

POLICY WATCH

2009/27

21 May 2009

The UK Commission sets out its priorities for employment and skills

The UK Commission for Employment and Skills, which recently published its [first annual report](#) on the state of UK employment and skills, has set itself three key strategic priorities for the coming year: building a more strategic, agile and demand-led skills system; maximising individual opportunity for skills and sustainable employment; increasing employer ambition, engagement and investment in skills. Success in any one of these let alone all three will be important, partly for a Government which has consistently argued that we should be re-equipping ourselves now with skills for the future, partly for a skills system which is facing major change and reform over the coming year but most importantly of all for employers and individuals who need all the help they can get to see them through the current difficult economic times.

When the Government first set out its Implementation Plan to support the Leitch 'skills' agenda, conditions were calm and hopes were high. *"We accept the ambition Lord Leitch recommended and adopt it as our own,"* the Plan asserted, endorsed by not one Cabinet Minister but six. That was July 2007. Now two years on, things are different, conditions are more volatile and hopes tempered by the chill winds of economic reality. Just last week, the Chancellor tightened the purse strings on budgets from 2010/11, leaving annual spending growth at 0.7% while demanding £5bn more in efficiencies. The impact of this on the skills sector was spelled out in a subsequent letter from the Secretary of State; *"overall I am expecting the FE and skills sector to deliver additional cashable efficiency savings of £340m in 2010/11."* He identified four areas in particular for savings: *'a robust approach to withdrawing funding from poorly performing colleges and providers;'* wider use of contestability; prioritising income generating provision particularly from the private sector; and *"better benchmarking information, incentives and support."* With concerns still bubbling away about funding for E2E provision, 16-19 and apprenticeship expansion and the depth of the pot for Train to Gain, it hardly makes for auspicious planning conditions.

However the Commission's three strategic priorities do offer some genuine ways forward and without great expense being involved.

Priority number one is about building a more responsive, demand-led system. The Leitch Report had sketched out the ideal, a system driven by the needs of users, but this has not proved easy to deliver. Part of the problem has been that demand-led has not been easy to define, *"meaningless jargon"* the Select Committee described it earlier this year. Demand can come in many shapes and forms but the key issue, Chris Humphries went on to tell the Committee, is about the ability of the system to respond. And this ability, as this strategic priority recognises has been hampered in the past; *"Government policies, measures and incentives in the employment and skills arena have not always been consistently aligned nor have funding regimes and related incentives optimally reinforced policy intent."*



So what's the Commission proposing to help in this area? Two major pieces of work are the Simplification programme and the programme of assessing future skills needs. The former was the subject of an important Report issued last October which set out a number of proposals for '*hiding the wiring*,' in effect making it easier for users to access the skills system without having to worry about all the connecting wires behind it. This was a much needed piece of work and was accepted in principle by the Government. Ten recommendations were put forward around areas like integrated brokerage, talent mapping and further development of Train to Gain. The Commission intend to publish a progress report on this in a few months time and later in the year extend the work into employment and regional and sub-regional activities. The formal launch of the Talent Map, "*a web-based system for employers to enable them to quickly identify how they might best engage with employment and skills systems*," will also be launched this summer.

The other piece of work under this priority is slightly longer-term but central to the Government's plans for lifting skill levels in the future and that is a series of strategic skills assessments. This is part of the new '*Skills Activism*' approach that the Government is promoting at present and involves some detailed labour market analysis to try and get a better match between skills needs and supply in the future. This work will lead into spring 2010 and start to inform the work of the Skills Funding Agency when it takes over in April 2010.

Other work signalled under this priority includes reviewing the nature of targets and incentives, something which the Select Committee was also much exercised about and further consideration of ways in which HE can respond to employer needs; this may need to await the publication of the new 10-15 year strategy for HE due out this summer.

Strategic Priority 2 tackles an issue that has worried people for some time, namely the gulf in opportunity between high and low-skilled employees, whereby opportunities for training and development tend to go to those who already have high skill levels leaving those with lower skill levels stuck with multiple disadvantage. An important piece of work on this was carried out last year by Demos and it has been a feature of a number of reports over the years. The Commission propose a number of actions to correct this. Some of this is around the Vocational Qualification Reform Programme, making qualifications more flexible and accessible, and some around supporting the wider needs of users. Priorities here include: further work by this autumn on embedding employability skills; a report next spring on tackling exclusion; and an assessment next year of '*customer journeys*,' what it's like for individuals as they plough through the system.

The third strategic priority focuses on employers, how to meet their needs, how to simplify access to the system for them and how to strengthen engagement by them. The issue here is business critical; "*UK prosperity will depend on creating an economy in which employers clearly recognise that their productivity and growth is tied to how well they use and develop the skills of their workforce*." There is a lot of talk here of '*maximising the leverage of employer voice*' but three areas seem particularly critical. One is raising the bar on leadership and management where recommendations are due by spring 2010. Another is skills utilisation, working smart in essence, for which a number of reports are coming out shortly and a third is the re-licensing of SSCs. Results on the first five SSCs to have gone through re-licensing have recently been announced. Four got through; it's getting tough out there.

Edexcel Policy Watches are intended to help colleagues keep up to date with national developments. Information is correct at the time of writing and is offered in good faith. No liability is accepted for decisions made on the basis of information given.