: Learning and Skills Council

74. There are many organisations involved in the delivery of skills from the Government at the top to individual trainers or employers on the ground. At the national level, the most visible is perhaps the Learning and Skills Council (LSC) which began work in 2001<sup>119</sup> to build “a dynamic and successful further education system for England”.<sup>120</sup> It told us that recently it had introduced new regional structures and partnership teams “to improve its ability to respond to the economic development agenda, and the needs of regions and sub-regions”.<sup>121</sup> The LSC works with the RDA in each region and publishes a regional commissioning plan, with investment and sector priorities.<sup>122</sup>

75. These changes in the LSC’s focus are the latest in a series made since the organisation’s establishment. The impact of this continual process of change was commented upon by witnesses. The Centre for Enterprise, for example, argued “In August 2005, the LSC’s Agenda for Change programme led to the creation of a regional infrastructure for the organisation but at the same time created a degree of organisational turbulence that meant the LSC increasingly focussed on meeting targets rather than on the planned strategic development with regional partners. The LSC has not been consistent as to whether its role is in the regional implementation of national policy, or as a part of a more sophisticated model of regional policy development within a national framework”.<sup>123</sup> SEMTA reported that “in our experience, the LSC at a regional level is still struggling to change its approach from one focused on delivery of basic skills and Level 2 qualifications, to one based more closely on articulated employer need”.<sup>124</sup>

76. Following the decision by the Government in June 2007 to move funding for 16–19 year olds to local authorities, the Government issued a consultation paper in March 2008 which proposed the abolition of the LSC and its replacement by a Skills Funding Agency (SFA) which will be “a funding body, not a funding and planning body.”<sup>125</sup> The SFA is scheduled to come into operation in 2010, with the LSC responsible for ensuring the smooth transition from one organisation to the other. These further changes raised renewed concern among witnesses to the inquiry, both in terms of the proposals themselves and also in terms of the prospect of yet more upheaval. The Association of Colleges claimed that “In 2010, the single LSC regional structure will have as many as four replacements:

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119 [www.lsc.gov.uk/aboutus/](http://www.lsc.gov.uk/aboutus/)

120 Learning and Skills Council, *Annual Report and Accounts for 2007-08*, HC (2007–08) 783, p 2

121 Ev 122, para 4

122 Ev 122, para 11

123 Ev 227, para 15

124 Ev 204, para 20

125 Department for Innovation, Universities and Skills, *Raising Expectations: enabling the system to deliver* (referred to in this report as *Raising Expectations*), Cm 7348, March 2008, para 28

- sub-regional partnerships of local authorities to co-ordinate and, in some areas, to fund 16–19 education (Raising Expectations White Paper, (Cm 7348) paragraphs 3.25 and 3.38);
- a regional planning group for 16–19 education organised by the new Young People’s Learning Agency which brings together all the local authorities and sub-regional partnerships in the area. The new Skills Funding Agency and RDA will also be represented (White Paper, paragraph 3.23);
- regional arms of the new Skills Funding Agency which will handle competitions for funds, capital funding and liaison with regional organisations (White Paper, paragraph 8.19);
- and sub-regional arms of the National Apprenticeship Service (NAS) which will manage a field force and relationships with employers and other organisations (World Class Apprenticeships: Unlocking Talent, Building Skills for All, paragraph 4.11)<sup>126</sup>.

The AoC commented “The disadvantages of a regional structure has been its occasional remoteness from local issues and a longer chain of command in which national decisions have to pass through regional offices and then local partnership teams. However, whatever these disadvantages, the new arrangements risk becoming more complex and even less coherent”.<sup>127</sup> Others agreed, and several witnesses expressed strong support for the LSC in its current form, including Steven Broomhead, Chief Executive of the North West Development Agency, who argued:

I very much regret the fact that the LSC is actually going to disappear by the end of 2010 ... they have put the right structures in place, they have got the right alignments in place, they have got the right enabling structures in place, they have got relationships now quite well-established around local authorities and particularly around the sixth form funding of capital schemes ... Employers are hardly mentioned in the Raising Expectations document and employers cannot believe what is going on ... You do not need this enormous upheaval which is going to be very costly at a time when the public purse is under enormous pressure, so, if that is my ‘Save the LSC’ speech to you, Chairman, that is it.<sup>128</sup>

77. Chris Humphries of UKCES agreed that employers were unhappy with the uncertainty created by the proposed change, adding that “Even many of my commissioners have been meeting with ministers, saying, ‘You have just made far more complex a system that you have asked the Commission to try and simplify, and that is going to pose real challenges’.”<sup>129</sup> Dr Collins of the Association of Colleges was more forceful: “There is a general view at the moment that the new arrangements are either a pig’s ear or a dog’s breakfast and need to be sorted out with a degree of operational clarity to make sure that

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126 Ev 256, para 17

127 Ev 256, para 18

128 Q 258. See also Q 105 [Mick Fletcher] and Q 134 [Matthew Jaffa, FSB]

129 Q 237

we do not lose the progress that the Learning and Skills Council has made over the last six or seven years.”<sup>130</sup>

78. In late July 2008 DIUS announced that the policy would go ahead, although there is still work to be done on developing the business model, organisational design and relationships with other agencies of the new SFA.<sup>131</sup> Some further information was produced by DIUS in December 2008 in *FE and Skills Reforms: an update*, which included a Post 19 Learning and Skills Delivery Chain, summary of new roles and responsibilities and functions.<sup>132</sup> The changes will create new pressures on RDAs and other partners at the regional level. As the TUC pointed out: “RDAs and SSCs will need to work even more collaboratively if the new demand-led system is to operate effectively, especially as the planning role of the LSC will no longer exist. RDAs, SSCs and the new regional LSC Councils only have two years to prepare for this scenario and they need to focus on building a stronger demand-led system for adult skills at the regional level.”<sup>133</sup> We note in particular that the LSC regional boards have themselves only just been set up and will now have as a priority preparing for the post-LSC landscape.

79. It has recently been announced that the Skills Funding Agency and the Young People’s Learning Agency will both have their HQs based at the current LSC national office in Coventry.<sup>134</sup> The new National Apprenticeship Service will be part of the SFA.<sup>135</sup>

**80. The abolition of the LSC and the establishment of the Skills Funding Agency is likely to lead to considerable further disruption and the reward for this is as yet uncertain. The Government must be clear on the role of the SFA, including at regional level, and communicate this vision to its partners in skills delivery to avoid disaster. It is difficult to see how the regional LSCs set up recently can operate effectively without a definite transition plan, and the LSC as a whole will struggle to avoid being regarded as a lame duck partner, unable to make long-term commitments or start new initiatives with any credibility. We recognise that the Government is determined to push ahead with this change but we believe that maintaining stability within the system should now be the prime consideration. We recommend that the Government move quickly to resolve the issues around the role, organisation and relationships of the new SFA and that it redouble its efforts to communicate this information to the LSC’s regional partners, who need early and absolute clarity. Each region needs to be assisted in developing a plan for how the structures will work under the new arrangements post-2010. We also note that even if the Skills Funding Agency and National Apprenticeship Service are co-located in Coventry, effective mechanisms must be put in place to ensure that they work together.**

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130 Q 327

131 *Raising Expectations: Enabling the System to deliver, Update and next steps*, section 3.14, available at [www.dcsf.gov.uk](http://www.dcsf.gov.uk)

132 DIUS, *FE and Skills system reforms: an update*, December 2008

133 Ev 286, para 7.5

134 DCSF, *16–18 and post 19 Funding Transfer: Bulletin No 1*, August 2008

135 Seventh Report of the Committee, Session 2007–08, *Pre-Legislative Scrutiny of the Draft Apprenticeships Bill*, HC 1062, para 50



## Regional structures

81. The Leitch targets are national ones, as are the programmes designed by Government to achieve them, but the regions are the focus for delivery. The ability of regional and sub-regional strategies to address skills issues effectively will be central to whether the Leitch agenda is realised in anything approaching its ambitious form. Despite this, as the Association of Colleges noted, “The Leitch review reinforced the existing trends to give more influence to employers via Sector Skills Councils while saying very little about the role of regional organisations in skills.”<sup>136</sup>

## Regional Development Agencies

82. At the heart of regional delivery in England are the nine Regional Development Agencies (RDAs). The RDAs are required to report to Government on their region’s achievement of basic, intermediate and high level skills. They have always had a role in the skills agenda but the post-Leitch reforms and the Review of Sub-National Economic Development and Regeneration published in July 2007 have led to new responsibilities for RDAs in the single integrated regional strategy, especially with the transfer of the responsibility for skills brokerage from the LSC by April 2009.<sup>137</sup>

83. The RDAs are expected to work closely with regional partners such as the LSC, Jobcentre Plus, SSCs and HEIs. They were responsible for developing Regional Skills Partnerships (RSPs) in which the partners align their funding in support of agreed priorities that support the regional economic strategy.<sup>138</sup> Currently, the RDAs are reviewing the role of the RSPs and how these can better support the local Employment and Skills Boards. The RDAs also need to develop links with the UKCES on issues such as the SSCs, the integration of employment and skills agendas and the reform of qualifications.<sup>139</sup> Some regions have also developed a Skills Action Plan focussing specifically on Leitch (for example, the West Midlands).<sup>140</sup> In other regions there is a priorities statement.<sup>141</sup> For higher skills, the RDAs have a role in delivering the High Level Skills Strategy which aims to improve alignment between HE, business demand and regional need.<sup>142</sup>

84. David Cragg of the LSC told us that in the West Midlands “we have now got a fully integrated approach with skills embedded firmly through a really profoundly and collectively developed Regional Skills Action Plan embedded firmly within the Regional Economic Strategy; it represents the best step forward we have seen since the RDAs were established”.<sup>143</sup> However, others were more critical of the performance of RDAs. Ufi reported that “the RDAs do not always work well with Regional LSC given their focus on Level 3 skills and above and the LSC’s priority to focus funding on Level 2. This often

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136 Ev 255, para 15

137 Ev 105, para 3.1

138 Ev 105, para 3.4

139 Ev 105, para 3.6

140 Ev 216, para 3.3

141 Ev 216, para 3.4

142 Ev 105, para 3.7

143 Q 249

creates tension in the regional planning process.”<sup>144</sup> In addition, “RDAs have a broad remit; we believe they are strong in reinforcing messages but weak on implementation of policy”.<sup>145</sup>

85. It appears that the level of engagement of RDAs with HE and FE at the local level has been variable as well, despite the critical nature of this relationship. The OU told us that “it is not clear to the University if the contribution HE can make to the skills agenda has been fully valued across all RSPs. In some regions there has also been unnecessary competition between organisations as to which organisation should take the regional lead on skills”.<sup>146</sup>

86. The effectiveness of the RSPs came in for particular criticism. Universities UK noted that “the RSPs and related committees may be more efficient in some regions than in others, and their effectiveness in delivering this agenda may need to be monitored”.<sup>147</sup> On behalf of business, the EEF complained that “it is not clear that there is sufficient employer involvement and engagement [on RSPs]. Business representatives only make up a minority of all of the RSP boards.”<sup>148</sup> The Chair of the Yorkshire RSP conceded “I do think there is a real lack of clarity from the Government as to what the role of the RSP is”.<sup>149</sup>

87. In the case of the SSCs and RDAs, the difficulties are often over the differences between the regional and sectoral approach to skills. The Alliance of SSCs argued that “Recently, the Regional Development Agencies (RDAs) have shown a greater willingness to engage with sectoral skills issues; but in the past the picture has been patchy.”<sup>150</sup> One difficulty was that:

Currently each RDA chooses a limited range of economic sectors to prioritise. SSCs who are on the priority list often build good working relationships with the RDA. But in each region the majority of sectors will not be a priority and will effectively be ‘shut out’. This approach risks the disillusionment of employers who are not part of a favoured sector and makes it harder for SSCs to engage employers.<sup>151</sup>

The priorities chosen are also “plan-led, not demand-led”.<sup>152</sup> We heard from SEMTA that “Our experience so far is that there is little improvement in the approach of RDAs in promoting the Leitch findings. In some cases, RDAs have reduced staffing in support of the skills agenda”.<sup>153</sup> In other RDAs,

there are more encouraging signs that the overall approach of Leitch is welcome, but activity is slow, and there is a frustrating amount of dialogue which has yet to demonstrate how the targets will actually be achieved in practice. ‘Leitch’ is becoming a popular term invoked by some RDAs, but a little more detail and more

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144 Ev 178, para 3.1

145 Ev 178, para 3.2

146 Ev 207, para 7

147 Ev 258, para 4

148 Ev 130, para 11

149 Q 24

150 Ev 273, para 3.2

151 Ev 273, para 3.4

152 Ev 274, para 3.6

153 Ev 203, para 11

in terms of delivery plans would inspire greater confidence that they are willing to change their approach in support of it.<sup>154</sup>

In particular, SEMTA regional staff felt that RDAs were not giving the Sector Skills Agreement the appropriate authority to inform strategy, direction and funding.<sup>155</sup>

88. It is perhaps invidious to name those RDAs which appear to be performing better than others but one witness summed up the position well. Dr Wright of the Association of the British Pharmaceutical Industry told us:

The north west has got a very good relationship with some of the companies in that area and has been very responsive. It is fair to say that the companies up there have taken an active and proactive approach to that relationship. There are some others where we have seen some positive ideas, for example in the south east and east of England. My slight hesitation and worry is that there is a level of duplication and trying to compete with each other there as well. Somehow, what we need to do is allow them to build on the strengths or the needs of their local community while also joining them up in a more coherent structure. Other than that, apart from a few good examples, we have not been hugely impressed by the RDAs.<sup>156</sup>

Other positive examples offered to the Committee were the establishment by the London Development Agency of the London Multi Agency Team which was described by Energy and Utility Skills as “an innovative regional model for collaboration between London Regional Learning and Skills Councils, Jobcentre Plus and other partners as appropriate”.<sup>157</sup> The West Midlands and East Midlands were also praised by EU Skills.<sup>158</sup>

89. Summing up, the City and Guilds Centre for Skills Development suggested that “Existing regional structures for delivering skills and training have not achieved their full potential, due largely to a perceived lack of clout and a failure to communicate to employers how the system works and what they can expect from it”.<sup>159</sup> The Centre believed these problems could be overcome by clear communication and by giving employers a real, driving role in the process, citing international comparisons such as the Netherlands and the USA to prove their point.<sup>160</sup> A more radical solution would be to remove responsibility for skills from the RDAs altogether: neither Professor Wolf nor Professor Unwin could see any role at all for them.<sup>161</sup> Alternatively, the principal of North Lindsey College called for RDAs to take “a more prominent role in overseeing the skills agenda”, arguing that “they need to do more in championing enterprise and entrepreneurship and to work with colleges in addressing local and/or sub-regional initiatives”.<sup>162</sup>

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154 Ev 203, para 12

155 Ev 203, para 13

156 Q 141

157 Ev 148, para 3.5

158 Ev 148, paras 3.6 and 3.7

159 Ev 152, para 4.3

160 Ev 152, para 4.5

161 Q 99

162 Ev 282

90. We recognise that the RDAs have an important role in economic development and business improvement and, within this context, they should have a clear focus on skills and in stimulating demand through planning rather than delivering programmes. But they are not yet achieving their full potential and overall performance is inconsistent. To drive up the quality of skills planning by individual RDAs we recommend that the Government commission an analysis of what is happening region by region and report on best practice and areas of weakness.

### *Sub-regional bodies*

91. At the sub-regional level, the Government is developing a new format of Multi-Area Agreements, Local Area Agreements and Employment and Skills Boards. It has stated that

We are committed to the principle of commissioning and planning happening at the right level in the system. Most planning will happen at the local level; this will allow the system to be flexible and responsive to learner needs. The sub-regional and regional levels will be used to aggregate commissioning plans across an area for certain providers, if appropriate, to ensure the single commissioning conversation.<sup>163</sup>

In its second memorandum to this inquiry, DIUS argued that: “MAAs are emerging as the key tier with regard to skills—they cover geographical areas which make real sense in terms of skills and travel to work and provide a vehicle for significant interaction between central and local government in a number of policy areas.”<sup>164</sup>

92. This message has yet to reach beyond Whitehall. MAAs were barely mentioned in evidence and much of the comment on ESBs was at best equivocal. The Centre for Enterprise reported that “progress in terms of establishing ESBs has been tentative as regions await guidance from the national level signalling support (or otherwise) for ESBs and providing a steer on the role they should play”.<sup>165</sup> This uncertainty can be seen in the view expressed by the representative of one ESB who told us that “I believe that the voice of the employer is being lost in these new structures. You can now go to employment and skills boards that would not even have an employer representative on them from the private sector”.<sup>166</sup> The SSCs also had concerns that “there are currently too many consultative and planning bodies at the regional level and below, and the development of Employment and Skills Boards (ESBs) threatens to make the confusion worse”, and that “proliferation is inefficient and is likely to lead to employer ‘consultation fatigue’”.<sup>167</sup> They called on the UK Commission for Employment and Skills “to take an overview of the system and licence ESBs to ensure accountability for delivery at the local level”.<sup>168</sup>

93. Chris Humphries of UKCES commented:

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<sup>163</sup> *Raising Expectations: Enabling the System to Deliver, Update and next steps*, 3.19

<sup>164</sup> Ev 311, para 62

<sup>165</sup> Ev 228, para 22

<sup>166</sup> Q 184 [Frank Lord]

<sup>167</sup> Ev 272, para 1.6

<sup>168</sup> As above

We have a very confused system. We have RDAs, we have regional skills partnerships, we have employment and skills boards that are operating at a sub-regional level and we have multi-area agreements that are operating at another level. We have not yet anchored on an appropriate sub-national structure and we are in a process of change. I think the concern people have is that they are not sure where the end destination is on all of this.<sup>169</sup>

This was supported by many other witnesses, including the representative from the RDAs, Steven Broomhead, who warned that “I think we have a very complex duplicating mess at national, regional and sub-regional levels at the moment in terms of planning, and what we should have is evidence-based prioritisation and inclusivity about what those policies are at a regional level, and we do not have that and it is likely to get worse.”<sup>170</sup> The Engineering Employers Federation agreed that:

The complexity of the skills infrastructure is most acute at the regional and sub-regional level. As this is the level at which most companies engage with the system, action on improving coherence at this level should have been a priority. There remains a lack of clarity about the future shape of the regional infrastructure and the role it will play in delivery of the Leitch Review targets.<sup>171</sup>

94. It is vital that this situation is addressed. The lack of clarity over the regional dimension of the implementation of the Leitch agenda may well arise from the near-silence of Leitch himself on regional bodies but it is now incumbent on the Government and on UKCES to resolve this. As a first step, **we recommend that the Government issue full guidance as to the roles and responsibilities of each relevant regional, sub-regional and local body involved in delivering the Leitch agenda, with an indication of where this is likely to change post-2010. This would allow all parties a better understanding of what the current and future organisational arrangements are and would assist a move to the next stage of identifying how these arrangements could be improved. In order to avoid unnecessary proliferation of employer representative bodies, we further recommend that Employment and Skills Boards be licensed by UKCES.**

### ***Sectoral and spatial planning at the sub-national level***

95. There is debate over whether the regional level is the most appropriate focus for the delivery of the Leitch agenda. The Association of the British Pharmaceutical Industry argued that “Regional structures for delivery of skills training are of limited value to an industry which acts globally and where many employees are recruited on a national, and frequently international, basis”.<sup>172</sup> Others were of the view that regions were “too large, too diverse in their skills needs, profiles and provision to allow these mechanisms to operate effectively; skills needs are not homogenous across the region, but highly dependent on the economic geography and the skills base of sub-regions”.<sup>173</sup> Professor Wolf told us: “I really

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169 Q 191

170 Q 258

171 Ev 130, para 8

172 Ev 119, para 9

173 Ev 185, para 2 [University of Hertfordshire and Oaklands College]

do not think we need a regional level. That is just another layer of bureaucracy which is not helpful. What you want to do is get down to the level where individuals are responding to the local market and making their own decisions within the context of where they live and where they are operating.”<sup>174</sup>

96. There is also a need to align the sectoral approach advocated by Leitch, with so much responsibility for leadership and defining demand placed on the SSCs, with the regional approach of existing delivery structures. The Alliance of SSCs argued that there is a requirement for a strategic interface between SSCs and RDAs, since “leaving 25 SSCs to negotiate independently with nine RDAs is a recipe for confusion”.<sup>175</sup> They also warned that while they “accept that the regional approach will lead to competition between RDAs this cannot be allowed to prevent a joined up national approach to skills.”<sup>176</sup> The SSCs argued that “The connection between regional structures and the sectoral approach is crucial to the success of skills delivery. We expect that the UK Commission for Employment and Skills (UKCES) will make recommendations on how these can be improved.”<sup>177</sup>

97. We believe that the question of the correct level for the delivery and planning of skills may be one with a different answer in different circumstances. It is clear that if the agenda is to address worklessness hotspots effectively, then the strategy employed must be a very local one to allow for targeting special assistance on pockets of unemployed, out of education young people in generally affluent and highly-skilled areas. Strong local leadership is needed in such cases to ensure that the programmes reach their target audience. Yet, countering this, colleges aside, training providers and employers organisations are likely to think on a much larger geographical scale and would not welcome too much variation between the offer and planning structures in different parts of the country or even parts of a city. **The Department for Work and Pensions needs to operate on a sub-regional basis, working very closely with DIUS to achieve this, particularly given the current economic situation. We also recommend that UKCES issues new guidance on setting up and maintaining effective local partnerships to deliver and plan skills, including the balance between sectoral and spatial planning at the sub-national level. This should include examples of best practice.**

## Complexity

98. As we have seen in discussing the regional structures for skills delivery, a constant refrain is that the system is too complex. This is evident in the multiplicity of planning organisations, leading to duplication, confusion and employer fatigue, and is demonstrated by the excellent charts provided to us by the National Audit Office, which show just how complicated the landscape is for employees, those not in work, young people and those delivering training.<sup>178</sup>

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174 Q 95

175 Ev 272, para 1.5

176 Ev 274, para 3.7

177 Ev 273, para 3.1

178 See Appendix

99. Dr Wright of the ABPI told us that “from our perspective that there is what you could call a patchwork quilt of skills support, provision and information” and that “It is difficult for us to know exactly ... what needs to be done and to get a response”.<sup>179</sup> Like other witnesses, Dr Wright had tried to map out “who we engaged with and who we needed to interact with and influence to have an impact at the employee who came through the door.”<sup>180</sup> Such attempts were described by those who had made them as “really difficult”,<sup>181</sup> “mind-boggling”<sup>182</sup> and “almost incomprehensible”.<sup>183</sup> Chris Humphries of UKCES related that when the Chairman of UKCES was first appointed, “something like sixty-seven organisations with skills in their remit wrote to him to tell him it was essential that the Commission worked with that organisation because they were the heart of skills development in that particular sector or area and [he] had not heard of any of them until that point”.<sup>184</sup>

100. This problem is set to become worse in the near future. Chris Humphries told us that:

The system has got more complex over the last six months, not less, with the changes in the machinery of government, the splitting of the departments, the move to devolve part of 14–19 to the level that 19+ is operating at ... I do not think there is an employer in the land who understands what the elements of the new system are, particularly pre-19.<sup>185</sup>

SEMTA agreed that “in England the system is facing extraordinary upheaval and change over the next three to five years ... While many of these [initiatives] are directly linked to achievement of the Leitch targets, it means creating a landscape of astonishing complexity and perpetual change.” It added: “There is perhaps a danger that, unless properly funded, the energy required to create the mechanisms necessary to achieve Leitch may sap enthusiasm for the actual delivery”.<sup>186</sup>

101. Another danger is that the complexity of the UK’s skills system may directly harm the country’s international competitiveness. Dr Wright of the ABPI warned that Singapore, Switzerland and other countries “are making it easier for our companies to go in and get the skills they need, not more complex. They are able to deliver the skills that they want in a more coherent way and provide a package for investment.”<sup>187</sup> Teresa Sayers of the Financial Services Skills Council agreed that “If you consider firms which operate in a global context, the complexity of operating within a UK context is absolutely mind blowing for them.”<sup>188</sup>

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179 Qq 135-6

180 Q 135

181 Q 137 [Mr Schuhmacher]

182 Q 194 [Frank Lord]

183 Q 325 [Dr Malcolm McVicar]

184 Q 187

185 As above

186 Ev 203, para 10

187 Q 138

188 Q 191

102. There are two separate issues involved here: complexity of planning organisations or structures (national, regional and local bodies with overlapping roles) and complexity of delivery mechanisms (the interface with employers and individuals). On the first, we asked the then Minister about the complexity of the system, particularly in relation to the different layers of regional, national and local planning. He was passionate in his defence of the status quo, citing the importance of skills at each level from the local community to the national picture and challenging us to identify “what bits should we stop?”<sup>189</sup> He argued that “this is all about the success of people understanding how important skills and training is” and concluded that “of course there is a tension there between local and regional sometimes and certainly sector-led pushes, but it is all necessary to get us to the right place”.<sup>190</sup>

103. On delivery mechanisms, we note that in its update to *Raising Expectations*, DIUS states that it is “committed to reducing bureaucracy” and that it has “started work with the Bureaucracy Reduction Group to address complexities and bureaucracies from the FE and skills perspective”.<sup>191</sup> UKCES has also been charged with responsibility for a simplification project which has identified six concerns from employers around: difficulties of access for employers to the system; complexity of programmes and initiatives; too restrictive constraints on individual programmes and initiatives; excessive bureaucracy in administrative arrangements for programmes or initiatives; complexity of structures and organisation; and rapidity of change.<sup>192</sup>

104. The first report from this project was published in October 2008, setting out proposals to “(relatively) quickly provide a much simpler interface between employers and the public skills system, concealing much of the complexity in order to deliver a simpler and much more responsive service to employers—sometimes called ‘hiding the wiring’”.<sup>193</sup>

105. A second stage is promised for a later date to develop “longer-term proposals that will fundamentally simplify the underlying programmes and structures, and ensure a much more employment-responsive service to employers that integrates employment and skills services in the most effective and sustainable way—‘rewiring the circuit board’”.<sup>194</sup> The simplification report concludes by stating that “Further work by the UK Commission on longer-term changes will be undertaken during 2008 and 2009.”<sup>195</sup>

**106. The UKCES simplification project is an important and timely piece of work and we welcome the first stage of its results. It is addressing the right sort of questions. However, we would like it to expand into two further areas. First, it should specifically address the difficulties faced by individuals in accessing training. Secondly, we strongly believe that the project needs to move more quickly to address planning structures as well as delivery bodies and programmes.** The DIUS Director General argued that “If we

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189 Q 451

190 As above

191 *Raising expectations: Enabling the System to Deliver, Update and next steps*, para 3.19

192 Ev 296

193 UK Commission for Employment and Skills, *Simplification of Skills in England*, p 6

194 As above

195 UK Commission for Employment and Skills, *Simplification of Skills in England*, p 28



can make the service simple then actually it does not matter that we have lots and lots of organisations helping us to identify their skills needs”.<sup>196</sup> On the contrary, we believe that merely “hiding the wiring” still leaves a complex organisation underneath which slows down decision-making and responsiveness.<sup>197</sup>

**107. We stress that an important factor to be considered in advocating change is the need for a period of relative stability, in institutions and programmes. This, as much as anything, would encourage employers and other players to sign up to the Leitch agenda and to the associated targets for greater investment in skills. Constant change creates uncertainty and, as the wider economy currently demonstrates all too well, uncertainty tends to undermine the confidence that is needed for investment to take place. We fully support UKCES’s plea for ministers to adopt “five key principles on what not to do in future” to avoid the “tendency for the system to regress”:**

- **no new disconnected initiatives;**
- **no separate contracts for different elements of the Train to Gain service;**
- **no different reporting or monitoring rules outside the current set;**
- **no new business-facing brands beyond Business Link, Train to Gain and Apprenticeships; and**
- **no new agencies beyond those already announced.**

## Devolution

108. Responsibility for skills is a devolved matter and as UKCES told us “there is a different pattern of employment, unemployment, social inclusion and exclusion, productivity and competitiveness in different parts of the UK”.<sup>198</sup> SEMTA warned in evidence that “There is an inherent risk that the Leitch proposals are implemented in different ways and leading to different outcomes across the four UK nations. Our companies which cross the borders of the 4 nations are concerned that different interpretations of requirements, and timescales for implementation, of Leitch will mean more confusion and result in employer disengagement”.<sup>199</sup>

109. UKCES is, as its name suggests, a UK-wide body and DIUS has tasked it with seeking “to establish a relationship of mutual respect and trust with governments across the UK.”<sup>200</sup> Its Chief Executive suggested to us that this put the Commission in a position of strength, allowing it “to monitor and learn from a number of different laboratories in which

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196 Q 451

197 For the five key principles referred to in the following paragraph, see *UK Commission for Employment and Skills, Simplification of Skills in England*, section 7

198 Q 189. A series of documents contain the different skills strategies across the UK: *Skills for Scotland: a lifelong skills strategy*, *Success through skills: skill strategy for Northern Ireland* and *Skills that work for Wales*.

199 Ev 203, para 9. See also Q 338 [Professor Deian Hopkin]

200 UKCES: High Level Responsibilities, letter from Secretaries of State for Innovation, Universities and Skills and Work and Pensions, para 6, available at [www.ukces.org.uk](http://www.ukces.org.uk)

different things are being tried in order to get the system right”.<sup>201</sup> Interestingly, a particular gain may be in comparing policy impacts in Scotland or Wales with a view to examining their relevance to the English regions which are of similar size. Chris Humphries told us that the World Bank had suggested that “running an education system in population groups of 3–7 million may be the way to ensure quality, progress and effective operations”.<sup>202</sup> He saw “a real opportunity to learn from the ways in which different parts of the country respond to the different challenges they have when using employment and skills as drivers to get the whole system to perform better”.<sup>203</sup>

**110. We would like to see UKCES adopt a role of disseminator of best practice throughout the UK and act as a source of expert advice to employers and Government on the differences between skills policies and delivery mechanisms in the four nations.**

## Government programmes

### *Train to Gain*

111. In March 2005 the Government announced its plans to introduce a National Employer Training Programme to “give employers real choice over the training they offer their employees”, which became known as Train to Gain.<sup>204</sup> DIUS referred to it as the Government’s “flagship service to support employers in England, of all sizes and in all sectors, to improve the skills of their employees, unlock talent and drive improved business performance”.<sup>205</sup> The service provides access to skills advice for businesses through ‘skills brokers’, colleges or training providers.

112. The Government states that since the programme was fully rolled out in the autumn of 2006, nearly 83,000 employers have engaged with Train to Gain, with 76% being ‘hard to reach’, exceeding the 51% target. Almost 185,000 learners have achieved a qualification.<sup>206</sup> The Government plans that funding for Train to Gain will increase from £520 million in 2007–08 to over £1 billion by 2010–11.<sup>207</sup>

113. In November 2007 the Government published *Train to Gain: A Plan for Growth* which set out reforms to the programme. These include “working with partners at national and regional level to consider the best way to improve performance measurement, looking at other indicators such as productivity, tackling disadvantage in particular groups and other economic and social factors. New measures and flexibilities include broadening out skills brokerage to cover all sizes of employer, and flexibilities for people recruited through a Local Employment Partnership (LEP)”.<sup>208</sup> The DIUS memorandum noted that the Train

201 Q 189

202 As above

203 As above

204 Department for Education and Skills: *Skills: getting on in business, getting on at work*, March 2005, Cm 6483-I, para 11

205 Ev 102, para 2.16

206 Ev 102, para 2.17

207 Ev 103, para 2.18

208 Ev 124, para 23 [Learning and Skills Council]

to Gain brokerage service is to be integrated into the Business Link network from April 2009.<sup>209</sup>

114. DIUS's audited accounts for 2007-08 show that it underspent by £284 million on its grant to the LSC in that year.<sup>210</sup> It has been reported in the media that much of this can be attributed to underspending on Train to Gain.<sup>211</sup> This implies that the programme is not operating effectively or that its potential has been overestimated, and we received a series of criticisms in the submissions to the inquiry. These focussed on what Train to Gain offers, its lack of flexibility and its unintended outcomes in terms of deadweight. For example, witnesses told us in oral evidence that “there is a lack of understanding of what the Train to Gain offer now is”<sup>212</sup> and agreed with the proposition that there is an inherent contradiction between the structures of Train to Gain and the nature of courses and training that employers want—short, sharp courses and not necessarily leading to qualifications.<sup>213</sup> Electronics Yorkshire told us:

There is a clear mis-match here between some qualifications funded by mainstream initiatives such as Train to Gain, and the skills required by industry. Very often the qualifications on offer are not in demand and the skills in demand are not offered through the public purse.

One way to address this might be through accrediting short, technical courses, however the process to gain accreditation can be extremely long-winded and time consuming, in some cases, the elapsed time needed outstripping the ‘life time’ of a course in a fast moving industry. Even with an accredited course, there is still no guarantee of funding being available.<sup>214</sup>

115. The “broker” system came in for particular criticism. One FE provider told us

Because it [Train to Gain] is target driven and qualification driven its market place in practice is primarily large employers. Taking a delivery team into a large factory and enrolling learners is a good model, ie high numbers of employees accessing ‘on the job’ training, particularly Level 2. However, the same employers are not as responsive when you talk to them about Level 3, Level 4 skills. The brokerage system for Train 2 Gain has been a complete shambles and another waste of public money.<sup>215</sup>

116. Chris Humphries of the UKCES summed up the concerns: “I think we have designed a system with too many rules, that the employer experience starts with the broker who is incentivised on getting to the next stage, so could exaggerate what is on offer and the

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209 Ev 306, para 15

210 *Department for Innovation, Universities and Skills Resource Accounts 2007-08*, HC 864, July 2008, p 53

211 For example, *Train to Gain is in the slow lane*, TES: FE Focus, 8 August 2008

212 Q 142 [EEF]

213 Q 107 [Professor Wolf]

214 Ev 295

215 Ev 282 [Dr Roger Bennett, Principal, North Lindsey College]

employer then finds from the provider that actually what is on offer does not quite meet the employer's needs, and we do not have a system that offers an all-through service."<sup>216</sup>

117. We note that those representing individuals also expressed disquiet about Train to Gain. The Equality and Human Rights Commission was "concerned about how this demand-led system will serve to support those currently deficient in skills, the hard-to-reach, and those at the margins who have failed to make—or be heard in—demands for skills acquisition and progression opportunities to date."<sup>217</sup> They called for the Train to Gain brief to be "extended to give funding and brokerage support to employers for skills training for different groups at different levels to secure progression and best use of employees, not just skilling at levels for current roles."<sup>218</sup>

118. Finally, some witnesses argued forcefully that Train to Gain, far from increasing skills, was having a serious negative impact on the UK's skills base. Dr Collins of the Association of Colleges told us that "you could probably say that the number of skills being followed by adults in total has gone down because essentially the Train to Gain focus on employer-led provision, which has not been fully taken up in the sense that there is more money unspent in that budget each year than has been allocated to it, has been at the cost of individuals themselves pursuing qualifications outside of their employer-driven framework".<sup>219</sup> Looking to the future, Mick Fletcher, an education consultant, argued that the current Train to Gain approach of accrediting existing skills could be harmful to the UK's long-term skills development:

three or four years downstream, when we have found all those people who are skilled but not qualified and labelled them, which may do them a little bit of good but not a great deal, we will find we have a bigger task than of training people who need training, which certainly would benefit them and benefit their employers, but we may well have disposed of many of the teachers who would have done that.<sup>220</sup>

119. David Cragg from the LSC, which is responsible for Train to Gain, accepted some of the criticism, agreeing that the current system was "too patchy" but he added:

I think there is less and less deadweight and more and more evidence of genuine added value, and I think that comes through all the satisfaction surveys from employers themselves and from individuals taking part in Train to Gain ... if you look at the scale of take-up tackling some of the fundamental issues of low-skilled people in the workforce, in particular, then the numbers are now starting to be very encouraging ... The long-term issue will be whether we can see more and more co-investment ... especially at Level 3 and at Level 4 because, ultimately, that would be the litmus test as to whether it works.<sup>221</sup>

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216 Q 242

217 Ev 268, para 13

218 Ev 268, para 19

219 Q 298

220 Q 74

221 Q 265

Steven Broomhead of the RDAs suggested that the deadweight issue could also be ameliorated through the integration currently underway of the skills brokerage for Train to Gain and the RDAs' business support to provide a single number for businesses to ring on any number of issues. He thought this would be particularly important for small and medium enterprises "who have no culture of providing that sort of training".<sup>222</sup>

120. A recent report by OFSTED was also reasonably positive about Train to Gain, stating that "The survey found that Train to Gain was successful in raising employees' personal skills and knowledge and in providing them with qualifications to recognise their vocational competence." However, it acknowledged "Areas remain for improvement in the design and delivery of the programme. The provision of skills for life training was a particular weakness. Those employees with language, literacy, or numeracy (skills for life) needs rarely received sufficient training or encouragement to improve their skills. Around a third of the providers surveyed were unclear about the extent to which skills for life provision was eligible for funding through Train to Gain" and added "Data on qualification success rates were not collected systematically by all the providers."<sup>223</sup> It also stated "The survey found little evidence that the programme was driving up the demand for training among employers."

121. The Government has moved to address some of the issues raised through the development of compacts with the SSCs. The compacts are agreements between DIUS, the LSC and sector bodies which give the SSCs greater flexibilities within Train to Gain, such as sector-specific joint marketing with the LSC and a relaxation of the rules around funding only first qualifications in certain priority areas, in return for a commitment by the SSC to work within their sector to increase take-up of the skills pledge, apprenticeships, full level 2 and 3 qualifications and Skills for Life.<sup>224</sup> The first compact, with SEMTA, was signed earlier this year and ten in total should be in place by the end of 2008. Chris Humphries of UKCES applauded the concept but was sceptical about the process:

I think the concept behind sector compacts is to try and give employers a better choice, a better way in which to link their strategic needs with their training requirements with the system. I think the weakness at the moment is that it still does not try to start from the needs of the business in relation to strategy and skills and, if it did and what we designed was a response that met their needs, but tariffed in such a way that it gave meaning to [the] suggestion earlier about getting employers to pay for those higher-level skills that they get most return from, in other words, if you had a tariff and a tripartite responsibility built into the funding regime around a training plan from the company, you could create something that still sticks to many of the concerns about basic skills and moving up the higher-level skills ladder, but does it in a way that is responsive to it and, therefore, produces a better impact on the business.<sup>225</sup>

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222 Q 266

223 OFSTED, *The impact of Train to Gain on skills in employment*, November 2008

224 Ev 326, para 7

225 Q 241

As we have already noted, there have also been recent flexibilities introduced for SMEs to help them train their staff using Train to Gain.

122. **In the current economic downturn it is essential that Train to Gain, as the main source of Government funding for skills development, is made flexible enough to deal with rapid adjustments for people who have been made redundant and need quick re-training and with businesses anxious to develop in response to new challenges. Aspects of Train to Gain are currently failing to satisfy the different demands of employers, individuals and value for money for the taxpayer. Unless there is a radical re-focusing of the programme one of the central planks of the Leitch reforms will be lost.**

123. **Train to Gain will only achieve its aim of producing long-term improvements in competitiveness if its brokerage service is more closely tied to helping firms develop more ambitious business plans and more tightly linked to wider economic development and business improvement services. It has to deliver what employers want: a consistent offer across the country, with greater understanding amongst brokers of sectoral interests and flexible funding for courses. The National Audit Office is currently reviewing the Train to Gain programme and we look forward to the publication of its findings. In view of our earlier recommendations on evaluation, we will be particularly interested in the NAO's conclusions on the extent to which Train to Gain has led to increased overall skills levels.**

### **Apprenticeships**

124. The Government has recently reviewed apprenticeships and announced plans for a National Apprenticeship Service, with a “significant regional and sub-regional role”. The aim is “to meet the goal set by Lord Leitch of expanding the number of apprentices in learning to 400,000 in England by 2020; and to honour the entitlement to an apprenticeship place for all school leavers who meet the criteria by 2013”.<sup>226</sup> A new national apprenticeship vacancy matching service is to be tested in three regions from October 2008.<sup>227</sup> In its update to *Raising Expectations*, DIUS stated that “We recognise that raising the number of employers offering Apprenticeships is critical and we will make it easier for employers to improve the range of Apprenticeships by enabling them to include their own accredited qualifications; and by introducing a pilot wage subsidy programme for small businesses, to make it more attractive for them to offer high quality Apprenticeship places.”<sup>228</sup>

125. In parallel to this inquiry we have been conducting pre-legislative scrutiny of the draft Apprenticeships Bill and we offer detailed comments on apprenticeships in the report relating to that inquiry.<sup>229</sup> Witnesses to this inquiry questioned the suitability and impact of the existing apprenticeships programme, expressing concerns particularly about the validity and value of programme-led apprenticeships and about the position of women in

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226 Ev 102, para 2.14

227 Ev 125, para 35 [Learning and Skills Council]

228 *Raising Expectations: Enabling the System to deliver, Update and next steps*, para 3.18

229 HC (2007–08)1062

apprenticeships.<sup>230</sup> We also heard views on the new arrangements. For example, the Alliance of SSCs was concerned that “the ambitious expansion target risks diluting the quality of apprenticeship delivery.”<sup>231</sup> Looking to 2010, a number of witnesses, especially from FE colleges, believed that Train to Gain and the new apprenticeship service should be brought together. The 157 Group argued that “The new Skills Funding Agency should integrate the Apprenticeship programmes into its wider funding of Train to Gain as an all embracing package for employers and dramatically simplify the paperwork involved in the whole employer engagement process”.<sup>232</sup>

126. As the select committee shadowing DIUS, we have particular concerns about adult apprenticeships which fall under the responsibility of DIUS (DCSF is responsible for 14–19 year olds). Here, there are issues of parity of funding and esteem. At present funding for adult apprenticeships is lower than for young apprenticeships and Rolls Royce called for the funding to be equalised between the 16–18 year apprenticeships and the over-25s.<sup>233</sup> The Alliance of SSCs suggested that making the funding equal would both “support Leitch’s aim of upskilling the current adult workforce” and, by simplifying the offer, “encourage employers to engage” with the apprenticeship programme.<sup>234</sup> It seems to us that, in general, there is a risk of “traditional” apprenticeships, aimed at young people, being prioritised at the expense of older workers. We believe that the relationship between 14–19 and adult apprenticeships should be kept under review. **We recommend that the Government review funding for adult apprenticeships and report on measures to encourage and strengthen them, particularly as demographic change will reduce the number of young people in the workforce.**

127. Another area of particular concern to us is that higher level apprenticeships are not receiving the same attention as entry levels. The lack of evidence presented to us on higher level apprenticeships speaks for itself as to their profile. **We recommend that the Government collate and publish data on the development of high level apprenticeships and take immediate action to raise awareness of the opportunities if take up is not satisfactory.**

128. Finally, we have heard evidence in the parallel inquiry about widespread re-badging in the apprenticeship programme whereby existing employees ‘convert’ to apprenticeships. We examine this subject in more detail in our report on the draft Bill.

### **Qualifications reform**

129. Reform of vocational qualifications has been underway for some time. The Qualifications and Credit Framework (QCF) is designed to be a new way of recognising achievement through the award of credit for units and qualifications in England, Wales and Northern Ireland. Every unit and qualification in the framework will have a credit value (one credit represents 10 hours, showing how much time it takes to complete) and a

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230 Q 244 [Tom Bewick, Teresa Sayers] and Ev 195 [YWCA]

231 Ev 273, para 1.15

232 Ev 132, para 7

233 Q 132 [Mr Schuhmacher]

234 Ev 277, para 11.5

level between Entry level and level 8 (showing how difficult it is).<sup>235</sup> The Qualifications and Curriculum Authority conducted tests and trials of the new system between September 2006 and June 2008, involving learners, employers, awarding bodies, sector skills councils, colleges and training providers. On 14 November 2008 DIUS announced a new flexible QCF which was welcomed by the Association of Colleges and the LSC.<sup>236</sup>

130. One factor often cited as a disincentive to employers providing/supporting training is the Government's focus on whole qualifications. For example, the Alliance of SSCs argued that "Currently, government funding is tied to whole qualifications, which often do not match specific skills needs, and the vast majority of SSCs consider this puts learners and employers off further training".<sup>237</sup> The QCF is intended to meet some of these concerns by allowing learners to take modules which are specifically relevant and, in time, build these towards a whole qualification. Some witnesses wanted to develop credit frameworks still further to encourage students to undertake training, especially at higher levels. The Council for Industry and Higher Education argued that:

If we are serious as a nation about enabling learners of all ages and backgrounds to develop higher level skills, to acquire learning when and where it suits them and to explore and progress around the climbing frame of learning, then systems of credit accumulation and transfer have to be implemented and be made compatible across the country. Individuals need to be able to have the learning and skills they have acquired in the workplace validated and credited, go on an in-house or external course whether provided by a private sector provider, a College or an HEI and build further credits.<sup>238</sup>

131. We support the current emphasis on qualifications reform, both of the system and of individual qualifications. If successful, this work has the potential to produce valuable long-term benefits, but we recognise that this is a long-term project which will not in itself deliver an increased demand for skills. The history of earlier attempts at reforming vocational qualifications suggests that it takes a considerable time for employers in general to understand and value the changes. Moreover, some of the goals that are being pursued, such as the certification of informal learning in the workplace, are technically difficult and may provide benefits that are uncertain when weighed against the costs of delivering this kind of certification. **We welcome the new QCF and its emphasis on a modular approach. We believe that serious consideration needs to be given within the qualifications reform process to the accreditation of prior learning and to accommodate non-traditional courses leading to the acquisition of skills at an appropriate level, such as bite-sized courses or part-time or informal training.**

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235 [www.qca.org.uk/qca\\_19674.aspx](http://www.qca.org.uk/qca_19674.aspx)

236 [www.qca.org.uk/qca\\_8152.aspx](http://www.qca.org.uk/qca_8152.aspx)

237 Ev 273, para 1.14

238 Ev 189, para 14



## 4 Employers: representation and engagement

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132. As an equal partner in the Leitch triangle of responsibility, employers have a key role in ensuring that the agenda works. The 157 Group was right to observe that “Responding successfully to the Leitch targets ultimately lies in the hands of the employers not the providers. The Government needs the key employer organisations ... to be central to the Skills Pledge campaign shouting the skills message from the rooftops and supporting their members’ engagement.”<sup>239</sup> This implies that a major task of Government is to persuade employers and their representatives of the importance and effectiveness of its policies in order to convince them to participate and to increase demand for training. Mechanisms for co-ordinating the views of employers and for encouraging engagement are therefore crucial to the fulfilment of the Government’s plans.

### Representative bodies

#### UKCES

133. The UK Commission for Employment and Skills (UKCES) is a new body, recommended by Leitch and enthusiastically adopted by Government, which sits at the heart of the implementation arrangements. It was established in April 2008 to strengthen the employer voice and provide greater employer influence over the employment and skills system. It describes itself as “a genuinely employer-led organisation, with Commissioners drawn from the highest levels of the private, public and voluntary sectors, supported by trade union leadership”, aiming to “raise UK prosperity and opportunity by improving employment and skills”.<sup>240</sup> The UKCES Chief Executive told us that “My remit as an employment and skills organisation is to focus on the extent to which the system meets the needs for economic competitiveness and increased employment.”<sup>241</sup> The then Minister for Skills described the role of UKCES as “to keep us real to what we say we need to do in terms of Leitch”.<sup>242</sup>

134. In July 2008 UKCES produced its first business plan and it is now consulting on its five year strategic plan. It is expected to produce annual updates assessing progress towards making the UK a world-class leader in skills and to undertake a major review in 2010,<sup>243</sup> although an important component of this—whether employers are doing enough or whether there should be a legal right to workplace training where the employee lacks at

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239 Ev 132, para 1

240 Ev 297

241 Q 172

242 Q 411

243 Ev 308, paras 31–34

least a level 2 qualification—will be delayed until 2014, if the new right to request time to train goes ahead.<sup>244</sup>

135. UKCES was not widely raised in evidence to us, presumably because, as a new body, it had yet to make any kind of impression. There were some doubts about its chances of success. For example, the independent policy unit, Centre for Cities, welcomed the concept of the Commission and its regional boards but expressed concern that “it seems to be rather a toothless tiger”.<sup>245</sup> The 157 Group also expressed concern that as an employer-led body, UKCES might find it difficult to deal with “sectors that are slow to train.”<sup>246</sup> In addition, one of the academic experts who gave evidence to the Committee dismissed UKCES as “tinkering in the upstairs office” and an “irrelevant” change to the existing agencies as far as most employers were concerned.<sup>247</sup>

136. At this stage we do not share this scepticism about UKCES. The Commission has undertaken to “provide vigorous and independent challenge, advising the UK Government and Devolved Administrations at the highest levels on employment and skills strategy, targets and policies”.<sup>248</sup> As we have seen, its position as a UK-wide organisation should mean that it is well-placed to bring in ideas from all parts of the nation and it has already begun important work on employability and simplification, and on SSC relicensing (see below). Naturally, it will take time for this work to have a real impact. We do, however, have concerns that UKCES may be under-resourced for the extensive programme ahead of it. It has a total organisational budget for 2008–09 of £14.3m, including programme funding.<sup>249</sup> There are also huge expectations being placed on it to address all skills problems through research and strategic advice and to exercise executive functions through its oversight of the SSCs. There may be potential for conflict in these two roles and in prioritising them. The immediate test for UKCES will be the re-licensing process where it is essential that UKCES establishes a reputation for swift effective action and an understanding of the political and sectoral realities. However, we are concerned that this should not distract UKCES from fulfilling its strategic role in high quality research and advice to Government on the realities of the market. **Great things are expected of the creation of UKCES and we will keep a close eye on its development to assess whether it is delivering, including scrutinising its Five Year Strategic Plan, which will be issued before the end of 2008–09.**

### Sector skills councils

137. The relicensing of the SSCs is probably UKCES’s most high profile task in the immediate future, with the Government expecting all new licenses to be issued by the end of 2009. The SSCs are generally regarded as being of variable quality—Lord Leitch told us “I started off liking the concept of Sector Skills Councils but not so much the delivery. I saw

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244 Department for Innovation, Universities and skills, *Time to Train: Consulting on a new right to request time to train for employees in England*, p 6

245 *Leitch Review of Skills: initial reactions*, Patricia Seex, 6 December 2006, available at [www.centreforcities.org.uk](http://www.centreforcities.org.uk)

246 Ev 132, para 2

247 Qq 103, 105 [Professor Unwin]

248 Ev 298

249 UKCES Business plan 2008–09, p 19

one third doing well, one third badly and one third unproven, and I thought ‘Goodness gracious’<sup>250</sup>—but the Leitch agenda places new responsibilities on them, including for qualifications. They are also increasingly involved in establishing National Skills Academies.

138. The SSCs are clearly major partners in the process of delivering the Leitch agenda. The Chief Executive of one Council described them as providing a “reality check on whether or not the state’s strategic aims and objectives are really in tune with both the short-and long-term economic needs of the country.”<sup>251</sup> However, concerns about SSCs expressed in evidence range from their structural organisation through membership to funding and performance. For example, the ABPI saw the relicensing as an opportunity to make the system more coherent, commenting that:

The lack of clear differentiation of responsibility for scientific and technical subjects between the SSCs demonstrates the lack of a coherent framework. This has led to confusion amongst employers and education providers on the most appropriate SSC to engage with and has probably contributed to the slow pace of activity to meet our needs.<sup>252</sup>

Similarly, the Association of Accounting Technicians argued that:

there are considerable weaknesses in the design of the Sector Skills Network that compromises the ability of Sector Skills Councils to fully reflect the employer voice and thus negates their ability to be the sole arbiters of ‘demand’ for qualifications. Of particular concern to the AAT is the fact that because they are set up vertically, by industrial sector, they are not geared up to analyse and address skills like accountancy that are required across all sectors.<sup>253</sup>

Lee Hopley of the EEF suggested that generic issues, such as leadership and management, should come under the overview of the Commission, rather than individual SSCs.<sup>254</sup>

139. Several other witnesses also raised concerns over whether SSCs are truly representative. The Federation of Small Businesses pointed out that many SSCs lack small business representation.<sup>255</sup> This was backed up by Ufi which believed that “SSC membership is not always a true reflection of businesses in a region, eg not representative of sole traders/micro-businesses”.<sup>256</sup> Professor Fuller went further: “What happens in our experience is that a few employers become involved and have a voice, but the vast majority are not engaged, probably do not know about them and the relevance to them and the ability to make a difference to them is not really apparent.”<sup>257</sup> The TUC argued that there

250 Oral evidence taken before the Committee on 28 April 2008, HC (2007–08) 471-I, Q 51

251 Q 179

252 Ev 119, para 10

253 Ev 145, para 14

254 Q 164

255 Ev 278

256 Ev 179, para 6.2

257 Q 109

needed to be “a much more robust form of social partnership than simply obliging SSCs to have at least one union Board member.”<sup>258</sup>

140. Under Leitch, the SSCs are being given extended powers to develop and accredit qualifications in their sectors. A general concern from evidence is that the SSCs might lack the capacity and funding to take on this role. For example, the Alliance of SSCs told us that “SSCs capacity is stretched in performing their current roles” and argued that “Many of the recently announced changes will require more from SSCs, and SSC funding needs to be reconsidered for the new context”.<sup>259</sup> From the point of view of training providers, Million+ was concerned about the ability of SSCs to reduce complexity and deliver qualification reform, emphasising:

The transparency and credibility of any new SSC qualifications is not just a matter for the SSC and/or employers in the sector: all employers, students and universities would need to be convinced that an SSC qualification had transferability and currency in terms of wider employment and learner progression.<sup>260</sup>

141. Several witnesses suggested that the SSCs were “really under-resourced”<sup>261</sup> and that this was likely to get worse as the re-licensing process was designed to expect “more of sector skills councils but on, in effect, less money”.<sup>262</sup> Lee Hopley of the EEF observed: “The need to raise revenue has been distracting for some of them and it has taken them away from their core focus which is engaging with employers, understanding how the sector they represent is evolving and what that means for changes in skill needs rather than the top level”.<sup>263</sup> Skillset argued that they would shortly have to cut back investment in the regional/sectoral interface “unless we see some greater financial commitment through DIUS to our work ... over and above what we currently have, which has not increased in line with the new role that Lord Leitch has identified for us”.<sup>264</sup> In response, DIUS put forward the view that although the remit of the SSCs had been more tightly focussed, their role had not changed and that the SSCs were already receiving £48m a year to cover this core remit with additional funding provided through targeted programme funding for additional roles.<sup>265</sup> When the £14.9m in 2008–09 provided for work connected to qualifications and standards is included, the SSCs are to receive a total of £76.7m in 2008–09 in Grant-in Aid funding from UKCES.<sup>266</sup> This is of course divided in variable proportions between the 25 SSCs.

142. We raised with several witnesses the concept of establishing a small businesses SSC and have been persuaded by the argument from UKCES that this would go against the purpose and remit of SSCs which is “to bring together employers from strategically

258 Ev 286, para 6.2

259 Ev 273, para 1.17

260 Ev 222, para 21

261 Q 205 [Frank Lord]

262 Q 205 [Tom Bewick]

263 Q 160

264 Ev 249, para 13

265 Ev 333, para 41

266 Ev 333, paras 42-3

significant sectors of the economy based on coherent patterns of employment and skills”.<sup>267</sup> We support instead the approach adopted by UKCES that in order “to achieve relicensed status they will need to demonstrate the confidence, support and influence of employers from each part of their sector, including smaller and larger organisations and from each part of the UK”.<sup>268</sup> We also asked UKCES whether generic issues such as management skills should be addressed by itself, rather than each SSC. UKCES advocated a dual approach with itself taking “a lead strategic, advisory role on shaping skills policy on key generic skills such as management and leadership, where recent policy interventions have had limited sustained impact” and individual SSCs taking the lead where generic skills relate to occupational areas.<sup>269</sup> This seems reasonable, if lacking in detail. There is clearly work still to be done in this area and **we recommend that UKCES directly address in its annual report the structures through which key generic skills will be promoted.**

143. The relicensing process is currently underway (with the National Audit Office acting as independent third party assessor<sup>270</sup>) and UKCES is expected to make recommendations to Ministers between February and August 2009, depending on the SSC involved.<sup>271</sup> The process offers a welcome opportunity to assess why some SSCs are better than others, whether there are too many and whether they are representative, including how they include the voice of the learner in their work. The role of SSCs needs to be clear in order to justify the status they enjoy within the delivery structure for the Leitch agenda. In particular, they need to provide accurate sectoral information to help inform the direction of policy at all levels and they need to ensure that qualifications in their sector are transparent and credible.

144. We recognise that this work has to be properly financed and that the Government may need to provide significant core funding, not necessarily at same level for each sector, or the SSCs could suffer mission drift as they are forced to chase available funding. The Leitch review, and the Government’s response, envisaged the possibility of expanding the ability of SSCs to raise levies from their sectors and UKCES is currently undertaking a major research project looking at collective measures, including levies, to stimulate greater employer investment in skills.<sup>272</sup> **We recommend a review of SSC financing alongside the SSC relicensing process, although we stress that this should serve to speed up the process of relicensing and not to delay it.**

145. We also note the comment from the City and Guilds Centre for Skills Development that “There is little available evidence as to the different regional capabilities of different SSCs; this is a subject that needs urgent evaluation”.<sup>273</sup> **In the light of the need to align**

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267 Ev 301, Section 5

268 As above

269 Ev 300

270 Ev 300, Phase 2. The NAO website states “once the Ministerial decision has been made and communicated to the UKCES and SSC, the overall narrative report and scores will be put in the public domain via the UKCES website and press releases.”

271 [www.ukces.org.uk/Default.aspx?page=4678](http://www.ukces.org.uk/Default.aspx?page=4678)

272 [www.ukces.org.uk/collectivemeasures](http://www.ukces.org.uk/collectivemeasures)

273 Ev 152, para 45

sectoral demand with regional planning, we recommend that UKCES examine the regional capacities of individual SSCs as part of the re-licensing process.

146. We await the outcome of the UKCES relicensing of Sector Skills Councils with interest. In the interests of transparency we recommend that once the relicensing process is complete that all advice given by the National Audit Office in its role as independent third party assessor is made available to this Committee.

### *Private sector organisations*

147. Several witnesses raised with us the question of whether SSCs can be considered truly independent of Government. Mick Fletcher said of the SSCs that “It is difficult to see some of them as employer-led bodies. In a sense, a real employer-led body could not just be disbanded and reformed by Government at will, could it?”<sup>274</sup> The long list of such “real employer-led” bodies included the CBI and the EEF as well as a whole host of smaller organisations. David Cragg of the LSC told us:

If we are going to engage employers, we have, I think, very foolishly overlooked the legitimate representative bodies for employers. The best benefit and the best step forward I have seen in recent times is the level of engagement we have secured recently with chambers, the CBI and the Employers’ Federation and even the Federation of Small Businesses because, if you can get a route to market and use the natural representative bodies which work with employers as opposed to, arguably, artificially created and created by the public sector, which, you might argue, sector skills councils have been, I think you will be in a better place.<sup>275</sup>

Not surprisingly, one such professional body, the Association of Accounting Technicians (AAT), also called for “greater recognition of the role that professional bodies can have”, given their long experience in developing skills and raising standards. The AAT believed that “mechanisms should be put in place to actively engage professional bodies in the planning and development of provision”.<sup>276</sup> We agree with these views. **In addition to the SSCs, the Government and UKCES need to work with not just the major organisations such as the EEF and the CBI, but also with less formal clusters and consortia such as Electronics Yorkshire and smaller sector bodies.**

### **Employer engagement and participation**

148. Employer spending on skills is reported to be around £38 billion a year.<sup>277</sup> This underlines the importance of employers as decision-makers in training and the fact that Government has a significant role in influencing this spending as well as its role as a direct provider of cash or training. The scale of the challenge in persuading employers of the need to invest in training their staff can be seen in surveys of current trends and attitudes. For example, the Survey of Regional Economic Trends In Yorkshire and the Humber (May

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274 Q 110

275 Q 257

276 Ev 144, para 15

277 Q 424

2007) showed that funding on staff training had fallen since 2005 with only 53% of businesses providing staff training in the last 12 months.<sup>278</sup> In another region, the East Midlands, the Centre for Enterprise found that 59% of businesses who did not invest in higher level skills (61% of the sample) were “unlikely” or “definitely not” inclined to do so in the next 12 months.<sup>279</sup> The national picture shows that in 2007 33% of businesses spent nothing at all on training, 52% lacked a training plan and 65% had no separate budget for training, leaving 37% of employees receiving no training at all.<sup>280</sup> Anecdotal evidence and common sense suggest that these trends will only worsen in an economic downturn. The recent UKCES ‘open letter’, imploring employers to continue with training, underlines this concern.

149. The Government’s major initiative to encourage employer engagement and participation is the Skills Pledge which was launched in June 2007 as a vehicle for employers to make a public commitment to investing in the skills of their employees. The Government describes it as “not a product or service—it’s a philosophy which signals an employers’ understanding of the value of skills to their business and to their employees”.<sup>281</sup> By the end of March 2008, 2,585 employers, representing over 3.7 million employees, had signed.<sup>282</sup> The top three performing sectors were construction, care and development and lifelong learning.<sup>283</sup> DIUS announced on 24 November 2008 that a parcel courier, James Ford, had become the five millionth employee to gain from the Pledge after his employer, DHL Express, signed up. Over 7,500 organisations have now committed to the Pledge.<sup>284</sup>

150. The Government’s survey of the impact of the Pledge on 800 of the first 1,300 employers showed that around 60% were offering employees wider or more abundant training opportunities.<sup>285</sup> This appears to be a significant step forward but it is not clear where these new employers have come from. Research from the Chartered Institute of Personnel and Development suggested that only 13% of private sector employers in their annual survey of 700 organisations had signed the Skills Pledge.<sup>286</sup> The reasons cited for this were: increased costs (46%), perceived lack of organisational benefits (34%) and lack of time (30%). The CIPD describe these reasons as “endemic of the wider scepticism with the [Leitch] Review”.<sup>287</sup>

151. Various explanations were given to us for the low level of employer engagement with the skills agenda. Ufi, for example, lay part of the blame at the feet of the SSCs: “SSCs have not successfully addressed the employer engagement agenda partially due to weak strategies for partnership working, particularly with brokers and Chambers of

278 Experian, *Survey of Regional Economic Trends*, May 2007, available at [www.yorkshirefutures.com](http://www.yorkshirefutures.com)

279 Ev 230, para 31

280 Ev 327, Table 1 [supplementary evidence from Government]

281 Ev 309, para 41

282 Ev 101, para 2.3

283 Ev 124, para 25

284 DIUS Press release, Monday 24th November 2008: *Five Million employees benefit from employer commitment to training: DHL helps Government deliver on skills*

285 Ev 326, para 10

286 CIPD’s response to the Leitch Review – *What employers want?*, at [www.egovmonitor.com/node/19038](http://www.egovmonitor.com/node/19038)

287 As above

Commerce”.<sup>288</sup> A more general view is the complexity of the training infrastructure and a confusion over what is on offer and by whom. Steven Broomhead, representing the RDAs, told us that:

I very much regret that employers never really seem to get involved in the detail of the planning arrangements. I have seen lots of them turn up over my career, bright-eyed and bushy-tailed, at planning meetings at a local level, regional level and sometimes even at a national level, only to find that the wiring, the bureaucracy and the dead hand of even the conversations around policy planning frighten them away rather quickly, so I think we have got to think about, and perhaps we do it through the national commission, perhaps they think we do it through the new sector skills councils, how we can effectively get the voice of employers to be engaged in those policy debates. What is the voice of the employer? Is it the sector skills councils, is it bodies like the British Chambers of Commerce or the CBI? I think there needs to be some fundamental discussion about that because currently there is rather a confused picture about how employers do get involved and how they see their involvement making a difference.<sup>289</sup>

152. SEMTA argued further that the Leitch agenda appeared, falsely, detached from the concerns of many employers:

We believe that the majority of employers, especially those who are not engaged with their SSC, are not particularly connected with the Leitch agenda. Even for those who do a lot of work in skills and training, the impression they have is that the activity currently coming from Leitch is primarily concerned with lower level skills. The launch of the Skills Pledge in England, with its headline commitment to addressing basic and Level 2 skills has reinforced that view.<sup>290</sup>

Directly on the Pledge itself, Frank Lord of the Alliance Employment and Skills Board suggested that there was a lack of clarity about the purpose of the Pledge and its relationship to other programmes: “it is confusing at the moment for employers with Skills Pledge, with Investors in People and Train to Gain; they all seem to merge together”.<sup>291</sup>

153. Another potential difficulty was identified in research by Professor Unwin, conducted with Professor Fuller and Professor Felstead of Cardiff University. This suggested that there was a “disconnect” between the Leitch agenda concentration on the supply side and “any analysis in terms of what is happening in real workplaces and whether employers will make use of qualifications and the connection between what is in the qualifications and the skills needed in the workplace”.<sup>292</sup> She suggested that “what employers across the public and private sector need is serious support with how to design workforce development”, which was “missing from Leitch”.<sup>293</sup> Lee Hopley of the EEF added: “I do not think it is that

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288 Ev 179, para 6.2

289 Q 261

290 Ev 202, para 6

291 Q 226

292 Q 68

293 As above



small businesses or any other businesses are not prepared to pay for training. Sometimes the problem is that they are not very good at articulating what they need and that is why Sector Skills Councils have got to get better at what they do”.<sup>294</sup>

154. The Leitch review recommended that UKCES undertake a review in 2010 to determine whether sufficient progress had been made by employers in training their staff.<sup>295</sup> The Government now proposes instead to introduce legislation to give employees the right to request time off for training, and this is expected to appear in the ‘Children, Skills and Learning’ Bill to be considered during the 2008–09 session. If this legislation is passed, UKCES will be asked to delay until 2014–15 the aspect of its 2010 review relating to consideration of whether employees should have a legal right to workplace training where they lack at least a level 2 qualification.<sup>296</sup> This change in policy suggests that either the Government believes that employer engagement is rising or it has backed away from confronting employers with an unpopular compulsory measure. DIUS imply that it is the former. The Director General for Further Education and Skills told us that employer engagement was “a big mountain we are trying to climb, but we are going in the right direction”.<sup>297</sup> He went on: “We are confident that the more we can show to employers that we are serious about meeting their needs, we are not just foisting on them things that we think are good for them and they do not agree, we are trying to do things, training, skills, qualifications, that have real value and merit for them, and if they believe that then more and more of them will be willing to engage in that.”<sup>298</sup>

155. The commitment of employers is vital to raising skills levels, especially given the high proportion of the 2020 workforce already in employment. These employees need support for training in the form of time off, information about courses and a positive attitude on the part of their employers. They also require increasingly high levels of financial support once they move beyond the basic skills levels. It is clear to us that current strategies to raise employer engagement are insufficient. What is needed is a cultural change to make it the norm that employers view training as something they do as a matter of course. We note that there may be a particular problem with basic skills. We were told continually throughout the inquiry that “the issues for employers are around the basic skills of numeracy and literacy that they wish their employees to have.”<sup>299</sup> Yet equally employers expect this to have been provided by the education system, rather than something they should address themselves; the Leitch Review referred to them feeling “let down by poor levels of basic literacy and numeracy resulting from a failing school system.”<sup>300</sup> The Government, acting through the LSC, the SSCs and others, must also show that staff training at all levels is relevant and useful to them. In the current economic climate, more than ever, employers must be persuaded that training is essential to the survival of their company. On the part of the Government, this includes the fundamentals of ensuring that

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294 Q 170

295 *Leitch Review of Skills*, p 4

296 Department for Innovation, Universities and skills, *Time to Train: Consulting on a new right to request time to train for employees in England*, p 6

297 Q 434 [Stephen Marston]

298 Q 434

299 Q 181 [Mr Frank Lord]

300 *Leitch Review of Skills*, para 19

the right training is available and is readily accessible within an easily comprehensible system but it also includes better communication of what is on offer and why it is in the interests of employers themselves to avail themselves of the opportunities.

156. There is also a burden of responsibility on employers. **We note that the Government has backed away from compulsory training for the time being but this may be the last chance for the voluntary approach. Given that the performance of different sectors may itself be highly variable, rather than kick compulsory training into the long grass the Government should look at other ways to encourage employer participation, such as considering companies' training policies and practices during procurement processes. In sectors where significant progress has not been made by 2014, compulsion must be seriously considered.**

### Small businesses

157. Small businesses are faced with particular problems, both in enabling training and in making their voices heard in the determination of employer demand. Yet they represent a major part of the UK economy: over 99% of UK businesses are SMEs, and they employ nearly 60% of private sector workers.<sup>301</sup> SMEs and micro businesses have different needs from larger companies within the same sector: for example, the FSB argues that “Small businesses require bite-sized courses, located in (or close to) the workplace, to avoid losing a significant proportion of their workforce when only one member of staff is being trained.”<sup>302</sup> They may find it harder to take on apprenticeships, which could close a significant avenue of Government funding to them.<sup>303</sup> One FE principal also told us that;

My college works with 1,600 employers, from SMEs to large employers such as Corus and we have got to de-grease the initiatives with our employers to get them on board with what it means to get upskilled, what it will mean to the local economy, what it will mean to the region, indeed what it will mean to their business. You can get the message across to the bigger employers reasonably successfully but getting that message across to the small—and medium-sized enterprise is more difficult.<sup>304</sup>

158. These examples illustrate the kind of issues which have to be considered when adapting skills policies to SMEs. Yet strategies for encouraging SME engagement are very thin. Two recent initiatives have begun to address this. First the Government has announced a package of measures to assist SMEs in the current economic downturn, including refocusing £350m of Train to Gain funds on the sector. As part of this, the package also included relaxing restrictions so that:

For the first time, training at level 2 will be free for all SME employees regardless of whether they already have qualifications at that level, and there will be free bite-size courses in business-critical areas, including business improvement techniques and customer service, to raise productivity. Management and leadership training will also

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301 HC Deb, 22 October 2008, col 305

302 Ev 278

303 Ev 278, para 11.6 [Alliance of SSCs]

304 Q 3 [Dr Roger Bennett]

be opened up to the smallest employers so that it is now available to employers with five to 250 employees.<sup>305</sup>

Secondly, UKCES has proposed the establishment of employee development centres within a business park to be used as a shared base for learning and development programmes offered to all tenant firms.<sup>306</sup> Such centres were strongly supported in evidence to us by the Chairman of an Employment and Skills Board who described such centres within clusters of small enterprises as “a very good vehicle to engage adult learning which would then be demand-led because they would take that back into the learning place to encourage their employers.”<sup>307</sup> We welcome these initiatives but we consider that there is a need to address skills policy and SMEs more broadly. **We welcome the Government’s decision to refocus Train to Gain on SMEs and relax restrictions on its use. This is an important first step in developing skills engagement with this sector. The development of employee development centres within clusters of small enterprises also has potential and should be evaluated at an early stage to inform decisions on whether it should be rolled out more widely. These initiatives also need to be incorporated into a comprehensive strategy for adapting skills policies to SMEs, led by UKCES and DIUS.**

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305 HC Deb, 22 October 2008, cols 306-07

306 UK Commission for Employment and Skills, *Simplification of Skills in England*, p 20

307 Q 181

## 5 Training providers

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159. Missing from Leitch's triangular division of responsibility for delivering the skills agenda was a major element of the supply side: training providers. However, the policies and changes brought in make significant demands on further education, higher educational and private sector training in responding to the new arrangements and in gearing up to meet challenging targets for expansion of their activities. At the regional level, this involves greater collaboration between groups of HE and FE institutions and greater engagement with a broad range of partners locally and more widely.

### Role of Higher Education in the Leitch agenda

160. The tradition by which HE has seen itself as set apart from the skills and training agenda has broken down in recent years with institutions developing ever closer links with business. The Government recognises this development but wants to push it further and faster. It argues that "Higher Education institutions have been increasingly positioning themselves as agents for economic and regional growth and are identifying their areas of competitive strength in research and teaching; the goal is for businesses and universities to work together and learn from each other how to generate and exploit innovative ideas."<sup>308</sup>

### Employers and HEIs

161. HEFCE is supporting this programme through building a regional dimension into certain of its funding streams, such as the transforming workforce development programme, employer engagement pilot projects, the Lifelong Learning Networks and the three Higher Level Skills Pathfinders.<sup>309</sup> HEFCE also publishes annual regional profiles of HE in England.<sup>310</sup> The Government argues that this gives HEFCE a "strong regional dimension, working with regional stakeholders to support HE institutions ... in making the most effective contribution to their area or region, through building on existing regional relationship structures and being regionally-responsive".<sup>311</sup> The Higher Level Skills Pathfinders, for example, are led by regional university associations in the North West, North East and South West and "are clearly RES [Regional Economic Strategy] driven".<sup>312</sup> HEFCE has recently completed reviews of both Lifelong Learning Networks and the Higher Level Skills pathfinders and is "considering the lessons learned for the future development of effective regional and sub-regional partnerships to promote employer and employee engagement".<sup>313</sup>

162. On employer engagement, HEFCE explained that "Our 2008–11 funding settlement includes at least £105 million to build employer engagement capacity and achieve targets

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308 Ev 109, para 6.11

309 Ev 108, paras 6.12-14

310 Ev 161, para 4

311 Ev 108, para 6.13

312 As above

313 Ev 164, para 31

for growth in the numbers of working people starting employer co-funded provision (5,000/10,000/20,000 entrants over three years)<sup>314</sup>. As of April 2008, HEFCE had committed £44 million to 22 HE providers over the next three years, with sufficient proposals in the pipeline to double the number of projects.<sup>315</sup> However, the HEFCE Chief Executive was upbeat in his evidence, telling us that “we are on target probably to exceed” 20,000 students on employer co-funded programmes by 2010–2011, with 34 HEIs engaged in programmes so far.<sup>316</sup> HEFCE’s memorandum explains “In projects we have approved since September 2007 our expectation is that, after three years, most of the providers will be able to generate sufficient revenues from employers for their operations to be financially sustainable with a HEFCE contribution set at half its normal funding rates (sometimes referred to as ‘50% co-funding’).”<sup>317</sup>

163. When asked whether universities were being responsive enough to the skills agenda, Chris Humphries, Chief Executive of the UKCES, told us: “No, I do not think they are. I think they have only just very reluctantly and very recently understood the need to sort of have a better focus on this”.<sup>318</sup> Other evidence suggests that this varies between institutions and employers. The EEF indicated that “A forthcoming EEF survey will show that some employers are working effectively with HE institutions to upskill their workforce. Others report a number of hurdles to working with HE, such as uncertainty about what universities can offer and a lack of experience in managing such relationships.”<sup>319</sup> The Alliance of SSCs believed that “HE is much better at engaging larger business than smaller businesses [...] and this is an area that needs developing”.<sup>320</sup> The CBI has recently produced a report, *Stepping Higher*, which stated “Employers and universities can both help to improve partnerships and programmes. Government can play its part too.”<sup>321</sup>

### **Non-conventional courses**

164. One particular area of concern to employers is the pace of the response of HE to the demand for non-conventional courses. The Alliance of SSCs argued that “HE must also more effectively meet the needs of non-traditional learners, who may be in employment. This may require work-based learning and accreditation, short courses, e-learning, accreditation of prior learning and credit-based learning.”<sup>322</sup> The ABPI also reported that a key problem for their sector is that the provision of part-time local education, especially part-time foundation and honours degree courses in chemistry and biosciences, is often inadequate.<sup>323</sup> This is an important issue which affects individuals as well as employers, with non-traditional students (ie non-school leavers, those seeking to develop, change or

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314 Ev 163, para 24

315 Ev 163, paras 25-26

316 Q 296

317 Ev 163, para 24

318 Q 234

319 Ev 131, para 23

320 Ev 276, para 7.10

321 CBI, *Stepping Higher*, October 2008, p 11

322 Ev 275, para 7.2

323 Ev 120, para 14

return to careers and those out of the workplace) requiring flexibility in provision on many levels and a demonstrable understanding from HEIs of their needs.

165. Providers have accepted the need to develop alternative courses and we note that in the white paper *Higher Education at Work*, DIUS boasts that:

For the first time, we now have a clear timetable and prospect for nationwide credit arrangements to be in use in higher education. By 2009–10, HE institutions should have credit-rated their main provision and be publishing details in the descriptions of the programmes they offer. This more consistent and transparent approach to the use of credit will encourage learners and aid progression.<sup>324</sup>

If this comes to fruition, it will meet the needs of both employers and learners and could have a highly beneficial impact on the Leitch agenda and on lifelong learning more generally. However, there remain wider difficulties in the cost of devising and running courses for industry and in the lack of experience within HE of doing so. The University of Central Lancashire concluded that:

We should look to expand the provision of work based learning, as a viable solution for those in employment to access new skills and training. A large number of employees will be unable to leave the workplace to train full-time. Real life work projects could form part of a portfolio for achieving qualifications. However, there needs to be greater recognition of the upfront costs and challenges in this area. There is a need for DIUS/HEFCE to share more of the risk with HEIs on this activity.<sup>325</sup>

Similarly, Million+ pointed out that work-based learning has hidden costs to institutions: “Costs will include course development, delivery, mentoring and supervision costs and assessment/Quality Assurance (QA) procedure costs. In-company accredited training is likely to incur all of these costs areas”.<sup>326</sup> UUK argued that “If employers want to exert a greater influence on course provision, there needs to be a mechanism whereby they can test student demand, and share the costs and risk involved in developing provision where student demand is untested.”<sup>327</sup>

### **Co-funding courses**

166. The sustainability of co-funded courses is a further concern. Energy and Utility Skills told us that “Our experience with our HE strategy shows that numbers have proved difficult to maintain and consequently programmes have had a short life, perhaps two to three cohorts”.<sup>328</sup> HEFCE also questioned the sustainability of employer-facing operations based on a model of 50% HEFCE funding and 50% revenues generated by employer-customers. It pointed out that this “requires the development of a critical mass of new and repeat employer customers; and well managed service delivery operations, underpinned by

<sup>324</sup> DIUS, *Higher Education at Work—High Skills: High Value*, para 7.9

<sup>325</sup> Ev 193, para 6

<sup>326</sup> Ev 221, para 14

<sup>327</sup> Ev 259, para 8

<sup>328</sup> Ev 150, para 6.1

effective costing, pricing and marketing mechanisms”,<sup>329</sup> and called for research in this area:

There is more opinion and anecdote than hard evidence on the willingness of employers to pay for the ‘right’ higher level skills products. We shall be monitoring and evaluating the success of our provider projects in generating co-funding revenues from employers, whether private or public sector; and we shall look for variations in performance by economic sector, employer size, occupational groups and geographic location.<sup>330</sup>

167. It is important also to recognise the tensions caused by applying the principle of employer-led demand to universities. Universities are autonomous institutions which value their independence: the Vice-Chancellor of Cambridge University recently made the headlines by proclaiming that “As institutions charged with education, research and training, our purpose is not to be construed as that of handmaidens of industry, implementers of the skills agenda, or indeed engines for promoting social justice”.<sup>331</sup> In evidence to us, UUK similarly argued against the supremacy of employer demand in HE: “A primary aim of university courses should be to encourage the development of skills such as critical thinking and analysis rather than simply reflecting current employment needs which are almost certain to change.”<sup>332</sup> Finally, the Higher Education Policy Institute (HEPI) has also spoken up for the student in this debate:

A move towards employer-led demand in higher education as proposed by Leitch is, in principle, a move away from student demand as the main determinant of what is offered [by universities]. There is a risk that what employers want will often not be what students want—especially where courses depend on attracting students who are not employees of an employer-customer. This process can be taken only so far. Students are the ultimate customer: without student demand, courses cannot run.<sup>333</sup>

168. Moreover, the reluctance to engage may not be wholly on the side of the universities. The Government is clearly disappointed by the response of employers to the *Higher Education at Work* white paper: “Many employers express their demand in their graduate recruitment activity and early responses to *Higher education at Work* confirms that as the employers’ preferred way of building up a highly skilled workforce. But we will not meet the Leitch targets for Level 4 and above if employers do not engage more seriously in providing their existing workforce with high level skills.”<sup>334</sup> The Centre for Enterprise, which has conducted research into higher level training conducted by business, concluded that “the majority of these businesses [which were not interested in conducting higher level training] reported that they had not undertaken higher level skills training because they saw no benefit to their business in doing so”, although all of them had undertaken some

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329 Ev 165, para 35

330 As above

331 *The Times*, September 10, 2008 ([www.timesonline.co.uk/tol/life\\_and\\_style/education/article4720330.ece](http://www.timesonline.co.uk/tol/life_and_style/education/article4720330.ece))

332 Ev 258, para 7

333 HEPI briefing, Higher Education, Skills and Employer Engagement, Tom Sastry and Bahram Bekhradnia, para 10, available at [www.hepi.ac.uk](http://www.hepi.ac.uk)

334 Ev 313, para 74

training at other levels in the past twelve months and so had well-developed training cultures.<sup>335</sup> The CFE warned that such businesses “can only be tackled as part of a wider economic development strategy, in which HEIs play a role alongside a much wider cast of characters”.<sup>336</sup> Raising awareness of opportunities and providing finance would not be enough.

169. We asked witnesses for evidence that employers were willing to co-fund higher education on the scale necessary to implement Leitch. HEFCE offered us their latest survey of income to HE from employers which indicates a total of £1.5 billion came from that source in 2005–06, although this includes everything from Continuing Professional Development to knowledge transfer to short course provision.<sup>337</sup> Professor Eastwood found “abundant evidence, in employers’ willingness to co-fund and in the premia they are prepared to pay for graduates, that they are making a contribution to the overall cost of delivering higher education”.<sup>338</sup> The CBI report *Stepping Higher* noted that given the fact that the number of 18–20 year olds in the UK would decline by more than 12% between 2012 and 2020 universities had “a business interest in attracting more students from the workforce.”<sup>339</sup>

170. We note, however, that the current average level of co-funding is around 30% of the cost of a course, not 50%.<sup>340</sup> When asked for other countries where there was significant co-funding, DIUS admitted that “There is very little comparative international evidence available on employer involvement in the delivery of higher education ... or on employer co-funding of HE/Level 4 training”.<sup>341</sup> The Department offered data from the OECD on the proportion of HE that is privately funded which showed that “the UK is slightly above the average”, with some countries having “a much higher private share”.<sup>342</sup> DIUS cautioned against too heavy a reliance on this data because of definitional differences and missing data. We therefore find it difficult to share DIUS’s optimistic conclusion that “Even though we cannot say how much of this share is attributable to employers it does indicate that there may be some scope for increasing support from private sources”, as applied specifically to co-funding from employers.<sup>343</sup>

**171. The role of HE within the Leitch agenda, in particular its relationship with employers, appears to us to be a major point of weakness within the implementation of the Government’s policy on skills. Recent years have seen considerable increases in the number of students going to university and acquiring level 4 skills which should make the Leitch target of over 40% of the adult workforce holding such qualifications by 2020 challenging but within reach. However, there are doubts about whether industry co-funding of 50% will be forthcoming in the quantity required to meet annual targets of**

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335 Ev 230, para 33

336 Ev 231, para 34

337 Q 310

338 Q 315

339 CBI, *Stepping Higher*, October 2008, p 15

340 Q 296 [Professor Eastwood]

341 Ev 327, para 12

342 As above

343 As above



20,000 places; as HEFCE's own memorandum acknowledges in setting its objectives for the next three years, one of which is "Testing the policy of employer co-funding to get beneath the welter of opinion and anecdote to establish hard evidence on the willingness of employers to pay for the 'right' higher level skills product." The current economic downturn may make this level of employer investment even harder to attain.

### **HEFCE: a regional role?**

172. We believe that HEFCE has a key part to play in resolving this situation. Its efforts so far have pointed in the right direction and it has the right vision: "what we need is varied and appropriate provision and what we need is high quality provision".<sup>344</sup> However, its projects and programmes have been small-scale. It must go further, faster. In particular, we believe that HEFCE should develop a more robust regional machinery. At the moment, HEFCE works through regional consultants who in turn work with regional HE associations and so through to the RDAs and other regional players.<sup>345</sup> It is also funding "Higher Level Skills Pathfinders" in three regions to explore shared strategies for HE provision and workforce development skills between HE providers and employers.<sup>346</sup> However, HEFCE told us that it could not "foresee a situation in which it would be possible or appropriate for us to incur the running costs necessary to operate regional offices".<sup>347</sup> **If the level 4 target is to be reached, then the relationship between HEFCE and the regions has to be sharpened. DIUS should ask HEFCE in its Annual Grant Letter to develop its regional activity, and HEFCE should be required to quantify its activities in its Annual Report.**

### **STEM graduates**

173. In a recent CBI survey of 600 employers 128 (24.9%) replied that they had encountered problems recruiting STEM skilled graduates.<sup>348</sup> We note that in his recent speech the Secretary of State for DIUS highlighted STEM skills as the type of "specific and often high-level skills" which form one of the four fundamental building blocks of his skills strategy.<sup>349</sup> HEFCE's 2008 Grant Letter from DIUS stated "I hope the Council will develop an integrated programme to raise demand for STEM and, where there is evidence of demand, ensure that within available resources there are sufficient student numbers to meet it, encouraging employers to co-fund provision wherever possible. I also encourage the Council to continue to play a full role in the work of the joint DCSF/DIUS STEM high level strategy group."<sup>350</sup>

**174. DIUS has promised to publish an analysis of the labour market demand for STEM skills. We hope that HEFCE will be explicitly enabled to build upon this analysis to**

344 Q 319

345 Q 462 [Stephen Marston, DIUS]

346 Ev 162, para 19

347 Ev 325

348 CBI, *Stepping Higher*, October 2008, p 42

349 Speech to the CBI, available at [www.dius.gov.uk/speeches/denham\\_cbi\\_241008.html](http://www.dius.gov.uk/speeches/denham_cbi_241008.html)

350 HEFCE grant letter 2008, para 16, available at [www.hefce.ac.uk](http://www.hefce.ac.uk)

**encourage and deliver provision of STEM higher level skills. We also ask HEFCE to provide us with an update of the work it has done during 2008 on developing STEM skills in response to the tasks set in the 2008 DIUS Grant Letter.**

### Conclusion

175. There is also a role for UKCES which has already identified as one of its responsibilities “to monitor the extent to which the HE sector can meet employers and employees needs to access high quality, high level learning, optimising the use of technology and maximising opportunities to fit learning around the demands of work, family and community.”<sup>351</sup> We believe that to fulfil this role effectively, **UKCES will also need to look at the attitudes of employers towards HE and recognise that raising awareness of HE opportunities and increasing employer demand is not solely the task of the HE sector but requires greater commitment from employer organisations as well, as has been acknowledged by the CBI.**

### Role of Further Education in the Leitch agenda

176. As the Government described it, “FE Colleges and providers are crucial to delivering the Government’s ambition for world class skills locally, regionally and nationally, and the creation of DIUS and its sponsorship of the FE system has enabled a greater focus on FE as a route to achieving these goals”.<sup>352</sup> The importance of FE can be demonstrated by the extent of its contribution to vocational training. There are 369 colleges in England which educate and train 727,000 16–18 year olds and enrol over 2 million adults every year, accounting for 48% of those who gained vocational qualifications in 2006–07.<sup>353</sup> The RDAs agreed that “FE is the cornerstone for many of the building blocks outlined by Leitch”.<sup>354</sup>

177. For FE, Leitch followed the Foster Review of the role and purpose of colleges, concluding that a clearer mission was required, which for most colleges should focus on economic development and skills.<sup>355</sup> Further proposals to strengthen the focus of FE on skills and employability and to provide a more responsive service to individuals and employers were set out in the white paper *Raising Expectations: enabling the system to deliver*. The Government sees these proposals as ensuring that “FE is equipped to deliver the Leitch agenda, including setting out a clear role for the further education sector in developing regional skills strategies.”<sup>356</sup> UKCES has undertaken to monitor these changes: “Commitments to progressive self regulation for the FE sector are an important post-Foster development and the UK Commission will need to be aware of how this process is impacting on quality, success and responsiveness to employer and learner needs.”<sup>357</sup> To support the skills agenda, the Government has invested heavily in the FE College estate,

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351 Ev 302

352 Ev 107, para 6.1

353 Ev 252-3 [Association of Colleges]

354 Ev 218, para 5.3

355 *Realising the potential: a review of the role of FE colleges*, Sir Andrew Foster, November 2005

356 Ev 107, para 6.5

357 Ev 302

supporting the development of networks of vocational excellence. It is committed to spending £694m in 2008–09, £820m in 2009–10 and £850m in 2010–11 on buildings and facilities in the FE sector.<sup>358</sup> While this capital building programme is long overdue and to be welcomed, it has been heavily influenced by the Government’s wish to reform FE with a strengthened focus on skills and employability.

178. The evidence suggests that FE has responded well to the Leitch Implementation Plan, though arguably given the changes to funding streams it had little choice in the matter. One witness from the LSC argued that “we have got an enormously responsive FE system nationally and certainly that is my experience regionally”, although he added that “It is fair to say that some of FE still has not woken up to the reality and the challenge of a flexible system”.<sup>359</sup> On the other hand, Professor Unwin argued that the FE sector is already demand-led and has always been so.<sup>360</sup> Like other witnesses, however, she had concerns about the impact of recent Government policies on the ability of the FE sector to respond to demand, suggesting to the then Education and Skills Committee in 2007 that “at local level ... providers [are] being prevented from being responsive by DfES regulations around funding. What we need to do is facilitate much more the dialogue between employers at local level and their providers and get them working together, without centralised restriction on what they can do”.<sup>361</sup> Not surprisingly, the Association of Colleges expressed similar views:

Much government regulation of the further education system is complex and results in unnecessary micro-management, wasting hundreds of millions of pounds and sapping the morale of governors and staff in colleges. The performance of colleges on any measure—success rates, inspection results, satisfaction levels—shows that regulation could be reduced.<sup>362</sup>

179. Mick Fletcher, an education consultant, argued strongly that further moves towards demand-led provision would work against the policy of having strong independent institutions that engage in a market with individuals and employers:

we are moving towards a system where increasingly we design at the centre what it is that we think people need and we provide it for them through a variety of intermediaries. The role of providers, colleges, is downplayed; even the word provider I think is instructive in this respect ... I think that is what worries me most about what is going on in respect of Leitch implementation, the view that our provider infrastructure, and particularly our colleges, is made up simply of disposable providers to be cast aside if they do not deliver this week’s version of policy.<sup>363</sup>

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358 Ev 107, para 6.3

359 Q 274

360 Q 92

361 Oral evidence taken before the Education and Skills Committee on 21 February 2007, HC (2006–07) 333-i, Q 54

362 Ev 257, para 20

363 Q 79

180. Other witnesses were clear that there was still much work to be done. The RDAs argued that “FE has some clear capacity issues. It needs to increase its flexibility around leadership, HR practices, provision, overhead costs and funding models in order for the sector to respond effectively to business. FE needs to create the demand led skills delivery needed by employers that will enable UK productivity and skills levels to meet the Leitch ambition.”<sup>364</sup> This view was supported by employers. The Alliance of SSCs told us that in the case of FE funding, “The Government is moving in a demand-led direction, but is moving slowly in order not to destabilise FE colleges and it is not clear when a fully demand-led system will be in place.” It believed that “More rapid change is necessary”.<sup>365</sup> One reason for this was that “There are significant gaps in the ability of FE colleges to meet [sectoral] needs both nationally and in specific areas. A faster move towards a demand-led system will incentivise colleges to meet these needs.”<sup>366</sup>

181. We note that there could be further changes ahead. UKCES observed that:

In a broader context, the role of the FE system in the progressive integration of employment and skills services may be significant, as the aspiration for a growth in the percentage of adults of working age who are active in the labour market will require provision of specific training and opportunities for recognising new skills for the returners to the labour market and those leaving the benefit system. Groups targeted by recent policy interventions, such as lone parents and Incapacity Benefit claimants may be new customers of the FE system. These reforms may also bring new providers into the FE sector. Therefore, the relationship between a broader and increasingly self regulating FE sector and an aspiration to integrate the FE service into the wider employment and skills system could be an important one.<sup>367</sup>

182. We were told by Dr Collins of the Association of Colleges that “there are various ways in which we can help employers see the value of what training means for them and also to help them assess the training needs that they have got.”<sup>368</sup> But he added that FE felt “constrained by some of the particular funding streams such as Train to Gain for not being able to move into other areas where there is demand.”<sup>369</sup> This prevented colleges from being able to respond to the needs of the local area.<sup>370</sup> The Association of Colleges wanted the Government “to give the colleges the freedom to spend that money [from the underspent Train to Gain budget] where it will make best impact in the local community, and that may be for more social cohesion, the development of ESL work for people who have moved into the area, et cetera”.<sup>371</sup>

183. We note that all those submitting evidence agreed that FE has a central role to play in the regional and local delivery of Leitch and that its performance has continually improved

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364 Ev 218, para 5.4

365 Ev 273, para 1.13

366 Ev 275, para 6.2

367 Ev 302

368 Q 304

369 Q 339

370 As above

371 Q 349

over recent years, with success rates (in terms of course completion) rising from 56% in 1999–2000 to 77% in 2005–06.<sup>372</sup> Beyond the immediate Leitch agenda, the Government told us that “within the FE system, we also want to recognise the particular role that colleges have to play—as leaders in their community—not just in education but as institutions that can respond to the needs of communities; helping businesses and individuals to adapt and prosper”.<sup>373</sup> We believe that to enable FE colleges to fulfil this role properly, it is necessary to treat colleges not as competing providers in a skills supply chain but as key strategic partners in local and regional communities, with a leadership role in developing realistic local economic strategies. The Government’s commitment to “reduce bureaucracy and promote greater self-regulation” in FE<sup>374</sup> also needs to be matched by greater flexibility in funding. **FE colleges should be accorded sufficient ability and autonomy within Train to Gain to devise the courses needed in their areas and should be encouraged to develop a truly responsive employer engagement process.**

### FE/HE regional collaboration

184. An important part of the Government’s agenda is to increase links between FE and HE. At the moment, 150 colleges provide HE and around 190,000 students are taking HE options in FE colleges.<sup>375</sup> In response to a recent Written Answer DIUS asserted that “we are satisfied that there is good co-operation and collaboration at national, regional and local level between providers of further and higher education.”<sup>376</sup> The evidence we received was much less conclusive.

185. The LSC, a major partner in this agenda, stated:

We believe that FE and HE collaboration can be further developed, for example, through a clear and collaborative focus on employment related higher level skills including Foundation Degrees, with the joint capacity to stimulate demand and growth at level 4.

We have begun discussions with HEFCE and UCAS about extending the availability of Higher Apprenticeships at Level 4 and attributing tariff points to Apprenticeships for entry to HE.

We are exploring new approaches to collaboration—in National Skills Academies, through FE colleges and HE institutions working together to become recognised awarding organisations in the QCF; through collaboration in the delivery of the new Diplomas, through credit accumulation and transfer across the sectors.<sup>377</sup>

HEFCE has also invested £103 million in 29 Lifelong Learning networks (LLNs) to improve the opportunities open to learners with vocational qualifications for them to

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372 Ev 251 [Association of Colleges]

373 Ev 331, para 36

374 Ev 336, para 72

375 Ev 108, para 6.6

376 HC Deb, 18 November 2008, col 284W

377 Ev 125, paras 38-40

progress into and through higher education.<sup>378</sup> The LLNs cover 120 universities and 300 further education colleges, and also link to employers.<sup>379</sup> HEFCE's three "Higher Level Skills Pathfinders" are exploring shared strategies between HE providers and employers.<sup>380</sup>

186. These networks are clearly necessary: one LSC witness told us that:

lots of HEIs can carry on doing what they have been doing, fantastic work sometimes, but there has not been that same pressure on them to shift the resource and to change what they deliver, so they still deliver foundation degrees in a fairly traditional way, they do not deliver them in the workplace, they do not make them look like Level 4 apprenticeships, which is where we would like to get to so that you can get progression, even if you go into work at 16, through the apprenticeship programme all the way to degree level. They have not made that shift, and I think we have got to get that level of change and I think they need a bit of pressure to make that.<sup>381</sup>

187. The OU concluded from its involvement in all three Pathfinders that "they have operated quite differently and have demonstrated different levels of engagement with the further and higher education sectors. This seems to us to arise from a lack of clarity as to how the two sectors should be working together to deliver the Leitch agenda".<sup>382</sup> Taking a broader view, the Lifelong Learning Networks in the Yorkshire and Humber region argued that beyond individual institutions, structures were not in place to enable effective collaboration:

There is no national, regional or sub-regional body that takes an overview of the planning and delivery of education and skills at Level 4 and above. While, in common with other English Regions, Yorkshire and Humber has a regional universities association, this is not inclusive of the wealth of HE in FE provision that is strategically important across the region. The current framework tends to weaken the ability of HE providing institutions to act collaboratively and for employers and employer representing organisations to find a single point of contact to meet their skills needs.<sup>383</sup>

Finally, Professor Fuller quoted research from Professor Gareth Parry at the University of Sheffield and Professor Ann-Marie Bathmaker at the University of the West of England on the FE/HE interface:

One of the findings that they have come across is that in some cases there are very constructive partnerships developing between FE and HE colleges in a locality and progression pathways being articulated and so on for top-ups in higher education for courses that have started at FE level. On the other hand, there are also new competitions emerging between universities which are competing for similar kinds

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378 Ev 160, para 5 [HEFCE]

379 As above

380 Ev 160, para 4

381 Q 274 [David Hughes, LSC]

382 Ev 207, para 8

383 Ev 214, para 8

of students to the FE colleges and as the FE colleges become more confident and able to deliver higher education in FE and develop their reputations, they are less likely to want to let them go and see themselves moving on to wanting to deliver the whole of the Bachelor's degree. There are new rivalries developing at local levels and I am not sure how helpful those are.<sup>384</sup>

188. There is much work still to be done in enhancing HE/FE collaboration which will mean working through the difficulties over the difference of outlook, such as whether an institution regards its market as local, regional, national or international. We are also concerned by the evidence we received about the development of competition, rather than collaboration, which may well stem from a lack of clarity over the roles of HE and FE and their place in the agenda. In particular, there is an evident need for a closer focus on progression. One witness wrote of the critical importance of FEIs and HEIs finding “more ways of working together to create imaginative and appealing educational pathways that offer a seamless transition to those learners who wish to escalate through to degree level and beyond following a more vocational route”.<sup>385</sup> We believe that HEFCE and other parts of the Government need to address these issues as a matter of urgency and **we recommend that the Government review research on FE/HE collaboration and commission clear guidelines on how to ensure its effectiveness at the regional level, including a greater focus on progression.**

### Joint funding of FE/HE?

189. There is a significant discrepancy between the funding available to HE and that available to FE. Some have argued that this difference has to be addressed if the two sectors are to work together more effectively. For example, the SSCs claimed that “Bringing the funding regimes for FE and HE closer together would assist joint working” but that instead “The funding changes proposed in Raising Expectations could make joint working more difficult, because FE under 18 will be funded separately from FE over 18”.<sup>386</sup> The Council for Industry and Higher Education questioned whether the announced demise of the LSC and its replacement by a new Skills Funding Agency (so far as adult learning is concerned) might be an opportunity for all higher level learning to be funded by HEFCE.<sup>387</sup> A paper by the CfBT Educational Trust also suggested the possibility of merging the administration of the funding streams for FE and HE into a single Adult Skills and Higher Education Funding Council.<sup>388</sup>

190. **There is an appealing logic to the idea of a single FE/HE funding agency but we have not taken sufficient evidence to identify all the undoubted difficulties which such a move would create. A single funding agency, even one operating two distinct streams of funding, would no doubt lead to irresistible pressure for a different model for the FE sector with less central direction than at present. We conclude that this is an idea whose hour has not yet come but one which should not be dismissed as without merit.**

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384 Q 116

385 Ev 136, para 2.2 [Chartered Institution of Water and Environmental Management]

386 Ev 276, paras 8.2-8.3

387 Ev 190

388 *Adult skills and higher education: separation or union?*, Mark Corney and Mick Fletcher, CfBT, November 2007

## Private sector providers and in-house training capacity

191. Much of the evidence that we have taken in this inquiry has suggested that, in order to achieve the kind of large-scale improvement in both investment in skill and qualification achievement required, the capacity of education and training provision will need to increase quite considerably. This suggests that, besides improvements in the output of the mainstream education and training infrastructure (FE and HE), there also need to be concomitant developments in the training capacity within employing organisations. For example, if the goal of a much higher formal accreditation of workplace learning is to be delivered, then firms need to have in place a training capacity (individually or collectively organised) that can both design and deliver good quality workplace learning opportunities and also marshal the expertise to enable it to be assessed and certified. **We urge DIUS, UKCES and the SSCs to work with bodies such as the Chartered Institute of Personnel and Development to explore how the role, standing and capacity of the training function within employing organisations can be strengthened and developed.**

192. If the agenda is to succeed, then there will also be a greater demand for private sector providers of training delivered in or out of the workplace. The quality of this type of provision will be crucial as will the capacity of the training industry to respond to the increased demand for its services. We are encouraged by surveys such as that undertaken by the CIPD which show that employers rate private sector training providers more highly than other sources of training (with 63% describing them as good and only 3% as bad)<sup>389</sup> but while much research has been conducted into the role, capacity and performance of FE and HE, we are not aware of a similar audit of private sector providers. **We recommend that DIUS commission an audit of private sector training providers to ensure that its plans for the implementation of Leitch are based on accurate calculations as to capacity and capability in this sector.**



## 6 Individuals

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### Individual demand for training

193. Of the three partners identified by Leitch it is the voice of the individual that is hardest to capture. The Government can make itself heard and employers have recognised organisations to collect and represent their views. It is more difficult to know where to go to hear the true opinions of individuals. Concerns were raised that the voice of the individual should not be lost. For example, Lifelong Learning UK told us:

More demand-led provision should provide students with better career prospects as the courses they are undertaking are endorsed by industry (through SSCs). However, there still needs to be space for student choice as well. Students are becoming more demanding as increasingly they are required to pay for their courses, particularly in Higher Education. Measures need to be in place to enable students to study what they want to study—which may not always be directly endorsed by an employer/SSC ... It is important that as Leitch is implemented, the learner remains at the centre of policy and planning.<sup>390</sup>

194. The Equality and Human Rights Commission had “concerns about the extent to which the new adult careers service and advancement agency, and Skills Accounts, will capture the voice and potential of [the 4 million people neither working nor on benefits] and create appropriate arrangements for securing skills and progression throughout the lifecycle”.<sup>391</sup> The Commission described this group as “the hardest to reach and potentially the most in need” and “people who do not appear within the documentation.”<sup>392</sup> The self-employed and other groups, such as the disabled, may also struggle to be heard, particularly if ‘demand-led’ becomes predominantly ‘employer-led’.

195. The Government has quite rightly placed strong emphasis on this part of the agenda as demonstrated by the then Minister in his appearance before us. Recognition that concerted action needs to be taken to increase demand and expectations among individuals has been taken on board by the Government in the launch of the *Our Future. Our Hands. Our Success* campaign in July 2008. DIUS claims that the campaign “has proved successful by stimulating an increase in the appeal of learning new skills and is prompting people to explore opportunities and actually do a course” and that “an econometric analysis undertaken by Learndirect has shown the 12% uplift in calls to the careers advice line attributed to the Skills Campaign equates to around 37,000 calls”.<sup>393</sup>

196. However, it has also been suggested that the Government’s focus on targets and on channelling funding through Train to Gain may be counterproductive. The National Institute of Adult Continuing Education commented that:

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390 Ev 239, para 7.1

391 Ev 269, para 21

392 Ev 269, para 20, Q 392

393 Ev 310, para 48

Government policies are inadvertently hampering adults' motivations to learn and disregarding needs that have an impact on learning demand. As departments and providers are pressured to achieve the qualification targets, they are using levers such as limiting funding entitlements only to learning that will count towards those targets. This has left learners not only with less publicly funded subjects and modes of study but also with less choice of learning being offered.<sup>394</sup>

NIACE was concerned that “many adults, especially those with lower levels of skills, need time to develop motivation and confidence before they commit to a full course ... current policies drive providers towards ‘quick wins’ which guarantee funding but that disadvantage the most marginalised learners”.<sup>395</sup>

197. One witness told us:

We have got to have many approaches as to how we get a change in culture. For a change in culture you have to take people with you. You cannot take change and implant it on them ... that is where change happens, at the coal face, with real people learning more about themselves and about how to work as a team. Just having faith in learning in general without targets is very, very important. That is how you get cultural change.<sup>396</sup>

Achieving this cultural change is a critical part of the Leitch agenda. We note that UKCES is undertaking a research project into “the barriers to employee engagement and employee demand”, and the Chief Executive assured us that “we are very keen to make sure that we understand the customer journey, the individual journey in all of this so that the individual voice gets reflected into the system as well”.<sup>397</sup> We regard this as essential and are keen that the research should examine not just employees but also those out of work for whatever reason. **The issues of worklessness and under-employment, and especially the challenge of supporting those wishing to return to work either with or developing adequate skills to do a job with progression after a long period outside the workforce (this particularly applies to women) must be given much higher priority. This is an area where strong continuing joint working between DIUS and DWP programmes and policies will be essential. We hope that the UKCES research project leads to firm recommendations to Government on how to simplify access and reduce delay in providing training, especially to the unemployed, and that the Government is prepared to act to address these crucial issues. Individual voices, not just those of the currently employed and employers, must be heard.**

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394 Ev 233, para 11

395 Ev 233, para 12

396 Qq 181-2 [Frank Lord]

397 Q 213

## Specific Government policies for individuals

### Skills accounts

198. New initiatives to assist individuals under the Leitch agenda include the introduction of Skills Accounts. This was highlighted as one of the two key measures in *World Class Skills*, the other being the Skills Pledge. The Government expects that by 2010–11 adult learners with Skills Accounts will be able to access £500 million of adult funding, increasing to around £1.5 billion by 2015, when Skills Accounts will become “the key mechanism via which all adults access learning outside Train to Gain”.<sup>398</sup> The Accounts will offer a ‘virtual voucher’ of state funding representing an entitlement to purchase relevant learning at an accredited, quality assured provider of their choice. They will also give individuals access to a range of other services through the adult advancement and careers service, and an online record on which to store their qualifications and achievements.<sup>399</sup> The Government intends that “As the service develops the range of products and services will increase so that a Skills Account becomes the one-stop-shop for learning.”<sup>400</sup> The first pilots began in September 2008, allowing learners in the South East and East Midlands to open accounts at selected colleges, and from November to open accounts through a wider range of access points including online.<sup>401</sup>

199. Throughout our inquiry, there was little information available on the details of how Skills Accounts will work and some confusion as to what they would offer. Tom Wilson of the TUC told us that “I do not think people have yet got to a clear concept of what a new skills account might look like”.<sup>402</sup> The absence of detail may have encouraged some to fill the vacuum with hopes of what they want the accounts to achieve and to represent; Tom Wilson, for example, gave us the TUC’s wish-list:

For us, the key features would be, firstly, that the range of kinds of qualifications or training or opportunities that they could pay for would be as wide as possible, and not, as Alan was saying, some rather narrow utilitarian approach that was just very tightly focused. Secondly, I think they were collectivisable and there is this interesting concept, the collective learning funds, which we pushed for and secured inclusion of in the previous FE White Paper where there are some pilots being explored now in the East Midlands and the North West. The idea is there that workers could pool their learning accounts working with Train to Gain, perhaps, with employer funding too, create a collective pot and in that way get far more than the sum of its parts because training, generally, most employers would, I think, prefer to do in a systematic way with a group of workers rather than just one-by-one.<sup>403</sup>

200. We are concerned that, as details emerge, there may be some disappointment with the programme. The emphasis placed on Skills Accounts in the most recent information from

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398 Ev 103, paras 2.21-2.22

399 Ev 103, para 2.22

400 Ev 308, para 26

401 Ev 331, para 26

402 Q 374

403 As above

DIUS in answer to questions from us is firmly on the role of the Skills Account as an on-line record of achievement and entitlement, with the virtual voucher merely “information about the public funding that an individual is entitled to, based on their circumstances and their choice of course”<sup>404</sup> and not a redirection of funding through the hands of individuals as may have been supposed. Skills Accounts are therefore to be seen as “the main mechanism through which people unlock their entitlements to public funding, rather than the entitlements themselves”, which have not changed.<sup>405</sup>

201. On the face of it, Skills Accounts have the potential to place power in the hands of individuals but it is hard to regard the current proposals as an exciting radical development. There is a virtue in having an on-line record of achievement and in having access to tailored advice on entitlements but it is not clear how this will directly raise demand. Still less is it clear how it will encourage progression from Level 3 to Level 4 skills. **We strongly support Skills Accounts and the principle that real funding should be placed in the hands of individual learners to empower them to engage with their learning. At present however vagueness as to how the Accounts will operate risks both confusion and a lack of impetus. Skills Accounts that merely became a paper or online accounting exercise, listing achievements or entitlements, without new funding initiatives or incentives would be sterile and quite inadequate to address the issues Lord Leitch highlighted in his Report. We hope that once the operational effectiveness of the programme has been established through the trials, the Government will be more ambitious in its plans for skills accounts to justify the importance placed on them by Ministers and by key policy papers such as World Class Skills.**

## AACS

202. The adult advancement and careers service (AACS) brings together the advice services of learndirect and next step and is designed to work in partnership with Jobcentre Plus. It will be trialled in stages from 2008–09 to 2010. The SSCs commented that “The move towards an increasingly demand-led system requires a step-change improvement in the quality of Information, Advice and Guidance (IAG) offered to potential students, whether at 14, 18, or as a lifelong learner. Currently many people are studying in areas where they stand little chance of employment, whilst there are skills shortages in other areas”.<sup>406</sup> They felt that their own labour market information was “key to meeting this requirement.”<sup>407</sup> However, CRAC: The Career Development Organisation point out that there is no onus on the SSCs or RDAs to provide relevant labour market information from a career development perspective.<sup>408</sup> This has to be addressed.

203. A further point raised in evidence was that the advice service should cater for all ages. The Centre for Skills Development called for AACS to develop links into local employment

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404 Ev 330, paras 20-21. There is a minor exception for learner support funding which is money paid directly to the individual (Ev 330, para 22).

405 Ev 330, para 23

406 Ev 273, para 1.16

407 Ev 273, para 1.17

408 Ev 180, para 4

markets and local opportunities and to cater to both young people and adults,<sup>409</sup> referring back to a report from the Skills Commission which urged the Government to introduce an “all-age service” for the delivery of Information, Advice and Guidance.<sup>410</sup> CRAC emphasised that the same issues of coherency of service applied to postgraduate and research staff. It argued that “It is vital that stronger links are built between [the UK Grad programme, RDAs, SSCs and employers] in order to support doctoral researchers’ career decision making through access to relevant labour market intelligence”.<sup>411</sup>

204. We believe that there should be a one-stop shop for all advice which should cover all ages and levels. However, if the service is to be truly universal, then the quality of the advice offered must be high across many different sectors and skills levels and capable of handling inquiries from people of all backgrounds and experiences. The quality of the advisers and the information on which the system is based, both on the demands of the market and on the availability of training and funding options, is crucial. Towards the end of our inquiry DIUS produced a ‘prospectus’ for the new Service: *Shaping the future, a new adult advancement and careers service for England*. This includes details of ten ‘prototype’ services. **Much is riding on the effectiveness of the new AACS and we recommend that the Government report on the trials and consult individuals, employers and training providers on their experiences of using it in 2009 before the system is made universally available in 2010.**

205. **We believe strongly that a single Careers Service should cater for young people and adults. It should not be the case that individuals have to access a new service simply because they have reached their 19th birthday. We therefore recommend that in at least one of the trial areas a unified Careers Service is provided for young people and adults and feedback obtained on which model is more effective.**

### ***The right to request time to train***

206. In June 2008 the Government issued a consultation paper, *Time to Train*, which set out proposals to give employees the right to request time off for training. The Government explained:

This new right would help encourage and support adults to develop their skills and rise as far as their talent will take them. That empowerment will be particularly valuable for those employees who don’t currently receive training. And, by helping to raise their employees’ awareness and aspirations in relation to skills, the proposed right would support and encourage employers to invest in the skills of their employees as a driver of future business performance.<sup>412</sup>

One SSC Chief Executive, representing employers, described the right to request time off to train as “a really positive move” but he cautioned that in such a system “the employee himself has still got to be motivated enough to want to demand the training” and

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409 Ev 154, para 7.2

410 Skills Commission, *Inspiration and Aspiration: Realising our Potential in the 21st Century*, Recommendation 12.

411 Ev 183, para 23

412 Ev 309, para 43

concluded “I do not think the right to request in itself is really the whole answer to generating more demand at the workplace level”.<sup>413</sup>

207. The Government’s current proposal is a considerable step back from the previous policy of a 2010 review of whether employees should have a legal right to workplace training up to level 2.<sup>414</sup> Whilst it is an important first step, at this early stage in the development of the proposal, we are not yet convinced that the impact is likely to be of the scale necessary to make a significant contribution to the Leitch targets. Assuming that the measure is passed by Parliament, **we recommend that the effectiveness of the right to request time off for training be monitored and reported annually.**

## Lifelong learning

208. Lifelong learning can encompass many different activities outside the traditional school-FE-HE route. The 1996 UNESCO Report *Learning: the treasure within* was “a powerful plea for viewing education in a broader context.” It suggested that there were Four Pillars of Education: learning to know, learning to do, learning to live together and learning to be, suggesting that the “periods and fields should complement each other and be interrelated in such a way that all people can get the most out of their own specific educational environment all through their lives.”<sup>415</sup>

209. The Government is in the process of developing policies in this area. In January 2008 it published a consultation document on how the Government can most successfully promote informal Adult Learning (*Shaping the Way Ahead*) and in April 2008 a second paper, *Adult Learning: Investing in the First Steps*, set out the Government’s plans to invest £1.5 billion on first steps training for adults who have yet to gain basic skills. In addition, in 2007–08 it committed £210 million for learning for its own intrinsic value for personal and community development, with this level of spending to be maintained from 2008–09 to 2010–2011.<sup>416</sup> The Secretary of State, interviewed in the Guardian newspaper in October 2008, echoed the sentiments of the UNESCO report when he said “some of that spirit which was valuing learning for its own sake and saying that we want to provide opportunities to learn—even if people are doing it simply because they want to stretch their horizons ... that was a good spirit, and what I hope we’re trying to do is rekindle it and to do it in a way that’s appropriate for the 21<sup>st</sup> century.”<sup>417</sup>

210. Despite this, as Age Concern pointed out, the number of number of people aged 60 and over participating in Further Education halved between 2003 and 2006 and the number of people aged 60 and over participating in Adult Community Learning decreased by 12% between 2005 and 2006.<sup>418</sup> This implies that a significant proportion of the population is becoming increasingly detached from the goal of lifelong learning.

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413 Q 228

414 *Leitch Review of Skills*, p 4, *World Class Skills*, para 4.29

415 [www.unesco.org/delors/fourpil.htm](http://www.unesco.org/delors/fourpil.htm)

416 Ev 105, paras 2.32-2.35

417 [www.guardian.co.uk/education/2008/oct/21/adult-learning](http://www.guardian.co.uk/education/2008/oct/21/adult-learning)

418 Ev 211, para 3.4

211. Even those too young to be covered by Age Concern's survey may be failing to gain the benefit from the Leitch reforms. As has been raised previously, the ambitious nature of the targets means that the skills agenda has to reach those already in the workforce if the number of qualifications at each level is to be attained. However, several witnesses, like the Association of Accounting Technicians, argued that "to date in implementing Leitch, the Government's policy focus and funding priorities have focussed on the younger age groups".<sup>419</sup> This was a matter of concern for a sector which attracted mature people seeking retraining. The AAT also suggested that for this age group, the concentration on level 2 was inappropriate because these people were capable of and more motivated by taking higher qualifications.<sup>420</sup> Age Concern agreed:

The training and qualifications the government is currently promoting are not always appropriate for many adults over 50, for whom achieving a full Level 2 qualification is not the best or most cost-effective way of improving employability. Instead, these workers may need accreditation of existing skills, together with support to plug specific skills gaps with bite-sized training. The focus on first full Level 2 qualifications also precludes those with historic qualifications who wish to make a career change or those who may have been away from work for some time, for example raising children.<sup>421</sup>

The Equality and Human Rights Commission concurred that "the importance of enabling people who have been out of the labour market to re-fresh outdated skills to improve their employability is not recognised through current proposals."<sup>422</sup> The Open University stated in evidence that it "regrets that the current policy climate tends to promote the view that the Leitch agenda is the preferable alternative to lifelong learning rather than regarding it as a necessary complement to it."<sup>423</sup>

**212. We believe that lifelong learning is an important area of policy where effective solutions must be found. It brings many benefits, both to the individual and to the economy, and it will be a disaster if the Leitch targets lead to a concentration on the quick wins of qualifications for school-leavers at the expense of older workers who have just as much aptitude and ability. We note that NIACE is currently holding an extensive inquiry into lifelong learning, with the intention of reporting in 2009. We look forward to the outcome of that report at which time we may well return to this subject again.**

## Role of the unions

213. One readily available channel for representing the interests of individuals within the workforce is the trades union movement. We heard some criticisms of the Leitch review, suggesting that it had "airbrushed" out trade unions from the skills picture.<sup>424</sup> The TUC set

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419 Ev 146, para 21

420 Ev 145, paras 21-23

421 Ev 210, para 2.9

422 Ev 269, para 25

423 Ev 208, para 16

424 Q 77

out for us the role of the unions in learning and skills, exercised for example through the current trials of collective learning funds (CLFs) which aim to optimise contributions to broad workforce development that fall outside the direct responsibility of employers or Government-subsidised provision. A key aim for the TUC in the future is to look at how CLFs can be integrated with government programmes such as Train to Gain and skills accounts.<sup>425</sup>

214. The TUC is responsible for unionlearn and its network of 18,000 union learning representatives (ULRs). The TUC stated that it is “to press the Government that it would make sense to provide ULRs in the workplace with a strategic presence which would fully exploit their capacity to support learning and skills development that enhances organisational performance and the wider development of individual employees.”<sup>426</sup> The TUC is also “currently engaged in a strategy to strengthen the role of trade unions and ULRs in supporting the welcome expansion of the Apprenticeship programme over the coming years”.<sup>427</sup>

215. All witnesses spoke positively about the role of ULRs. Professor Wolf told us: “I think they are incredibly important because people who are in employment know their union rep; it is a trusted intermediary. One cannot overestimate the degree to which as human beings we trust people we know.”<sup>428</sup> Alan Tuckett of NIACE agreed that ULRs as “learning champions” fulfil a “need for people who have been turned off education and training to have people who go out and negotiate the possibilities with them”.<sup>429</sup> Yorkshire Forward gave an example of their work in Yorkshire and the Humber where through trade union organised learning at work days in May 2007, 7,068 people in 75 workplaces participated in events and 1,185 went on to enrol on courses.<sup>430</sup> The number of workplaces taking part in such events in 2008–09 was set to double to 150.<sup>431</sup> Tom Wilson from the TUC made the point that ULRs could act as a bridge between employees and employers.<sup>432</sup>

What we find very often is that ULRs will talk to their members at the workplace, their members will say, ‘Well I went on that course last week and frankly it wasn’t much good, it wasn’t quite right for me’. The employer does not hear that, for all sorts of reasons, but ULRs do and ULRs can sit down with the training manager, whoever it is in a company, and start talking about, ‘Maybe we could change that course or get a better course or a different course’ and that is exactly the kind of thing that they do. If there was a lot more of that and a lot more sense of the learners, the workers, being involved in the kind of course and the course content and so on, I think you would see a far greater uptake and continuation of progression.

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425 Ev 283, para 3.2

426 Ev 284, para 3.3

427 Ev 285, para 4.5

428 Q 76

429 Q 377

430 Ev 280

431 As above

432 Q 382



216. Professor Hopkin, on behalf of UUK, told us that many universities were “looking at accrediting the work of union learning”, regarding it as “absolutely critical because that way we reach an audience that we have not actually reached”.<sup>433</sup> The Minister concurred in regarding trade unions as “absolutely critical” to the discussion.<sup>434</sup> **We welcome the expansion of unionlearn and support the closer involvement of the unions in encouraging the key brokering role of the unions in the development and take-up of opportunities to raise skills levels within the UK workforce.**

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433 Q 359

434 Q 433

## 7 Conclusion

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217. The Leitch review was produced during a period of economic optimism. The change in the economic climate will mean that priorities have to be identified and it will not be possible to pursue all parts of Leitch. The targets set are probably impossible but that does not mean that the direction of travel is not laudable. Moreover, although the targets have a limited hold on the attitudes and decisions of many individuals and employers, the setting of central targets and ambitions at least ensures that the focus is kept on this vital area. More problematic is the complexity of skills delivery mechanisms and the failure to communicate urgency of need or the availability of options to employers and individuals. There is no evidence at present that either will take up the full role in partnership envisaged by Leitch. This must be addressed.

**218. The economic climate makes it more imperative not less that skills levels are raised. As the UK comes out of recession, people will be needed who can pick up the new range of jobs which emerge at that time. An emphasis within skills policy on re-skilling is therefore vital. We are also concerned that the current policy of supplying skills and expecting businesses to utilise them, rather than tackling skills shortages or approaching skills as part of a wider national economic development plan, will not hold up in a shrinking economy where the major drivers of the financial, business services and retail sector have stalled. The Government will have to consider how to build more flexibility into its support for training and also more direction to ensure that the UK concentrates its skills development in areas for which there is current and future demand.**

219. We have heard much cynicism about the Leitch Review and whether this time things will be different. One witness, Professor Wolf, observed that:

We have had a major inquiry into skills every few years since 1860 literally and we constantly reform; we constantly change it. In the process, we have ended up with a situation where employers are spending far less within further education on skills training than they were before all of this started.<sup>435</sup>

Another joked: “If it ends in tears there will be another review!”<sup>436</sup> **We want to see this review succeed. There is no time for a new start as long as our competitors continue to advance. The Government must work to ensure the success of its skills agenda through the clear communication of its vision and through practical measures to enable employers and individuals to recognise and reap the benefits of higher levels of skills.**

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435 Q 90

436 Q 170

## Conclusions and recommendations

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### The Leitch agenda: principles

1. It may well be the case that increased skills lead to an increase in national prosperity but there is a surprising lack of evidence to support the conclusion. There is clearly a need for more research to establish whether or not there is a causal relationship. This would help to justify the commitment of considerable public expenditure on training and skills development. Nevertheless, even without this evidence, we note that no voices have been raised to question the principle that it is right to aim towards a more highly skilled workforce, both in terms of individual benefit and for the wider good. (Paragraph 23)
2. We recommend that UKCES review the collection of data on skills needs across sectors and regions and apportion responsibility for ensuring that it is collated and made available in a readily accessible format (Paragraph 35)
3. Shared responsibility and responsiveness to demand comprise a sound philosophy for the development of skills in the UK workforce. The difficulties arise in translating them into practical policies for implementation. To avoid “demand-led” and “partnership” becoming meaningless jargon, these difficulties have to be addressed. (Paragraph 36)

### Leitch targets

4. We believe that capturing the acquisition of employability skills within Government targets and therefore attracting Government funding for such training should be examined by UKCES as part of its ongoing work on employability. (Paragraph 42)
5. We are concerned that the conflation of skills and qualifications in the targets may lead Government to assume that a qualifications strategy is an adequate substitute or proxy for an overall skills strategy. This may drive up levels of attainment, improve the UK’s position in international league tables and contribute towards improved economic performance but a real skills and training strategy would focus more on skills utilisation by companies to achieve high performance working practices and so raise productivity. (Paragraph 50)
6. An important step which could be taken would be to broaden the Leitch targets to include re-skilling. The current focus both within the targets and in entitlements on funding for a first level 2 qualification means that those who need to update skills, either because they have been out of the labour market for some time or because their job no longer exists, may not be supported. This situation is set to become even more pressing as the recession bites and redundancies force people to seek to move to other sectors in which their current qualifications are irrelevant. The Government has made some progress with its Sector Compacts and assistance to SMEs, but these initiatives need to be assessed and potentially broadened. (Paragraph 59)

7. We recommend that the Government examine and develop ways to include the absolute number of qualifications gained rather than “firstness” alone in the skills targets, to reflect the importance of re-skilling. We also recommend that the Government should set out broad milestones indicating its aspirations for progress towards the 2020 targets in the light of the current economic situation. (Paragraph 60)

### Government implementation

8. Given the importance of this area of policy to the economy, it is important that the substantial sums of money spent on skills programmes demonstrably add value, not just deadweight cost. We await the Public Accounts Committee report on Skills for Life with interest and support the need for research into the effectiveness of DIUS programmes to improve skills levels. (Paragraph 65)
9. In view of the large amount of money spent on skills by the Government and the importance of the programme, it is essential that there is a proper evaluation of the outcomes of all aspects of Train to Gain. We recommend that the Government report to us on an annual basis on the use of resources within the skills agenda and on the evaluation of their effectiveness, potentially involving the National Audit Office. (Paragraph 67)

### Government vision

10. We recommend that the Government set out a clear picture of how the landscape of delivery structures will look once all its reforms are complete, from the point of view of planners, providers, employers and individuals in order that all involved are aware of the organisational end-point of the journey. The vision we call for should articulate how it is intended to meet both of the relevant departmental strategic objectives in the 2020 skills delivery arena. (Paragraph 71)
11. Taken together with the changes to relax rules regarding funding of training by SMEs, the Secretary of State’s speech to the CBI in October 2008 indicates a welcome change in emphasis and a recognition of the realities of the UK’s skills problems. We hope that it will lead to a greater willingness to work with employers, particularly UKCES, and those who represent the concerns of individuals to adapt Government implementation of the Leitch agenda to observe the spirit of increasing skills, rather than the letter of the prescription. We welcome this contribution to the evolving post-Leitch agenda. (Paragraph 73)

### National Structures: Learning and Skills Council

12. The abolition of the LSC and the establishment of the Skills Funding Agency is likely to lead to considerable further disruption and the reward for this is as yet uncertain. The Government must be clear on the role of the SFA, including at regional level, and communicate this vision to its partners in skills delivery to avoid disaster. It is difficult to see how the regional LSCs set up recently can operate effectively without a definite transition plan, and the LSC as a whole will struggle to avoid being regarded as a lame duck partner, unable to make long-term commitments or start new

initiatives with any credibility. We recognise that the Government is determined to push ahead with this change but we believe that maintaining stability within the system should now be the prime consideration. We recommend that the Government move quickly to resolve the issues around the role, organisation and relationships of the new SFA and that it redouble its efforts to communicate this information to the LSC's regional partners, who need early and absolute clarity. Each region needs to be assisted in developing a plan for how the structures will work under the new arrangements post-2010. We also note that even if the Skills Funding Agency and National Apprenticeship Service are co-located in Coventry, effective mechanisms must be put in place to ensure that they work together. (Paragraph 80)

## Regional structures

13. We recognise that the RDAs have an important role in economic development and business improvement and, within this context, they should have a clear focus on skills and in stimulating demand through planning rather than delivering programmes. But they are not yet achieving their full potential and overall performance is inconsistent. To drive up the quality of skills planning by individual RDAs we recommend that the Government commission an analysis of what is happening region by region and report on best practice and areas of weakness. (Paragraph 90)
14. We recommend that the Government issue full guidance as to the roles and responsibilities of each relevant regional, sub-regional and local body involved in delivering the Leitch agenda, with an indication of where this is likely to change post-2010. This would allow all parties a better understanding of what the current and future organisational arrangements are and would assist a move to the next stage of identifying how these arrangements could be improved. In order to avoid unnecessary proliferation of employer representative bodies, we further recommend that Employment and Skills Boards be licensed by UKCES. (Paragraph 94)
15. The Department for Work and Pensions needs to operate on a sub-regional basis, working very closely with DIUS to achieve this, particularly given the current economic situation. We also recommend that UKCES issues new guidance on setting up and maintaining effective local partnerships to deliver and plan skills, including the balance between sectoral and spatial planning at the sub-national level. This should include examples of best practice. (Paragraph 97)

## Complexity

16. The UKCES simplification project is an important and timely piece of work and we welcome the first stage of its results. It is addressing the right sort of questions. However, we would like it to expand into two further areas. First, it should specifically address the difficulties faced by individuals in accessing training. Secondly, we strongly believe that the project needs to move more quickly to address planning structures as well as delivery bodies and programmes. (Paragraph 106)
17. We stress that an important factor to be considered in advocating change is the need for a period of relative stability, in institutions and programmes. This, as much as

anything, would encourage employers and other players to sign up to the Leitch agenda and to the associated targets for greater investment in skills. Constant change creates uncertainty and, as the wider economy currently demonstrates all too well, uncertainty tends to undermine the confidence that is needed for investment to take place. We fully support UKCES's plea for ministers to adopt "five key principles on what not to do in future" to avoid the "tendency for the system to regress":

- no new disconnected initiatives;
- no separate contracts for different elements of the Train to Gain service;
- no different reporting or monitoring rules outside the current set;
- no new business-facing brands beyond Business Link, Train to Gain and Apprenticeships; and
- no new agencies beyond those already announced. (Paragraph 107)

## Devolution

18. We would like to see UKCES adopt a role of disseminator of best practice throughout the UK and act as a source of expert advice to employers and Government on the differences between skills policies and delivery mechanisms in the four nations. (Paragraph 110)

## Government programmes: Train to Gain

19. In the current economic downturn it is essential that Train to Gain, as the main source of Government funding for skills development, is made flexible enough to deal with rapid adjustments for people who have been made redundant and need quick re-training and with businesses anxious to develop in response to new challenges. Aspects of Train to Gain are currently failing to satisfy the different demands of employers, individuals and value for money for the taxpayer. Unless there is a radical re-focusing of the programme one of the central planks of the Leitch reforms will be lost. (Paragraph 122)
20. Train to Gain will only achieve its aim of producing long-term improvements in competitiveness if its brokerage service is more closely tied to helping firms develop more ambitious business plans and more tightly linked to wider economic development and business improvement services. It has to deliver what employers want: a consistent offer across the country, with greater understanding amongst brokers of sectoral interests and flexible funding for courses. The National Audit Office is currently reviewing the Train to Gain programme and we look forward to the publication of its findings. In view of our earlier recommendations on evaluation, we will be particularly interested in the NAO's conclusions on the extent to which Train to Gain has led to increased overall skills levels. (Paragraph 123)

## Apprenticeships

21. We recommend that the Government review funding for adult apprenticeships and report on measures to encourage and strengthen them, particularly as demographic change will reduce the number of young people in the workforce. (Paragraph 126)
22. We recommend that the Government collate and publish data on the development of high level apprenticeships and take immediate action to raise awareness of the opportunities if take up is not satisfactory. (Paragraph 127)

## Qualifications reform

23. We welcome the new QCF and its emphasis on a modular approach. We believe that serious consideration needs to be given within the qualifications reform process to the accreditation of prior learning and to accommodate non-traditional courses leading to the acquisition of skills at an appropriate level, such as bite-sized courses or part-time or informal training. (Paragraph 131)

## Employers: representation and engagement

24. Great things are expected of the creation of UKCES and we will keep a close eye on its development to assess whether it is delivering, including scrutinising its Five Year Strategic Plan, which will be issued before the end of 2008–09. (Paragraph 136)

## Sector Skills Councils

25. We recommend that UKCES directly address in its annual report the structures through which key generic skills will be promoted. (Paragraph 142)
26. We recommend a review of SSC financing alongside the SSC relicensing process, although we stress that this should serve to speed up the process of relicensing and not to delay it. (Paragraph 144)
27. In the light of the need to align sectoral demand with regional planning, we recommend that UKCES examine the regional capacities of individual SSCs as part of the re-licensing process. (Paragraph 145)
28. We await the outcome of the UKCES relicensing of Sector Skills Councils with interest. In the interests of transparency we recommend that once the relicensing process is complete that all advice given by the National Audit Office in its role as independent third party assessor is made available to this Committee. (Paragraph 146)

## Private sector organisations

29. In addition to the SSCs, the Government and UKCES need to work with not just the major organisations such as the EEF and the CBI, but also with less formal clusters and consortia such as Electronics Yorkshire and smaller sector bodies. (Paragraph 147)

## Employer engagement and participation

30. We note that the Government has backed away from compulsory training for the time being but this may be the last chance for the voluntary approach. Given that the performance of different sectors may itself be highly variable, rather than kick compulsory training into the long grass the Government should look at other ways to encourage employer participation, such as considering companies' training policies and practices during procurement processes. In sectors where significant progress has not been made by 2014, compulsion must be seriously considered. (Paragraph 156)

## Small businesses

31. We welcome the Government's decision to refocus Train to Gain on SMEs and relax restrictions on its use. This is an important first step in developing skills engagement with this sector. The development of employee development centres within clusters of small enterprises also has potential and should be evaluated at an early stage to inform decisions on whether it should be rolled out more widely. These initiatives also need to be incorporated into a comprehensive strategy for adapting skills policies to SMEs, led by UKCES and DIUS. (Paragraph 158)

## Training providers: Higher Education

32. The role of HE within the Leitch agenda, in particular its relationship with employers, appears to us to be a major point of weakness within the implementation of the Government's policy on skills. Recent years have seen considerable increases in the number of students going to university and acquiring level 4 skills which should make the Leitch target of over 40% of the adult workforce holding such qualifications by 2020 challenging but within reach. However, there are doubts about whether industry co-funding of 50% will be forthcoming in the quantity required to meet annual targets of 20,000 places; as HEFCE's own memorandum acknowledges in setting its objectives for the next three years, one of which is "Testing the policy of employer co-funding to get beneath the welter of opinion and anecdote to establish hard evidence on the willingness of employers to pay for the 'right' higher level skills product." The current economic downturn may make this level of employer investment even harder to attain. (Paragraph 171)
33. If the level 4 target is to be reached, then the relationship between HEFCE and the regions has to be sharpened. DIUS should ask HEFCE in its Annual Grant Letter to develop its regional activity, and HEFCE should be required to quantify its activities in its Annual Report. (Paragraph 172)
34. DIUS has promised to publish an analysis of the labour market demand for STEM skills. We hope that HEFCE will be explicitly enabled to build upon this analysis to encourage and deliver provision of STEM higher level skills. We also ask HEFCE to provide us with an update of the work it has done during 2008 on developing STEM skills in response to the tasks set in the 2008 DIUS Grant Letter. (Paragraph 174)



35. UKCES will also need to look at the attitudes of employers towards HE and recognise that raising awareness of HE opportunities and increasing employer demand is not solely the task of the HE sector but requires greater commitment from employer organisations as well, as has been acknowledged by the CBI. (Paragraph 175)

### Further Education

36. FE colleges should be accorded sufficient ability and autonomy within Train to Gain to devise the courses needed in their areas and should be encouraged to develop a truly responsive employer engagement process. (Paragraph 183)
37. We recommend that the Government review research on FE/HE collaboration and commission clear guidelines on how to ensure its effectiveness at the regional level, including a greater focus on progression. (Paragraph 188)

### Joint funding of FE/HE?

38. There is an appealing logic to the idea of a single FE/HE funding agency but we have not taken sufficient evidence to identify all the undoubted difficulties which such a move would create. A single funding agency, even one operating two distinct streams of funding, would no doubt lead to irresistible pressure for a different model for the FE sector with less central direction than at present. We conclude that this is an idea whose hour has not yet come but one which should not be dismissed as without merit. (Paragraph 190)

### Private sector providers and in-house training capacity

39. We urge DIUS, UKCES and the SSCs to work with bodies such as the Chartered Institute of Personnel and Development to explore how the role, standing and capacity of the training function within employing organisations can be strengthened and developed. (Paragraph 191)
40. We recommend that DIUS commission an audit of private sector training providers to ensure that its plans for the implication of Leitch are based on accurate calculations as to capacity and capability in this sector. (Paragraph 192)

### Individuals

41. The issues of worklessness and under-employment, and especially the challenge of supporting those wishing to return to work either with or developing adequate skills to do a job with progression after a long period outside the workforce (this particularly applies to women) must be given much higher priority. This is an area where strong continuing joint working between DIUS and DWP programmes and policies will be essential. We hope that the UKCES research project leads to firm recommendations to Government on how to simplify access and reduce delay in providing training, especially to the unemployed, and that the Government is prepared to act to address these crucial issues. Individual voices, not just those of the currently employed and employers, must be heard. (Paragraph 197)

## Skills Accounts

42. We strongly support Skills Accounts and the principle that real funding should be placed in the hands of individual learners to empower them to engage with their learning. At present however vagueness as to how the Accounts will operate risks both confusion and a lack of impetus. Skills Accounts that merely became a paper or online accounting exercise, listing achievements or entitlements, without new funding initiatives or incentives would be sterile and quite inadequate to address the issues Lord Leitch highlighted in his Report. We hope that once the operational effectiveness of the programme has been established through the trials, the Government will be more ambitious in its plans for skills accounts to justify the importance placed on them by Ministers and by key policy papers such as World Class Skills. (Paragraph 201)

## Adult Advancement and Careers Service

43. Much is riding on the effectiveness of the new AACCS and we recommend that the Government report on the trials and consult individuals, employers and training providers on their experiences of using it in 2009 before the system is made universally available in 2010. (Paragraph 204)
44. We believe strongly that a single Careers Service should cater for young people and adults. It should not be the case that individuals have to access a new service simply because they have reached their 19th birthday. We therefore recommend that in at least one of the trial areas a unified Careers Service is provided for young people and adults and feedback obtained on which model is more effective. (Paragraph 205)

## The right to request time to train

45. We recommend that the effectiveness of the right to request time off for training be monitored and reported annually. (Paragraph 207)

## Lifelong learning

46. We believe that lifelong learning is an important area of policy where effective solutions must be found. It brings many benefits, both to the individual and to the economy, and it will be a disaster if the Leitch targets lead to a concentration on the quick wins of qualifications for school-leavers at the expense of older workers who have just as much aptitude and ability. We note that NIACE is currently holding an extensive inquiry into lifelong learning, with the intention of reporting in 2009. We look forward to the outcome of that report at which time we may well return to this subject again. (Paragraph 212)

## Role of the unions

47. We welcome the expansion of unionlearn and support the closer involvement of the unions in encouraging the key brokering role of the unions in the development and take-up of opportunities to raise skills levels within the UK workforce. (Paragraph 216)

## Conclusion

48. The economic climate makes it more imperative not less that skills levels are raised. As the UK comes out of recession, people will be needed who can pick up the new range of jobs which emerge at that time. An emphasis within skills policy on re-skilling is therefore vital. We are also concerned that the current policy of supplying skills and expecting businesses to utilise them, rather than tackling skills shortages or approaching skills as part of a wider national economic development plan, will not hold up in a shrinking economy where the major drivers of the financial, business services and retail sector have stalled. The Government will have to consider how to build more flexibility into its support for training and also more direction to ensure that the UK concentrates its skills development in areas for which there is current and future demand. (Paragraph 218)
49. We want to see this review succeed. There is no time for a new start as long as our competitors continue to advance. The Government must work to ensure the success of its skills agenda through the clear communication of its vision and through practical measures to enable employers and individuals to recognise and reap the benefits of higher levels of skills. (Paragraph 219)

## Annex: Government policy papers between July 2007 and September 2008

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Following the publication of Lord Leitch's review in December 2006, the Government set out detailed plans for implementing the recommendations and realising the world class skills ambition set in *World Class Skills: Implementing the Leitch Review of Skills in England*, published in July 2007. Since the publication of *World Class Skills*, further detailed plans have been put in place through a number of important documents:

- *Adult Learning and Skills—investing in the first steps*, published in November 2007 alongside the LSC's Statement of Priorities and Grant Letter, set out on how, “with our partners, we can accomplish our ambitions to deliver economic prosperity, social justice and stronger communities.”
- *Opportunity, Employment and Progression: Making skills work*, published in November 2007 (Cm 7288), put forward further detailed plans to support the integration of employment and skills services.
- *Train to Gain: A Plan for Growth*, published in November 2007, set out how Government would build on the experience of Train to Gain's first full year of national operation, to continue to expand and improve the service to help employers identify and address their skills needs.
- *Raising Expectations: Staying in education and training post-16—from policy to legislation*, published by the Department for Children, Schools and Families in November 2007 announced detailed proposals for raising the participation age to 18, following a consultation, and identified which aspects would require legislation, ahead of the introduction of the Education and Skills Bill to Parliament.
- *Informal Adult Learning—Shaping the Way Ahead*, was published in January 2008. This consultation “starts a discussion that will lead to a new vision for informal adult learning for the 21st century.”
- *World Class Apprenticeships, unlocking talent, building skills for all: The Government's strategy for the future of Apprenticeships in England*, published in January 2008 set out the Government's plans for reforming and expanding the Apprenticeships service.
- *Focussing English for Speakers of Other Languages (ESOL) on Community Cohesion*, published in January 2008, initiated a consultation on plans to align ESOL funding allocations with community need and national priorities, drawing on available evidence of low community cohesion
- *Ready to Work, Skilled For Work: Unlocking Britain's Talent*, published in January 2008, described how the Government wants to work with employers to support them in tackling their recruitment and skills challenges.

- An analytical discussion paper: *Life Chances: supporting people to get on in the labour market*, was published in March 2008 to stimulate a debate on how best to support adults to develop their skills, find and progress in work.
- *Raising Expectations, enabling the system to deliver*, published in March 2008 (Cm 7348), initiated a consultation on the transfer of planning and funding responsibilities for 16–19 year olds from the Learning and Skills Council to Local Authorities, and proposals for reforming the post-19 skills landscape.
- *Higher Education at Work: High Skills—High Value*, published in April 2008, initiated a consultation that sought views from employers, students, colleges and universities on how to raise the skills of those already in work and also ensure graduates are equipped with the knowledge and abilities that businesses need to compete globally.
- *Work Skills* (Cm 7415) published in June 2008 took forward the integration of welfare services and skills to unlock talent and built on *Opportunity, Employment and Progression* and *Ready for Work, Skilled for Work*.
- *Time to Train: consulting on a new right to request time to train for employees in England* was issued in June 2008, initiating a consultation from June to September 2008 on proposals to give employees in England a right to “a serious conversation with their employer about their skills development.”
- *Raising Expectations: enabling the system to deliver—update and next steps* published in July 2008, lays out the next steps following the consultation on the machinery of government changes.
- *Draft Apprenticeships Bill* joint consultation with DCSF from July to October 2008 sought views on the Bill’s provision to establish a statutory basis for the Apprenticeships programme.
- The Manufacturing Strategy *New Challenges, New Opportunities* was published jointly with BERR in September 2008. It brings forward a “refreshed” manufacturing strategy and sets out support for Innovation, Research and Development and access to skills support in manufacturing firms, particularly in Apprenticeships.

# Appendix supplied by National Audit Office

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## Partnerships and organisations involved in the improvement of England's skills base

The following four function maps and table represent the functions and relationships of the key organisations in England with a role in delivering the Government's skills agenda. It is important to note that they represent the situation at November 2008 and that this will change with time.

The maps represent the roles of organisations in relation to four groups of end-users: young people under the age of 19 in education; employees; adults not in work; and the teaching workforce. A single diagram representing all four groups would be very complicated and difficult to understand. The table presents organisations that are involved in the various partnership arrangements that exist in England. Partnerships have been represented separately as a table because they seek to raise collective action and collaboration and therefore inherently increase the complexity of any attempt to map the roles and relationships of the many organisations that form them. Some organisations represented have an interest in delivery but are not part of the landscape that the Departments have themselves put in place. Examples would include the Association of Learning Providers, the Association of School and College Leaders, and the University and College Union.

## Limitations

A number of types of organisation are not represented:

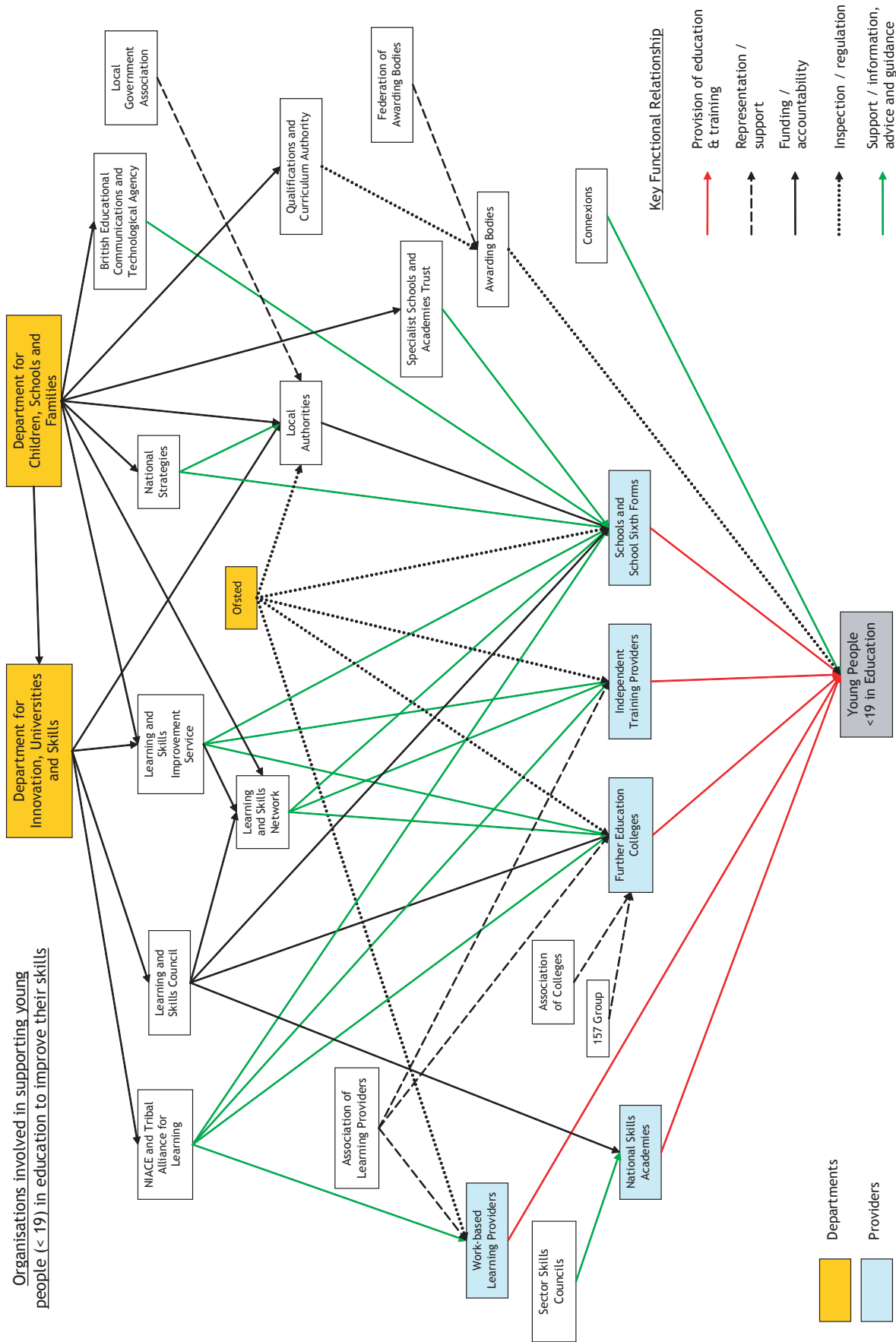
- offender education institutions;
- Scottish/Welsh/Northern Irish specific institutions;
- business sector specific institutions (e.g. CITB-ConstructionSkills);
- organisations involved in education research and policy development.

The maps are representations of functional arrangements and relationships and NOT an analysis of those arrangements.

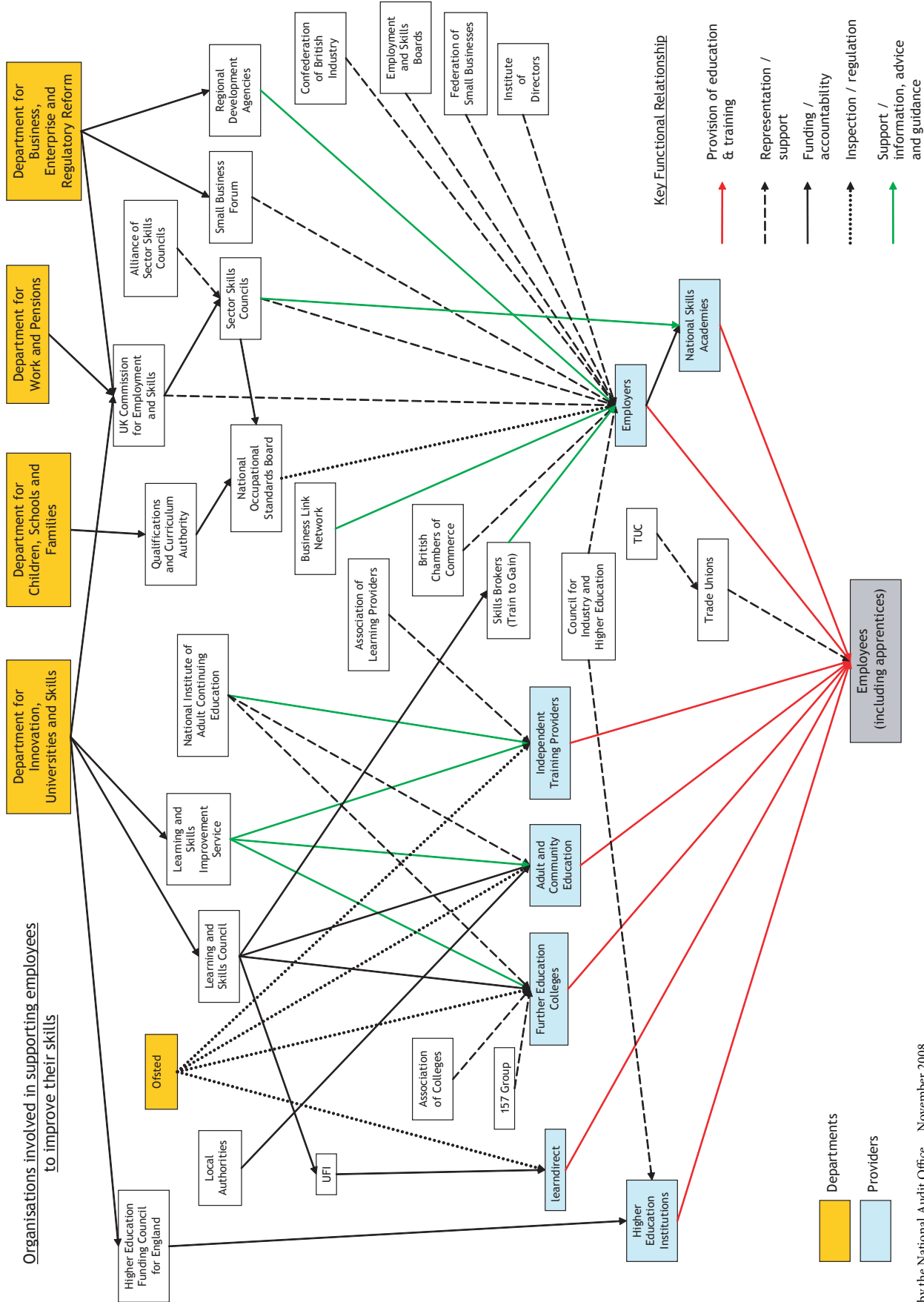
The maps attempt to balance necessary detail with a summarized overview:

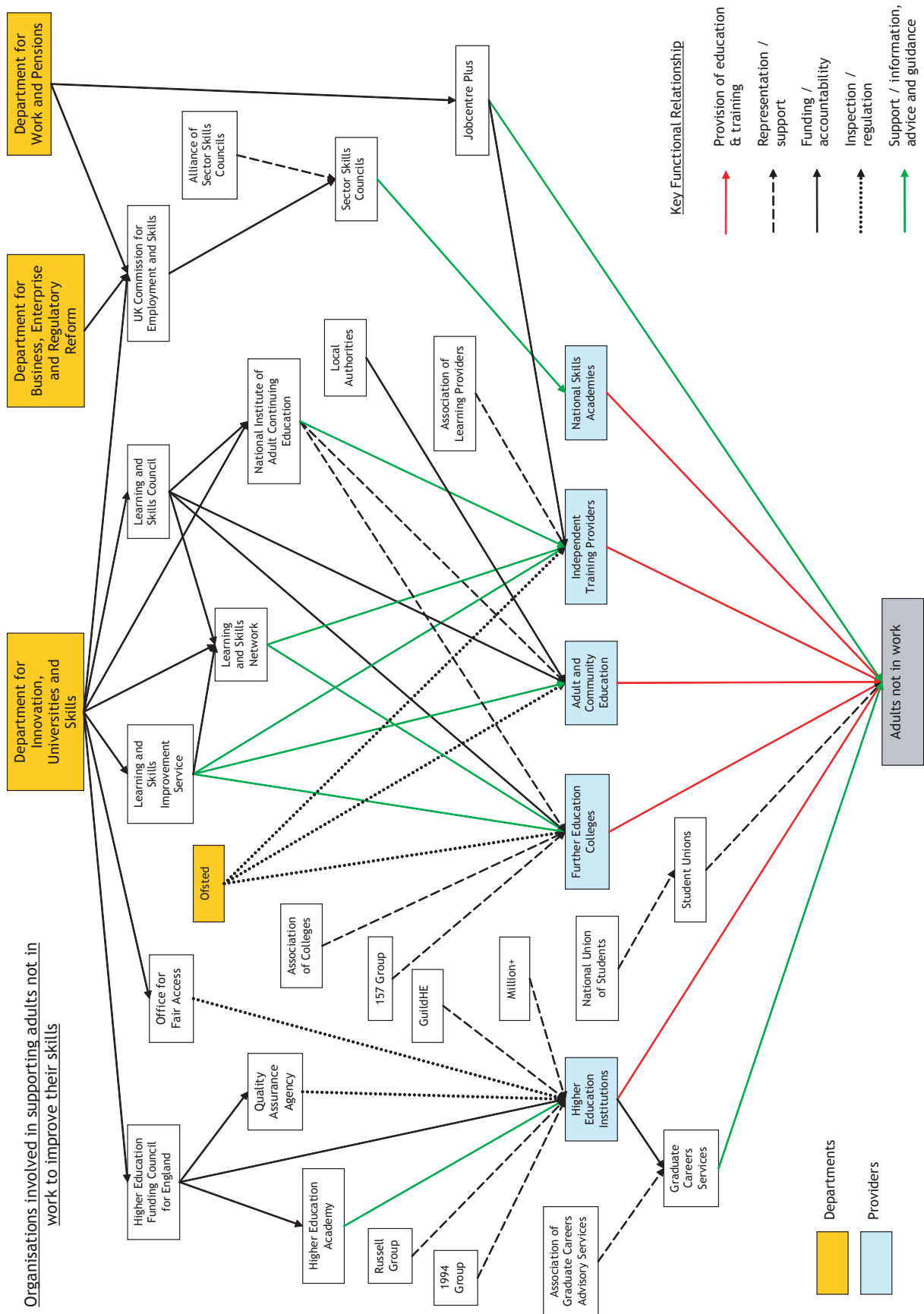
- The five categories of functional relationship are necessarily broad in their meaning, e.g. inspection/regulation is used to describe the relationship between schools and Ofsted, and also young people and awarding bodies.
- Some organisations will have ranges of functions which are summarized in the diagrams; for example, organisations which primarily represent groups of organisation or individuals will generally also provide support to their members.

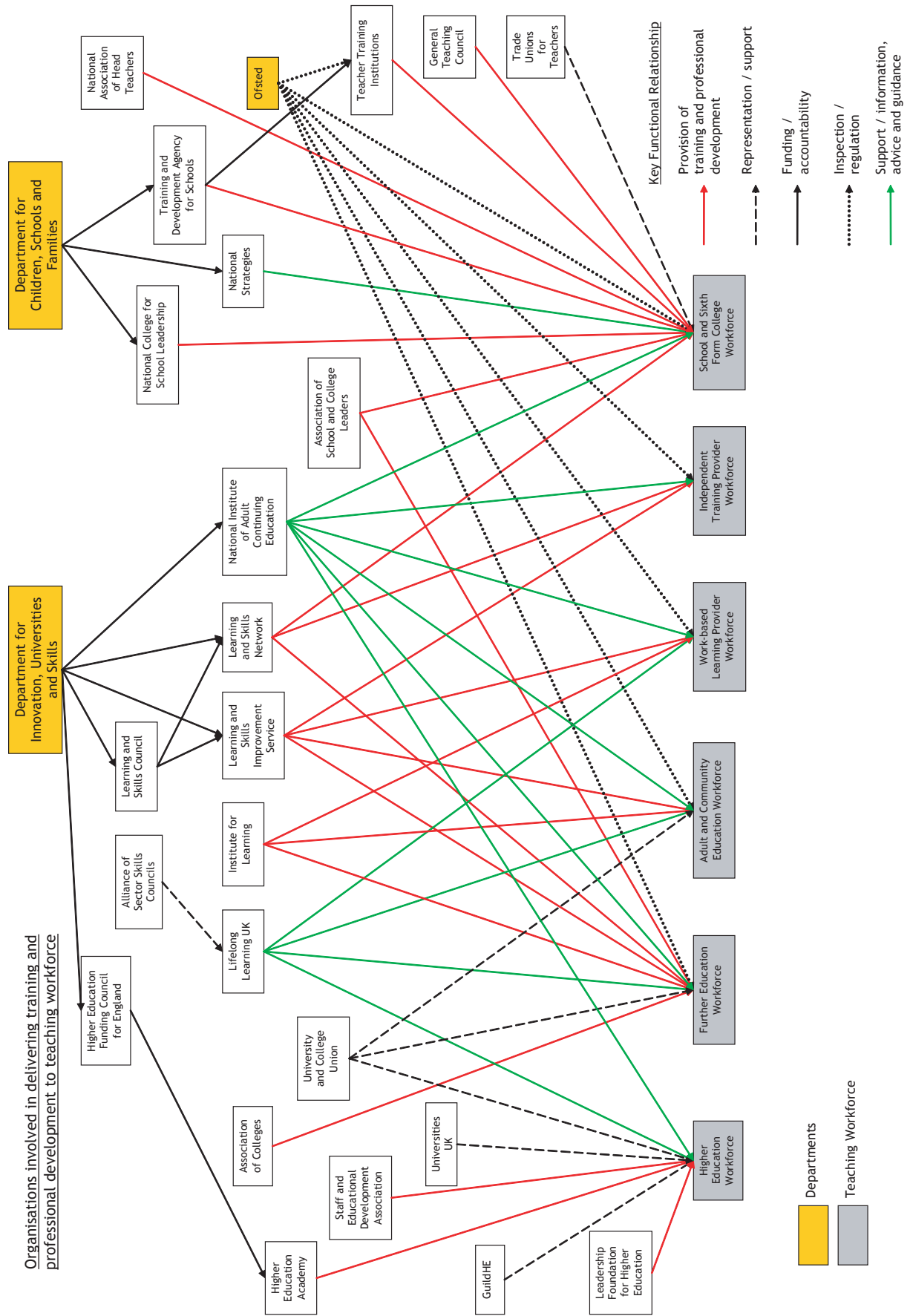
- In order to keep the number of maps to a reasonable number some represent what might seem odd juxtapositions of institutions and functions, for example, Higher Education Institutions on the 'Adults not in work' map.













## Roles and remits of partnerships and organisations involved in the improvement of England's skills base

### *Partnerships*

#### *Aimhigher Partnerships*

The Aimhigher programme aims to improve participation in higher education by raising the awareness, aspirations and attainment of young people from under-represented groups. The programme requires the development of partnerships between schools, colleges and higher education institutions. Partnerships are expected to focus particularly on people from lower socio-economic groups; people from disadvantaged socio-economic groups who live in areas of relative deprivation where participation in HE is low; 'looked after' children in the care system; and people with a disability or a specific learning difficulty. The programme is managed by the Higher Education Funding Council for England on behalf of the Department for Innovation, Universities and Skills. In October 2007 the Government announced its intention to extend funding of Aimhigher until 2011.

[www.direct.gov.uk/uni](http://www.direct.gov.uk/uni)

#### *Education Business Partnerships (synonymous with Education Business Link Consortia)*

The Learning and Skills Council is responsible for the provision of education business link activity to young people. The 126 Education Business Partnerships work at a local level to: develop and deliver a range of activities which prepare young people for work; raise teacher awareness of the world of work and the work-related curriculum; raise standards of achievement via work-related contexts; support the business community in creating a world class competitive workforce for the future; and promote the benefits of lifelong learning. Partnerships of employers, local authorities, Connexions Service, work-based learning providers and Chambers of Commerce provide co-ordinated education business links across regions, including Key Stage 4 work experience and professional development placements for teachers.

[www.nebpn.org](http://www.nebpn.org)

[www.feblc.org](http://www.feblc.org)

#### *14–19 Partnerships*

Local 14–19 partnerships are central to the delivery of the 14–19 Education and Skills Reform Programme. Partnerships are necessary because institutions acting on their own will not be able to provide all aspects of the reforms and the full national entitlement, particularly the specialized diplomas. Schools, colleges and training providers work together with local authorities, the Learning and Skills Council and employers to be able to offer the new entitlement.

[www.dcsf.gov.uk/14-19](http://www.dcsf.gov.uk/14-19)

### *Learning Partnerships and National Learning Partnerships Network (NLPN)*

104 Learning Partnerships have been set up since 1999 to promote a culture of collaboration across schools, further education, work-based learning and adult and community learning and to rationalise arrangements covering post-16 learning. They are non-statutory, voluntary groupings of learning providers and others such as local government, Connexions, trade unions, employers and faith groups. Many Learning Partnerships exist as the 'learning arm' within Local Strategic Partnerships where these operate. Learning Partnerships promote provider collaboration in support of lifelong learning; and maximise the contribution of learning to local regeneration. Learning Partnerships are involved in 14–19 proposals and initiatives around Basic Skills, workforce development, ICT and progression into higher education.

The National Learning Partnerships Network represents the 104 local Learning Partnerships and 9 regional networks.

[www.lifelonglearning.co.uk/llp](http://www.lifelonglearning.co.uk/llp)

### *Lifelong Learning Networks*

Lifelong Learning Networks are partnerships of higher education institutions, further education colleges, sixth-form colleges, regional Learning and Skills Councils, Regional Development Agencies, Sector Skills Councils and employers. They focus on progression into and through vocational education and higher education. They aim to create new learning opportunities; forge agreement across institutions on how qualifications are valued; and produce publicity to help people understand how they can progress. Networks aim to clarify progression opportunities and engage in collaborative curriculum development in order to meet the needs of the vocational learner.

[www.lifelonglearningnetworks.org.uk](http://www.lifelonglearningnetworks.org.uk)

### *Local Employment Partnerships*

Partnerships between Jobcentre Plus and local employers. Jobcentre Plus works with employers to understand their recruitment and training needs, and in return employers offer people opportunities to get back into the workplace and progress through, for example, work placements, interviews, mentoring, on the job training or work trials.

[www.jobcentreplus.gov.uk/JCP/Employers/lep](http://www.jobcentreplus.gov.uk/JCP/Employers/lep)

### *Local Strategic Partnerships*

Non-statutory, multi-agency partnerships within local authority areas that bring together the public, private, voluntary and community sectors. With the local authority they identify priorities for local Community Strategies and Local Area Agreements. They aim to promote joint working to deliver sustained local economic and social regeneration, and improved public services to meet the needs of communities.

[www.communities.gov.uk/localgovernment/performanceframeworkpartnerships/localstrategicpartnerships](http://www.communities.gov.uk/localgovernment/performanceframeworkpartnerships/localstrategicpartnerships)

### *Regional Quality Improvement Partnerships*

Regional Quality Improvement Partnerships identify the improvement needs and priorities of each region, and produce Regional Quality Strategies for the post-16 learning and skills sector. They are led by the Learning and Skills Council and core members are colleges, education and training organisations, the Learning and Skills Improvement Service (LSIS, previously the Quality Improvement Agency), the Inspectorates and regional Government Offices. The partnerships build on existing regional arrangements and link up with other regional groups focusing on skills, 14–19 learning, post-16 teaching workforce training and workforce development. LSIS strategic partnership managers work with the partnerships to make sure that regional priorities are reflected in the agency's strategy and work programme.

[www.qia.org.uk/aboutus/regionalqualityimprovement.html](http://www.qia.org.uk/aboutus/regionalqualityimprovement.html)

### *Regional Skills Partnerships*

Regional Skills Partnerships were announced in the 2003 Skills White Paper. Regional Development Agencies (RDAs) were asked to bring together key partners, including the Learning and Skills Council, Jobcentre Plus and the Small Business Service. Their aim is to strengthen regional structures to make skills provision more relevant to the needs of employers and individuals, ensuring that each region remains competitive. They seek to put employers at the centre in determining the skills needed to achieve a productive economy, while helping individuals gain the skills they need to be employed in the region.

[www.dcsf.gov.uk/skillsstrategy](http://www.dcsf.gov.uk/skillsstrategy)

### *21st Century Learning Alliance [a national alliance, not on partnerships table]*

The 21st Century Learning Alliance was founded in January 2007 by key national organisations involved in education including Becta, the National College for School Leadership, Ofsted, Partnerships for Schools, the Qualifications and Curriculum Authority, the Specialist Schools and Academies Trust, and the Training and Development Agency for Schools. It brings together industry, Government and teachers and aims to: find and publish best and innovative practice, especially in the strategic use of technology; create a support network of teachers and senior managers; develop and respond to a sophisticated understanding of schools' and learners' needs for technology in support of learning; and challenge industry to bring to market innovations that support 21st century learning.

[www.21stcenturylearningalliance.com](http://www.21stcenturylearningalliance.com)

### *Young Apprenticeship Partnerships*

The Young Apprenticeship (YA) programme allows motivated and able pupils to study for vocational qualifications. They offer pupils the chance to gain a taste of real work and lay the foundations for a post-16 Apprenticeship, while retaining the full range of progression options for future training or study. Pupils are based in school, and follow the core National Curriculum subjects, but for two days a week they work towards nationally

recognised vocational qualifications delivered by their local YA Partnership. The Partnerships which deliver YAs are tailored to local circumstances, and include schools, colleges, training providers and employers. Each Partnership aims to provide pupils with an enriching range of learning experiences (including 50 days' work experience over the two years of the programme) and forms a support network for learners, teachers and employers.

<http://www.teachers.gov.uk/teachingandlearning/14to19/vocationaloffer/Apprenticeships/youngapprenticeships/>

## ***Organisations***

### ***Adult Advancement and Careers Service (AACCS)***

Announced in 2007, and in development between 2008 and 2010, AACCS will be the new integrated advice and guidance service for adults, and a core component of the Government's skills strategy. It aims to identify skills needs, work with key partners to help people into jobs, and help break the cycle of low skills, short-term jobs and low wages. It also aims to provide adults with advice and guidance on housing, childcare and finance. Full roll out is due in 2010 and 2011.

[http://www.iagreview.org.uk/home\\_aacs.asp](http://www.iagreview.org.uk/home_aacs.asp)

### ***Alliance of Sector Skills Councils***

Launched in April 2008 and taking over aspects of the role of the former Sector Skills Development Agency, the Alliance represents the 25 Sector Skills Councils. It is owned and funded by the member Councils. It aims to promote understanding of the role of the Councils, coordinate strategic work on skills and build the performance capability of the Councils.

<http://www.sscalliance.org>

### ***Association of Colleges (AoC)***

Promotes the interests of further education colleges in England and Wales. Provides a broad range of services to its subscribers including consultancy and training services, dissemination of examples of good practice in policies and procedures developed by colleges, and a work shadowing scheme.

[www.aoc.co.uk](http://www.aoc.co.uk)

### ***Association of Graduate Careers Advisory Services (AGCAS)***

The professional association for Higher Education careers practitioners. Its role is to lead and support the delivery of careers services within the Higher Education and related sectors.

[www.agcas.org.uk](http://www.agcas.org.uk)



### *Association of Learning Providers (ALP)*

Represents independent learning providers throughout the United Kingdom. Its purpose is to influence the education and training agenda to secure a national skills strategy that meets the needs of employers and learners, and a 14–19 learning curriculum where academic and vocational options are equally valued. The majority of its 400 members are private, not-for-profit and voluntary sector training organisations. Membership is open to any provider committed to provision of quality work-based learning and includes over 50 FE colleges involved in work-based learning. □

[www.learningproviders.org.uk](http://www.learningproviders.org.uk)

### *Association of School and College Leaders (ASCL)*

A professional association for secondary school and college leaders. It represents headteachers, deputy and assistant headteachers, principals, vice-principals, bursars and business managers. It represents the interests of members and provides professional development courses, leadership and management training, consultancy support, and headteacher induction training.

[www.ascl.org.uk](http://www.ascl.org.uk)

### *British Educational Communications and Technological Agency (BECTA)*

The Government's lead agency in the strategic development and delivery of its Information and Communications Technology (ICT) strategy for education. It leads the co-ordination, development and delivery of the Government's strategy to harness the power of technology to help improve education, skills and children's services. It works closely with DCSF and other partners to ensure that the potential of technology is taken fully into account in developing future policy.

[www.becta.org.uk](http://www.becta.org.uk)

### *British Chambers of Commerce (BCC)*

The national body for a network of 60 local Chambers of Commerce, serving individual businesses and the wider business community across the UK. It is a non-political, non-profit making organisation, owned and directed by members, democratically accountable to individual businesses of all sizes and sectors throughout the UK. It provides services, information and guidance to members, and representation at senior levels of UK decision-making. The BCC works with Government to shape policy affecting UK businesses and focuses on key areas including international trade, skills development and business services.

[www.britishchambers.org.uk](http://www.britishchambers.org.uk)

### *Business Council for Britain*

The Business Council for Britain was set up by the Prime Minister in June 2007. It is independent of Government and its membership comprises senior business leaders from across the business community. Its role is to examine the progress the Government is making to improve the business environment, advise Government on its policies and

priorities, and to conduct its own reviews on areas important to the future economic well-being of the UK.

[www.berr.gov.uk/aboutus/corporate/bcb/index.html](http://www.berr.gov.uk/aboutus/corporate/bcb/index.html)

### *Business Link Network*

A network of not-for-profit organisations operating at a regional level. It offers a support and advice service for small and medium businesses, providing free, impartial and comprehensive advice to businesses to help them start up and grow.

[www.businesslink.gov.uk](http://www.businesslink.gov.uk)

### *Confederation of British Industry (CBI)*

The CBI's mission is to help create and sustain the conditions in which businesses in the UK can compete and prosper for the benefit of all. It works with the UK Government, international legislators and policy-makers to help UK businesses compete effectively.

[www.cbi.org.uk](http://www.cbi.org.uk)

### *Connexions*

Connexions is the Government's support service for all young people aged 13-19 in England, providing information, advice, guidance and access to personal development opportunities for young people. It aims to remove barriers to learning and progression, and ensure young people make a smooth transition to adulthood and working life. It also provides support up to the age of 25 for young people who have learning difficulties or disabilities. Since April 2008 local education authorities have been responsible for the delivery of Connexions services, which are delivered by local Connexions partnerships. Connexions Direct offers online information, advice and support for 13-19 year olds in England.

[www.connexions.gov.uk](http://www.connexions.gov.uk)      [www.connexions-direct.com](http://www.connexions-direct.com)

### *Council for Industry and Higher Education (CIHE)*

Launched in 1986, its membership comprises leading individuals from a range of businesses, universities and colleges, which fund the Council. Its remit is to foster close working and understanding between business and higher education to improve the international competitiveness of both sectors.

[www.cihe-uk.com](http://www.cihe-uk.com)

### *Employment and Skills Boards*

Local boards, led by employers and currently being set up by local government in some parts of England. Their role is to engage local employers, understand local labour market needs, and advance the integration of labour market and training support. They typically operate alongside Local Strategic Partnerships.

### *Federation of Awarding Bodies (FAB)*

Represents organisations that award vocational qualifications in the UK, initially formed in 2000 by the four largest vocational awarding bodies: City & Guilds; Edexcel; Oxford, Cambridge and RSA Examinations Board; and the London Chamber of Commerce and Industry Examinations Board. In 2001 it was launched as a wider network with over 80 members. Its aim is to develop qualification system that meets the differing needs of candidates, employers, education and training providers and awarding bodies as well as offering value to funding bodies and taxpayers. Members range from organisations offering vocational qualifications for a particular industry, to larger generic awarding bodies offering vocational qualifications across sectors.

[www.awarding.org.uk](http://www.awarding.org.uk)

### *Federation of Small Businesses (FSB)*

Formed in 1974, the FSB is a not-for-profit organisation representing the self-employed and owners of small firms. It campaigns on behalf of its members, promoting and protecting their interests. It has over 215,000 members across the UK.

### *General Teaching Council for England (GTC)*

The professional body for teaching in England, independent of Government and funded through an annual registration fee payable by registered teachers. Its overall purpose is to help improve standards of teaching and the quality of learning. It maintains a register of qualified teachers in England, regulates the teaching profession and provides advice to Government and other agencies on key issues affecting the quality of teaching and learning. It supports teachers' professional practice, and seeks to help set and maintain high standards of conduct and competence, including by improving the quality of teachers' training and their access to continuing professional learning and development opportunities.

### *Government Offices (GOs)*

The Government Office network assists the Department for Innovation, Universities and Skills and the Department for Children, Schools and Families to deliver their skills and education strategies. Government Offices work with regional partners, including the Learning and Skills Council and Regional Development Agencies, to implement a range of government policies including the National Skills Strategy, which seeks to increase the influence of employers and individuals over the supply of skills.

[www.gos.gov.uk](http://www.gos.gov.uk)

### *GuildHE*

The representative body for higher education institutions in England and Northern Ireland, its members include some specialist institutions and universities, which collectively educate around a quarter of a million HE students. It aims to highlight the interests and strengths of its members to Government, agencies, employers, potential students and the wider community, to disseminate good practice, and act as a primary

source of professional support to its members. Formerly known as SCOP (Standing Conference of Principals Ltd).

[www.guildhe.ac.uk](http://www.guildhe.ac.uk)

### *Higher Education Academy (HEA)*

An independent organisation funded by grants from the four UK higher education funding bodies, subscriptions from higher education institutions and fees from practitioners. It aims to improve the student learning experience in higher education by developing and transferring good teaching and learning. It represents and supports institutions in their strategies for learning, and supports professional development and recognition of staff in higher education.

[www.heacademy.ac.uk](http://www.heacademy.ac.uk)

### *Higher Education Funding Council for England (HEFCE)*

A non-departmental public body funded by the Department for Innovation, Universities and Skills. Its role is to distribute public money for teaching and research to universities and colleges. It aims to promote high quality education and research, within a financially healthy sector. It plays a key role in securing accountability and promoting good practice.

[www.hefce.ac.uk](http://www.hefce.ac.uk)

### *Institute for Learning (IfL)*

Professional body for teachers, trainers and student teachers in the learning and skills sector, covering adult and community education, further education and work-based learning. It provides the means by which teachers register and progress through to licensed practitioners.

[www.ifl.ac.uk](http://www.ifl.ac.uk)

### *Institute of Directors (IoD)*

The professional body for business leaders, supporting and representing individual directors from all business sectors for over 100 years. It advances the case for business to Government, the media and other influential areas. It provides information and advice, and runs an extensive range of courses, conferences, seminars, development programmes and services specifically designed by directors for directors.

[www.iod.com](http://www.iod.com)

### *Jobcentre Plus*

A government agency, part of the Department for Work and Pensions, it supports people of working age from welfare into work, and helps employers to fill vacancies. It provides help and advice on jobs and training for people who can work and financial help for those who cannot.

[www.jobcentreplus.gov.uk](http://www.jobcentreplus.gov.uk)

### *Leadership Foundation for Higher Education (LFHE)*

A charity, the LFHE provides a support and advice service on leadership, governance and management for all the UK's higher education institutions. It aims to develop and improve the management and leadership skills of existing and future leaders in higher education. It was established by the UUK and GuildHE and is funded by a combination of programme fees, membership income and funding from the four UK higher education funding bodies.

[www.lfhe.ac.uk](http://www.lfhe.ac.uk)

*learndirect* - see *Ufi*

### *Learning and Skills Council (LSC)*

A non-departmental public body sponsored by the Department for Innovation, Universities and Skills. It operates mainly through its nine regional offices. Its role includes: funding of providers of further education, work-based learning, adult education, and schools' 6<sup>th</sup> forms; strategic planning of provision to meet government priorities; audit and review against targets and quality standards; funding of programmes such as Train to Gain and Centres of Vocational Excellence. The LSC is planned to close by 2010, handing over its functions to 150 local authorities, a new Skills Funding Agency and a new Young People's Learning Agency.

[www.lsc.gov.uk](http://www.lsc.gov.uk)

### *Learning and Skills Improvement Service (LSIS)*

Launched in April 2008, LSIS is the new sector-owned improvement body which aims to develop excellent and sustainable provision across the further education sector. It formed from the merger in October 2008 of the Centre for Excellence in Leadership and the Quality Improvement Agency. It is funded by the Department for Innovation, Universities and Skills and the Department for Children, Schools and Families.

LSIS aims to develop excellent and sustainable further education and skills provision for post-16 learners. It is responsible for a range of programmes formerly the responsibility of the QIA, including the Skills for Life Quality Initiative and the National Teaching and Learning Programme. It serves the existing and future leaders of all providers within the further education system, including colleges, training and work-based learning providers, adult and community providers, offender learning, specialist colleges and voluntary organisations, through programmes, events, support services and consulting assignments.

[www.lsis.org.uk](http://www.lsis.org.uk)

### *Learning and Skills Network (LSN)*

An independent not-for-profit organisation offering services to policy makers, practitioners and organisations funding, managing and providing education. LSN delivers quality improvement and staff development programmes, and provides research, training and consultancy services directly to schools, colleges and training organisations. It

produces a wide variety of publications and runs around 500 events a year, including conferences, training, and opportunities for sharing good practice.

[www.lsneducation.org.uk](http://www.lsneducation.org.uk)

### *Lifelong Learning UK (LLUK)*

The Sector Skills Council responsible for the professional development of practitioners working in further education; higher education; community learning and development; libraries, archives and information services; and work-based learning. Lifelong Learning UK aims to provide workforce intelligence and information; to build a framework of core standards and credit-based qualifications; to promote sector-wide career pathways and progression routes; to improve recruitment and development of the workforce; and to engage employers and stakeholders in boosting the performance of the sector.

[www.lifelonglearninguk.org](http://www.lifelonglearninguk.org)

### *Local Government Association (LGA)*

A voluntary lobbying organisation that promotes the interests of just under 500 English and Welsh local authorities. The LGA exists to promote better local government and a better future for authorities' localities and communities. It works with Government to ensure that the policy, legislative and financial context in which authorities operate supports these objectives. Education policy is a core component of the LGA's work.

[www.lga.gov.uk](http://www.lga.gov.uk)

### *Million+*

Formerly the 'Coalition of Modern Universities' and 'Campaigning for Mainstream Universities', Million+ represents post-1992 universities, many of which were formerly colleges and polytechnics. Refocused as a 'university think-tank', focuses on policy papers, bringing together students, employers and experts, providing a network and services for member universities, and lobbying Government and other stakeholders. Collectively its member universities educate around half the UK's higher education students.

[www.millionplus.ac.uk](http://www.millionplus.ac.uk)

### *National Apprenticeships Service (NAS)*

Being formed as part of the Government's proposals for expanding and improving the Apprenticeships programme. NAS will take end-to-end responsibility for the Apprenticeships programme. Initially it will be a separate service within the LSC, but in the longer term it will be a discreet service led by a Chief Executive and reporting to the Department for Innovation, Universities and Skills and the Department for Children, Schools and Families.

[www.worldclassapprenticeships.com/sections/about\\_org](http://www.worldclassapprenticeships.com/sections/about_org)

### *National Association of Head Teachers (NAHT)*

Represents and supports over 28,000 school and college leaders, covering early years, primary, secondary and special school sectors. It provides information and guidance to assist and support members in carrying out their duties and responsibilities, and services for the professional development of members. NAHT aims to contribute to high standards of teaching and education; for example its Training and Development Programme provides opportunities for leadership development linked to the National Standards for Headteachers.

[www.naht.org.uk](http://www.naht.org.uk)

### *National College for School Leadership (NCSL)*

A non-departmental public body of the Department for Children, Schools and Families, which seeks to develop world-class school leaders, system leaders and future leaders. It has four corporate goals: to transform children's achievement and well-being through excellent school leadership; to develop leadership within and beyond the school; to identify and grow tomorrow's leaders; and to create a fit for purpose, National College.

[www.ncsl.org.uk](http://www.ncsl.org.uk)

### *National Council for Educational Excellence (NCEE)*

Launched in June 2007, NCEE comprises senior figures from the business and education communities. It advises Government on its education policies for young people. It aims to contribute to raising educational standards and improve links between businesses, universities, schools and colleges.

[www.dcsf.gov.uk/ncee](http://www.dcsf.gov.uk/ncee)

### *National Institute of Adult Continuing Education (England and Wales) (NIACE)*

A non-governmental organisation to promote the study and general advancement of adult continuing education and support an increase in the total numbers of adults engaged in formal and informal learning in England and Wales. It is a charity owned by its members. Its core funding comes from DIUS, the LSC, the Local Government Association and the National Assembly for Wales. It advocates positive action to improve opportunities and widen access to learning opportunities for those communities under-represented in current provision. In July 2007 NIACE took over the Basic Skills Agency (BSA) and formed a new 'Alliance for Lifelong Learning' with Tribal (a private sector consultancy organisation), which is taking forward the work of the BSA in its support of literacy, language and numeracy.

[www.niace.org.uk](http://www.niace.org.uk)

### *National Occupational Standards Board (NOSB)*

Led by employers, the NOSB is an independent group whose remit is to set the strategy and oversee the funding of national occupational standards development, including quality assurance arrangements. The Board's membership is drawn from the Qualifications and

Curriculum Authority, the Scottish Qualifications Authority, the Qualifications, Curriculum and Assessment Authority for Wales, the Council for the Curriculum Examinations and Assessment, the Sector Skills Alliance and up to six employer representatives. National occupational standards are statements of the skills, knowledge and understanding needed in employment and define the outcomes of competent performance covering almost every occupation in the UK. They are developed by representatives of employment sectors and inform the development of vocational qualifications.

[www.qca.org.uk/qca\\_8654.aspx](http://www.qca.org.uk/qca_8654.aspx)

### *National Skills Academies*

National Skills Academies are employer-led sector-based centres of excellence with national reach delivering vocational education and skills training to young people (16–19 year olds) and adults. The Department for Innovation, Universities and Skills has not been prescriptive about the form of National Skills Academies, and options include stand-alone new institutions, delivery of training through a network of approved existing training providers (further education, higher education, independent training providers), and courses delivered on-line. Employers, working with their Sector Skills Council and other employer organisations, will design the delivery of the training to be provided. Government funding may be provided for start-up costs, but once fully operational National Skills Academies must be able to support themselves financially.

[www.nationalskillsacademy.co.uk](http://www.nationalskillsacademy.co.uk)

### *National Strategies*

The National Strategies are a set of programmes providing training and targeted support to teachers and other education practitioners. There are nine regional teams taking forward the Government's reform programme for school improvement, and in each region there are school improvement partner co-ordinators for both primary and secondary education. National Strategies offer support by providing materials, through consultants or the School Improvement Partners programme, and by taking part in networks organised by local authorities.

[www.nationalstrategies.org.uk](http://www.nationalstrategies.org.uk)

### *National Union of Students (NUS)*

A voluntary membership organisation comprising a confederation of local student representative organisations in colleges and universities throughout the United Kingdom. With nearly 750 constituent members it represents virtually every college and university in the country. NUS is one of the largest student organisations in the world and represents the interests of around five million students in further and higher education. It provides research, representation, training and expert advice for individual students and students' unions.

[www.nusonline.co.uk](http://www.nusonline.co.uk)



### *1994 Group*

The 1994 Group provides a framework for collaboration between smaller research-intensive universities in the UK. It aims to influence national policy, raise the profile of member universities in global markets, promote the need for research and teaching excellence, and share good practice.

[www.1994group.ac.uk](http://www.1994group.ac.uk)

### *Office for Fair Access (OFFA)*

A non-departmental public body funded by and reporting to the Department for Innovation, Universities and Skills. It aims to promote and safeguard fair access to higher education for under-represented groups, following the introduction of variable tuition fees in 2006-07. Its principal duty is to regulate the charging of tuition fees through the approval and monitoring of access agreements. It has a role in good practice and advice on access to higher education.

[www.offa.org.uk](http://www.offa.org.uk)

### *Office for Standards in Education, Children's Services and Skills (Ofsted)*

A non-ministerial government department accountable to Parliament that is formally independent of Government. The 'new Ofsted' was created in April 2007 from a merger of the schools inspectorate with the Adult Learning Inspectorate, parts of the Commission for Social Care Inspectorate, and inspectors of the family courts service. It inspects and regulates care for children and young people, and inspects education and training for learners of all ages. It is also required to promote service improvement, ensure services focus on the interests of their users, and see that services are efficient, effective and promote value for money.

[www.ofsted.gov.uk](http://www.ofsted.gov.uk)

### *Office of the Qualifications and Examinations Regulator (Ofqual)*

Pending legislation, Ofqual began its interim work in April 2008 and currently operates as part of the QCA. It will take over the QCA's role of regulating qualification, examinations and tests in England. It will be independent of Government and accountable directly to Parliament.

[www.ofqual.gov.uk](http://www.ofqual.gov.uk)

### *157 Group*

A representative body, launched in January 2007, comprising 22 of the largest further education colleges in the country, which lobbies for the further education sector. Membership is restricted to colleges with a minimum turnover of £35 million, and a minimum of a grade 2 for leadership and management at their last Ofsted inspection.

[www.157group.co.uk](http://www.157group.co.uk)

### *Qualifications and Curriculum Authority (QCA)*

A non-departmental public body funded by and working closely with the Department for Children, Schools and Families. QCA's responsibilities include: developing and maintaining the national curriculum; regulating the public examination system; development, delivery and administration of high quality national tests; accrediting qualifications within the national qualifications framework; and overseeing the work of the awarding bodies.

In April 2008 the Office of the Qualifications and Examinations Regulator (Ofqual) began its interim work as a part of QCA. When legislation is in place, Ofqual will operate independently, taking the regulatory role from the QCA. The remaining aspects of QCA's work will then transfer to a new Agency, the Qualifications and Curriculum Development Agency.

[www.qca.org.uk](http://www.qca.org.uk)

### *Qualifications and Curriculum Development Agency*

An agency announced in June 2008 but not yet formed, which will take over responsibility for overseeing the development of qualifications from the QCA. It will advise Government on curriculum and qualification development, and work with Ofqual on the accreditation of qualifications.

### *Quality Assurance Agency for Higher Education (QAA)*

An independent body with a UK-wide remit, funded by subscriptions from universities and colleges of higher education and through contracts with the main higher education funding bodies. It works in partnership with providers and funders of higher education, staff and students in higher education, employers and other stakeholders to: maintain standards of academic awards and the quality of higher education; communicate information on academic standards and quality to inform student choice and employer understanding; and promote a wider understanding of the nature of standards and quality in higher education.

[www.qaa.ac.uk](http://www.qaa.ac.uk)

### *Regional Development Agencies (RDAs)*

Regional Development Agencies are non-departmental public bodies sponsored by the Department for Business, Enterprise and Regulatory Reform to be strategic drivers of regional economic development and regeneration. They aim to enable the English regions to improve their competitiveness and reduce the imbalances that exist within and between regions. RDAs work with delivery partners and businesses on regional workforce skills to meet the needs of the regional economy and develop skills action plans to help match skills training to the needs of the labour market.

[www.englishrdas.com](http://www.englishrdas.com)

### *Russell Group*

An association of 20 major research-intensive UK universities. The aims of the Russell Group are to promote the interests of universities in which teaching and learning are undertaken within a culture of research excellence, and to identify and disseminate new thinking and ideas about the organisation and management of such institutions.

[www.russellgroup.ac.uk](http://www.russellgroup.ac.uk)

### *Sector Skills Councils (SSCs)*

Sector Skills Councils are employer-led strategic bodies set up by Government to help raise business performance, meet skill needs and shape relevant learning supply within a given sector of the economy. There are 25 Sector Skills Councils, each representing a sector with a workforce of at least 500,000, and jointly covering around 85% of the UK workforce. Collectively they form the Skill for Business Network. They have a key role in National Skills Academies' bids and business plans, co-ordinating employer sponsorship, and working on curriculum content and liaison with learning providers.

The Alliance of Sector Skills Councils was established in April 2008, replacing the Sector Skills Development Agency, to act as the collective voice of the Sector Skills Councils.

individual SSC websites

### *Skills brokers (Train to Gain)*

Under the Learning and Skills Council's Train to Gain programme, skills brokers provide a service to employers. They work with employers to understand the training and development needs of their employees, and broker suitable training with further education colleges and independent training providers.

[www.traintogain.gov.uk](http://www.traintogain.gov.uk)

### *Skills for Business Network (SfBN)*

The collective name for the 25 Sector Skills Councils.

### *Skills Funding Agency*

The new agency that is planned to take over responsibility from the Learning and Skills

### *Small Business Forum*

A round table group of volunteer business leaders formed in May 2007 and meeting around four times a year. It advises Government on its support to small businesses. Members are drawn from the CBI, British Chambers of Commerce, Institute of Directors, Federation of Small Businesses, Forum of Private Business, and a representative range of small businesses.

### *Small Business Service (SBS)*

Formerly an agency of the Department of Trade and Industry, its work is now carried out by the enterprise directorate at the Department for Business, Enterprise and Regulatory Reform.

[www.berr.gov.uk/bbf/enterprise-smes/index.html](http://www.berr.gov.uk/bbf/enterprise-smes/index.html)

### *Specialist Schools and Academies Trust (SSAT)*

The majority of England's mainstream secondary schools, and substantial numbers of special schools, are specialist schools or Academies with a specialism. SSAT, part funded by the Department for Children, Schools and Families, delivers the Government's Specialist Schools and Academies programme. The Trust seeks to give more young people access to a good education by building networks, sharing practice and supporting schools. It is at the centre of a growing network of schools including primary, secondary, special schools and Academies.

[www.specialistschools.org.uk](http://www.specialistschools.org.uk)

### *Staff and Educational Development Association (SEDA)*

The professional association for staff and educational developers in the UK, promoting innovation and good practice in higher education. SEDA's activities cover four main areas: professional development of staff working in higher education; conferences and events; membership services, such as dissemination of best practice; and publications.

[www.seda.ac.uk](http://www.seda.ac.uk)

### *Trade Unions*

The major trade unions for teachers are the NASUWT and the NUT. They campaign for better schools, more resources, and improved conditions for pupils and teachers. They also provide training and development courses for members.

[www.nasuwat.org.uk](http://www.nasuwat.org.uk)

[www.teachers.org.uk](http://www.teachers.org.uk)

### *Trades Union Congress (TUC)*

Consists of 66 affiliated unions representing nearly seven million working people. Through its education wing, Unionlearn, it helps unions become learning organisations, with programmes and strategic support for union representatives and officers. Unionlearn helps unions broker learning opportunities for their members, provides advice services, researches union priorities on learning and skills, identifies and shares good practice, promotes learning agreements, supports union members on learning and skills bodies, and helps shape sector skills agreements.

[www.tuc.org.uk](http://www.tuc.org.uk)

[www.unionlearn.org.uk](http://www.unionlearn.org.uk)

### *Training and Development Agency for Schools (TDA)*

The TDA was formed in September 2005 from the merger of the Teacher Training Agency and the Department's National Remodelling Team. Its remit includes: maintaining

demand for initial teacher training from potential recruits through marketing and a teaching information line; inspection of training, accreditation of providers and allocation of training places; funding training for teachers, teaching assistants, school business managers and bursars; and the framework for professional and occupational standards for the school workforce.

[www.tda.gov.uk](http://www.tda.gov.uk)

### *Ufi*

Created in 1998 and funded by the Learning and Skills Council, Ufi established learndirect, the largest e-learning network of its kind in the world, which has delivered learning to a mass audience (more than two and half million learners since 2000) through a combination of flexibility, accessibility and support. There are three strands of the learndirect service—learndirect skills and qualifications, learndirect business and learndirect careers advice.

[www.ufi.com](http://www.ufi.com)

### *UK Commission for Employment and Skills (UKCES)*

Launched on 1 April 2008 from a recommendation in Lord Leitch's 2006 Review of Skills, UKCES took over much of the role of the former Sector Skills Development Agency. The Commission aims to raise UK prosperity and opportunity by improving employment and skills, and to strengthen employers' influence over the employment and skills systems. The Commission will also provide independent advice to the highest levels of the four UK Governments to help achieve improvements. Its five-year plan will be produced in early 2009.

[www.ukces.org.uk](http://www.ukces.org.uk)

### *Universities UK*

A charity, Universities UK is the representative body for the executive heads of UK universities. It works to advance the interests of universities and to spread good practice throughout the higher education sector.

[www.universitiesuk.ac.uk](http://www.universitiesuk.ac.uk)

### *University and College Union UCU*

Formed by the amalgamation of the Association of University Teachers and NATFHE in 2006, UCU is the largest trade union and professional association for academics, lecturers, trainers, researchers and academic-related staff working in further and higher education throughout the UK.

[www.ucu.org.uk](http://www.ucu.org.uk)

### *Work-based Learning Providers (WBL)*

WBL providers organise placements for school pupils in businesses and bring representatives from business into schools. They seek to improve young people's

employability and enterprise skills. They concentrate on showing young people the value of contributing to society and aim to show society the importance of their contribution and continued participation. WBL providers include private sector organisations (for example, Edexcel) and charitable bodies (for example, Young Enterprise, Businessdynamics).

### *Young People's Learning Agency (YPLA)*

YPLA is planned to be a non-departmental public body taking over the LSC's responsibilities for 16–19 provision from 2010. It will work closely with local authorities which from 2010 will have statutory duty to provide learning places for pre-19 year olds.

# Formal Minutes

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**Monday 15 December 2008**

Members present:

Mr Phil Willis, in the Chair

Mr Tim Boswell

Ian Cawsey

Dr Ian Gibson

Dr Evan Harris

Mr Gordon Marsden

Dr Brian Iddon

Ian Stewart

Dr Desmond Turner

Rob Wilson

The Committee deliberated.

Draft Report (*Re-skilling for recovery: After Leitch - Implementing Skills and Training Policies*), proposed by the Chairman, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 219 read and agreed to.

Summary agreed to.

Papers were appended to the Report as Appendix 1.

*Resolved*, That the Report be the First Report of the Committee to the House.

*Ordered*, That the Chairman make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report, together with written evidence reported and ordered to be published on 14 May 2008.

[Adjourned till Wednesday 14 January at 9.00am

## Witnesses

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### Wednesday 14 May 2008

Page

**Ms Liz Wallis**, Managing Director, Digital 2010, **Professor Geoff Layer**, Pro-Vice Chancellor, Learning and Teaching, University of Bradford, **Dr Roger Bennett**, Principal, North Lindsey College, **Mr Gary Williamson**, Executive Director, Leeds Chamber of Commerce & Industry, **Ms Linda Florance**, Chief Executive, Skillsfast UK, **Mr Mark Andrews**, Chief Executive, NG Bailey, and **Mr Tom Smith**, Head of Adult, Families and Extended Learning, Barnsley Learning Net, and **Ms Ruth Adams**, Head of Skills, Yorkshire Forward

Ev 1

### Wednesday 4 June 2008

**Mick Fletcher**, Educational Consultant, **Professor Alison Fuller**, Professor of Education and Work, School of Education University of Southampton, **Professor Alison Wolf**, Sir Roy Griffiths Professor of Public Sector Management, Department of Management, King's College London, **Professor Lorna Unwin**, Faculty of Policy and Society, Institute of Education, University of London

Ev 15

**Dr Philip Wright**, Director of Science and Technology, Association of the British Pharmaceutical Industry, **Ms Lee Hopley**, Senior Economist, Engineering Employers Federation, **Matthew Jaffa**, Skills Policy Adviser, Federation of Small Businesses, and **Graham Schuhmacher**, Head of Learning Services, Rolls-Royce plc

Ev 25

### Wednesday 25 June 2008

**Chris Humphries**, Chief Executive, UK Commission for Employment and Skills, **Teresa Sayers**, Chief Executive, Financial Services Skills Council, **Tom Bewick**, Chief Executive, Creative and Cultural Skills, **Frank Lord**, Chair, Alliance Employment and Skills Board

Ev 34

**Steve Broomhead**, Chief Executive, NWDA, **David Cragg**, National Director, Adult Learning and Employment, LSC, and **David Hughes**, Regional Director, LSC London

Ev 46

### Wednesday 9 July 2008

**Dr David Collins**, President of Association of Colleges and Principal of South Cheshire College, **Dr Malcolm McVicar**, Vice-Chancellor, University of Central Lancashire, representing Million+, **Professor David Eastwood**, Chief Executive, Higher Education Funding Council for England, and **Professor Deian Hopkin**, Vice-Chancellor, London South Bank University, representing Universities UK

Ev 55

**Mr Tom Wilson**, Head, TUC Organisation and Services Department, TUC, **Mr Wes Streeting**, President, National Union of Students, **Ms Anne Madden**, Head of Education, Skills and Employability Policy, Equality and Human Rights Commission, and **Mr Alan Tuckett**, Director, National Institute of Adult Continuing Education

Ev 66



**Wednesday 8 October 2008**

**Mr David Lammy MP**, Minister of State and **Mr Stephen Marston**, Director  
General of Further Education and Skills, Department for Innovation, Universities  
and Skills

Ev 76

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

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Second Report	The work and operation of the Copyright Tribunal	HC 245 (HC 637)
Third Report	Withdrawal of funding for equivalent or lower level qualifications (ELQs)	HC 187-I (HC 638)
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Fifth Report	Renewable electricity-generation technologies	HC 216-I (HC 1063)
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Fourth Special Report	Investigating the Oceans: Government Response to the Science and Technology Committee's Tenth Report of Session 2006–07	HC 506 [incorporating HC 469-i]