

FUTURE-READY SKILLS COMMISSION

Interim Report

November 2019

Working in
partnership
with the

**West
Yorkshire**
Combined
Authority

About the Future-Ready Skills Commission for a Devolved UK



The Future-Ready Skills Commission brings together experts and leading thinkers from business, education, local government, and think tanks as well as representatives of young people and trade unions, to understand the current state of skills and vocational training, and create a blueprint for a devolved skills system that can be adopted at a local level throughout the UK and respond to the many future demands that will be placed up on it.

Our aim is to design a skills system that meets the challenges of major structural shifts in the economy over the coming decades. Automation, the shift to a low-carbon economy and changing working patterns such as the rise of gig economy, freelance and agency work have important consequences for skills in the future labour market.

We have identified 10 key things that we need to change if the skills system is to be effective for both employers and workers. Central to our recommendations is that the skills system must be more responsive to the needs of local labour markets. Employers must be able to find people with the skills they need, while individuals need to be able to make better informed choices in order to develop their careers.

We believe a skills system with powers and investment devolved to local areas, which is able to respond to local priorities, would be more effective than the current, fragmented national system. The Commission has been brought together and is supported by the West Yorkshire Combined Authority and we stand ready to pilot and implement these proposals across West Yorkshire to understand the benefits that a devolved skills system can bring to our people.

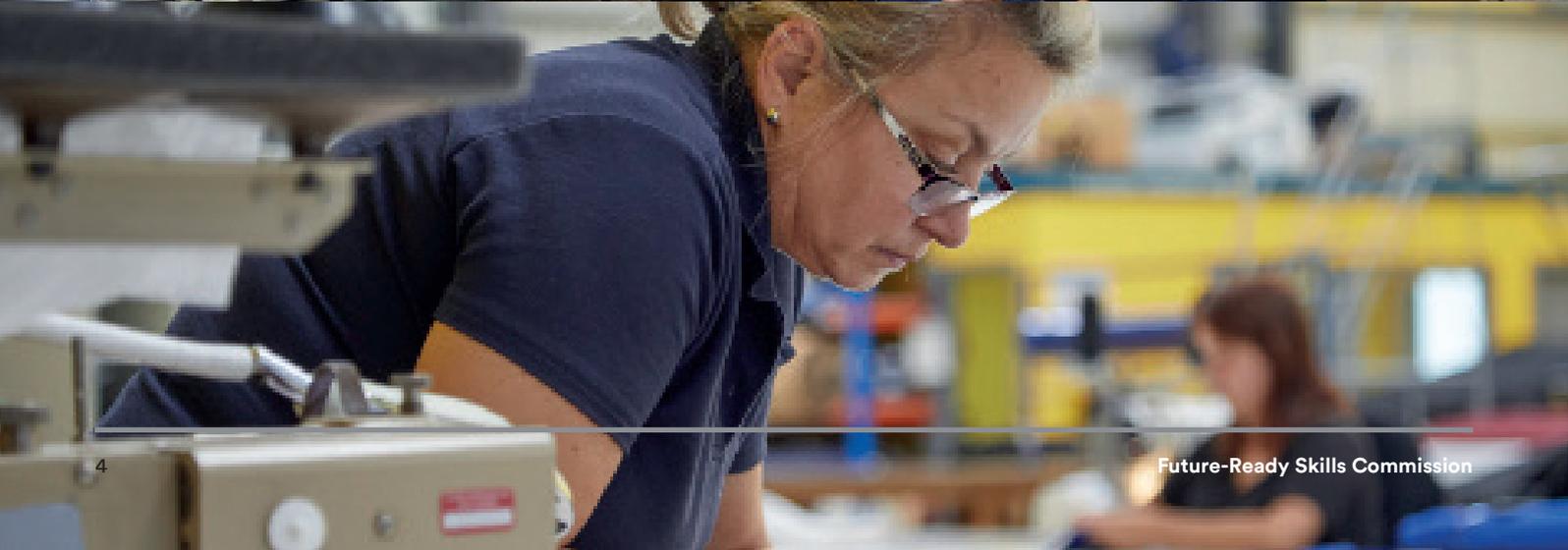
Councillor Susan Hinchcliffe

**Chair, Future-Ready Skills Commission
Chair of the West Yorkshire Combined Authority
and Leader of Bradford Council**

Executive Summary

West Yorkshire Combined Authority has supported the creation of an independent Commission to shape the future of the skills system, so that it better meets the needs of individuals, businesses and the economy and is ready to meet the challenges of the 21st Century. There is a particular interest in how the skills system can better serve the ambitions of local areas, ensuring economies are ‘future-ready’.

The skills system is of key concern to the people, businesses and communities that are served by West Yorkshire Combined Authority. Giving people the right skills locally is central to its strategy to transform the local economy, increase productivity and enable people to maximise their potential. The demands placed on the system are set to increase as automation and other developments re-shape the nature of work and the skills required from workers.



Overview of the Future-Ready Skills Commission

This Commission comes at a time when government is making a sustained commitment to devolution in England. However, we believe this is being undertaken more from the perspective of Whitehall, rather than from the perspective of people, businesses, local authorities and providers. Current skills devolution is of limited powers and funding and is not occurring in a strategic or structured manner.

This could mean that devolution does not deliver the full impact that is required, best practice is not widely shared, some areas could be left behind and unnecessary bureaucracy is put in place.

There is an excellent opportunity for the Commission to influence the success of skills devolution by providing practical proposals that create a system which delivers national and local agendas. Local areas need fewer silos and more tools to deliver their economic ambitions and industrial strategies.

The skills system is complex to navigate for employers, individuals and providers, as outlined in the diagram on pages 8 and 9. Our Commission will consider and set out what needs to change at a national as well as local level to ensure coherence and drive demand for skills that are responsive to functional economic areas.

This report presents the work of the Commission to date, and sets out the future work plan of the Commission by identifying the 10 things that need to change in the current skills system.

Our aim

To develop a blueprint for a devolved education and skills system so that it better meets the needs of individuals, businesses and the economy

The challenge



Employers face skills shortages, yet many workers are over-qualified for the jobs they do



Funding of education and training locally, and the availability of courses, doesn't match economic need



Sharp decline in businesses investing in, and adults accessing, skills and training

Too few people are aware of career opportunities and routes to accessing careers information

The opportunity of devolution

Our commission is particularly interested in how devolution can enable local areas to make decisions, armed with the knowledge of how the skills system will work best for them.

It will mean:



A skills system that responds to the needs and priorities of local regions aligned to a Local Industrial Strategy that drives economic growth.



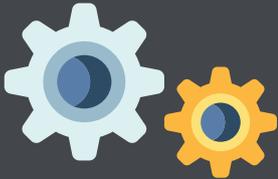
Greater flexibility and local accountability of the system to encourage better partnership working.



Better value for money – funding is distributed and managed locally and assigned to areas where it has the greatest impact.

Our focus

A blueprint for a devolved skills system



Improving **technical education and training** so people get the skills they need for high quality employment and to meet the needs of businesses



Enhancing workforce skills by creating the conditions for adults to invest in skills that meet the labour market need and employers to invest in skills for business success



Guaranteeing access to quality **careers information and inspiration** to enable better informed choices, ensuring that young people are ready for work and adults can develop their careers

The prize

A future-ready skills system where:



Everyone - from learners to those in-work - can access high quality education and training, and are supported to achieve their personal ambitions.



Employers of all sizes including the self-employed are able to access a skilled workforce and can continue to invest in training.



Educational institutions are financially secure and are able to support learners' aspirations.



The labour market is flexible and dynamic, the right skills are available and people have access to quality jobs.



Technical Education and Training: A Complex Landscape for Providers

The current skills system is overly complex for all actors - including providers. Skills and training providers face a huge task in translating available funding streams, qualifications and entitlements, which are dependent on a range of circumstances such as their customers' age and prior learning. Individual and business customers approach providers with a range of needs and motivations to access learning and training that providers must match with these funding streams, and meet quality assurance criteria. As well as navigating and translating the complex system, providers must also balance a range of regulatory and external pressures with their internal organisational pressures.

The Provider Balancing Act



Acronyms

ESFA - Education and Skills Funding Agency
OfS - Office for Students
DWP - Department of Work and Pensions

HTEs - Higher Technical Education
IfATE - Institute for Apprenticeships and Technical Education
DfE - Department for Education

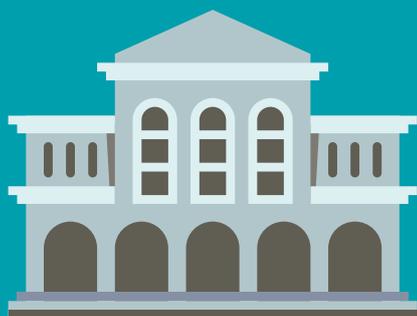
Providers must navigate...

Top-down pressures: a complex funding system

Qualifications	Funding Stream	QA	Age	Level
Foundation learning: certificates and awards	ESFA	Awarding organisation/ Ofsted	16-18	1
	AEB		19+	
GSCE/Study Programme/Traineeship	ESFA		16-18	2 GCSE A*-C
GSCE/ BTEC Study Programme/Traineeship	AEB		19-23	
	AEB or self-funded		24+	
Intermediate Apprenticeship (Frameworks → Standards)	ESFA + Employer contribution 5% OR levy		EPA/ IFA/ Ofsted	All
A Level/Study Programme/T-Level	ESFA/ IFA	Awarding organisation/ Ofsted/ IFA	16-18	3
A Level/ Certificates/Diplomas → T-Level	AEB		19-23	
A Level/ Certificates/Diplomas	Loan or self-funded	Awarding organisation/ Ofsted	24+	
Advanced Apprenticeship (Frameworks → Standards)	ESFA + Employer contribution 5% OR levy	EPA/ IFA/ Ofsted	All	
HNC → HTE Yr 1 Bachelors	Loan or self-funded	OfS/ Ofsted	19	4-5
HND → HTE Yr 2 Bachelors				5
Degree Apprenticeship Bachelors		EPA/ IFA/ Ofsted/ OfS		6
Acronyms				
ESFA - Education and Skills Funding Agency AEB - Adult Education Budget		FA - Institute for Apprenticeships and Technical Education EPA - End Point Assessment Organisation		



Provider



Actions

- Translate the funding system into clear learning products and benefits for businesses and individuals
- Attract learners and meet the demands of individuals and businesses



Bottom- up pressures from individuals and businesses



Individual

- Career changes
- Upskilling
- Finding employment
- Apprenticeships

Varied market and demand

Business

- Address skills gaps
- Apprenticeships
- Meeting future skills needs
- Recruitment
- Workforce development



10 things that need to change



1 **Careers information** needs to be relevant to the local labour market and empower individuals to make informed decisions



2 Employment and skills should be **integrated within local housing, transport and environment** strategies



6 **Greater collaboration is needed** in order to spread good workplace practices to improve business performance and productivity



7 The learning **offer should be simplified and made more affordable**, with the right level of finance that removes barriers to access and supports progression in learning



3 The local approach to skills, employment and health needs to be **joined** up to support progression to work



4 The skills offer for businesses needs to be **simplified** through coordination at the level of functional economic areas



5 Investment in **technical education** and skills should be increased to sustainable levels



8 Employers need to be **motivated** to train and re-train staff and support progression at all levels, including those in lower paid work to gain higher level skills



9 Local areas should have **strengthened responsibilities for planning the provision of technical education** and training so that it is responsive to local economic priorities



10 Employers need **greater influence** over the design and delivery of technical training to ensure it is responsive to local economic priorities

Overview

This report presents the interim findings and position of the Future-Ready Skills Commission as part of its radical review of the skills system. Launched in January 2019 as an independent Commission, a comprehensive diagnostic of the current landscape has been undertaken. The primary scope is to lead a review of how the skills system can be made fit for the future and the role that greater devolution could play.

The report will begin by setting out the work and approach of the Commission, followed by a review of the current activity, the performance of the system, key challenges and what more could be done in each of the key themes in the scope of the Commission: technical education and training, careers information and inspiration, and workforce skills. The report will also consider key aspects required in a skills system that is truly **future-ready**, so that it better meets the needs of individuals, business and the economy.

The **skills system in England is highly centralised** in terms of policy development and the funding of skills programmes, whilst conversely governed by a multitude of departments commissioning in silos. There are pronounced differences in the availability and demand for skills in local areas, and there is some evidence that locally differentiated approaches are more effective in addressing these imbalances. The main response from government to date is through the devolution of the Adult Education Budget to Mayoral Combined Authorities. The Commission will consider **what more could be achieved at national and regional levels, and the powers and responsibilities required to do this**. Linked to this there is an urgent requirement to balance funding to ensure all parts of the skills system are fairly and sufficiently resourced, and investment should be returned to sustainable levels.

The report identifies **10 things that need to change** in the current skills system. These will shape the next stage of the Commission, as it develops a **blueprint for a skills system** with greater local control and accountability. It will make its final recommendations in spring 2020.

The opportunity of devolution

Our commission is particularly interested in how devolution can enable local areas to make decisions, armed with the knowledge of how the skills system will work best for them.

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The Commissioners

The Future-Ready Skills Commission is an independent Commission, supported by West Yorkshire Combined Authority. Its membership reflects the diversity of stakeholders and actors in the skills system. It includes leading thinkers from education, business and policy landscapes and has representation from trade unions, learner voice and pre-eminent think tanks.

Each Commissioner has made their own valuable contribution in reviewing the evidence and providing strategic input on how the skills system can contribute to the delivery of outcomes that are needed at a local level and for the future



Chair: Cllr Susan Hinchcliffe

Chair of the West Yorkshire Combined Authority and Leader of Bradford Council



Will Richardson

Senior Partner of PwC's Leeds Office



Beckie Hart

Regional Director, Yorkshire and the Humber, CBI



Bill Adams

Regional Secretary, TUC



Claire Shenton

People Director for BUPA UK Care Services



David Hughes

Chief Executive, Association of Colleges



Emily Chapman
Former National Union of Students Vice President (Further Education)



Katie Schmuecker
Head of Policy and Partnerships, Joseph Rowntree Foundation



Mandy Crawford-Lee
Director of Policy and Operations, University Vocational Awards Council



Mandy Ridyard
Financial Director, Prosumax



Mark Roberts
Co-Founder, Beer Hawk



Merran McRae
Chief Executive, Wakefield Council



Nav Chohan
Principal of Shipley College



Nicola Addyman
Editor of Weekly Programmes, BBC



Rashik Parmar
Technical Executive, IBM and Chair of Leeds City Region Employment & Skills Panel



Renee Hunt
Director of Group Digital Platforms, Sky



Sarah Longlands
Director IPPR North, Institute for Public Policy Research



Simon Ashworth
Chief Policy Officer, Association of Employment and Learning Providers



Stephen Evans
Chief Executive, Learning and Work Institute



Stewart Thompson
Head of Land and Partnerships, Keepmoat



Tony Wilson
Institute Director, Institute for Employment Studies (IES)

Future-Ready Skills Commission

Purpose and approach of the Commission

In undertaking its review, the Commission has reviewed a range of evidence, engaged with stakeholders and has identified the key areas that will inform the future work plan of the Commission.

Review of evidence: Commissioners have met bi-monthly to review the evidence in relation to its scope and objectives alongside the key issues relating to the national and local skills systems. This has been supplemented by data analysis reviewing the current performance of the skills system and key examples of emerging practice in UK based and international models.

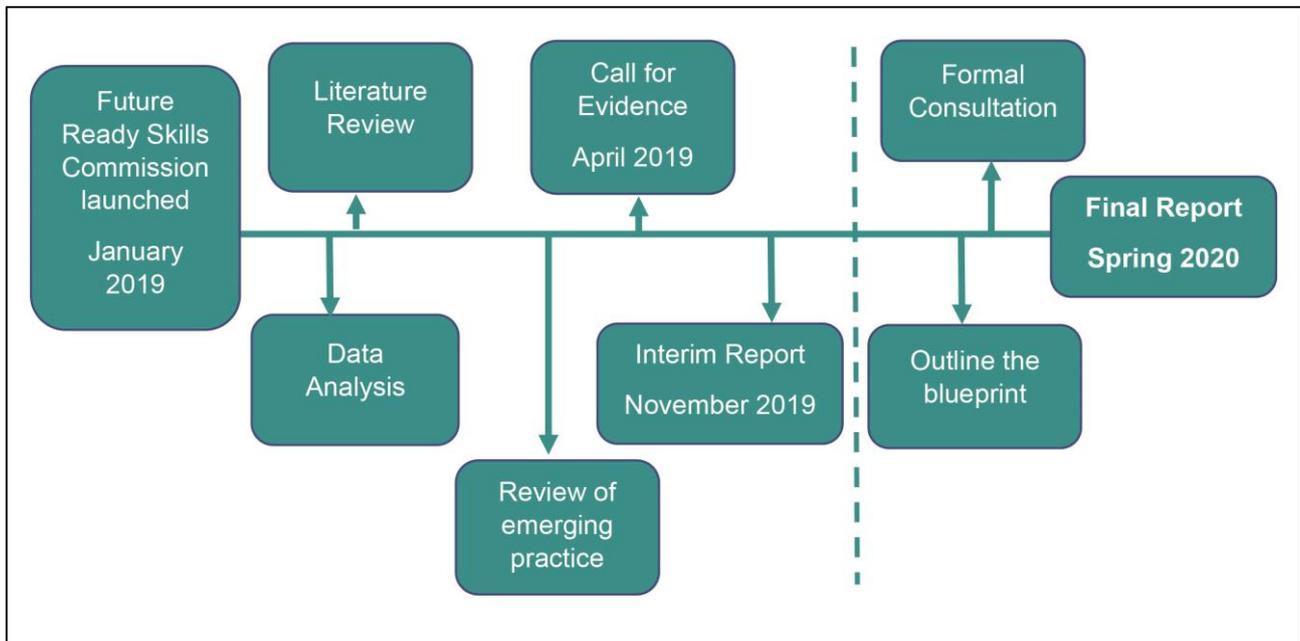
Stakeholder Engagement: The Commission undertook public consultation and sought views on its work through a call for evidence. An overview of the responses was published earlier in the year.¹ In addition, a series of consultations, workshops and round-table sessions with key stakeholders including universities have taken place. In learning about how devolution has impacted in Mayoral Combined Authorities, a series of expert interviews with senior officers from Mayoral Combined Authorities were also undertaken². The engagement with stakeholders has brought together lessons learnt from areas that have already progressed approaches to skills devolution and valued partners in the skills system to inform the work of the Commission.

Emerging findings: Following the review of the evidence and stakeholder engagement, the Commission has identified 10 things that need to change within the current skills system. The Commission's future work will develop recommendations against these emerging findings to outline the blueprint for the future-ready skills system.

¹ <http://futurereadyskillscommission.com/wp-content/uploads/2019/09/FRSC-Call-for-Evidence-report-Sept-19.pdf>

² The following six areas have directly elected Metro Mayors: Greater Manchester, Liverpool City Region, Tees Valley, the West of England, the West Midlands and Cambridgeshire & Peterborough.

Figure 1: Key milestones of the Skills Commission



The Commission’s primary focus is on those aspects of the skills system that provide the skills needed for employability and for the performance of the economy: technical education and training from post 16 through to adult education, careers information, advice and guidance, and workforce skills and training to support people to progress in employment and meet business needs.

There are a number of policy areas that interlink with the Commission’s primary area of focus, such as employment support, commissioned through Department for Work and Pensions (DWP) budgets, and pre-16 school funding. These are not within the primary scope of this review but the linkages must be considered where there are implications for the effectiveness of the skills system.

Future-Ready Skills Commission Objectives:

- To assess how responsive / effective the education and skills system really is in terms of meeting local needs
- To identify the key strengths and weaknesses of the system, including an understanding of its inclusivity, efficiency and value for money
- To set out the future economic, social and technological challenges and opportunities that the system will need to respond to
- To describe the key features of a coherent and effective model for a reformed skills system that could meet needs at national and local level, now and in the future

One of the biggest challenges that the Commission will consider is creating a blueprint for a skills system that is **future-ready**:

- The concentration of employment growth in higher skilled occupations, means the skills system will need to gear up to deliver more technical training at this level.
- Automation and people living and working for longer will both create an increased need for re-skilling, either to adapt to the changing requirements of specific roles or to change careers.
- Globalisation reinforces the need for emerging technologies, and the skills needed to utilise it effectively.
- Digital skills are expected to be of growing importance both from the point of view of ongoing employability and in terms of specialist skills. People need digital skills to function within society, and they are an increasingly important ingredient of basic employment. Today, over 90% of jobs already need at least a basic level of digital literacy.
- The way people work and changing working patterns such as zero hours contracts and self-employment increases the burden on individuals to access their own training and development.
- Just as the world of work is being re-shaped by Artificial Intelligence (AI) and technology, so are the opportunities for delivery of skills and training.

The skills system is itself a shifting landscape and the introduction of new initiatives is commonplace. According to one report, the last 30 years have seen 28 major pieces of legislation relating to further education led by 48 secretaries of state. There have been three industrial strategies in the last decade, although there has been an absence of regard for the local distinctiveness of skills.³

In setting out its blueprint for a future-ready skills system, the Commission will outline a holistic national approach to re-balancing the skills system, which acknowledges the importance of local influence and also delivers local responsiveness to skills priorities.

³ Norris, E. and Adam, R. (2017) All Change: Why Britain is so prone to policy reinvention, and what can be done about it, Institute for Government
<https://www.instituteforgovernment.org.uk/publications/all-change>

The importance of skills

Skills are the lifeblood of the economy, getting the right person, with the right skills, at the right time and place is critical to business success and the local economy. For people it is central to their well-being. **This is reflected in the scale and the number of lives that it touches.** For example, 3.6 million people participated in further education programmes in England in 2016/17, whilst 2.5 million participated in higher education in the same year. **Getting the right skills, in the right place, at the right time can generate major economic benefits at the level of the individual, the firm and the wider economy** (see figure 2).

Figure 2: The value of skills

- In the run-up to the 2008–09 financial crisis, the improving skills profile accounted for around 20 per cent of total labour productivity growth in the UK and continued to make a positive contribution thereafter.⁴
- At firm level, businesses with higher proportions of better skilled workers also tend to be more productive.⁵
- According to one study an increase in training by one percentage point at industry level is associated with an increase in productivity (value added) of about 0.6%, and in wages of about 0.3%.⁶
- Individuals receive positive returns in terms of pay from improved skills. On average, individuals with an advanced apprenticeship earn between £77,000 and £117,000 more over their lifetime than similar individuals with Level 2 qualifications (equivalent to 5 GCSE passes at Grades A*– C or 9 – 4).⁷
- A recent independent study by the Institute for Fiscal Studies, found that by the age of 29, female and male graduates are earning 28% and 8% more on average than their counterparts who opted for a different route of study after leaving school.⁸

⁴ Rincon-Aznar, A., Forth, Mason, G., O'Mahony, M. and Bernini, M. (2015). UK Skills and Productivity in an International Context. London, UK: Department for Business, Innovation and Skills.

⁵ London Economics (2012). Estimating the Impact of Training on Productivity using Firm-level Data, Research paper 72, Department for Business, Innovation and Skills

⁶ Dearden, L., Reed, J., & Van Reenen, J. (2005). "The Impact of Training on Productivity and Wages: Evidence from British Panel Data," CEP Discussion Papers dp0674, Centre for Economic Performance, LSE.

⁷ Department for Business, Innovation and Skills; (2011) Returns to Intermediate and Low Level Vocational Qualifications, BIS Research Paper Number 53, Department for Business, Innovation and Skills

⁸ Institute for Fiscal Studies (2018) The impact of undergraduate degrees on early-career earnings, Department for Education

Technical Education

Overview

This chapter will give an overview the main points of evidence considered by the Commission. Starting with a definition of what we mean by technical education, it will then review its importance within the skills system before considering the current delivery standards and key challenges that are preventing optimum performance.

The chapter will then consider what more can be done before summarising the key points that will inform the Commission's next steps in its radical review of the skills system.

Technical education and training is vital to providing practical skills and knowledge to create a skilled workforce that increases productivity and innovation in the economy. Local labour markets have specific skills needs that are distinctive in character and require a level of local coordination, planning and personalisation that create learning and occupational pathways to high quality work that individuals understand.

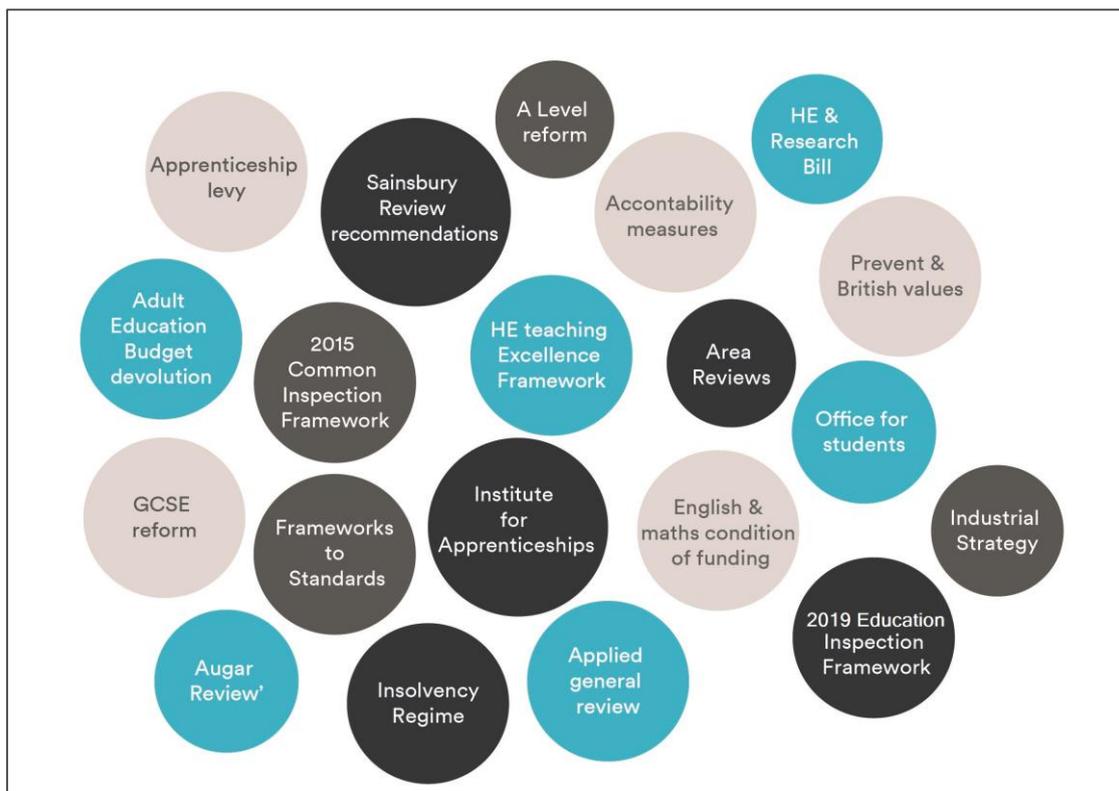
The Commission is concerned with improving technical education and training so that people get the skills they need for high quality employment and to meet the needs of business. One of the priorities of the Commission will be to identify how there could be better alignment between technical training provision and local business need.

Definition: Technical education and training provides individuals with the technical knowledge and skills required to enter skilled employment. It includes all provision, accredited and non-accredited, that is intended to give a person the technical skills or knowledge needed to do a particular job.

What is currently being done

At national level there are a series of policy reforms underway that seek to improve the workings of the technical education and training system, including the ongoing implementation of the apprenticeship reforms, the development of T-Levels and the review of level 4-5 education, all of which are being implemented centrally with no differentiation to local labour markets and no local accountability.

Figure 3: Policy Context: Technical Education sector faces many reviews and changes



Technical education and training are designed to recognise a learner's knowledge, skills, and behaviours with a line of sight to a job, qualifications in this area often provide more practical and job focussed learning, and cover the following:
Apprenticeships at all levels from intermediate (level 2) to higher / degree level (levels 6 and 7)

- Technical education study programmes for young people (16-19), soon to be reformed through the introduction of T-Levels
- Technical and professional education at level 4/5 and above, predominantly delivered through further and higher education institutions, in the form of higher and degree apprenticeships, foundation degrees, HNCs/HNDs etc.
- Adult (post-19) education delivered through further education colleges, independent training providers and universities.

Current performance of the system

There are a number of factors the Commission has considered to review the current performance of the system, these include:

Participation in learning is falling. Following the introduction of apprenticeship reforms in 2017, there has been a large fall in starts especially amongst young people aged between 16-19 and entering the system, although there have been some signs of recovery in the first quarter of 2018/19, particularly in high level apprenticeships. Further Education (FE) has seen a considerable fall in participation in recent years.

This has been particularly pronounced for adults. Participation in higher education continues to see a steady increase, mostly in first degree programmes. Some elements of Higher Education (HE) which have the greatest focus on the technical education agenda have seen a decline along with part-time participation in HE, which is often employer-sponsored activity and important for mature learners for careers development. There is a clear need to increase **participation** in learning to ensure people can reach their potential and meet the needs of the economy.

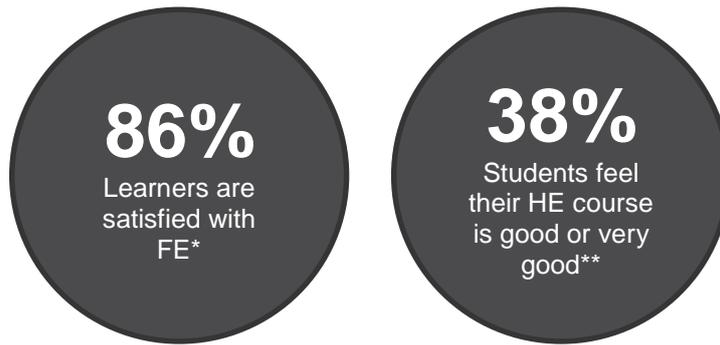
Current **achievement and attainment** rates raise concerns, particularly in apprenticeships and in higher level learning. Close to a third of apprentices did not complete their qualification in 2016/17, rising to almost two-fifths of those undertaking a higher apprenticeship. The roll-out of standards and end-point assessment by government as part of a drive towards improved quality and rigour could make achievement more difficult, although some apprentices don't complete because they move into employment on a higher wage.

Achievement rates for class-room based further education are significantly higher than for apprenticeships, at typically over 80 per cent, reflecting the fact that short courses are a major feature within this setting. However, the achievement rate for higher level learning, which includes technical qualifications at levels 4 and 5 is significantly lower at 65 per cent. Higher education drop-out rates have recently been highlighted as a matter of concern by the Department for Education, with disadvantaged and under-represented groups being most likely to drop-out.

Satisfaction of learners with the quality and effectiveness of their course is important in relation to participation rates, the likelihood of course completion (i.e. skills increased) and a valid indicator of the strength of provision on offer.

Individuals are looking to develop skills that can improve their career prospects and develop their earning power. Some subjects, institutions and qualification levels lead to higher employment rates and earnings than others.

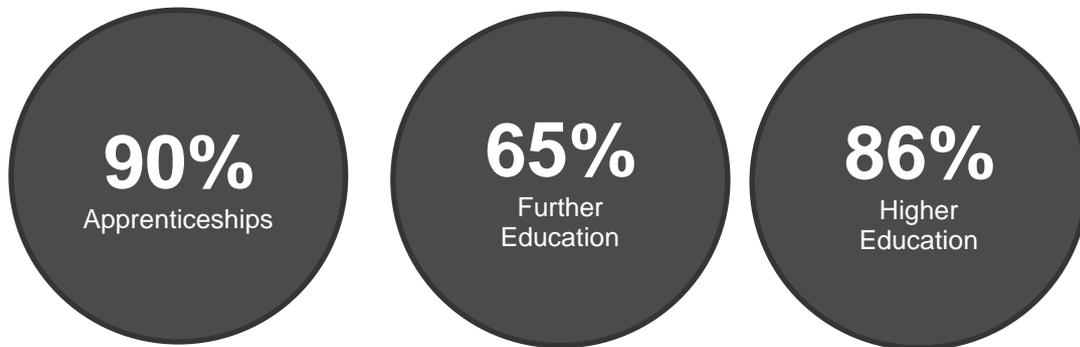
Learner satisfaction rates



* FE Choices study17/18

** Student Academic Experience Survey, 2018

Positive destinations rates into sustained employment⁹:



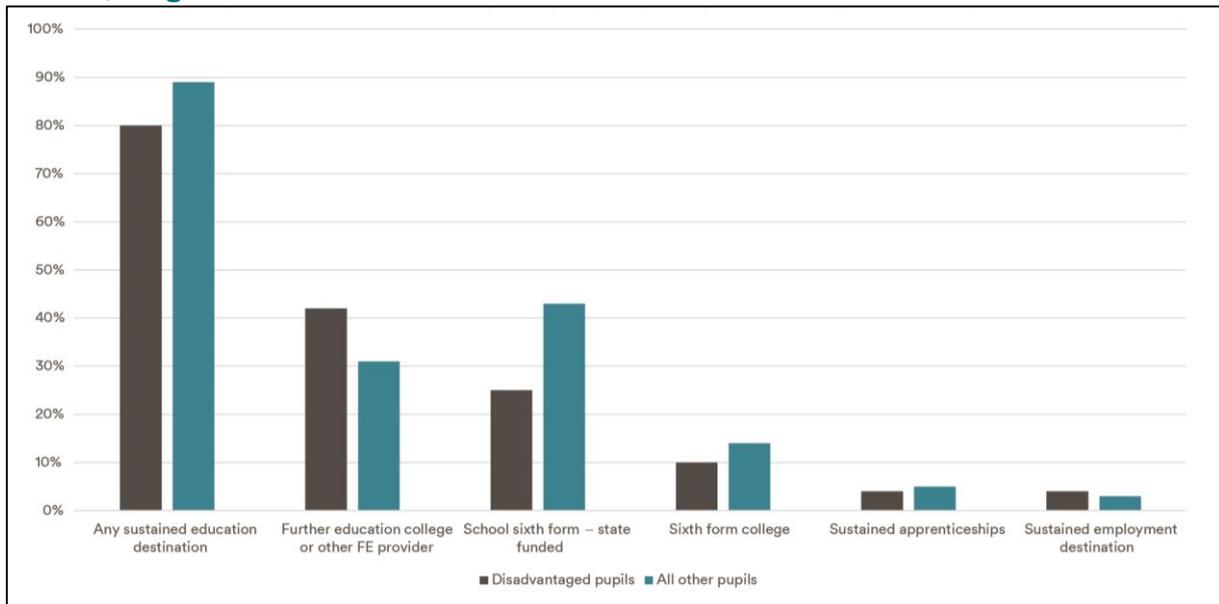
Everyone should have an equal opportunity to access technical education and training opportunities in order to fulfil their potential. Not only is this important for social inclusion and social mobility, it ensures that employers have access to the widest pool of talent available.

People from disadvantaged backgrounds are more likely to achieve lower grades at school, less likely to enter an apprenticeship or go to university. Gender segregation is also pronounced with women/girls more likely to enter health and social care and far less likely to undertake study in subjects leading to more lucrative employment opportunities.

Skills at any level – low, intermediate or high – are valuable in the skills market, to companies and an individual, when they are relevant to occupations or roles that are available. **Transferable skills are economically valuable and highly sought after by employers, but are not a key focus in 16-18 education.** In some subject areas, there is an oversupply of people studying technical courses relative to the number of employment opportunities, as outlined in figure 5 below. This results in low employment rates.

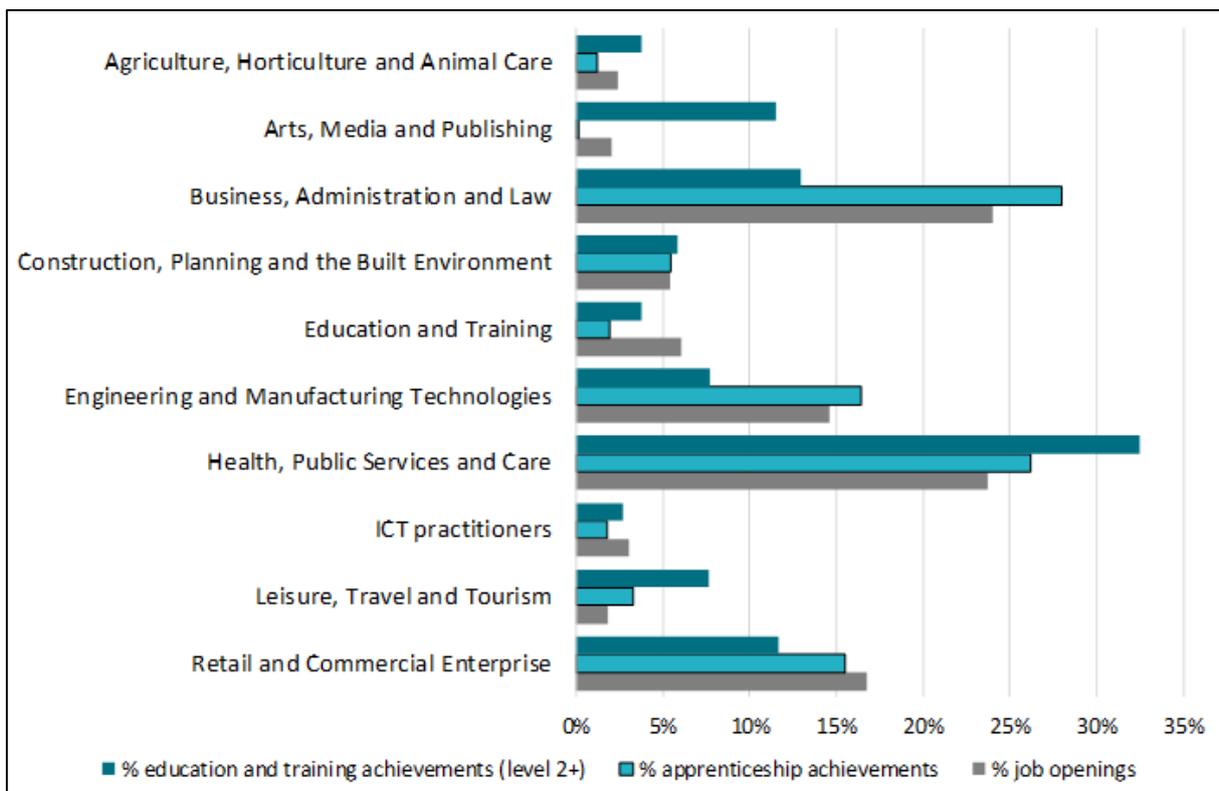
⁹ Department for Education: Further Education Outcome Based Success Measures;
Department for Education: Graduate outcomes (LEO): Employment and earnings outcomes of higher education graduates

Figure 4: Pupil destinations after completing key stage 4 by disadvantage status, England



Source: Department for Education, Key Stage 4 destination measures 2016 to 2017

Figure 5: Comparison of subject profile of learning achievements vs projected job openings in related occupations, Leeds City Region



Source: LEP calculations based on ESFA data (2017/18) and Working Futures projections

<p>T-Levels: A new qualification that will be rolled out from September 2020. They aim to improve the quality of technical education and ensure progression for learners. The first T-levels will be in construction, digital and childcare & education with a further 22 planned in a phased roll-out. A T-level will equate to 3 A-levels and will include work placement element of a minimum of 315 hours. Some institutions have been awarded implementation budgets to roll out T-levels.</p> <p>Around 75% of business and two-thirds of parents haven't heard of T-levels.</p>	<p>Advanced Learner Loans: Introduced in 2013. Loans are available for tuition fees for approved qualifications at level 3 to level 6 with approved providers. Loans are offered at the same rate as student loans for HE, although maintenance loans are not available for FE. There is a low take-up of the loan, with the offer not widely communicated nor widely understood resulting in low take-up, and there are significant financial barriers such as the cost of childcare, time away from work and travel likely to be a factor.</p>
<p>Apprenticeships: Employers can invest in the skills of their new recruits and existing workers, with government support. Apprenticeship 'Standards' have been designed by employers to define the knowledge, skills and behaviours to be competent in an occupational role. Training programmes can involve classroom based and workplace learning – with apprentices spending a minimum of 20% of their contracted time in 'off-the-job learning' developing their knowledge, skills and behaviours to become fully competent.</p>	<p>Apprenticeship Levy: Employers with a pay bill of over £3million per year pay the apprenticeship Levy at 0.5% of their pay bill.</p> <p>This is ring-fenced into a 'Levy Pot' which the employer can then utilise to funding apprenticeships for new starters or existing employees. The Levy can also be transferred to other employers.</p> <p>Companies not eligible to pay the Apprenticeship Levy instead contribute 5% cash towards the cost of apprenticeship training, with the government co-funding the rest.</p>
<p>Institutes of Technology: Institutes of Technology are partnership ventures between employers, FE colleges and universities to address higher level technical skills deficits, with a specific focus on increasing level 4 and 5 technical training and apprenticeship opportunities.</p>	

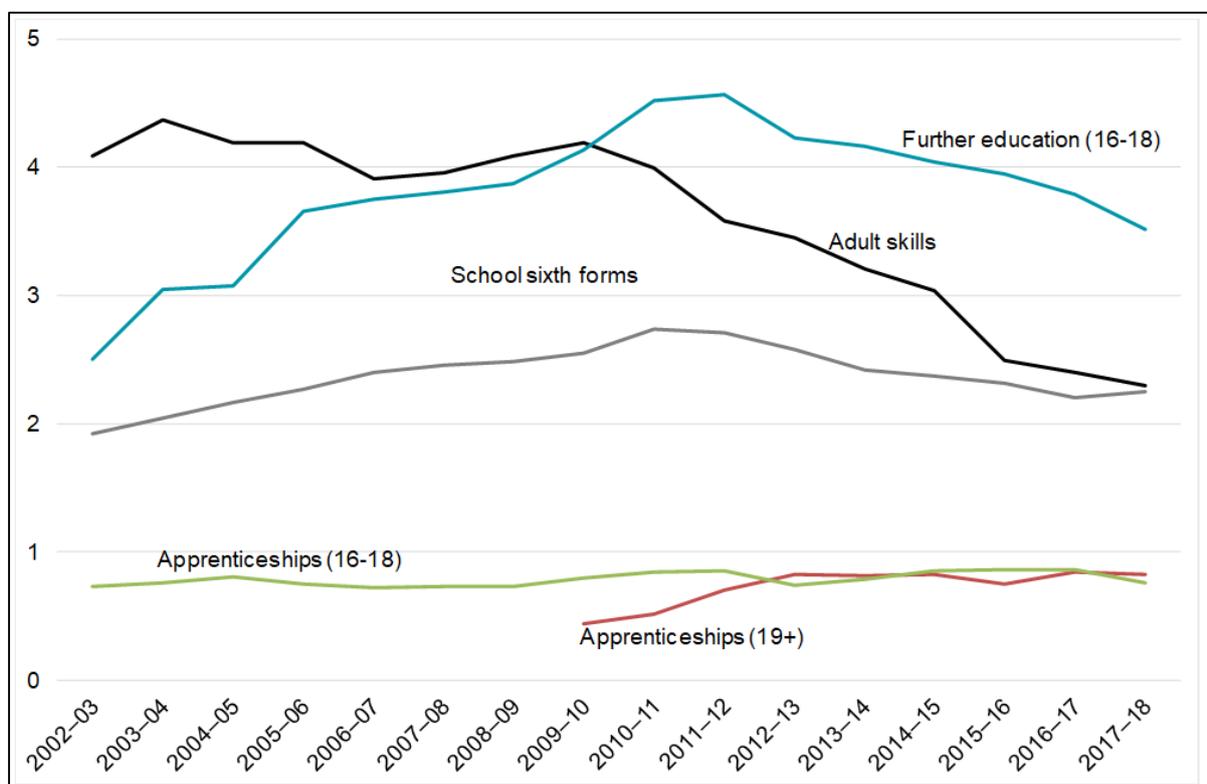
Key challenges, what is limiting progress?

To fulfil its remit, the technical education and training system needs to be underpinned by a **sufficient level of resource**, reflecting its importance to the economy and society.

A key message from the Commission is that there is a lack of resources in the system to meet competing but essential needs and priorities, and an unequal distribution of these resources to different educational routes.

There has been a severe decline in further education funding over recent years, with funding for adult education and 19+ apprenticeships reduced by 45% from 2009/10 to 2017/18.¹⁰

Figure 6: Trend in real-terms spending on further education and skills (£bn) England



Source: Institute for Fiscal Studies (spending per student, 2018-19 prices)

Constant policy change and short-termism in the skills system is creating instability and is alienating employers. It has been estimated that there have been over 28 major pieces of legislation in relation to technical education, FE and skills training since the early 1980s.¹¹

¹⁰ Adult Skills and 19+ Apprenticeships were part of a combined budget line from Education and Skills Funding agency until 2016

¹¹ <https://www.newstatesman.com/microsites/skills/2017/07/technical-education-and-parity-esteem>

Government's 16-18 technical education reforms, including the introduction of T-levels, are meant to achieve **parity of esteem** with academic routes such as A-levels. There are concerns that schools are largely failing to promote all the available post-16 routes and that careers education and guidance remains patchy and of variable quality. With around two thirds fulfilling their statutory duty to ensure education and training providers can access pupils to talk about technical education and apprenticeships.¹²

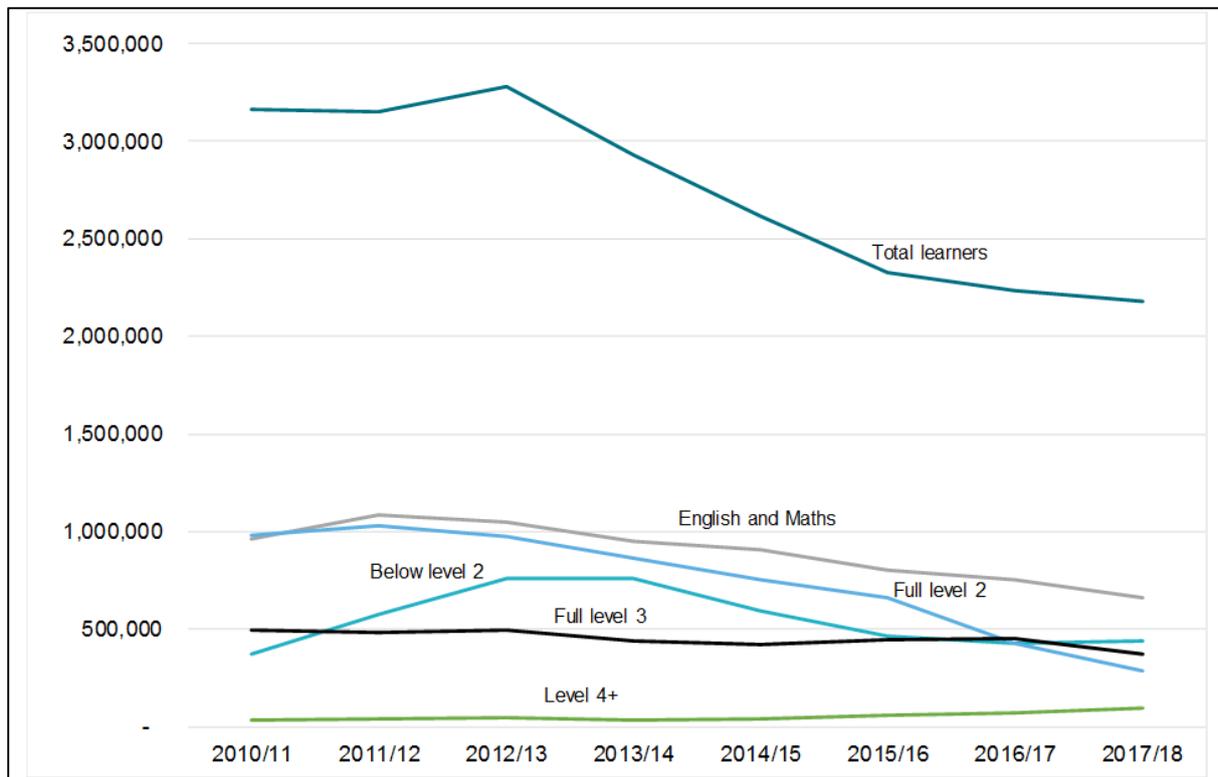
Employers can't get the skills they need; currently, more than a fifth of vacancies are difficult to fill due to a lack of applicants with the required skills. Many individuals are over-skilled or over-qualified for their job. However, only a small proportion of employers use further and higher education institutions as a source of support to address their skills needs, with most employers using private providers for external training. Analysis of adult skills participation also demonstrates the prominence of basic and low level skills, as opposed to advanced and higher level – where technical and vocational competency is developed.

Participation; Enabling young people to get on a pathway to a sustainable career is a key policy concern and is one of the main objectives of the current technical education reforms. Analysis also shows that nearly a quarter of learners entering further education at age 16 have subsequent patterns of study that are indicative of some form of churn – switching between course types, dropping back to lower-level learning, or repeating study at the same level. This has the potential to disadvantage learners by delaying their entry to the labour market and raising the risk of failing to complete any recognised qualification.

Progression; Progression to the next level of learning is often an explicit objective of specific learning opportunities and is key to enabling individuals to realise their aspirations. There is a concern around the acquisition of basic skills preventing many adults enter formal education and training. Progression for adults participating in community learning is significantly limited, with the vast majority moving into another community learning course.

¹² <https://schoolsweek.co.uk/two-thirds-of-schools-still-flouting-baker-clause-rules-study-finds/>

Figure 7: Adult (19+) FE and Skills Participation by Level



Source: Department for Education

What good looks like and what more could be done

In order to be effective, the skills system needs to ensure the provision of technical education and training is **more responsive to employers** and local labour market needs in order to deliver economically valuable skills. This greater alignment would also result in increased employability and enhanced career prospects for the individual learner, reflected in a greater likelihood of being in a job and / or receiving higher pay. For a young person this involves making an effective transition from employment to a sustainable career path.

An effective skills system will drive **dynamism and flexibility** in the labour market, another key ingredient of productivity growth, by responding quickly to changing skill demands, ensuring that pockets of rapid growth in the economy (such as the digital sector) can meet its skills requirements in a timely manner. Skills needs of local areas are highly diverse and distinctive.

The technical education and training system therefore needs the capability to flex to these distinctive and emerging needs within a wider strategic agenda. An integrated approach to employment and skills at a local level would help to address the deficiencies of the current centralised but un-coordinated approach to policy, funding and delivery, responsibility for which is spread across a series of government departments and their agencies, with little reference to local priorities.

A reformed local model would offer an integrated and coherent service bringing together information, advice and the delivery of employment, skills and wider support for individuals and for employers, providing economies of scale as delivery silos are removed.

Employers need to be able to engage readily with the system. An effective technical education and training system has a high level of engagement between providers and employers of all kinds and is responsive to their needs. In this way the market for learning can operate more effectively, reducing the need for public intervention to ensure that economic needs are addressed.

This calls for close engagement between the skills system (in terms of individual institutions and the wider system) and the widest possible range of employers in order to inform the design and delivery of education and training opportunities (including qualifications), ensuring that they reflect the needs of the workplace.

A fundamental requirement for meeting the technical skills needs of the economy is a **suitable learning infrastructure**. This encapsulates skilled teaching staff who have the capability to impart technical skills and knowledge and the physical infrastructure that is required for the delivery of technical skills, particularly those of a specialised nature.

Local leadership and increased local influence is needed through devolved powers to address the complexity and fragmentation of national skills policy to ensure delivery is integrated and coherent locally so that it responds to local economic needs and addresses local skills priorities. In addition, **local partners need the powers and resources** to make targeted interventions to bring specific provision on-stream in order to address acute mismatches and pockets of rapid

growth in the local economy. In fulfilling this remit local partners need the freedom to innovate around new delivery and funding models.

There is a need to prioritise funding where the need is greatest, both in terms of the labour market and to support individuals to fulfil their personal ambitions. Current funding is insufficient to deliver higher level and specialist skills that are in deficit now and needed to future proof the economy – both in terms of capital investment and staffing needs.

The funding available is siloed into nationally determined priorities, which restricts access to student finance, and is therefore not easily targeted or responsive to local labour market needs. There is **an urgent requirement for increased investment and devolution of powers**.

“Proper support for colleges is vital if we’re to address the UK’s productivity problem, and this will require adequate funding. Colleges are not only a cornerstone of the communities they serve, but they also play an important role in ensuring the workforce has the right skills for the local jobs market.

Councillor Susan Hinchcliffe, Chair of the Skills Commission

Clear progression routes; Technical pathways should be promoted to young people, particularly over the age of 16, as credible routeways with opportunities to move between technical and academic routes. Individuals should be able to make informed decisions about personal investment in their learning and understand the pathways to high quality employment.

Summary and next steps for the Commission

Technical education has been through almost constant review over generations. With the government's own review of higher technical education underway, this continues to be the case. However, participation in learning continues to fall, and there remains a lack of focus on progression and responsiveness to local labour markets. Significant reductions in public funding for technical education has also contributed to some of the issues rehearsed here.

In order to re-balance the system, there needs to be increased local influence through devolved powers and funding for technical education routes, with a focus on progression. This would enable local provision to be more responsive to local labour market need. Greater collaboration between industry, education and training providers to be responsive to local skills deficits would ensure that provision would be aligned to employers' needs.

The Commission will focus its attention on achieving a skills system that increases demand for adult learning at all levels, from acquisition of basic skills to higher level skills associated with skilled employment, and that enables individuals to take up and progress in learning. Any recommendations must address the low level of take-up of FE learner loans for adult re-training and reverse the sharp decline in adult learning.

Our main priorities for technical training and education are:

- Investment in technical education and skills should be increased to sustainable levels
- Local areas should have strengthened responsibilities for planning the provision of technical education and training so that it is responsive to local economic priorities
- Employers need greater influence over the design and delivery of technical training to ensure it is responsive to local economic priorities

Careers Information and Inspiration

Overview

This chapter will consider the current landscape of the careers system and the key players and their performance. It will also critique the main barriers preventing progress in the patchy landscape of careers support. It will conclude by outlining what needs to change that careers information and inspiration is uniquely placed to bring to the overall performance of the skills system.

Careers support is important because it contributes to individual motivation, career readiness and resilience, employability and social capital. At an aggregate level these improvements in individual capability lead to the improved operation of the labour market, a more efficient education and training system and greater inclusion and social mobility. There is a direct link to productivity growth, higher pay and increased employment participation.

The evidence suggests that an optimal careers system would have a lifelong focus, would empower people by developing their career management skills, would offer personalised support to reflect individual aspirations, would promote engagement with the world of work and have local labour market relevance. This would be delivered by qualified practitioners with services suitably quality assured and locally accountable to address labour market needs.

The focus of the Skills Commission is to guarantee access to quality careers information and inspiration which is locally relevant and responsive to emerging trends. This will enable better informed choices, ensuring that young people are ready for work and adults can develop their careers.

Definition: The Organisation for Economic Co-operation and Development (OECD) presents a broad definition of careers guidance which provides a useful working definition for this area of activity, consisting of interventions that seek to assist individuals, of any age and at any point throughout their lives, to make educational, training and occupational choices and to manage their careers. ¹

What is currently being done

There are a plethora of actors in the careers system, with key roles provided by local authorities, national agencies and educational institutions. The list of organisations, initiatives and campaigns is too long to list here. To give an indication of the complex and fragmented landscape, the range of interventions and services available to young people is illustrated at figure 7 below.

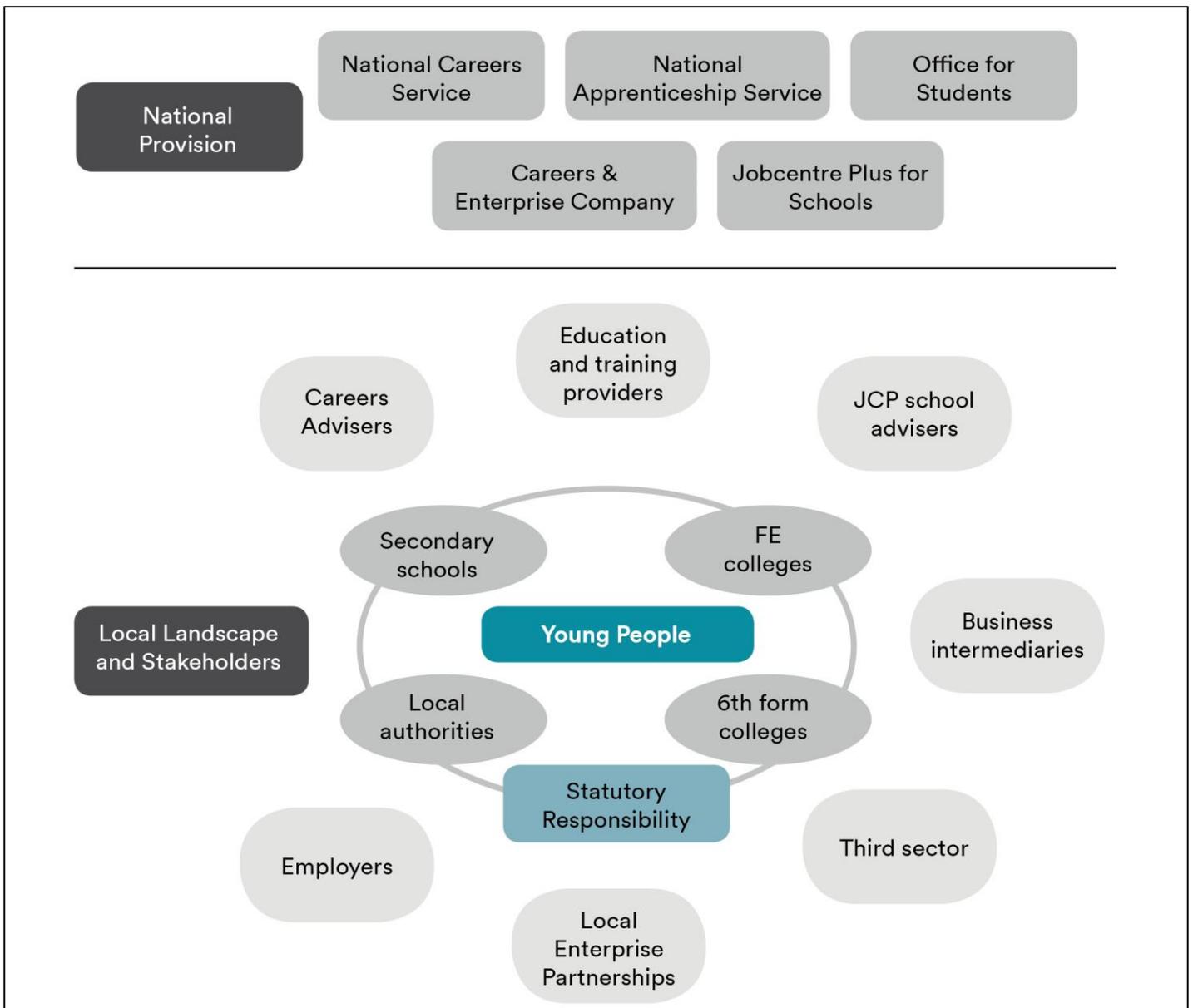
One of the main players is the national **Careers and Enterprise Company**. The Careers and Enterprise Company has a remit to link employers with schools and colleges through the national Enterprise Adviser Network (EAN), and to implement best practice in careers education including the targeting of funding for proven interventions that can be scaled. Local Enterprise Partnerships (LEPs) play a key role in both co-funding and delivery of the EAN although the model is highly centralised and LEPs have little influence and role in the design and commissioning of local initiatives that are meant to align with the EAN.

The **National Careers Service** is funded by the Education and Skills Funding Agency (ESFA) to deliver a range of careers information, advice and guidance services. Its main target group is disadvantaged cohorts of adults, and it is particularly incentivised to assist the unemployed, although it also provides support via online and telephone channels to young people.

Information, advice and guidance forms an important part of the employment support offer from **Jobcentre Plus**. As well as supporting adult benefit claimants, Jobcentre advisers have a role in schools working with young people who are at risk of becoming not in education, employment or training (NEET).

The government has pledged £100m for a new online diagnostic service for adults and the delivery of flexible courses, currently limited to basic maths, English and digital skills, through its **National Retraining Scheme**. Support will be targeted at adults aged 24+, without a degree, who are in work, with a focus on those in occupations at risk of technological change.

Figure 8: Challenges - Complicated system; the careers offer to young people



Current performance of the system

The latest 'State of the Nation' report published by Careers and Enterprise Company shows progress against all dimensions of careers support among secondary school and college participants in the network, but with considerable scope for further improvement. It should be noted, however, that this analysis is based on a limited sample of schools and that the results are entirely based on self-assessment.

On average, schools are now achieving 2.13 out of 8 Gatsby benchmarks.¹³ The proportion not achieving any benchmarks is 18.1%, 19.8% are achieving half of all benchmarks and 21 schools and colleges are achieving all eight.¹⁴ Schools and colleges which hold the Quality in Careers Standard, score 13.1 percentage points better on the overall benchmark score than those which do not hold the award.

Quality of careers provision in schools and colleges is inspected by Ofsted¹⁵. Based on a representative sample of around 120 school inspection reports, it found that careers guidance within schools is improving, with evidence of integrated, coherent and effective careers strategies in more schools. Ofsted argues that the publication of a national careers strategy has given schools and colleges a solid framework to build their careers offer around.

The Education and Skills Funding Agency's annual report provides an overview of the performance of the National Careers Service¹⁶. Customers of the National Career Service rate its provision highly. Overall 85% of face-to-face and telephone customers were satisfied overall, with 41% very satisfied, whilst 78% of website users were satisfied.

Of those receiving personalised support from local advisers, just over 44% achieved a positive employment or learning outcome within 6 to 9 months of receiving support, which is a positive outcome given the cohort demographics.

However, an economic evaluation of the National Careers Service (2017) "could not identify a positive impact of the National Careers Service on employment or benefit dependency outcomes," but did "identify a relatively strong positive effect in relation to education and training."¹⁷

¹³ <https://www.gatsby.org.uk/education/focus-areas/good-career-guidance>

¹⁴ https://www.careersandenterprise.co.uk/sites/default/files/uploaded/1084_state_of_the_nation_v9_digital2.pdf

¹⁵ <https://educationinspection.blog.gov.uk/2018/06/12/building-confidence-encouraging-aspiration/>

¹⁶ <https://www.gov.uk/government/publications/education-and-skills-funding-agency-annual-report-and-accounts-2017-to-2018>

¹⁷ <https://www.gov.uk/government/publications/national-careers-service-economic-evaluation>

Key challenges, what is limiting progress?

There is an information failure within the skills system, with young people and adults ill-informed about the career opportunities available to them in their local area and the routes to accessing them. Too many of the initiatives available to support people to access careers information (National Careers Service, Careers and Enterprise Company), and to re-train (National Re-training Scheme) lack any level of responsiveness to local labour market demand or local/regional accountability.

The Commission has identified the following issues which prevent the system from meeting its underlying objectives, along with recommendations for improvements to address underperformance:

People of all ages fail to value careers support. Despite evidence of its benefits, careers support is not seen as important by young people. According to a survey¹⁸ by City and Guilds, just 5% said that a careers advisor would help the most in getting a job they would be satisfied with. Adults typically do not seek out information and advice about retraining opportunities, or know to do this, even when their job is at risk¹⁹.

Funding and resources available to support careers activity in schools and colleges have been reduced significantly since 2010. Since then widespread concern has been voiced (including from Ofsted, the National Careers Council and the Education Select Committee) regarding the consistency of provision as schools have struggled to meet the new requirements without additional funding.

An Office for Students consultation found that although there is a large amount of information available to inform decisions about careers and learning pathways, there is a **shortage of personalised advice and guidance** within schools and colleges to help students navigate the information and personalise it to their own situation²⁰.

As schools have taken on responsibility for the provision of careers support to pupils without a dedicated envelope of funding to resource this activity, different approaches have emerged. This has contributed to an **inconsistent level of support and unequal participation**.

One study²¹ suggests that the current provision for English secondary schools is mostly provided in the form of one-to-one support and that this provision is not just patchy (with less than two-thirds of Year 11 students reporting receiving careers education) but is patterned i.e. students most in need, including girls, minority ethnic, working-class, low-attaining students and those who plan to leave fulltime education post-16, are less likely to receive Careers Information, Advice and Guidance (CIAG) by the age of 15/16. The evidence suggests that the careers model is essentially one of self-referral, contributing to the further reinforcement of patterns of unequal participation in careers education and work experience. In the higher education

¹⁸<https://www.cityandguilds.com/news/november-2015/great-expectations-research#.XMG45rftyUk>

¹⁹ <https://feweek.co.uk/2019/01/28/what-will-the-national-retraining-scheme-look-like/>

²⁰ <https://www.officeforstudents.org.uk/publications/ofs-strategy-on-student-information-advice-and-guidance/>

²¹<https://www.tandfonline.com/doi/full/10.1080/02671522.2016.1271005>

sector it has been observed²², by the Social Mobility Commission and others, that undergraduates from disadvantaged backgrounds are less likely to use university careers services relative to their advantaged peers.

The nature of the organisations involved in the delivery of careers support to young people raises questions about their impartiality in delivering guidance and the **need for accountability** mechanisms to ensure that individuals are supported in a way that best reflects their needs and aspirations (for example, where there is competition for learners post 16 among FE colleges, schools with sixth forms, independent training providers, and higher education).

There is a **lack of careers support for the majority of adults**. It is argued²³ by some that the information, advice and guidance provided alongside Jobcentre Plus provision is insufficient in volume and in depth of intervention for client groups, particularly adults in work. The current funding model for National Careers Service incentivises advisors to target the unemployed. Those in low-paid work and in need of guidance in order to progress their career are less likely to receive support. This is reinforced by an assumption among employed people that the support available within Jobcentres (including from co-located National Careers Service advisers) is solely for the unemployed²⁴.

A number of government departments are involved in careers policy at the national level and this has led to a **complex / silo-ed support landscape**.

"The majority of people who will make up the workforce by 2030 have already left full-time education, but the numbers of people undertaking further learning or training is in decline. Access to good quality careers advice and information, and new ways of learning that fit with modern lifestyles, are vitally important to make sure people's skills remain relevant for the changing nature of work over the coming decades."

Stephen Evans, Chief Executive, Learning & Work Institute

Engaging employers in careers activities and securing sufficient number of work experience placements is often problematic. This is reflected in limited chances for children to take part in meaningful work-related learning or work experience at key stage 4. According to a report by British Chambers of Commerce, relationships are often hampered by poor communication between school and business staff and a lack of clarity over what is wanted from the partnership.

²² <https://www.gov.uk/government/news/unpaid-internships-are-damaging-to-social-mobility>

²³ <https://www.wmca.org.uk/media/2267/regional-skills-plan.pdf>

²⁴ <https://www.gov.uk/government/publications/in-work-progression-advice-trial-evaluation>

What good looks like and what more could be done

The European Lifelong Guidance Policy Network has used the available evidence base on lifelong guidance to distil a series of key principles that should be embodied within careers services that include **focussing on the individuals, support learning and transition and ensuring quality**²⁵. Many of these principles are embodied in the Gatsby Foundation's benchmarks for good careers guidance which have been adopted in the government's careers strategy.²⁶ Whilst many acknowledge that the Gatsby benchmarks and the careers strategy are useful national frameworks, they don't go far enough to address some of the key challenges above.

Evidence suggests that a coherent, lifelong approach to careers support is required but the current system is disjointed and disconnected with limited options available for adults.

Commissioning of careers services should be based on progression in employment and learning, and measuring sustained outcomes rather than by results in achieving a positive destination. Impact measures should include the progress of students in schools, in particular those at risk of becoming NEET.

Careers inspiration needs to start earlier, with gender stereotypes particularly in relation to STEM related careers being set at around age 7. Quality careers information needs to be consistently available to all, at key stages in their life from primary school to post-16 decisions and to over-50 career reviews.

“Bringing together careers support and inspiration for young people while at school – through work experience, young enterprise or mentoring – is an excellent way of engaging and giving them the best chance of success at work. If we can combine this with accurate information about the skills in demand in the local labour market, this will help young people – especially those who see themselves as being excluded or lacking options – understand the choices they can make that will support their ambitions.”

Will Richardson, Senior Partner, PwC

²⁵ <http://www.elgpn.eu/publications/elgpn-tools-no.-3-the-evidence-base-on-lifelong-guidance>

²⁶ Careers Strategy; making the most of everyone's skills and talents, DfE, 2017

Summary and next steps for the Commission

The Commission's call for evidence and wider investigations into the performance of the skills system consistently highlight the need for high quality, all age careers services and information. This is all too often unavailable under the current system. An increase in the effectiveness of the careers system and its contribution to the effective working of the wider skills system is integral to the achievement of wider social and economic objectives. The current careers system has been subject to sustained criticism from many, and subject to recent Education Select Committee scrutiny. The consensus is that there is an absence of support for adults and not enough is being done to support young people's preparedness for the world of work.

There is broad agreement for the arguments that:

- A coherent approach nationally would make local delivery more straightforward
- There is a lack of resources and capacity in schools and colleges to engage with the careers agenda properly. Targeted resourcing is needed to engage and support disadvantaged students
- There should be a standard entitlement for everyone, regardless of age, to avoid the inconsistent quality of support on offer to young people and lack of support for adults
- There is a lack of impartiality among schools, resulting in technical options not being presented to pupils, or to a limited range of pupils only
- The support landscape is overly complex and needs greater devolution to achieve a coordinated and locally responsive system

There is a need for locally relevant high quality careers information and services that can support everyone to make informed decisions about learning, training and work.

The Commission considers careers information and services integral to the overall success of the skills system and its priority is to ensure:

- Careers information needs to be relevant to the local labour market and empowers individuals to make informed decisions

Workforce Skills

Overview

This chapter explores the topic of workforce skills, and their considerable importance when viewed in the context of the current challenges around weak productivity growth, low pay and stalled social mobility. Enhanced skills can contribute to better business performance and improved prospects for individuals.

This chapter will explore what is currently being done to address workforce skills, how that is currently working, what is hindering progress. It will conclude with the key elements of how what good would look like.

Technical education and training have been covered in a previous chapter, so the points here will focus specifically in relation to the following activities:

- Upskilling of staff in the workplace to address business needs
- Re-skilling and upskilling of individuals in response to a changing labour market – including people in employment as well as out of work, to support progression.
- Utilising available skills fully in the workplace to drive competitiveness and productivity and earnings

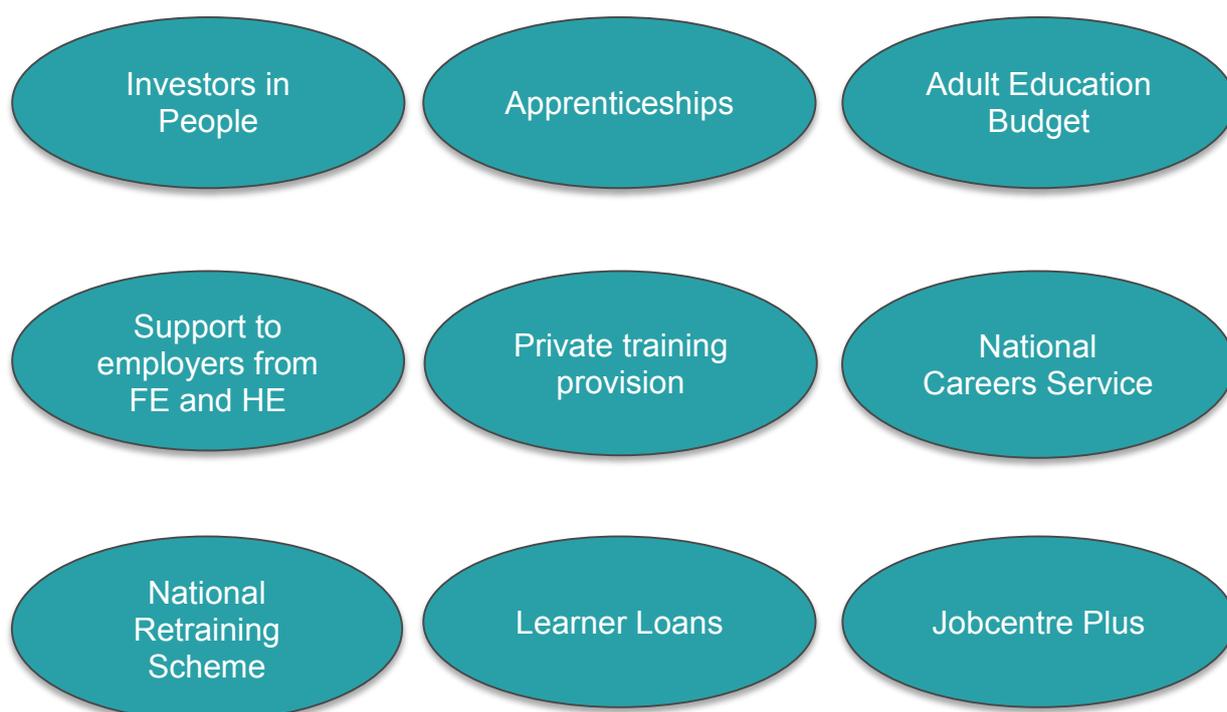
An effective approach to workforce skills means enabling businesses to get the skills that they need and to deploy them to best effect in the workplace. All individuals should be able to access skills to enable them to enter and progress within high quality employment.

The ambition of the Skills Commission is to enhance workforce skills by creating the conditions for adults to invest in their own skill development and for employers to up-skill and retrain their staff to achieve business success.

What is currently being done

Publicly funded investment represents a small proportion of spend on workforce skills. **Employers** make a far more substantial investment in job-related training estimated at £44bn per annum in job-related training²⁷, approximately 80 per cent of total investment in this area. **Individuals** also invest their own time and money in skills for career development and are estimated to contribute around 9 per cent of total investment in training²⁸.

Figure 9: Range of publicly funded support for workforce skills



²⁷ <https://www.gov.uk/government/publications/employer-skills-survey-2017-uk-report>

²⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/523037/bis-16-47-mapping-skills-investment.pdf

Current performance of the system

Based on the available evidence the existing approach to workforce skills is not delivering against our desired outcomes.

Many employers say that they cannot **access the skills that they need**, either through the recruitment process or from their existing staff. It is estimated that 22 per cent of vacancies are difficult to fill due a shortage of candidates with the required skills, whilst around one in 20 employees lack full proficiency in their jobs²⁹. 27 per cent of UK employers believe that a lack of staff with the right skills is a major obstacle to future investment³⁰.

Employers also say that they **don't make full use of their employees' existing skills**. Around a third say they have employees whose skills are in advance of those needed by the business whilst they estimate that they under-utilise the skills and qualifications of 9% of their staff³¹. From the employee perspective the figures are much higher; 32 per cent of workers believe they are overqualified for their job and 37 per cent feel they are over-skilled. Barely one half (51 per cent) feels that they have the right skills for their job³².

Only 9% of all employers are classed as **high performance working employers**, in the sense that they have adopted practices that are intended to stimulate more effective employee involvement and commitment in order to achieve high levels of performance.

Many jobless and low-paid individuals lack the skills that are in-demand in the labour market. Around 29 per cent of the unemployed and 40 per cent of people in the lowest-paid occupations lack a qualification at level 2 and above, the level usually associated with **basic employability**.

Levels of **job satisfaction** in respect of learning and career development are relatively low. According to the CIPD ³³ only 49% of workers agree with the proposition that “My job offers good opportunities to develop my skills” and 51% agree that “I receive the training and information I need to do my job well”. Meanwhile, only 30% agree that “My job offers good prospects for career advancement”.

This contributes to the current situation of weak productivity growth, stagnant pay, acute skills shortages and gaps and economic exclusion and lack of social mobility.

Key challenges, what is limiting progress?

A range of issues need to be addressed to increase demand and investment in workforce skills. These include encouraging more employers to invest in skills and adopt workplace practices that encourage upskilling and re-skilling. There is also a need to drive demand

²⁹ <https://www.gov.uk/government/publications/employer-skills-survey-2017-uk-report>

³⁰ <https://www.eib.org/en/about/economic-research/surveys-data/investment-survey.htm>

³¹ <https://www.gov.uk/government/publications/employer-skills-survey-2017-uk-report>

³² <https://www.cipd.co.uk/knowledge/work/trends/uk-working-lives>

³³ https://www.cipd.co.uk/Images/uk-working-lives-summary-2019-v1_tcm18-58584.pdf

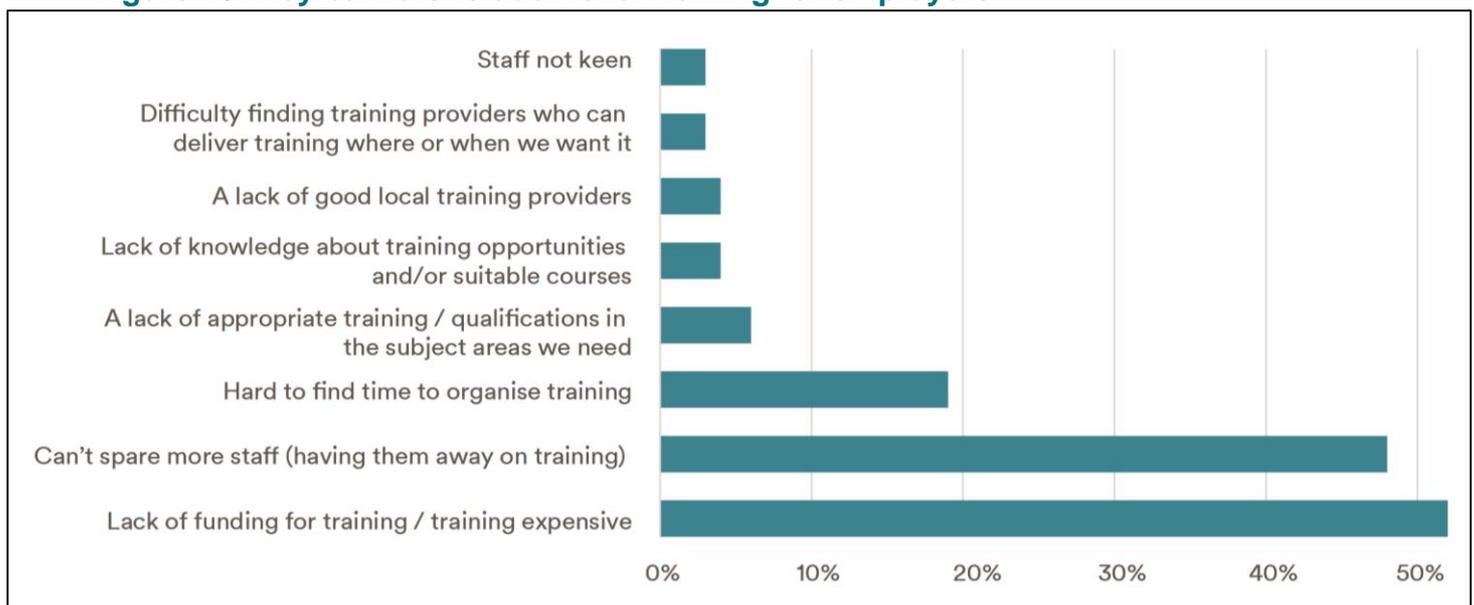
for participation in learning by raising awareness of its value, and ensuring that public sector investment is primarily used to address skill mismatches in the local labour market.

Participation by individuals and employers in workforce skills development is limited.

Overall, the number of adult learners has remained constant, with no increase in participation in the last 20 years. There has been a notable decline in those studying at levels 2 and 3 after the age of 19, despite this being a key route to employability for second chance learners. There has also been a decline in part-time undergraduate study, an important route for the career development of mature learners. Only around 25% of adults received job related training in 2018.

Around two-fifths of all employers acknowledge that they under-invest in training, with lack of funds and time being cited as the main barriers (see Figure 10: Key barriers to additional training for employers). The remaining 60% feel that they undertake enough training to meet their business needs. Furthermore, many employers don't have a training plan or dedicated training budget.

Figure 10: Key barriers to additional training for employers

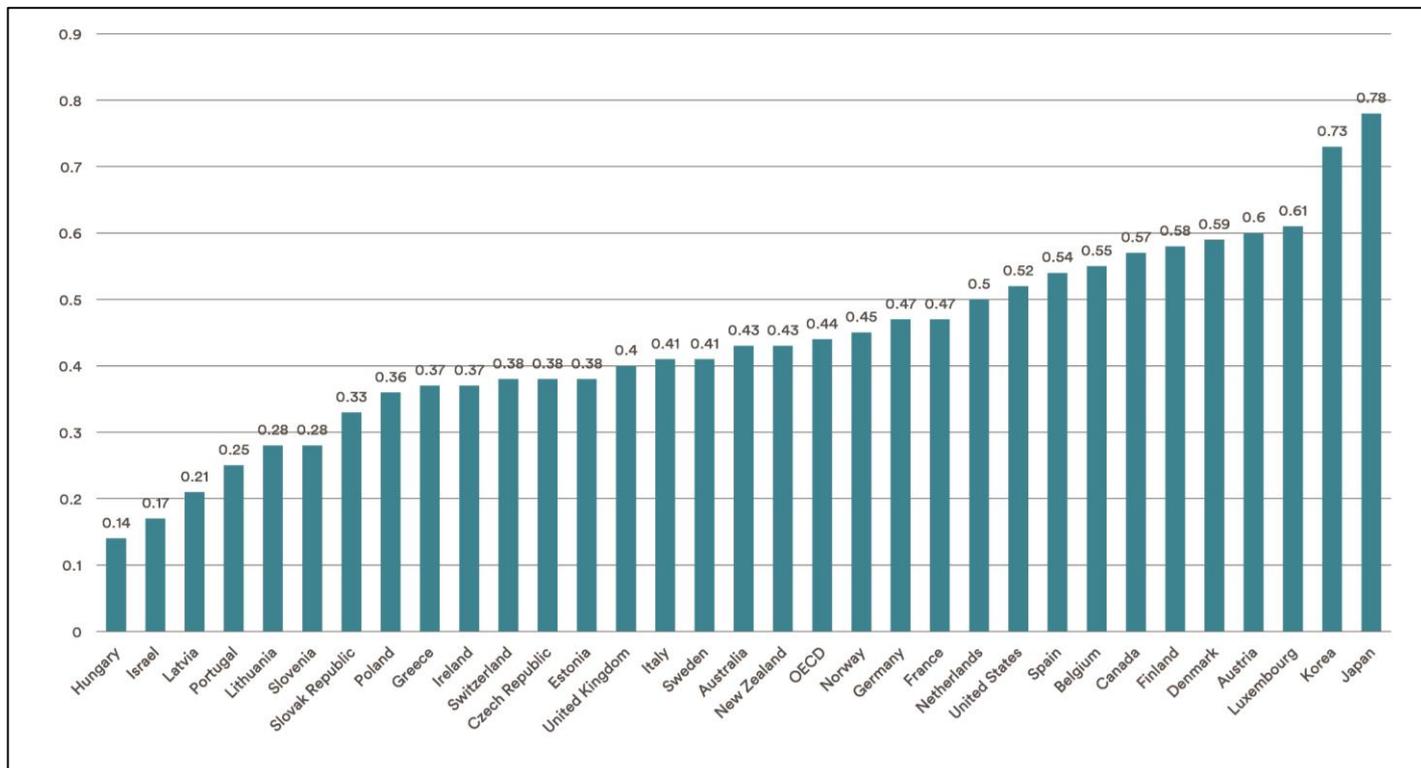


Source: Employer Skills Survey 2017. Base: all establishments in Leeds City Region (3,943)

Employers, individuals and the government all make financial contributions to adult skills development. The recent decline in public funding for workforce skills has not been offset by an increase in investment by businesses and individuals. This has led to an **under-investment in adult skills in the UK**. In comparison to international standards, the UK spends relatively little on technical skills and investment in labour market support to increase adult skill levels. For example, in 2015, the amount spent per employee on training in the UK was just half of the EU-28 average³⁴ as outlined in figure 11 below.

³⁴ Figures taken from <http://ec.europa.eu/eurostat/web/education-and-training/data/database> 'Cost of CVT courses by type and size class - cost per person employed in all enterprises (trng_cvt_17s)'

Figure 11: OECD dashboard on priorities for adult learning: financing



Source: <http://www.oecd.org/employment/skills-and-work/adult-learning/dashboard.htm>

There is a lack of demand for skills in some sectors of the economy, particularly in sectors characterised by low skills and low wages, including retail and accommodation. There are also barriers to employers finding appropriate training programmes, with many employers reporting that FE and HE provision does not meet their needs. See figure 12 below.

"Increasing productivity through capital investments like new machines, technology and processes is an important part of the overall picture, but we mustn't lose sight of the people element. Upskilling people at all levels is critical to improving productivity. There is not enough emphasis on developing the workforce to positively impact productivity."

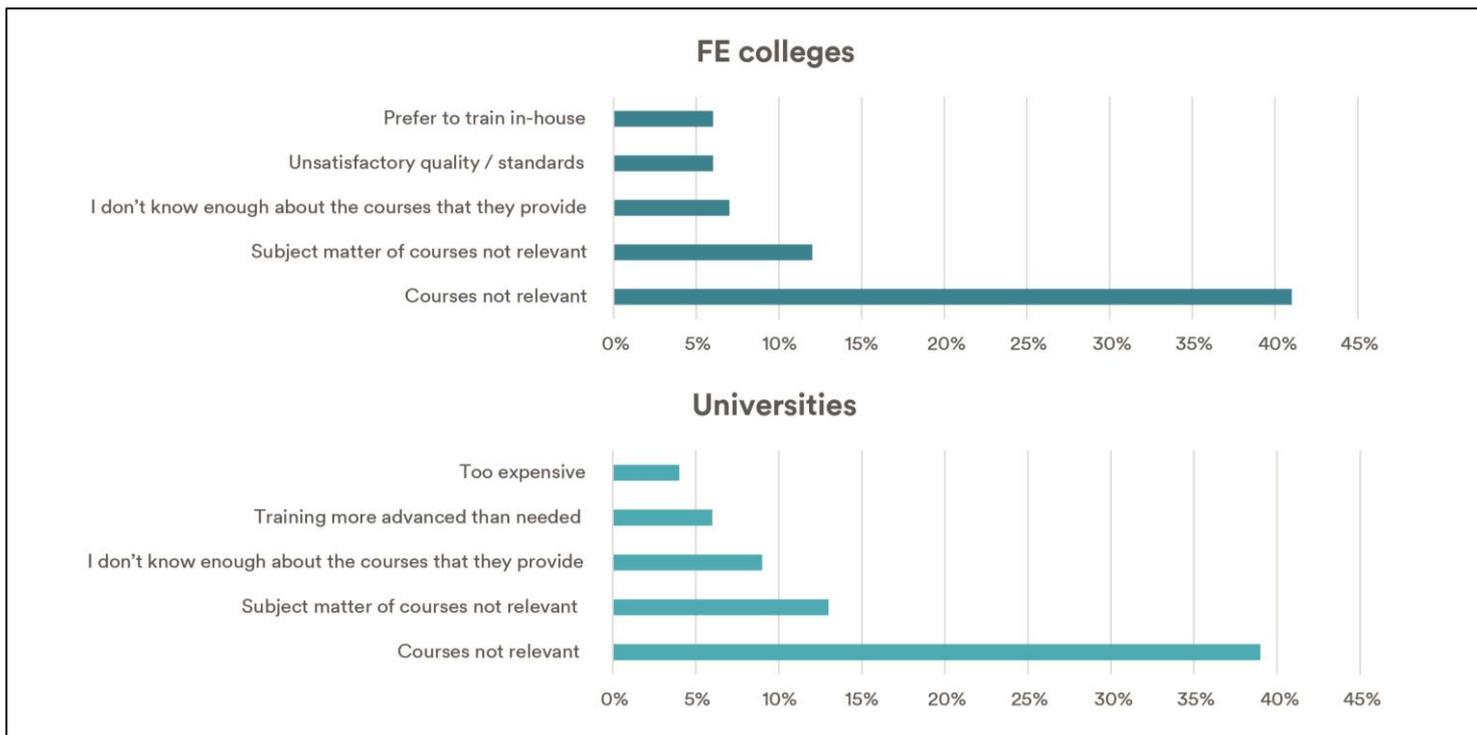
Mandy Ridyard, Financial Director, Produmax Limited, Shipley, West Yorkshire

Whilst many people understand that there is a correlation between learning and increased earnings, the earnings premium is lower below level 4 and practical issues such as **time and cost are barriers** for many to undertake learning. In addition, many people are unsure about learning entitlements and finance options. Making an assessment about the quality of a course or qualification can be difficult and presents a further barrier to individual investment.

Access to workforce skills is not inclusive with twice as many people in managerial, professional and associate professional occupations accessing training (30 per cent)

compared to those in routine and manual occupations (15 per cent). A reduction in public funding disproportionately impacts on disadvantaged people as they are most likely to rely on publicly funded provision. Better-off individuals are more able to fund their own training. A key reason for this is that investment in adult skills provides the greatest return to those who already have a high level of skills.

Figure 12: Leading barriers to using different types of training provider, England



Source: Employer perspectives survey

Apprenticeship reforms are the government’s main intervention in workplace training. There is some evidence that the apprenticeship levy is driving larger employers to turn to apprenticeships to address all workforce needs, regardless of their suitability. Evidence also shows a displacement of existing employer investment in management training and graduate development. Overall **apprenticeship reforms are having a mixed impact.**

"Workplace training can play a key role in helping the workforce, businesses and local economies to thrive. Too often though, the lowest skilled and those in insecure work don't get access to these opportunities – and employer-sponsored training has been in long-term decline. We're keen to see more employers doing more to open up opportunities to all of their staff, working with government and skills providers."

Tony Wilson, Institute Director, Institute for Employment Studies

What good looks like and what more could be done

In order to be effective, workforce skills and training needs to respond to changes in the labour market and be up to date and relevant. There is also a need for **delivery models to be flexible** in order to minimise barriers and maximise participation in the system by employers and individuals from all backgrounds. Using new technologies and increasing part-time learning options could be part of the solution to enable people with busy lives to study at a rate that suits them. Employers should support their staff to study and upskill by giving them time for skill development as well as by contributing towards costs where possible.

Developing local approaches to support progression into and within work is important, especially in neighbourhoods characterised by low aspiration and levels of engagement with learning. Employment, skills and health support are deeply silo-ed at a national level despite the interconnectedness between these issues. For example, high numbers of Universal Credit claimants have multiple disadvantages including limited life skills, little or no aspiration, confidence or motivation with many being socially isolated. Additionally, many have health related issues which could be addressed through non-clinical health interventions. Employers also need training and support to effectively help those that progress into work to sustain it, so they are confident in offering employment opportunities to individuals.

“In some of our communities, a combination of forces can lock people in poverty, severely restricting their options and opportunities to finding, or progressing in, employment. A more joined up approach at a local level can help to lift these constraints by bringing together support for people to build their skills and take steps to address health issues enabling them to get back into work.”

Mike Hawking, Policy & Partnerships Manager (Work), Joseph Rowntree Foundation

Strengthening local business leadership and management in order to bring a culture change in business is key to unlocking demand for skills. Peer to peer support among businesses is the most effective way of spreading good practice.

Significant **change is required in many businesses to develop a learning culture** and to encourage the adoption of high performing workplace practices and skills utilisation. Leadership and management skills are essential to bring about this culture change. Compulsory measures, such as the apprenticeship levy, go some way to addressing this, but voluntary measures such as career reviews, peer support and mentoring are just as important to engender change.

A level of local integration is needed to **simplify the skills offers for employers**, in particular SMEs. National skills campaigns and offers often fail to resonate with employers, and this could be improved by better integrating the business and skills offer at the level of functional economic areas and encouraging an increase in take-up of incentives and programmes. A good example of this would be providing additional powers to local areas

to ensure that apprenticeship levy transfer is prioritised in those areas where there is the greatest need. The skills landscape also needs simplifying for individuals to increase the take up of learning entitlements. This must include removing barriers to accessing learning, including costs, time and transport. Improved careers information and support that has relevance to local labour markets would also increase the confidence of individuals of the benefits to accessing learning.

“The national picture on skills can be confusing to many employers. With so many different programmes and initiatives, it’s no surprise that SMEs, which often don’t have staff dedicated to looking after the company’s training and development needs, can get turned off by this. We need a much clearer offer at a local level so employers can understand what is available, where they can find it and what the benefits are to their business.”

Beckie Hart, Regional Director, CBI Yorkshire

Figure 13: outcomes for employer, individuals and the impact on the economy

Employers	Individuals
<ul style="list-style-type: none"> • Gain and retain skills for business success • Make full use of existing staff skills • Increased staff commitment • Reduced staff turnover and recruitment costs • Higher quality products and services • Increased profits and productivity 	<ul style="list-style-type: none"> • Achieve skills to access good jobs • Achieve skills for career progression • Achieve skills for adaptability and resilience in a changing world • Have inclusive access to skills • Increased job satisfaction (in terms of skills and career development)
Contributing to the following impact on the economy	
<ul style="list-style-type: none"> • Increased employment and pay • Flexible and dynamic labour market • Better skills alignment • Productivity growth • More resilient business base • Inclusion and social mobility 	

Summary of key issues and next steps for the Commission

This chapter has explored the key issues in workforce skills. The UK has a less inclusive adult skills system than many other countries. The participation rate of adults in learning has stalled and the number of mature learners and people with low skills accessing learning has fallen.

Government investment has declined but the need to drive demand from individuals and employers for learning is at least as important as public funding. Simplifying the landscape and localising the offer both to individuals and employers is important to help drive this demand.

There are opportunities for greater collaboration between businesses, and between business and education, to develop flexibly delivered provision, including making use of technological solutions.

In defining its recommendations for a skills system with greater local control and accountability the Commission will focus on the following areas:

- Employment and skills should be integrated within local housing, transport and the environment strategies
- The learning offer should be simplified and made more affordable, with the right level of finance that removes barriers to access and supports progression in learning.
- Employers need to be motivated to train and re-train staff and support progression at all levels, including those in lower paid work to gain higher level skills
- The local approach to skills, employment and health needs to be joined up to support progression to work
- Greater collaboration is needed in order to spread good workplace practices to improve business performance and productivity.
- The skills offer for businesses needs to be simplified through coordination at the level of functional economic areas

A future-ready skills system

An effective blue-print for the skills system needs to prepare for future changes in the economy and society if it is to help individuals and businesses to respond to challenges and to harness the benefits of those changes. There are a range of reports providing analysis in this area which can present a confusing range of findings.

Whilst no-one is able to completely predict the future there are a number of common themes which must be considered in our blue-print. A key function of this future proof skills system is responsiveness to rapid industrial and economic change.

The emergence of new learning technologies offers major opportunities: it could transform workplaces and revolutionise learning, helping to address the productivity challenge. Technology could enable disabled learners, adults learners who need to retrain and those with lower confidence levels to engage more easily with education and training.

While technology will be both a catalyst for re-training and in the methods of re-training, other cultural and economic changes will also hold repercussions for the skills system. The key implications for the Future-Ready skills system relate to:

- Developing 'fusion skills' (see below) and key attributes at an early stage within the school system, including creative thinking, social skills and entrepreneurial skills
- Promoting a new positive mind-set around the value of continuing lifelong learning
- Putting in place an approach to financing of learning that supports this mind-set and takes account of other factors, such as the shift to atypical work
- Supporting career adaptability by matching individuals to the right opportunities for them, including through the use of new technologies
- Ensuring that employers play a central role through effective talent management and investment in training
- Ensuring that the skills system can cope with the increased demands placed on it including growing need for higher level and digital skills and "fusion" skills
- Maximising the potential of learning technologies in addressing these various challenges by raising the productivity of the system
- Developing new provision at pace to ensure that it remains current and accessing cutting edge industry expertise to deliver education and training

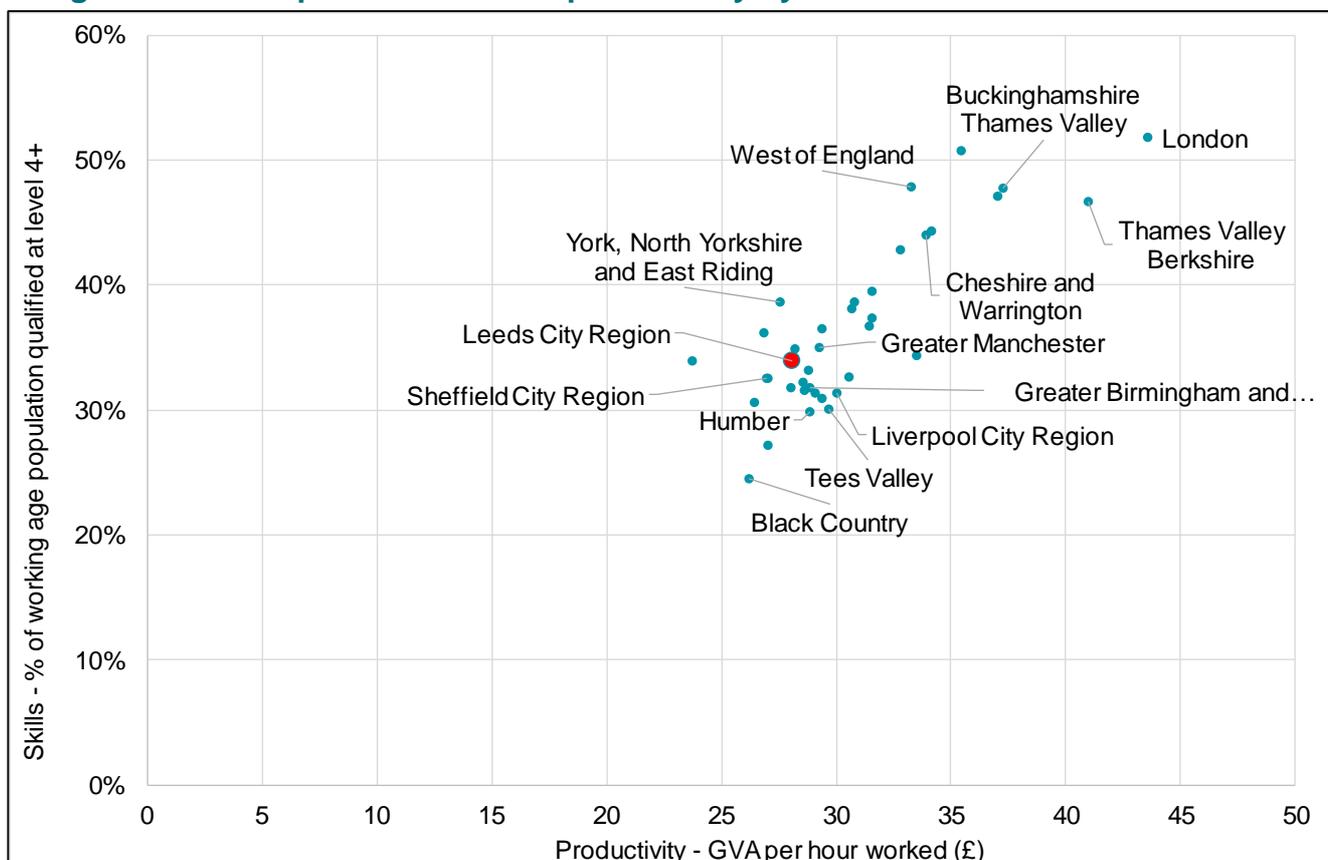
Fusion Skills: There is no single definition, although the overarching principle is that a mixture of creative, science and people skills, as well as diversity in the workforce, are increasingly important to productive workplaces. The need for individuals to develop and blend a range of technical and academic skills over a lifetime is of increasing importance in the world of work.

The local dimension

Greater devolution from Westminster to regions within England is gradually taking place, meaning that the way decisions are made about public funding will change, with the transfer of power from national to local. For the purpose of this report **local is meant** as at the level of functional economic areas. **Devolved powers are have been conferred on Mayoral Combined Authorities**, who have the appropriate governance and accountability measures. Elected Mayors and Combined Authorities play an important local leadership role and their leadership will lead to more effectively targeted services and skills provision that is connected to local communities and the local economy where business and individuals can thrive

There are pronounced differences in the **skills profiles** of local areas. This matters because area level differences in skills are one of the most important factors driving differences in local economic performance and labour market outcomes. There is also a need to ensure that the skills system is responsive to the needs of its geographical/economic areas. At local level, skill needs are distinctive and the causes of skill deficits are characterised by the areas demographics, geography, culture, businesses and education institutions. The system needs to be responsive to those specific needs and local leadership is the most effective way to deliver improvements in the skills system.

Figure 14: Skills performance and productivity by LEP area



Source: Annual Population Survey; ONS LEP level estimates of productivity

Local areas that already have low levels of skills and productivity performance are likely to be hardest hit by structural change in employment. These areas are also often heavily exposed to occupations at risk of automation and other structural change and their prospects for future job growth are linked to lower skilled occupations and the public sector. Nationally, one in five jobs is in an occupation that is likely to shrink by 2030. In Mansfield, Sunderland, Wakefield and Stoke this is 30 per cent. Meanwhile, for cities like Cambridge and Oxford the figure is less than 15 per cent. Our research would suggest that the centrally devised plans for the National Retraining Scheme are unlikely to provide a flexible enough solution to meet distinct local challenges.

Part of the rationale for the devolution of powers, funding and responsibilities to local areas is to enable them to take account of the specific nature of local needs in the design of skills and other interventions. However, experience to date indicates that areas with a devolution deal have seen limited devolution of powers, responsibilities and funding around skills and have too often effectively become project managers for national programmes, rather than being given the powers to design and operate a strategic approach to local skills needs.

This raises the question of what kind of powers are needed by local areas and how they can best be used to address the challenges and needs faced by their respective areas. Clearly, differing local approaches need to be co-ordinated to avoid fragmentation and a patchwork of local systems, with the acknowledgement that certain powers will have to be retained at national level for the overall system to operate effectively.

Local leadership of the skills agenda needs to be **integrated within a wider strategic agenda** as part of a joined up local approach to economic development and inclusive growth. This is a key area in which localities can add value relative to the disjointed and fragmented national policy model. The elements that would potentially be within scope are wide-ranging, including economic development and the local industrial strategy, business support, innovation and inclusive growth.

In particular, an integrated approach to employment and skills at a local level would help to address the deficiencies of the current centralised but un-coordinated approach to policy, funding and delivery, responsibility for which is spread across a series of government departments and their agencies, with little reference to local priorities. A reformed local model would offer an integrated and coherent service bringing together information, advice and the delivery of employment, skills and wider support for individuals and for employers, providing economies of scale as delivery silos are removed.

“While there’s a lot of ‘big picture’ plans to deal with issues around employment, skills and transport, a more locally-led approach would allow us to target interventions in a way that addresses real needs on the ground, gives employers what they’re looking for and has the potential to transform neighbourhoods.”

Merran McRae, Chief Executive, Wakefield Council

Working towards a blueprint for a devolved skills system: 10 things that need to change.

The Commission has reviewed key evidence and studied areas of best practice to build on lessons learnt, in particular from areas that have secured devolved powers for skills through Mayoral devolution deals. Skills devolution is in most areas limited to the Adult Education Budget (AEB) which is a diminishing (reduced by 19% since 2015/2016) funding line. Many would argue that AEB, on its own, does not allow the opportunities needed to fulfil local skills ambitions and so devolved skills responsibilities and funding remain limited by comparison to responsibilities and funding that have remained at a national level.

As the Commission moves into its next phase of work it will hear from experts in the skills system to build a set of recommendations for change. The recommendations will consider how limited resource can be better deployed to build a skills system that works for everyone; employers, individuals, education and training providers, the local labour market and the national economy. The recommendations will be inclusive and engender social mobility.

The Commission is cognisant of the kind of powers that are needed by local areas to address the challenges and needs presented by their local areas and also to fulfil national economic priorities. Some changes to the skills system will need to remain national in order to avoid fragmentation and leaving some places behind. The Commission, therefore, will consider the changes that are needed at both a national and / or local level for the following key areas that will serve to guide the Commission in the next steps of its work plan ahead of publishing its final report in Spring 2020.

1. Careers information needs to be relevant to the local labour market and empower individuals to make informed decisions.

The Commission considers the need for action and change within the current careers system to be of paramount importance as it is intrinsic to driving change in every element of the skills system. Careers information and inspiration is too often over-looked and under-valued. There is no current universal offer available to individuals despite its value in addressing skills.

Too many young people and adults are ill-informed about the career opportunities available and the routes to access them. This information failure in the system has led to mismatches in skills and sometimes unrealistic expectations among individuals. There is a complete lack of sufficiently targeted interventions to support individuals build social capital and develop a sense of connectedness with the opportunities available to them in their region but outside their immediate experience.

The currently available initiatives have restricted offers to support limited cohorts of people to access careers information (National Careers Service, Careers and Enterprise Company), and to re-train (National Retraining Scheme). Contracts are mostly offered on a payments by results model that lack any level of responsiveness to local labour market demand or local/regional accountability. This contributes to a locally fragmented offer.

In addition, many of the current initiatives do not address the evidence that careers inspiration doesn't start early enough, with gender stereotypes particularly in relation to STEM related careers being set at around age 7. Neither is there a clear offer available to adults, with face to face guidance only available to restricted cohorts such as those at risk of redundancy or lone parents.

Quality careers information needs to be consistently available to all, at every stage in their life from primary school to post-16 decision making, to mid-life and over-50 career reviews. **A joined up all-age careers offer needs to centre on high quality, easily accessible and locally relevant information, connecting individuals to opportunities while in education and training, during their employment and throughout their lives.** The LGA 'Work Local Pathfinders'³⁵ pilot offers an opportunity to explore this further.

2. Employment and skills should be integrated within local housing, transport and environment strategies.

Local economic strategies are inextricably linked with skills and employment. Pockets of deprivation continue to exist in many parts of the UK and can only be sufficiently tackled where there is an overarching economic strategy to tackle the structural inequalities needed to improve these areas, including housing and transport,. A lack of a local economic approach creates vicious cycles: individuals feel disconnected from opportunities in their region, and employers become unlikely to locate in deprived areas, primarily due to skills deficits. This creates a poverty trap through a cycle of a poor supply and low demand for high level skills, thus suppressing economic growth.

A top-down national approach means that these issues are prevented from being tackled at a local level. A consistent and holistic approach to economic strategy is required. Regional coordination and leadership of policy is needed to tackle the most stubborn deprivation and transform neighbourhoods that supports both the community's and employers' needs to grow the local economy and so that everyone is able to benefit from productivity growth and opportunities arising from investment.

It is not enough to consider the skills system in isolation to wider economic strategies, for example local transport infrastructure and intra-city connectivity make it quicker and easier for people to access jobs. **Skills are integral to develop locally coherent, holistically planned approaches to economic strategy, with the appropriate delegated accountability and responsibility measures.**

³⁵ <https://www.local.gov.uk/topics/employment-and-skills/work-local>

3. The local approach to skills, employment and health needs to be joined up to support progression to work.

There is a need to address low engagement and health related outcomes, focussing on the acquisition of fundamental skills – literacy, numeracy and team-working, that are necessary to get a job. Employment support for individuals is highly centralised in its offer and disconnected with the skills support offer for adults. The majority of the adult education budget in England is now devolved to Mayoral Combined Authorities.

There is a disconnect between skills provision and support to address health issues, including mental health, required for people to access and stay in employment. This is despite the intrinsic interconnectedness of these issues. For example, high numbers of Universal Credit claimants have multiple disadvantages including limited life skills and confidence with many being socially isolated. Additionally, many have health related issues which could be addressed through non-clinical health interventions. Employers also need training and support to effectively help those that progress into work to sustain it, so they are confident in offering employment opportunities to individuals.

A regionally coordinated and joined up approach to support individuals both out of work and in work would be more effective to help individuals retain and sustain employment whilst building resilience that is delivered in local neighbourhoods and communities. Alongside this, skills training for those in work would help the individual to develop, progress in employment and increase their earnings.

4. The skills offer for businesses needs to be simplified through coordination at the level of functional economic areas.

The workforce offer to businesses, particularly SMEs, is immensely confusing with a plethora of national, regional and local products and campaigns. Businesses report feeling overwhelmed in the face of this, and from direct approaches from schools, colleges, Universities, independent and voluntary sector education and training providers. Too many disengage altogether. National offers, in particular, often fail to resonate with majority of businesses as they are micro or SMEs and more locally rooted.

There is an increasing emphasis and demand for employer engagement from education institutions in relation to apprenticeships, traineeships and the new T-level placements. There are also increased opportunities to support SMEs maximise workforce skills offers, for example through the transfer of apprenticeship levy. Yet there is almost no opportunity to provide the coordinated offer at a local level that employers want and seek from local enterprise partnerships and business intermediaries.

To simplify the offer requires coordination and implementation at the level of a functional economic area, in particular for SMEs. It is important to ensure that the first engagement experience of business is a positive one and that businesses are signposted appropriately regardless of their entry point to the skills system.

A strong network of business intermediaries and education establishments will be key to deliver a locally responsive offer for workforce skills to increase employer engagement in a broad range of skills programmes.

5. Investment in technical education and skills should be increased to sustainable levels.

The funding shortfall in public investment within the skills system needs to be addressed to ensure future sustainability.

Further education and delivery providers including private training providers, local authorities and colleges have been chronically under-funded for a number of years with diminishing core budget lines for adult education and 19+ apprenticeships which has reduced by 45% from 2009/10 to 2017/18. There is significant financial pressure on FE colleges, particularly in the context of the new insolvency regime which came into force on 31 January 2019 and means that for the first time it will be possible for colleges to fail.

There are many different calls as to what level funding should be restored to. These include restoring funding levels to those of 2010, increasing funding to FE above the rate of inflation, restoring core funding rates to 16-18 year olds, increased capital investment and increase pay for specialist further education staff to name a few. The independent panel review report to the government's review of post-18 education and funding; 'Augar Review'³⁶ undertook a detailed and comprehensive assessment, including costed recommendations in relation to funding disparities in the system. **The Commission will consider the government's response to the Augar review's recommendations in relation to the level of sustainable funding for further education, including the role of functional economic areas in planning availability of qualifications and regional capital investment decisions.**

6. Greater collaboration is needed in order to spread good workplace practices to improve business performance and productivity.

Workforce skills are of considerable importance when viewed in the context of the current challenges around weak productivity growth, low pay and stalled social mobility. Enhanced skills can contribute to better business performance and improved prospects for individuals.

According to the OECD Survey of Adult Skills³⁷ around 26% of UK workplaces demonstrate high performance work practices, in the sense that they have adopted practices that are intended to stimulate more effective employee involvement and commitment in order to achieve high levels of performance. This is slightly above the OECD average but well below leading countries such as Denmark, Sweden, Austria and

³⁶ <https://www.gov.uk/government/publications/post-18-review-of-education-and-funding-independent-panel-report>

³⁷ OECD (2016), *Skills Matter: Further Results from the Survey of Adult Skills*, OECD Skills Studies, OECD Publishing, Paris, <https://doi.org/10.1787/9789264258051-en>.

New Zealand. Employers also say that they don't make full use of their employees' existing skills.

Many SMEs do not have access to the resources available to larger employers that raise business performance and productivity and find it difficult to navigate the complex skills landscape. In many areas, including Leeds City Region, there is a low level of demand for, and investment in, high level skills, which contributes to lower levels of innovation and productivity, creating a vicious cycle of low investments in skills and poor quality jobs. There is also a need to encourage diversity in leadership and management to drive business performance.

Digital solutions can enable this, and might offer a kind of 'skills marketplace' where best practice and employer training is shared within business communities. Products such as digital badges and certification of training hours could offer a level of flexibility and portability of skills for individuals to learn and be recognised for gaining new skills in the workplace.

The Commission will continue to explore policy and delivery options both with employers and a skills research project being led by OECD, funded by BEIS, in which the Leeds City Region is being explored as a case study, including exploring potential pilots where possible.

7. The learning offer should be simplified and made more affordable, with the right level of finance that removes barriers to access and supports progression in learning.

The evidence presented to the Commission has described a confused picture of the current offer of entitlements and access to funding for adult learning. Participation in adult learning is low and in sharp decline and there is a misconception about the value of technical education despite the fact that many higher skilled occupations require such training.

Entitlements and finance options for learning are based on age, prior learning, level of study and socio-economic circumstances. Whilst adult learner loans are offered against the same criteria as student loans for study at university, there is no universal offer of funding to cover the cost of living (maintenance loans) whilst studying in further education. This presents barriers to those that may wish to study but balance the costs of reduced working hours, childcare and travel, for example.

The acquisition of basic skills needed for employability amongst adults, including digital, maths and English, should also be considered. The 'Augar Review' 38 highlighted areas of action to address this including removing the current age cap so that a first 'full' Level 3 qualification is available free to all learners whether they are in work or not, and full funding for the first 'full' Level 2 qualification, for those who are 24 and over and who are employed should be restored. Whilst implications to funding entitlements will need to be considered nationally, there is also an opportunity to consider the implications for a devolved system, and how much flexibility is required at the level of functional economic

³⁸ <https://www.gov.uk/government/publications/post-18-review-of-education-and-funding-independent-panel-report>
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areas to drive demand including through the use of entitlements, design and delivery of qualifications.

Whilst the proportion of adults participating in learning has remained largely constant, there has been no sustained increase in the past 20 years³⁹. Part-time undergraduate study in higher education, a key driver of social mobility and route for mature students to develop skills for career development, has declined by 60 per cent in the decade to 2017/18.

At a time of increased change in demand for skills it is estimated that people will have as many as five different careers in a lifetime.⁴⁰ **There is a need to improve flexibility of access to and between qualification pathways alongside a finance system that people understand and allowing people with busy lives to study at a rate that suits them, using new technologies and increasing part-time learning options where possible that meet the skills needs of functional economic areas and the national economy**

8. Employers need to be motivated to train and re-train staff and support progression at all levels, including those in lower paid work to gain higher level skills.

Employers are typically highly trusted by their employees and are in a position of influence to encourage individuals to invest in skills. Employers should, therefore, be motivated to fulfil corporate social responsibilities by investing in those with low skills to progress in education and work and supporting employees to re-train where jobs are at risk of through redundancies.

Employer investment in workforce skills represents a greater value than the contribution made by individuals and the public sector. However, employer investment is also more likely to benefit those who have already achieved a higher level of skills. A significant proportion is used for mandatory training such as health and safety. There is increasing evidence to suggest that the apprenticeship levy has resulted in a displacement of existing employer investment in management training and graduate development. The apprenticeship levy is driving many larger businesses to turn to apprenticeships to address all of their skills requirements, regardless of their suitability.

The principle of a levy on businesses to fund skills training is now fairly well understood. This has led to a wide debate about the effectiveness of the current levy system and whether the principle of a levy might be harnessed to broaden its use. The levy is a compulsory mechanism to change behaviour of employers, but not an exclusive tool. Employers should also be encouraged to make better use of voluntary activities that are important to supporting individuals to recognise the value of investing in their own skills development. These are equally important for employers to undertake workforce skills assessment to plan for future business needs.

³⁹ <https://www.learningandwork.org.uk/our-work/promoting-learning-and-skills/participation-survey/rates-of-adult-participation-in-learning/>

⁴⁰ <https://www.ft.com/content/0151d2fe-868a-11e7-8bb1-5ba57d47eff7>

The Commission is keen to explore the potential for digital solutions and better local coordination to increase workplace training, particularly in supporting SMEs with fewer resources than larger employers. This includes retaining greater control over unspent levy funds at a local level.

9. Local areas should have strengthened responsibilities for planning the provision of technical education and training so that it is responsive to local economic priorities.

The alignment of technical training with demand, requires local planning against local economic priorities.

There should be local influence over the prioritisation of the funding of technical training routes at the level of a functional economic area. Technical training with clear progression routes (levels 3-6), including apprenticeships, and the new T-Levels, is intended to provide a line of sight to a job. The current system does not work for local areas, with significant areas of under and over-supply of people qualified, relative to the employment opportunities.

There should be an explicit link between the priorities identified by Skills Advisory Panels and the technical training that is funded in a functional economic area to ensure that local skills disparities are addressed. Delivery providers of technical education should be increasingly accountable at a local level for progression of learners to or within employment, for focussing training on skills required by the local economy, and ensuring the provision local economies need is available and accessible.

Local influence should extend to ensuring preferential funding for provision which addresses local skills needs and would promote more flexible delivery approaches to re-balance regional disparities. This should include local flexibility for design, delivery and co-commissioning of training through the National Retraining Scheme to meet local skills demand and focus on outcomes.

10. Employers need greater influence over the design and delivery of technical training to ensure it is responsive to local economic priorities.

There have been a number of previous policy efforts to address this particular area, with varying levels of success which are useful to examine.

Employers report that they cannot find the skills they need, and that the public skills system is not sufficiently agile to respond to training requirements. The mismatch between skills needs and supply affects productivity, economic growth and individual opportunity. Local institutions play a key role in ensuring that local employers can get the skills that they need to meet business objectives, and that individuals can access the training needed to progress in their careers.

The design and delivery of technical training should include employer voice that is representative of diverse local employer profiles. This includes wide scale collaboration on new qualifications, such as T-Levels, alongside employers of all sizes collaborating with

training providers locally to create more flexible and dynamic provision. Local employer and leadership influence in these partnerships helps to shape provision in response to labour market and economic priorities, with benefits for all parties: employers are able to influence the course design and content; education providers can innovate their offer to meet the needs of employers and improve the learning experience; the local labour market benefits from increased and industrially relevant skills.

How to keep in touch with the work of the Commission and give feedback

The Commission aims to publish our final report in spring 2020 which will include our final recommendations. We would like to know what others think and recommend too, and have put together a series of broad questions to help guide any responses. We welcome any feedback sent to skillscommission@westyorks-ca.gov.uk by no later than Friday 6 December 2019.

- **Are the key areas the right ones for the scope of the commission? Is there anything else we should be considering?**
- **What are the implications for departments of government and devolved regional stakeholders?**
- **What are the most important problems for us to address in our thinking for a future-ready skills system?**
- **Is there any evidence and examples good practice that we can learn from?**

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