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Second Report of the National Skills Task Force

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Delivering skills for all

Foreword

Last year, the Task Force published its first report "Towards a National Skills Agenda".
In that report, we shared our vision for modernising our education and training system to
create the high skills, socially inclusive economy essential to prosperity in the new
Millennium. We have been greatly encouraged by the warm welcome and widespread
interest our approach has attracted.

This second report answers the expectation that we would move quickly to produce
substantive recommendations. I am indebted to all those individuals and organisations
who have participated in our various consultations, contributing their views and expertise.
This report owes much to them.

And, of course, foremost amongst those contributors have been Task Force members
themselves. Their efforts, dedication and enthusiasm have been the motive forces behind
this report and have ensured its completion to a very tight timescale.

I know that we will need all of these qualities to be on display as we move to our next
phase of work - there is much still to be done before we publish our final report in Spring
next year. In that next stage of work we will be considering the issues of learning at work
for adults, management skills, funding and planning systems and the role of the various
agencies operating in the skills arena. We will also be taking account of the Government's
own decisions including those springing from last year's Competitiveness White Paper and
from this Summer's announcement on post-16 arrangements.

For now though, I commend this report to Government. I am confident that it will be given
the consideration it deserves and I urge that we move as swiftly as is practical to the
actions it recommends.

Chris Humphries
Chairman

Skills Task Force

Acknowledgement

The Chairman and members of the Skills Task Force would like to record their thanks to all those who contributed to the substance of this report and whose help and encouragement were valuable in its production. Thanks go to all those who provided original research papers, surveys of literature, position papers and other evidence, and to officers of national bodies, academic institutions and Government Departments who helped the considerations of the Task Force both through written correspondence and presentation of evidence.

We also acknowledge with thanks the important contributions made by those organisations who responded to the invitation in the First Report of the Skills Task Force to comment on that report and the forward work plan which it contained, directly and through consultation events.

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Executive Summary

Introduction

Our first report set out the evidence available to us on skill shortages and skills gaps in the labour force. It also set out the issues which we thought we should address in order to build a system in which the supply of skills is more closely matched to the needs of the economy.*

In this second report, we deal with three fundamental issues from the larger list we identified in the first report. They are:

- how to build a system which provides a high level of skill for all our young people, not just those who go on to degree level study;

- how to equip all our people with the key skills they need for employability, including those who may have missed out on educational opportunities earlier in life;

- how to ensure that all students, potential students and education and training institutions have the information they need on the labour market to make informed choices and to plan ahead.

Skills for Young People - Building a system which promotes participation and progression

A Mixed Economy

Our main overarching recommendation [3(i)] is that the Government should develop a high quality 'mixed economy' system of vocational education and training at Levels 2, 3 and 4 which increases participation and attainment, promotes progression and offers a wider opportunity for all to acquire higher level skills and underpinning knowledge.

Raising Participation and Attainment at level 2

As a first step, we believe that we must improve our foundation learning system so that all young people have the opportunity, and are motivated, to achieve a Level 2 qualification which offers full progression opportunities to an Apprenticeship or other Level 3 vocational or general education programme. This should include:

- enhanced careers education and guidance, and work experience opportunities, for young people from Year 7 of the National Curriculum onwards, including the greater involvement of parents [3(ii)];

- moving as swiftly as possible from the successful pilots of vocational and work related education and training for 14 -16 year olds for whom the national curriculum is disapplied to a full national system offering more stretching and occupationally focused qualifications and key skills [3(iii)];

- using the new 'gateway' scheme for young people to assess their basic and key skills, to provide further courses in basic skills; and

- enhancing the work based route post 16 by extending National Traineeships to become 'Foundation Apprenticeships' thus improving effective progression opportunities to a Modern Apprenticeship [3(iv)].

Improving Vocational Qualifications and Apprenticeships

We wish to enhance the current Modern Apprenticeship system and rationalise the confusing and incoherent system of vocational qualifications, whilst protecting the 'gold standard' of the competence assessed NVQ, for which we see increasing support from employers. This includes:

- reducing significantly the number of NVQs and VQs and better aligning the latter with the relevant National Occupational Standards to create a system of 'Related Vocational Qualifications' (RVQs) [3(vi)] and [3(vii)];

- using the system of RVQs to allow for course based preparation for people not employed in the occupation for which they seek employment and an eventual NVQ, and provide for the separate assessment of knowledge and understanding within Modern Apprenticeships to enhance progression [3(viii)];

- reducing the burden of competence assessment required of employers where an RVQ is taken alongside or before the associated NVQ [3(ix)];

Ensuring Progression and Transferable Skills

We believe that the ultimate aim of our 'mixed economy' system must be to ensure greater transferability of acquired skills and knowledge, and to provide a 'ladder of progression' which offers individuals the opportunity to move to higher levels of attainment in both vocational and general education, irrespective of their starting point. This would be achieved by:

- offering suitable units in Maths and English (in addition to the key skills) within the frameworks for Modern Apprenticeships and ensuring that apprentices who wish to take such units have the opportunity to do so [3(x)];

- encouraging GNVQ students to use their GNVQ learning programmes as stepping stones to later more occupationally focused learning [3(xi)];

- ensuring that Further Education (FE) colleges and other training providers have the capability and facilities to deliver, within their RVQ courses, the same units of knowledge and understanding as would be expected for the linked NVQ and provide suitable work experience opportunities in every such programme [3(xii)].

To support progression to Levels 4 and 5, we believe that the Government should also examine:

- how a new system of 2 year associate degrees in vocational subjects could be developed as RVQs at Level 4 to encourage and support progression to that level [3(xiii)]; and

- how, subject to the success of the current pilots in a number of industry sectors, these could be linked with the associated NVQ Level 4 (where available) to create an extended 'Graduate Apprenticeship' system supported by appropriate work experience placements [3(xiv)].

Raising Attainment

To underpin these improved opportunities to achieve a Level 3 qualification, we also recommend a new entitlement to publicly funded education and training for all young people between 16 and 25, who are so capable, to acquire their first Level 3 qualification, including repeat attempts for those who require them [3(xv)].

Ensuring Effective Funding and Infrastructure

The success of these measures will depend upon the effectiveness of the supporting infrastructure. We need to reform the system of public funding for vocational education and training to create a level playing field. This should include:

- establishing a common tariff system which ensures broadly comparable levels of funding for broadly comparable qualifications in the same sector [3(xvi)];

- reducing the level of output related funding on the work based route to the proportion which presently applies in the Further Education Funding Council (FEFC) funded sector [3(xvii)];

- removing artificial barriers which inhibit the free flow of funds across the 3 vocational routes in response to changing student demand by the creation of a single DfEE budget for post-16 education and training below higher education [3(xviii)].

The infrastructure and institutions which help to promote and improve the quality of apprenticeship and other work based training should be strengthened, including:

- improving and making more uniform the capability of National Training Organisations (NTOs) to promote and develop work based training and especially Apprenticeships [3(xix)];

- putting in place measures to help small firms improve the training staff and capital equipment they have available for training apprentices and to encourage the revival of group training associations and other ways of sharing training resources [3(xx)];

- requiring that all trainers employed to instruct apprentices supported by government funding have appropriate qualifications covering training capability as well as technical skills [3(xxi)].

Key Skills for the Knowledge Economy

A reformed and enhanced system of vocational qualifications and Apprenticeships along these lines will help to increase participation and raise skill levels. But also we recognise and agree with the need to address the broader transferable skills and capabilities which are essential for the initial and continuing employability of individuals, generally described as the key skills - ie communication, application of number, IT, problem solving, working with others and improving own learning and performance. However, there are particular problems with capability in the application of number and broader mathematics skills amongst all people, and major skills gaps in IT amongst older workers. We propose specific measures to address these needs and an overall strategy for the six key skills generally.

Promoting Maths and IT

There should be a targeted programme of action to ensure more young people and adults go beyond a basic application of number to reach higher levels of competence in mathematics, including:

- setting stretching but realistic targets for continuation of maths in school and college to and beyond GCSE levels, and for participation by adults in general maths courses [5(i)];

- building on the mathematics campaign recently announced by the Government by linking it to these targets and more widely promoting opportunities for adults to study Maths;

- encouraging the take up of the new AS level in Maths and the use of the new Free Standing Units in Maths, if the pilots of these units prove a success [5(ii)];

- offering discounts for mathematics courses comparable to those announced by the Chancellor in the March 1999 budget for IT courses [5(iii)];

- reconsidering the introduction of a multi-subject qualification at Level 3 which includes mathematics [5(iv)];

- ensuring that training and development for all teachers should provide opportunities for them to improve their numeracy skills, and for specialist Maths teachers to develop their skills in the application of Maths [5(v)].

There should also be improved opportunities for adults to acquire basic IT skills and this should be supported by a campaign to raise IT competence amongst adults including:

- building on the success of the BBC's Computers Don't Bite campaign and in particular expanding this year's Webwise campaign and continuing it into future years [5(vi)];

- making the use of IT integral to all publicly funded further education and training courses and ensuring that teachers and college lecturers have opportunities to bring their own IT skills up to date [5(viii)];

- reviewing the existing set of basic IT qualifications with the aim of reducing their number; ensuring that they are appropriate to the needs of learners; and are clearly based on national standards [5(ix)] and [5(x)];

- improving careers advice and support for IT based careers [5(xi)].

Developing an Overarching Strategy for Key Skills

The proposals above address the most pressing specific key skills needs - but to ensure progress overall, we also propose a wider strategy for key skills. First, the Government and QCA should now put in place the work needed to ensure, in the longer term, that the national curriculum and teaching methods in compulsory education can be steered towards delivering skills as well as knowledge, including:

- clarifying to teachers, pupils, parents and employers that the national curriculum requires the development of skills as well as knowledge;

- indicating to teachers through the current revisions how key skills can be developed through teaching the national curriculum;

- developing guidance and high quality learning materials for teachers and schools on whole school approaches and teaching methods which promote transferable skills [6(i)].

Second, there should be an overarching national strategy aimed at improving the opportunities for young people and adults to acquire key skills, including:

- encouraging individuals to see the relevance and value of key skills through more occupationally focused careers education and self diagnostic tools to allow individuals to review their skills [6(ii)];

- integrating key skills into learning programmes developed by the University for Industry and ensuring that all education and training institutions have an explicit policy setting out how students can acquire key skills through the learning programmes they offer [6(iii)];

- developing approaches to integrating key skills within a broad range of curricular and extra-curricular activities and using such approaches to underpin teacher training and the preparation of support materials [6(iv)];

- spreading of expertise in the teaching of key skills through the funding of a national programme of continuing professional development for teachers and trainers, in collaboration with the Teacher Training Agency (TTA), Further Education National Training Organisation (FENTO), and others [6(v)];

- adopting approaches to assessment and certification that allow implementation of the new key skills qualification in a manner that permits the continued integration of key skills in other programmes of study [6(vi)];

- strengthening and clarifying the role of employers by using Education Business Partnerships to create opportunities for young people to develop key skills in practical settings and by producing guidance to help employers to take key skills into account in their recruitment [6(viii)].

Labour Market and Skills Information: A New Strategy for Informing the Market

Markets only work effectively where there is well informed demand – the labour, and education and training, markets are no different. We found that, although there is no shortage of labour market data available, it needs to be more consistent and coherent, more forward looking, and focused directly on the key people who need it – young people and adults seeking to develop their careers and identify appropriate employment related training and education.

Improving National Information

DfEE should develop ways of enhancing the quality, scale and relevance of nationally collected labour market and employment data, to provide a level of forward projection and disaggregation at regional and sub-regional levels. This should include:

- the commissioning of new biennial projections of the likely future occupational structure of employment, five and ten years ahead, and the skill levels of the labour force by occupation, down to regional level [8(i)];

- enhancing and extending the scale of the Labour Force Survey to provide more detailed data on the qualifications of individuals and increasing the sample size to improve the reliability of data to both regional and local levels [8(ii)].

Informing Choices

There should be an effective and reliable system for ensuring that individuals have easy access to the information they need to make informed choices, and identify suitable education and training provision to help achieve their goals. This should include:

- a new Jobs, Education and Training Information (JETI) Web site, explicitly designed for use by individuals and their advisers, bringing into a single system occupation, earnings, vacancy and learning opportunities information together with key national sources of data on the near past and likely future occupational structure of employment, and anticipated employer skills requirements [8(iii)];

- training and guidance for careers teachers on how to help students interpret and work with labour market, learning and skills information – and the JETI system - and how they can utilise it effectively in careers lessons, publications and materials [8(iv)];

- a uniform requirement across all providers of publicly funded education and training to provide in the institution's prospectus, data on the destinations of all past students [8(v)].

Fewer, Better Surveys

DfEE should lead a review, of the current range of labour market and skills surveys and assessments conducted by local, regional and sector bodies, to rationalise and improve its value. This should include:

- the extent to which local surveys add value to regional and national data and working with Regional Development Agencies (RDAs) to promote the rationalisation of regional and local survey work through combining similar local surveys into regional ones and agreeing a labour market and skills information strategy with relevant agencies in the region [8(vi)];

- requiring the use of common standards and definitions in the statistical surveys conducted by publicly funded local, regional and sector bodies [8(vii)].

Defining Responsibilities

The responsibilities of RDAs, NTOs and the DfEE in collecting and disseminating labour market and skills information and the 'outputs' expected from each should be clearly defined. We suggest that:

- DFEE should provide the survey data, projections and standards noted above and should conduct an annual 'skills audit' reviewing trends in the supply of and demand for skills at national level [8(viii)];

- NTOs should contribute qualitative information and survey data to sector 'dialogues' with other relevant agencies to produce a biennial report on trends in skill needs across broad industry groupings for use by RDAs and for careers guidance purposes [8(ix)];

- RDAs should promote the rationalisation of surveys (as noted above) and draw on those surveys together with information provided nationally and from industry sectors to provide an annual assessment of skill needs and skill supply in the region [8(x)];

- local agencies should tailor and enrich regional data in the light of specific local conditions and circumstances, and ensure that such data is utilised in support of careers guidance, the choice of education and training, and in the planning of local education and training provision [8(xi)].

The Future

Many of our recommendations above could stand alone. But we believe, if we are truly to improve opportunities for all and achieve a higher level of skill in the economy, that they must be seen and taken as a package. The whole is significantly greater than the sum of its parts.

That said, we will continue to build on our proposals and will be considering the specific issues of management skills, adult learning in the workplace and further work on institutional funding and performance management issues in the next phase of our work. We will report on these in the late autumn, and produce a final report, including recommendations on the shape of a National Skills Agenda, in Spring 2000.*

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* The National Skills Task Force advises the Secretary of State for Education and Employment in England. Separate arrangements apply in Scotland, Wales and Northern Ireland.

Chapter 1
Introduction, overview and future work programme

Introduction

1.1　In our first report we defined our vision, marshalled the evidence we had available to us at the time and set out the issues which we thought important and on which we wanted to work further. Our approach has generally been warmly welcomed[*]. In particular there has been much positive comment about the framework we set out for thinking about skill shortage and skills gaps and their causes. However, we are also aware that there is a widespread expectation that we will move quickly to produce substantive recommendations on the changes required to our education and training system.

1.2　In this second report we deal with three fundamental issues:

- how we build a system which provides a high level of skill for all our young people, not just those who go on to degree level study;

- how we equip all our people with the key skills they need for employability, including those who may have missed out on educational opportunities earlier in life;

- how we ensure that all students, potential students and education and training institutions have the information they need about the labour market to make informed choices and to plan ahead.

1.3　Our proposals amount to a radical agenda for reform of the education and training system, particularly post-16. They aim to raise the status of vocational education and training so that it becomes a positive choice for more young people, and substantially increases the proportion of the population attaining skills and qualifications at Level 3 and higher, particularly through Apprenticeships. We aspire to build a system which increases progression opportunities for all learners in both general and vocational education, up to higher education level. We aim to raise the general level of competence amongst all individuals in numeracy and mathematics, as well as increase real capability in Information Technology across the adult workforce. In encouraging the development of all six key skills, we focus on the need to address teaching and learning methods and materials through substantial teacher and trainer development. Finally, we advocate a new Internet based information system, supported by improved careers education and guidance, to ensure that all individuals have access to objective and up-to-date information on the labour market, skills, education and training provision, to inform their career and learning decisions.

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[*] See Annex A for summary of comments received.

1.4   We see these issues as closely linked. The vision which underpins them is of a society in which skill is widespread, where opportunities to acquire skills are available to all and where individuals can make well-informed use of those opportunities to further their own careers and contribute to the economic success of the country and their communities. In our view economic success, as measured in abstract data on national income and labour productivity, is but another perspective on the more direct reality of individuals having the opportunity to earn a decent income for themselves and their families and enjoy jobs which are fulfilling.

1.5   We set out our views on the relationship between skills and economic performance at some length in our first report. We do not wish to repeat that material here. However, it is worth emphasising how underdeveloped skills in the workforce affect the efficiency with which employees do their jobs and restrict the capacity of firms to adapt to technological change, to innovate and to move to or maintain a high value-added business strategy.

1.6   Research at the National Institute for Economic and Social Research in the 1980s showed in practical detail how a lack of skills impacted on production. It showed how our kitchen manufacturers, to name but one sector, were forced to concentrate on producing lower value added, more standardised products than their continental competitors; it showed how in hotels, increased employment of managers and supervisors was required to compensate for a lack of skill amongst front line staff; how in manufacturing, more of the production was rejected as not meeting the right quality standard, how new technology was adopted less quickly and used less effectively and how there was more downtime waiting for machines to be repaired.

1.7   The great challenge the country faces is to drive up the skills of the labour force while simultaneously ensuring that employers capitalise on that extra skill by moving to new product strategies and upgrading the skill content of jobs. One without the other is not enough. But there is evidence that it can be done. Research has shown how the steel industry has capitalised on the extra supply of graduates through upgrading jobs that were previously done by low qualified workers. Experience in Ireland quite recently and in many Pacific Rim countries over a longer period shows how skill upgrading can be combined with a move into new industries and new products and services.

Analysis of the Present Position

1.8   Our decision to tackle the three issues covered in this report is anchored in our analysis of the underlying strengths and weaknesses of our education and training system and the skills gaps which have arisen.

1.9   One of our main historical problems (with which we have yet to grapple fully), has been the lack of a sufficiently attractive route into intermediate and higher level skills for those not inclined towards higher academic study. This is one of the main underlying factors behind the skill shortages we experience at the peaks of the economic cycle and the skills gaps which prevent more businesses from adopting a high skill, high value-added path to success.

1.10 A strength of the current system has been the marked increase in the number of young people continuing in full time education. Between 1987 and 1997 the proportion of young people continuing in full time education for at least one year after the end of compulsory schooling increased from 49% to 69%; while the proportion entering full-time undergraduate courses in higher education for the first time increased from 15% to 34%. The impact of these increases is already being felt in terms of the proportion of young adults in the labour force who have a general education qualification at A level or higher.[1]

1.11 But we still do not provide a coherent, well understood or well regarded route to technical and business skills for those not going on to university. The proportion of 16-18 year olds whose highest qualification being studied for was broadly occupationally focused was only 21% in 1998.[2] Also, substantial numbers of 16-18 year olds leave school and do not develop their skills any further - that is 15% of 16 year olds, 23% of 17 year olds and 39% of 18 year olds.

1.12 A second weakness is in the generic, or what are usually termed key, skills of our workforce - those skills which are needed in most jobs and are transferable between jobs; for example, communication, application of number, information technology, problem solving and so on. Employers repeatedly express concern about the lack of these skills amongst new recruits and even amongst some graduates. The concern is that higher levels of formally assessed knowledge amongst young people must be complemented by the skills needed to apply that knowledge productively in the workplace.

1.13 Key skills are also essential for the adult work force. Fifty six percent of the current workforce left school at age 16 or under and some 75% of the workforce are now aged 28 or over - so that the majority of adults will have missed out on the expansion in educational opportunity which began in earnest in 1987.[2] Also, they started in their working lives before many of the changes which we see today had become apparent: globalisation, the spread of ICT technologies, the decline in traditional manual jobs and the decline in the availability of "jobs for life". To prosper in the economy of the future, it is important that they not only have greater access to learning opportunities, but that they also obtain, through these opportunities, the key skills they need to ensure their future employability in a changing market. Simply getting the next job is not enough.

1.14 The third issue is the information people have on which to base their choices of courses and careers, and the information available to training providers to enable them to plan their provision. To reach their full potential, people must be well informed about the future direction of the labour market and to what different courses of education or training can lead in terms of employment, earnings and career progression. Training providers cannot respond effectively to employer and labour market needs unless they know what they are.

1.15 Until relatively recently, institutions were not required to publish information on the actual destinations of students after completing their courses: the requirement to do so, and the degree to which it is met, is still far from comprehensive. The depth and quality of the labour market information available to students on, for example, the earnings and employment prospects of various occupations has been at best partial and poorly presented. In 1979, when only 15% of 18 year olds were in full-time education and there were very few mature students, such a situation might have been tolerable. Today it is not.

Overview of Our Recommendations

1.16   This section provides a summary of the main themes: recommendations are detailed in chapters 3, 5, 6 and 8.

Vocational Skills For Young People

1.17   Our objectives here reflect the issue we identified at the outset. They are to increase the number of young people who achieve a Level 3 qualification and to reduce the numbers who leave school and acquire no further skill. But, in addition, and reflecting our analysis of the weaknesses of our present post-16 education and training system, we think the emphasis should be on raising overall the numbers who achieve a Vocational Qualification (VQ), particularly VQs which equip people with the skills and knowledge needed to ensure future employability.

1.18   This is not to suggest that we want young people to receive only narrow training. They need (and we believe this can be offered through vocational education and training), a combination of both transferable and occupationally relevant skills. We think it vitally important to counter the misconception that vocational learning does not impart transferable skills. For many young people, it can offer the most effective way to acquire such skills.

1.19   We have rejected the idea of trying to create a mass apprenticeship system along German lines as a means of achieving these objectives. Such a system requires a degree of social partnership and social regulation for which there is no basis in British traditions. We propose instead to build on the best elements in our existing system. In practice this means creating a mixed economy system of improved Modern Apprenticeships, alongside more closely linked occupational courses at Level 3 in FE; and a broader range of opportunities at Level 4 through graduate apprenticeships and linked associate degree courses in HE to ensure the completion of an effective and coherent route through to the highest vocational qualifications.

1.20   The key to making such a system work is the funding and qualifications system. The existing funding regimes are clearly inconsistent and incoherent. We must aim for a system which ensures that learning programmes which deliver comparable outputs in terms of levels of knowledge, understanding and skills receive comparable levels of funding. There should not be great variations depending on the particular route to learning being pursued, or the part of the country in which one happens to live. In essence, funding should be allowed to follow the learner rather than being constrained by arbitrary boundaries between different sectors of the education and training system.

1.21   It seems to us almost inevitable that to achieve such a level playing field will require a single budget. How best to administer it requires fuller consideration than we have been able to give. There are strong arguments for the creation of some coherent guiding authority behind any single system. However, many complex questions and associated issues are raised by such a proposition, including the full range of provision such an authority might cover, and we propose to give this further consideration in the next phase of our work.

1.22   As regards vocational qualifications and the underpinning learning programmes, our
        main concern is to ensure that these encourage progression and transferability of
        skills and thereby give the right incentives to a broad segment of young people to
        take up vocational education and training. We believe that the current vocational
        qualification system is still incoherent and very confusing. We therefore support
        QCA's proposals to reduce the number of vocational qualifications which are not
        NVQs and align them better with the relevant National Occupational Standards
        which are developed by employers through their NTOs. We think it important to
        offer better opportunities for those not already employed in the industry sectors in
        which they are interested to be able to pursue training aligned to the Occupational
        Standards, and to address many employers' concerns about the excessive burden
        of bureaucracy associated with assessment in NVQs. In part, this would be
        supported by the introduction of a system of Related Vocational Qualifications,
        and separate assessment of knowledge and understanding in publicly funded
        Apprenticeship programmes, which would also ensure greater consistency and
        reliability of training across employers and providers.

1.23   Our other main recommendations in respect of vocational skills concern how we
        develop more effective progression opportunities into Level 3 vocational education
        and training for those young people who are most at risk of dropping out of school
        or not progressing any further after age 16. Here we propose building on the
        present pilot amongst 14-16 year olds to create a more structured and high quality
        system to deliver vocational learning alongside general education for those who
        would most benefit from it. We welcome the plans for a Learning Gateway for
        16/17 year olds to give every young person the skills and support needed to
        progress to mainstream learning and National Traineeships in particular. However,
        we also believe that we should build on the new Gateway approach, with National
        Traineeships themselves recast to create a 'Foundation* Apprenticeship' route which
        allows natural progression to a full Modern Apprenticeship.

1.24   The creation of a reformed system of vocational education and training along these
        lines would clearly do much to expand the opportunities available to young people
        and to promote higher expectations and outcomes. In particular, we believe that up
        to two thirds of jobs will require Level 3 skills by the end of the next decade, and
        that in response Government should consider raising the current learning
        entitlement for all young people from Level 2 to Level 3. Specifically, we believe
        that Government should re-prioritise existing and new public funding commitments
        to entitle every young person up to their 25th birthday to publicly funded
        opportunities to acquire their first Level 3 qualification, including repeat attempts
        for those youngsters judged likely to benefit from them.

Key Skills For Employability

1.25   There are three main themes in our recommendations on key skills. First, we would
        like to see a much clearer overall strategy for ensuring that adults and young
        people acquire key skills. The key issue for us is not certification or assessment but
        the way in which key skills are taught and promoted. The Government has quite
        reasonably focused on the more tangible key skills in developing the new single key
        skills qualification, although we think it is important that this does not encourage
        neglect of the wider skills. Education and training providers need to understand and

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* We use the term 'Foundation' in the sense of the first stage before a full Modern Apprenticeship - and not in any formal
  technical sense.

adopt an effective range of learning techniques – what QCA and schools often refer to as 'schemes of work' – that are known to inculcate the key skills successfully. Providers in turn need to be supported by better, high quality learning materials and effective training and development opportunities for their teachers and trainers themselves.

1.26   Second, we would like to see research and development work put in place now to ensure that, as the curriculum and teaching methods evolve over the longer term, there is a greater emphasis on enabling the acquisition of skills as well as knowledge. This is emphatically not a plea to return to so-called 'progressive' teaching methods. Nor are we suggesting that we ought to dilute the emphasis on the basics of literacy and numeracy – indeed, quite the reverse. In preparing our children for the 21st century, we ought to be able to devise approaches to teaching which allow them to develop skills in the application of knowledge, and not just its acquisition. The way forward is through the use of an appropriate mix of classroom and individual teaching approaches, development of appropriate teaching and learning materials, and effective mechanisms to feed back to students on their progress – that is, through teacher training, development and support, rather than through continual minor changes in testing and assessment.

1.27   Finally, we want to ensure that two of the most immediate needs are tackled now: that more people go beyond basic numeracy to acquire higher levels of mathematical capability; and that IT competency amongst adults is improved. The lack of a numerate and mathematical culture in this country is one of the main constraints on our technological and economic development. It cannot be right that so many young people fail to achieve Grade C GCSE Maths or higher and so many drop out of Maths altogether post 16. We would like to see an extension of the campaign to raise awareness of the importance of Maths, more encouragement given to support the development of maths specialisms required by employers, and more thought given to whether in the longer term we ought to be aiming for multi-subject qualifications at 16 and 18 which require a minimum level of competence in Maths. At the same time, we must see improved opportunities for adults to acquire basic IT skills and to improve levels of competency generally, which will involve a similar set of activities.

Labour Market and Skills Information

1.28   High quality information is essential if we are to achieve the right links between future labour market needs and the occupational/career choices made by young people and adults during their working lives. Such choices in turn drive the selection of appropriate education and training programmes by individuals. Our main proposal is for the establishment of a new information and communications technology based system for ensuring that students, potential students and their advisors have ready access to well-presented information on the labour market, careers and learning opportunities provided by different programmes of education and training. The primary medium for making such information available to individuals and training providers should be the Internet, and we propose that the Department for Education and Employment should take the lead role in developing a new Jobs, Education and Training Information (JETI) Web site.

1.29   To underpin the Web site, there will need to be enhanced information databases and more effective management of the current, rather ad hoc and incoherent, mechanisms for specifying and collecting labour market and skills information. The DfEE should define clearly the roles and 'outputs' expected of the very many different agencies involved in information collection and dissemination; set common standards and definitions for the surveys conducted by such agencies; and specify the key 'outputs' from the Department itself, particularly in terms of general survey information and of projections of the future occupational structure of employment.

1.30   It is not sufficient merely to collect such information and 'make it available'. Young people and adults seeking to make career and learning choices also need access to high quality objective guidance based around an improved labour market information system. Careers Services, working with TECs and other local education and training organisations, must provide accessible publications and guidance provision which relates reliable information to the local labour market opportunities and helps people to make informed and sustainable choices which maximise their opportunities for lasting and relevant employment. This will require a review of existing initial training for new careers teachers and advisers, as well as in-service training and support materials on the new system for existing teachers and advisers.

Future Work Programme

1.31   Important as the three issues in this report are, there is much more work to be done to create a National Skills Agenda. In our first report we set a broader list of issues we thought needed to be tackled. In addition to those discussed above, these include:

- establishing much better national research on skills shortages and skills gaps and creating a longer term system to ensure that emerging skill needs are monitored effectively;

- developing more and higher quality opportunities for adults to learn and acquire skills in the workplace;

- improving the supply of management skills;

- reviewing the operation and details of existing funding mechanisms and planning to ensure they do not distort choice and provision;

- clarifying the roles and responsibilities of the different agencies involved in education and training matters, including, to name but a few, NTOs, TECs, local learning partnerships and RDAs and the new Small Business Service.

1.32   All these issues are built into our forward workplan. From now until in the Autumn we will be examining carefully what needs to be done on adult learning in the workplace, management skills, public funding and planning.

1.33   In looking at adult learning in the workplace we will want to focus, in particular, on how we can improve the learning opportunities available to less well qualified workers and to employees in small and medium sized companies. We will want to consider the extent to which the structure of incentives for employers can, and/or needs to, be changed and what role, if any, might be played by strengthening the legal obligations on employers.

1.34 In the area of management skills, we will want to see if we can establish more clearly which skills managers lack, where they are most lacking, what will be needed for the future and how any gaps can most effectively be bridged. Our consideration of policy in this area will need to take account of the establishment of the new Council for Management and Enterprise and we intend to consult with the Council at an early stage.

1.35 Public funding and planning are clearly important issues. On numerous occasions throughout our consultations, both employers and education and training providers have stressed to us that the public funding and performance management systems are the main drivers of the behaviour of providers of post-16 education and training. In this report, we make significant recommendations regarding the principles which should apply to funding vocational education and training for young people. We expect to go on from these proposals to consider the more operational and structural aspects of the funding regimes and associated performance management systems. In doing so we shall, of course, need to take full account of the announcements expected from the Government in June 1999.

1.36 In our final stage of work from Autumn 1999 to Spring 2000, we will be concerned with three main activities. Firstly, we will want to work through the implications of all our other recommendations for the increasingly crowded field of local, sectoral, regional and national agencies dealing with skills matters. Second, we will need to draw together the findings from our research programme, which will have been progressing throughout the year, to present the best picture we can at the national level of the main skill shortages and skills gaps affecting the labour force and how skills needs are likely to develop in future. Finally, we will draw together all of our recommendations to suggest an appropriate framework for a coherent and longer term National Skills Agenda.

Part 1
Skills for Young People

1

Chapter 2
Providing young people with skills: where we fall short

Introduction

2.1 History is strewn with reports expressing concern about the British system of vocational education and training and with several failed attempts at reform. The Samuelson Commission at the end of the 19th century was one of the first bodies to sound the alarm over our deficit in practical and technical skills compared with continental Europe. The introduction of compulsory part time education for those leaving school at age 14 fell victim to the Geddes axe in the 1920s and the lack of support from employers. The system of technical schools envisaged in the 1945 Education Act failed to get off the ground. More recently, successive governments have tried to improve the quality and extent of workbased training with at best only partial success.

2.2 This lack of success may be partly due to a culture which does not value technical skill and knowledge very highly, making it difficult to establish a consensus about basic assumptions. We suspect this difficulty may affect the discussion of our proposals. However, we do not believe it is insurmountable given the political will and vision. We also believe that we stand a better chance of success if our proposals recognise our distinctive cultural and institutional history and aim to build on the best of our existing approach. This is what we have tried to do - but nevertheless, our proposals look to bring about substantial change.

2.3 The scale of the problem is significant. For example, in 1998, 26% of young people failed to achieve a Level 2 qualification by the age of 19 and 48% had failed to achieve a Level 3 qualification by the age of 21.[2] In 1997/98, nearly 7% of 16 year olds failed to gain even one GCSE at Grade A*-G or equivalent.[3] Further, around 1 in 5 young people aged 16-25 had levels of literacy and numeracy below that required to function at work and in society in general.[4] Statistics never tell the whole story, but these few are enough to make one thing clear. Despite the growth in full time education, we still do not have a system which provides sufficient opportunities and motivation for all our young people to acquire skills. We fall short in both quantity and quality.

2.4 In this and the next chapter, our principal concern is with the education and training routes which allow young people to acquire knowledge and competences which fit them for work in particular occupational fields. (We describe these routes in more detail below.) This does not mean we are unconcerned with issues of breadth and transferability of skills. Quite the contrary: we are convinced that such education and training should give young people sufficient transferable skill and knowledge to progress their careers and to go further in education if they so wish.

2.5 As regards level of attainment, we start from the position that our aim should be to ensure that as many young people as possible are able to achieve a Level 3 vocational qualification with some reaching Level 4. But for this to happen, every young person who can must reach Level 2. The numbers of young people leaving compulsory education (see para 1.11 above) without going on to some further education or training which develops their work related skills must reduce dramatically. We are therefore not just concerned with education and training which leads directly to a Level 3 or Level 4 qualification; we are also concerned with opportunities which provide a stepping stone to it.

2.6 Vocational qualifications at Level 3, which have a clear occupational focus, can be regarded as fitting students for technician and higher level craft employment in manufacturing and their analogues in the service sector, including front line supervisory jobs. Level 4 qualifications broadly prepare students for employment at higher technician and associate professional level. These 'intermediate level' occupations, as they are often termed by labour market analysts, are vital to the functioning of many businesses. They are the point where strategy is turned into practical delivery and technology is made to work. International comparisons suggest that they are the area in which the UK is weakest.

2.7 Our purpose in this chapter is to set out our views on the strengths and weaknesses of the present system for educating and training young people to such craft, technician and associate professional levels. It also includes our analysis of the factors which are most influential in determining both participation by young people and engagement by employers in vocational education and training. These sections of the chapter will provide the essential background to the policy proposals in Chapter 3. Because we are concerned more with what needs to be changed than what can be left alone, we do not cover in detail all those parts of the present system which work reasonably well.

2.8 To set the context, however, we begin not with the system but with the question of why intermediate level skills are needed. We have dealt with the general economic case in our introductory chapter. We now concentrate on the changing structure of occupations and employment and its implications.

The Structure of Employment and the Demand for Skill

2.9 The CBI estimate that at least 50% of the jobs in the economy already require Level 3 or higher level skills - a percentage which is continuing to rise fast. At Level 3 alone, there are more than 8 million jobs in our economy which can broadly be described as being at intermediate skill level.[2] These include junior manager jobs in the service sector and in industry, including foremen, nurses and other associate professionals in the heath services, engineering and scientific technicians, legal executives, cost accountants, financial services advisers, buyers and brokers in the retail sector and most traditionally of all, craft workers in construction, manufacturing and maintenance trades.

2.10   There is also a perception in some quarters that the need for people with vocational skills at Levels 3 and 4 has declined, and that what the labour market now needs is simply more graduates and more people with higher levels of very generic skills which are readily portable between occupations. The hard evidence available does not support this view. Undoubtedly, the UK needed higher graduate volumes than we were producing in the 1980s, but the rapid increase in university provision during the 1990s has helped to meet that requirement. The mistake would be to assume that this has reduced the need for Level 3 and 4 vocational skills. On the contrary, the rise in university participation was a response to the general raising of skills requirements across the whole workforce. What has decreased is the requirement for truly unskilled and semi-skilled workers.

2.11   As Table 1 shows, the number of craft jobs (those covered by SOC major group 5) has declined and may well decline further, but there is still likely to be significant recruitment into such jobs in the medium term. Equally importantly, the overall balance of occupational needs is changing. In a number of sectors (for example, in the engineering and printing industries) the craft workforce is ageing with many employers relying on key workers who will retire in a few years time. There will therefore be significant demand just to replace existing staff.

2.12   In addition, while there has been a decline in traditional craft employment, it is roughly balanced by the growth in associate professional and junior management jobs. The new jobs still require vocational skills if they are to be done effectively – it is just that the types of skills are different from those required in traditional craft jobs. In general, they require less in the way of manual skills and more and higher level cognitive skills. These latter include communication skills, and the ability to monitor and analyse complex systems.

2.13   Within the intermediate group, the traditional British problem of many workers having had little by way of formal education and training relevant to their jobs, and no formal vocational qualification, is still very much in evidence. Unfortunately, the precise picture is difficult to establish because we do not have statistics which show the actual subject in which workers with vocational qualifications are qualified (except that is for degree level qualifications). Nevertheless, the main trends seem to be as follows: a considerable body of older workers in craft occupations with no formal qualifications at all; an increasing body of young adults with general education qualifications in service sector jobs; and increasing 'downward' penetration of graduates into associate professional level jobs, all alongside the continued presence of substantial numbers of people in these occupations with surprisingly low qualifications or none at all.

Table 1: Employment by occupation

SOC sub-major groups	SOC major group	Employment levels (thousands)		
		1981	**1996**	**2006**
Intermediate Level Occupations				
Corporate managers and administrators[*]	1	**418**	**665**	**730**
Managers/proprietors in agric. and services	1	**1,475**	**1,582**	**1,730**
Science and engineering assoc. professionals	3	**450**	**634**	**749**
Health associate professionals	3	**695**	**783**	**837**
Other associate professional occupations	3	**597**	**1,148**	**1,561**
Skilled construction trades	5	**576**	**595**	**633**
Skilled engineering trades	5	**1,445**	**924**	**795**
Other skilled trades	5	**2,162**	**1,672**	**1,601**
Buyers, brokers and sales representatives	7	**461**	**462**	**502**
Sub total (intermediate level occupations)		**8,279**	**8,465**	**9,138**
Other Occupations				
Corporate managers and administrators[*]	1	1,253	1,996	2,192
Professional occupations	2	2,019	2,408	2,667
Clerical and secretarial occupations	4	4,042	4,134	4,172
Personal and protective service occupations	6	1,753	2,555	2,955
Other sales occupations	7	1,261	1,496	1,657
Machine operators and elementary occupations	8 + 9	5,487	4,688	4,415
Total employment		24,095	25,740	27,196

Source: Business Strategies Limited

Note[*]: 25% of Corporate managers and administrators category can be classified as intermediate level

2.14 Thus the general conclusion is that we have a very substantial sector of skilled employment at Level 3/4, where recruitment demand will continue to be significant, even though some individual occupations are declining, and where there is still a considerable need to upgrade the vocational qualifications of the workforce.

2.15 Finally, we come to the continued existence of a large number of jobs which have traditionally been regarded as low skilled. Specific examples include machine operators, drivers, unskilled manual jobs, sales assistants and check out operators in the retail sector and jobs in personal and protective services. But even these jobs are requiring increases in the skills needed to perform effectively. More and more 'basic' jobs require some level of IT capability, greater customer contact, higher levels of numeracy etc. We argued in our first report that it would be entirely wrong to base national education and training policy on the supposition that there will always be a large number of low skill jobs. Many jobs apparently in this category involve more skill than might be thought. But apart from that, many of these jobs are the first ports of entry into employment for young people who wish subsequently to go on to higher skill jobs. In meeting our objective for a high value added high skill economy, it is also important to remember that the structure of employment reflects both the demand and supply of skills: a greater supply of higher skilled individuals can encourage the occupational upgrading of employment.

Participation and Qualifications Achieved: Strengths and Weaknesses

Description of the Vocational Route

2.16 Under our present system, the vocational route to learning consists of 3 main tracks: work based training; part time vocational education programmes, and full time vocational education courses. The majority of vocational education at Level 3 and below takes place in Further Education (FE) colleges, with an important but smaller contribution from private and voluntary training providers, particularly supporting work based training. Level 4 vocational courses (particularly Higher National Certificates and Diplomas) are often categorised as higher education, but are provided through both FE colleges and universities.

2.17 The work based route consists of three main elements:

- apprenticeships, most of which come under the government's Modern Apprenticeship programme and lead to a National Vocational Qualification at Level 3 together with key skills and broader vocational education courses, (sometimes including a separate vocational qualification e.g. City and Guilds);

- National Traineeships, again government supported, which lead to an NVQ2 qualification with key skills; and

- 'other workbased training' for young people for sub-Level 2 skills and to ensure that there is provision where Modern Apprenticeship or National Traineeship frameworks are still being developed.

2.18   The great majority of Modern Apprentices are employed and receive a wage from their employer. However, some young people, and especially those on National Traineeships or other workbased training, do not have 'employed status' and are therefore paid a mandatory training allowance.

2.19   The part time route consists mainly of courses taken in Further Education Colleges but also to some extent through private training providers and Higher Education. They typically lead to qualifications which certify a student's knowledge and understanding relating to a particular occupational field such as those offered by Edexcel, City and Guilds, the RSA and other similar awarding bodies. Alternatively, such courses may provide a more general preparation for a broader range or family of occupations, as is the case with GNVQs.

2.20   The full time vocational education route offers roughly the same options, but, in practice, GNVQ type qualifications are becoming relatively more common. On the other hand, some NVQs are recorded as being delivered through full time education courses despite the requirement for work based assessment within these qualifications. Level 4 qualifications include the Higher National Diploma and, its equivalent for part time study, the Higher National Certificate.

Strengths and Weaknesses

2.21   Unfortunately, the Department for Education and Employment is unable to produce statistics on a cohort basis which show how young people move through different education and training tracks and the qualifications they achieve at the end. Nevertheless, such statistics as are available do show fairly vividly the main strengths and weakness of our present system.

2.22   Clearly one of the main strengths is the greatly increased level of participation in full time education. By 1997, approximately 70% of English 16 year olds were participating in full time education compared with 50% only 10 years previously. Participation in higher education over the same period rose from less than one fifth to about one third of the cohort.[1] Despite these increases, there were still just less than 40% of 18 year olds in full time education in 1997, a lower figure than in any other developed industrial country. It is also important to note both that the proportion staying on in full time education at age 16 has not actually improved since 1993;[5] and that the earlier increases were largely through the full time academic rather than vocational route (see 2.25 below).

2.23   The effects of these increases in full time education on the qualifications held by adults have yet to work through fully, but already we can see improvements. There has been a sizeable increase in the proportion of young adults (21 year olds) holding qualifications at level 3 (52% in 1998 compared with 44% in 1995); and a steady increase in the overall proportion of all adults with Level 4 qualifications (from 23.5% in 1995 to 26% in 1998).[2]

2.24   Another strength of the system, which is perhaps too little remarked on, is the significant number of young people who take up part time, mostly vocational, courses in Further Education. Although the number of 16 -18 year olds doing part time courses in the FE sector colleges has fallen by almost a half, partly as a consequence of the increase in full time study (see above), nevertheless in 1997 there were approximately 330,000 19-24 year old FEFC-funded students taking part-time FE courses.[6] Whether this represents a trend towards taking vocational courses slightly later in life is still too early to say.

2.25   Turning to the weaknesses, it is notable that the increase in young people achieving qualifications at Level 3 and above has largely been achieved through the academic route, with much less progress being made on the vocational front. Between 1987 and 1997 the proportion of 16 year olds preparing full time for A levels rose from 24% to 36% and by the end of the period there were a further 16% studying for GNVQs. However, the proportion studying full time for more occupationally focused qualifications, including NVQs, had hardly changed, decreasing from just over 15% to just under 14%.[5] Further, the proportion of 16 year olds studying part-time in colleges for vocational qualifications had fallen, though as noted above this may have been at least partly compensated for by a rise in the numbers studying part time between ages 19 and 24.[6]

2.26   The work based route (which partly overlaps with part time vocational education in statistics) has fared particularly poorly until very recently. The proportion of 16 year olds in some form of government supported training has fallen from 25% in 1987 to just under 10% by 1997,[5] with much of this provision, especially earlier in the period, focused on Level 2 and lower qualifications. The numbers of young people on apprenticeships experienced a steady decline in the 1970s and further falls with the recessions of the early and late 1980s. During the 1990s however, total participation levels have been increasing again, from 210,000 in 1990, when responsibility passed to the TECs, to 290,000 at the end of 1998, due in no small part to the success of Modern Apprenticeships. There were a total of 133,000 Modern Apprentices in training in 1998, with a projected new entry 10,000 higher in 1999 - 2000 than in the previous year.

2.27   There has also continued to be a significant number of young people who undertake no further education after the end of compulsory schooling. In 1997 15% of 16 year olds were not in any further education or training, although this was a significant improvement on the 1987 figure of 20%.[5] Many of these young people had performed very poorly in compulsory education, some with a history of truanting and general disaffection with education.

2.28   The effect of significant numbers dropping out at 16 and low growth in occupationally focused education and training has been two fold. First, there is still a large proportion of young people who do not achieve any significant qualification after the end of compulsory schooling - in 1996 around 46% of 25-28 year olds lacked any further qualification post-16. Second, the substantial gap remains between ourselves and our continental European competitors, in terms of the proportion of the labour force with occupationally focused qualifications.[7]

Factors Behind Low Participation and Achievement

2.29   A key question for us in considering policy options is why participation in occupationally focused vocational education and training is so low. The superficially attractive, but we believe flawed, answer is that it is simply an expression of market demand; what the economy needs and what both employers and young people want is higher levels of general education. Of course, it is natural to expect more young people to stay on in full time education for longer as we as a nation become richer. There is, too, a rising demand for cognitive skill relative to manual skill as we have noted. However, we believe that there are also other factors at work to do with the way our present system of education and training is structured and funded.

Public Funding

2.30   At present DfEE funding for vocational education and training flows along different channels according to the particular route involved. It flows through FEFC for full- and part-time courses in FE colleges; HEFCE for Level 4 courses in universities and further education colleges; and through TECs for apprenticeships, traineeships and other work based training. This system makes it impossible to establish a level playing field for funding across the 3 main vocational education and training routes and creates a number of other serious problems.

2.31   The position is further confused by the range of other funding sources available, for example, through SRB or European funding programmes, which can be used to support vocational training. While we would not want to see these opportunities lost, we do expect to see such provision complement and integrate sensibly and effectively with other local provision.

Bias towards low cost training on both routes

2.32   The current system for HE, FE and the work based route all make some allowance for the differences in the underlying or inherent costs of providing different types of course. Thus for example, the FEFC tariff system allocates a higher tariff weighting for workshop based courses. There is now a separate capital budget for both Higher and Further Education to meet the costs of renewing and updating buildings (but see para 2.34).

2.33   The message which has come through time and time again from our consultations is the pressure on institutions and training providers to bias provision towards low cost, class-room based courses. It may be that this partly reflects funding levels and 'targets', and pressures over past years to achieve 'efficiency savings', as part of the general approach to public expenditure – we note that the Secretary of State has specifically reduced the efficiency gain expected in FE Colleges next year. However, there is also the clear impression that the tariff systems in the various sectors are not doing their job in adequately reflecting the inherently higher costs of certain courses and thus are distorting the pattern of provision.

2.34   We suspect the difficulty is compounded by the absence of any explicit capital budget for work based training at all, even at national level. In FE from this year, 1999-2000, a separate capital budget of £40m is available through the FEFC in response to detailed bids by colleges. FEFC have yet to issue precise guidance but we know that the DfEE envisage some £12m being allocated for IT infrastructure needs; £7m ring fenced for capital work in respect of rationalisation; and the remainder deployed to facilitate widening participation, the skills agenda and progressing disabled access. We are concerned however that colleges will still have insufficient funding for, for example, acquiring or replacing expensive modern technology systems for teaching manufacturing, technology, engineering etc. Many institutions have told us that the higher tariff weightings for such courses are not adequate to support the acquisition and maintenance of the leading edge systems employers expect to see in use in modern training and education. Again, we suspect this has a key role to play in biasing provision toward low cost courses.

Part 1

Part 2

Part 3

Distortions Introduced by Output Related Funding

2.35   At present, there is extensive use of output related funding (ORF) in the workbased route. About 30% of the funding TECs receive from DfEE is tied to the achievement of qualification outcomes, with different qualifications attracting different output points. TECs generally use similar or even higher levels of output related funding with their training providers. In theory, these systems should be a good way of levering up the efficiency of providers and overall completion and attainment levels, and there was some evidence for that, particularly when payment levels were higher in the past. In practice, unit prices to providers have fallen dramatically in recent years and there has been strain on training standards and on the procedures for assessing competence under the NVQ system. The quality assurance measures necessary to try to counter abuse have also had the effect of adding to the burden of bureaucracy on employers and providers.

2.36   Interestingly, the extent of output related funding in Further Education is much lower (around 5% of total funding) and it is non existent in Higher Education. However, we believe that there are valid reasons for including some element of ORF in the funding regime, to help ensure value for money, and an appropriate institutional focus on completion and achievement.

Unequal Funding Constraints and Lack of Flexibility in the Transfer of Funding

2.37   Although public funding for all routes is governed by annual budgetary allocations, funding for full time vocational courses in FE and higher education has broadly followed the demands of young people. As a result, there has been no significant rationing of youth access to full- and part-time courses. The funding of work based training and Modern Apprenticeships has proved more problematic. Modern Apprenticeship places are governed by DfEE annual targets to TECs, which effectively act as caps on volume. As demand and participation have grown much more rapidly than these DfEE limits, TECs have only been able to meet additional demand for places by heavily cutting unit prices. As the training needs of 16-17 year olds are treated as the top priority, rationing of access to apprenticeship has been more severe for those aged 18+.

Local Variations in Support For Work Based Route

2.38   Public support for work based training differs from area to area in relation to individual TEC and Government Office policies. One national training provider reports a range of £4,000 to £10,000 in funding support from different TECs for its electrician apprenticeship programmes. While some geographical differences reflect differences in training costs or local skill requirements, some of the differences do appear to be arbitrary and are a source of expense and frustration to employers whose training operations cover several TEC areas.

Vocational Qualifications and Training Frameworks

2.39   Many attempts have been made to reform the system of vocational qualifications in this country in recent years. In particular, NVQs have helped focus on competence in the workplace as the key criterion for the success of vocational training. NVQs, and particularly their underpinning National Occupational Standards, have helped many companies to structure their on-the-job training in a way which traditional vocational qualifications never succeeded in doing. The introduction of GNVQs has encouraged many young people who would otherwise have left school to stay on, and has demonstrated the scope for creating ladders of progression in more vocationally oriented education.

2.40   Nevertheless, there remain many features of the vocational qualification system, and the accompanying training frameworks for workbased training, which make it less effective than it should be in encouraging participation and achievement.

2.41   To those not well versed in the technicalities, the vocational qualifications system still appears confusing not only in terms of what individual qualifications mean but also how they relate to other, apparently similar, qualifications. The broader objective that NVQs would lead to a simplification and rationalisation of the whole vocational qualifications system remains far from realised. There are 840 NVQs, approximately 1,800 other vocational qualifications approved for FEFC funding, and more than 17,000 vocational qualifications overall outside the NVQ framework. The vast majority of the latter are not aligned at all, or at best poorly aligned, with the relevant National Occupational Standards. This diminishes the potential effectiveness of the requirement in some Modern Apprenticeship frameworks for VQs to be taken alongside, or as precursors to, NVQs about which we say more below.

2.42   The Beaumont and associated Reviews of NVQs made a series of recommendations for improving the relevance and quality of NVQs, and for reducing the current levels of assessment bureaucracy that can overwhelm employers and providers seeking to use NVQs, some of which at least are now in implementation. However, the wider problem of the extraordinary plethora of other vocational qualifications remains substantially unaddressed.

2.43   Aside from their confusing nature, vocational qualifications are seen by many young people and their parents as closing down options rather than keeping them open. Apprenticeship training is wrongly perceived as excluding the possibility of later going on to higher education. Vocational qualifications in general (though not GNVQs) are seen as equipping young people for particular and narrowly defined occupations rather than also offering more transferable skills which might aid career progression and/or movement into other occupational fields.

2.44   All Modern Apprenticeship frameworks address the six key skills as well as a range of broader vocational education units. Some of the Modern Apprenticeship frameworks go even further by requiring that knowledge and understanding should be separately assessed through an Edexcel, City and Guilds or similar qualification as a way of ensuring breadth, consistency and transferability of skills and knowledge. In addition, other frameworks allow for apprentices to take further courses in general education subjects such as Maths and English which might be of interest to those who wish to keep open the possibility of going on to higher education.

2.45   As regards the implementation of NVQs in practice, the complex requirements for assessment of competence in the workplace, coupled with the audit burden of the output related funding regime for publicly funded training, has led to an excessive level of bureaucracy directed at quality assurance. At the same time, the substantial squeeze on unit prices (see para. 2.37 above) combined with these factors, has led to continued cases of suspected fraud and downward pressure on standards. In addition, many colleges who wish to offer their students some assessment of their practical work expend significant effort in adapting NVQs to enable simulated work settings in college rather than building practical exercises and work experience opportunities into broader VQs.

2.46   GNVQs offer a grounding in a broad industry sectoral field rather than the opportunity to acquire knowledge and skills focused on a particular occupation or occupational cluster. While they have been a success in the terms noted above, there is a lack of clear progression routes from these qualifications to more occupationally focused learning. The original intention that GNVQs and NVQs could be taken in parallel or in succession remains largely unrealised except in cases where a GNVQ and NVQ are taken together within a Modern Apprenticeship framework. Thus students taking GNVQs, who enter the labour market rather than going on to university or college training, take up employment with only limited occupational preparation.

Quality of Training Programmes

2.47   Traditionally the quality of work based training in this country has been highly variable, in part because of the lack of widely accepted standards and the means to enforce or at least encourage their use. The Modern Apprenticeship programme marks a clear and welcome break with that tradition, with defined training frameworks laid down by National Training Organisations and compliance with those frameworks being a requirement for public funding. The impact seems to be fairly clear: the 1998 evaluation of Modern Apprenticeships found that 86% of Modern Apprentices reported overall satisfaction with their apprenticeship; over 70% of employers using Modern Apprenticeships believed that their introduction had "proved beneficial to industry as a whole". The main perceived strength is that Modern Apprenticeships provide a balanced and structured training programme which fits young people well for their first jobs and further progression in a career.[8]

2.48   Nevertheless, some weaknesses remain. The establishment of the Training Standards Council has introduced, and will provide increasingly, a stronger focus on the actual quality of both the on- and off-the-job elements of the work based training provision amongst private, voluntary and public providers, but employers and young people still report significant variations in the perceived quality on the ground. Many employers have reported that inconsistency in assessment is leading them to distinguish between NVQs on the basis of both the provider and the employer through which they were achieved. It is clearly right to ensure a policy framework which will assure employers of the absolute quality of NVQs achieved.

2.49   Concerns about the intensity and quality of instruction are not limited to work based training. In Further Education, guided learning hours for full time courses have fallen from 692 hours in 1995/6 to 662 hours in 1997/8, whilst in both full and part time courses the amount of practical instruction in a workshop setting, and work experience offered, have declined.[6]

2.50   The majority of Modern Apprentices receive some off-job instruction in addition to their work based learning, although only 20% currently learn under frameworks that require mandatory off-the-job training. Even where apprentices acquire certificates for both occupational competence and vocational knowledge, anecdotal evidence suggests that the on-the-job and off-the-job instruction can be poorly integrated. Although apprentice dissatisfaction is low, the fact that as many as 41% of employers said that staff delivering off-the-job training had no formal training for this role causes concern.[8]

2.51   It seems to us that there should be a common set of quality standards for vocational education and training that cover all providers, whether public, voluntary or private - which may mean the need for a single system of training inspection.

Transition from School to Vocational Training

2.52   Under our present system, there is a clear lack of well defined routes of progression for those young people most at risk of performing poorly in general education and dropping out after age 16. The government has put in place a series of pilots under which young people can be released from some of the requirements of the National Curriculum to engage in various forms of vocational learning alongside their general education. However, these do not form a full national system with a recognisable identity supported by a uniform set of vocational qualifications. There is no national approach to ensuring that the opportunities for vocational learning are enriched through the use of work experience placements for students, teacher placements and other activities which could be better encouraged through Education Business Partnerships.

2.53   After age 16, young people not going into an apprenticeship face a sometimes confusing array of other workbased training and National Traineeships, which do not form a coherent system. Young people and their parents need to be able to see a system which is directed at bringing young people to the point where they can enter a full apprenticeship. Too many young people fail to make much progress on pre apprenticeship courses, or drop out entirely.

2.54   Finally, there is an enormous gap in our present system in terms of the way all young people are prepared for the possibility of going on to apprenticeships and other occupationally focused learning. The gap is in careers education and guidance. Generally, the careers service do a good job in explaining to young people what their options are after age 16. However, this often falls short of actively explaining the benefits of occupationally focused learning and often takes place against a background of bias against such learning on the part of schools. Perhaps more importantly, the lack of in-depth and systematic exploration of the demands and nature of jobs in different occupations in careers education means that students are not able to see the full relevance of occupational learning.

Chapter 3
Building a system which promotes participation and progression

Introduction

3.1   Chapter 2 sets out our view of the current 'state of the nation' for young people's acquisition of skills. We now move to our recommendations for change. A fundamentally important strategic choice which we made very early was to recognise that it would be impractical to try to create a mass apprenticeship system along German lines. It is only the Germanic countries which have managed to sustain such systems and a necessary condition seems to have been a degree of social partnership and regulation which is alien to our British culture.

3.2   Our vision is of a high quality mixed economy system building on the best of our apprenticeships, using the resource and opportunities for occupationally focused study in our training institutions and tapping into the technical instruction which can be provided in colleges and universities. But even this will not be enough. We also need routes from age 14 which provide better opportunities for vocational learning and which allow young people to make an effective progression, initially to Level 2, and then on to Level 3 or 4 vocational courses, creating an effective ladder for continuous progression within vocational education and between general and vocational education.

Recommendation 3(i):

The government should work with employers to create a more integrated system of vocational education and training at Levels 2, 3 and 4 which provides clear opportunities for progression within the system and into continuing general education up to degree level, thus enhancing the status of vocational education as a whole and increasing the range of opportunities available to individuals.

3.3   Many of the basic building blocks of a mixed economy system of vocational education and training at Levels 3 and 4 already exist. We already have Modern Apprenticeships. We have many courses in FE which can be taken independently of an apprenticeship. There are also 2 year higher education courses, most notably those which lead to HND qualifications. But we need to knit these elements of the system together in a way which enables each element to contribute to a single coherent whole; allows progression from one route to another; and which strengthens the cognitive component of the apprenticeship route, while bringing a greater emphasis on practical knowledge and skills to vocational education courses.

3.4   Our objectives can be simply stated. We wish to see a system which:

- delivers the opportunity and motivation for all our young people to acquire, and progress on to, higher levels of skill and general education;

- prevents there being a residual group of young people who are marginalised and permanently disadvantaged in the labour market because they lack skills;

- delivers the practical and technical skills which industry needs to be more productive and to move to high value added business strategies;

- helps create a shared culture in industry and society at large in which practical and technical skills, and technical excellence, are valued and encouraged.

3.5   In the following sections of this report we set out in some detail the changes in the very practical matters of qualifications, funding, careers guidance and institutional structures which we believe are necessary to achieve these objectives.

Raising participation and attainment at Level 2

3.6   As we noted earlier, there is still a substantial number of young people who leave school at 16 with poor achievement in general education and who do not go on to acquire further skills. One quarter of young people fail to achieve even a Level 2 qualification by age 19.[2] Most of these young people are very capable. The problem is that they are often turned off by the formal education system and are affected by a culture of low expectations. Our first goal therefore is to improve our foundation learning system so that all young people have the opportunity, and are motivated, to achieve a Level 2 qualification. We believe the key to ensuring they have the incentive to upgrade their skills is to provide improved careers education and guidance, and to ensure there is a better focused vocational learning route, starting at age 14 where appropriate, which offers a high quality parallel to the general education system and which is designed ensure full progression opportunities to an Apprenticeship or other Level 3 vocational or general education programmes. The recommendations we set out below are designed to ensure such opportunities.

Recommendation 3(ii):

Young people should receive structured careers education, information and project based curriculum activities preparing them for the labour market from Year 7; provision of work experience and focused careers guidance from Year 9 onwards should be more closely tailored to helping young people begin to make specific career choices; parents should be more involved in the careers education and guidance process.

3.7   We believe that a more structured approach to better preparing those young people unlikely to remain in full-time education post-16 for the labour market will pay rich dividends. Our objective is to reduce the numbers of young people who leave full-time education at 16 without the skills they need to be effective in the labour market. An essential pre-requisite is to reduce the numbers making inappropriate career or learning choices at 16, particularly those entering jobs without training. A careers education and guidance programme which aims to get young people thinking about career options earlier in their school life is the key to this (see also our recommendations in chapter 8 below). A firm understanding of the qualifications and skills they will need to enter the careers which attract them will better motivate them while still at school. More structured use of work experience will better prepare them for transition and enhance further their motivation to succeed in their goal.

3.8   All young students from Year 7 should be offered a general careers education and information programme which helps them gain a deeper understanding of the world of work and employment, and to begin to appreciate the broad occupational and employment opportunities which could be open to them. At this age, these should be informative and aspirational programmes aimed at helping them begin to shape possible ambitions and career choices, and to appreciate the need to plan their own futures.

3.9   From Year 9, room should be found in the National Curriculum for the reinstatement of discrete classes in vocational guidance. These should be time-tabled from Year 9 and provide pupils with 20 hours of tuition each year. The current system of either crowding careers education into PSE classes or dispersing it as a cross-curricular theme provides inadequate time and focus. The focus in Year 9 should be on helping pupils place their Key Stage 4 option choices in a clearer careers context. Years 10 and 11 should be more oriented to preparing for entry to the labour market. It may be that those pupils who have already decided to stay-on in full-time education require vocational education with a different focus: there may be an argument for allowing them to opt out of these classes in favour of further study.

3.10   Work experience should be prioritised for Years 9 to 10 and targeted at those pupils most likely to enter the labour market at 16. Its role should be to give pupils a better understanding of the world of work and help them identify their priority occupational fields. We believe that work experience delivered in this way will better motivate young people and better assist their transition to the labour market. Employers are also much more likely to find the exercise of benefit.

3.11   Schools should provide dedicated parents' evenings focusing on careers guidance from Year 9. These should be separate from normal parents' evenings which focus on pupil performance. The role of the evenings should be to inform parents of the guidance process and to better co-ordinate the advice given to young people by schools, the Careers Service and parents. It should incorporate sessions designed to help young people and their parents make effective use of our proposed Jobs, Employment and Training Information website (see Chapter 8 below).

Recommendation 3(iii):

The government should build, as swiftly as possible, upon the successful pilots of vocational and work related learning for 14 -16 year olds to a full national system.

3.12   One of the most effective ways of ensuring that disaffected youngsters continue learning after age 16 and remain engaged with compulsory education, is to provide them with high quality opportunities for vocational and more practically orientated learning between age 14 and 16 which can be taken in parallel with general education. The government has already instituted arrangements under which the national curriculum can be dis-applied for some 14-16 year olds to allow them to spend a day or so a week in vocational learning. It has also mounted a variety of pilots to test different approaches to how this learning might be structured and certified.

3.13   It is our view that it ought to be possible, building on those pilots which are successful, to move towards a more uniform national system within two to three years time. This would include (i) appropriate but stretching vocational qualifications with somewhat more occupationally specific content than is currently available in GNVQ part 1 qualifications; and (ii) key skills units in application of number, communication and IT. The quality of the vocational learning experience for this group of people should also be improved by the targeted use of work experience placements for students and more teacher placements. At present, Education Business Partnerships support these activities fairly uniformly across all types of student and teacher. We propose, at least for the next three years, that they target their efforts particularly at this group of 14-16 year olds and their teachers.

Recommendation 3(iv):

The present work-based training arrangements for young people not continuing in full time education after age 16 and not immediately entering a Modern Apprenticeship should be replaced by a new system of 'Foundation[*] Apprenticeships' which build on and replace the existing National Traineeships at Level 2 – supported by the 'learning gateway' scheme for those requiring pre-Level 2 training.

3.14   Clearly, it should be our aim to improve attainment to Level 2 by age 16 so that as many young people as possible are able to move directly to Level 3 courses. However, there will always be some, and in the near to medium term, a significant proportion of young people who need to engage in further learning before they are ready for a Level 3 course. It is important that such learning is clearly designed to facilitate the student's progression to a Modern Apprenticeship or college based programme.

[*] As chapter 1 - 'Foundation' is used in the sense of preparing for a full apprenticeship - and does not have any wider technical meaning.

3.15   The present structure of National Traineeships and so-called 'other government training' programmes is confusing and unsatisfactory. We welcome the Department's plans for a new Learning Gateway for 16/17 year olds to give every young person the skills and support needed to progress to mainstream learning and National Traineeships in particular. In such a Gateway, young people leaving school without a job or apprenticeship should have their basic and key skills assessed, have the opportunity to take further courses in basic skills and receive intensive careers guidance and work preparation. When they were ready, they should then be able to progress to a 'Foundation Apprenticeship'. These would build on the existing National Traineeships but would be explicitly designed to encourage progression to a full Modern Apprenticeship. (Also see Recommendations 3(ix) below.) During their period on the learning gateway and in the early stages of their Foundation Apprenticeship, the progress of each young person should be monitored and they should be allocated a personal adviser to assist them through each stage.

3.16   It will be essential to design and implement Foundation Apprenticeships carefully, so that the credibility achieved over the past three years by Modern Apprenticeships is not compromised. It must be made clear that Foundation Apprenticeships are not seen as a desired end-point for most people (though they must of course be high quality programmes in themselves) but as a valuable and effective stepping stone to a full Modern Apprenticeship for those who fail to achieve a Level 2 qualification from their full-time education.

Improving Vocational Qualifications and Apprenticeships

3.17   We noted in Chapter 2 that there have been many attempts to reform the system of vocational qualifications in this country, with mixed success at best. Recently, employer take-up of, and commitment to, NVQs has been increasing, and their competence focus has been largely welcomed, particularly in those sectors where recent reviews of National Occupational Standards and Qualifications have taken place. The undoubted success of the Modern Apprenticeship scheme has played a key role in this. Nonetheless, many employers we spoke to expressed continuing concerns about the incoherence of the wider vocational qualification structure, the plethora of traditional vocational qualifications, the burden of assessment in NVQs, some lack of reliability and consistency in assessment, and the need to ensure that the vocational route offers continuing progression into higher levels of general education for those who desired it. The proposals we make in this section are designed to achieve such improvements.

Recommendation 3(v):

The government and QCA should continue to implement the key recommendations of the Beaumont Review of NVQs, and particularly those that seek to increase coherence, introduce a core and options approach, and reduce the burden of assessment.

3.18   The Task Force broadly endorsed the findings the Beaumont Review of NVQs,[9] which was well received by employers and the education and training system. The Qualifications and Curriculum Authority (QCA) is working with the new NTOs and Awarding Bodies to implement the Beaumont recommendations. There is little we can add to these except our encouragement for rapid implementation.

3.19   However, we have become particularly concerned about the extraordinary plethora and incoherence of vocational qualifications in the UK, which employers, training providers and individuals alike have told us cause massive confusion and reduce perceived value of the vocational system as a whole. The National Occupational Standards, set by industry themselves and describing the essential characteristics of occupations as they evolve over time, are key to the growing value which employers attach to NVQs. Maintaining and updating them is one of the lead responsibilities of National Training Organisations and must to be seen as a priority activity.

Recommendation 3(vi):

The number of NVQs and VQs should be reduced drastically, with VQs becoming better aligned with and 'related to' the National Occupational Standards in the relevant field and including appropriate work experience opportunities.

3.20   At present there are 840 NVQs and over 17,000 vocational qualifications such as those offered by City and Guilds, Edexcel and the RSA amongst others. Some NVQs have never been awarded, and there is much duplication of coverage on particular occupational fields by other vocational qualifications. The excessive numbers of both types of qualification add to the confusion surrounding the vocational qualifications system and the perception that some qualifications are unduly narrow. Most vocational qualifications which have not been assimilated into NVQs are poorly aligned, or not aligned at all, with the relevant National Occupational Standards. This can lead to the poor integration of knowledge and understanding with competence requirements, a perceived lack of coherence by many employers and consequently to the demotivation of trainees.

3.21   The plans and ideas for consultation which have been set out by QCA[10] will take us a considerable way to meeting this and our later recommendations. Under the QCA approach, the unitisation of qualifications is the key. This would allow the bringing together of units in knowledge and understanding with related units of competence. The responsibility for advising on the 'packages' of competence and knowledge and understanding required in different industry sectors would lie with the QCA's sector advisory groups.

3.22   In addition to these changes, we think it is important that, where they do not do so already, learning programmes leading to traditional vocational qualifications should include greater opportunities for work experience undertaken in the workplace or other setting away from the college, and some practical assessment of applied skills. This will help to ensure that where occupational courses are undertaken in college or with a private provider that they do not become solely classroom based with students not having the opportunity to acquire and demonstrate skills and knowledge through at least some level of practical work.

Recommendation 3(vii):

NVQs and VQs 'related to' the same National Occupational Standard should be designed so that the 'Related VQ' (RVQ) provides for the attainment and assessment of all the underpinning knowledge and understanding required within the NVQ.

3.23   NVQs are fundamentally designed as workplace qualifications intended to be undertaken by individuals actively engaged in pursuing the relevant occupation as a trainee on-the-job. As such, they do not provide an effective entry route for individuals (particularly adults) working in other sectors who are seeking a career change, or for individuals unable to gain a work based training place. Trainees in government funded training leading to NVQs who do not obtain a substantial work placement during their training can be significantly disadvantaged in the quality of the assessment they receive. Equally, this has led to the unsatisfactory situation where Further Education Colleges seek to offer NVQs without any work placements in order to meet demand for individual access to such programmes.

3.24   Competence assessment for each element of competence within an NVQ is expected to be undertaken in a sufficiently wide 'range' of workplace situations in order to provide a breadth of assessment that can reasonably be assumed to attest that the individual has acquired the necessary underpinning knowledge and understanding. This has contributed significantly to the burden of assessment for NVQs which has been the subject of one of the largest groups of concerns about NVQs expressed to us by both employers and training providers.

3.25   Related Vocational Qualifications would provide an effective entry route for individuals seeking to change careers, and for individuals seeking to pursue further institution based learning, including progression to higher education.

3.26   The workplace competence assessment requirement of NVQs must be protected so that NVQs remain the 'gold standard' of vocational education and training. With the introduction of RVQs, QCA and Awarding Bodies should refuse to award NVQs for provision which does not incorporate a substantial proportion of genuine work based training and workplace assessment.

3.27   When the new system of NVQs and RVQs is in place and embedded in use, government should consider whether, and what level of, public funding should continue to be available for other vocational qualifications not included in this new framework.

Recommendation 3(viii):

There should be the capacity for knowledge and understanding to be assessed separately in, or via a Related VQ alongside, all NVQs; where such separate assessment of knowledge and understanding takes place, the burden of requirements for competence assessment on employers should be consequentially reduced.

3.28   The previous recommendation would also provide the opportunity to review the width of the range of workplace situations in which each element of competence is required to be assessed. Since one of the key purposes of the 'range' statements in NVQs was to act as a proxy for separate assessment of knowledge and understanding, the introduction of the option for such assessment, either within the NVQ itself or via a Related VQ, should allow NTOs and Awarding Bodies to accept a significantly reduced volume of competence assessment, thus reducing the burden on employers.

3.29   This should not in our view be a mandatory requirement within NVQs because the current structure has proved very successful in engaging in training workers who have neither high levels of educational attainment, nor confidence in classroom based learning. It is essential that the 'competence only' assessed NVQ remain the standard form of the qualification.

3.30   The use of the 'separate assessment option' (within the NVQ or via an RVQ) for knowledge and understanding should also ensure greater consistency of assessment for those employers who have expressed concerns on this issue. The availability of Related VQs linked to the National Occupational Standards will provide the opportunity for those in full-time education or training to prepare for career changes or future promotion opportunities whilst not engaged in the occupation concerned, and also provide a stronger basis for progression for those individuals who may wish to continue into further and higher education either immediately or later in their career. Such enhanced progression opportunities would raise the esteem of the work-based route, and indeed have underpinned the recent and highly successful re-launch of Apprenticeships in France where apprenticeships have increased from around 200,000 in 1992 to over 300,000 in 1997.[11]

Recommendation 3(ix):

Where available, separate assessment of knowledge and understanding within or, preferably, completion of a Related VQ alongside, the relevant NVQ should be the norm for all publicly funded Foundation and Modern Apprenticeship programmes.

3.31   These opportunities for increased transferability/portability of qualifications, and for increased progression opportunities within both education and training, argue strongly for such provision to be available by right to any young person whose training or education is subject to significant public subsidy. In addition, the reduced burden of competence assessment on employers, particularly SMEs, [Recommendation 3(viii)] should make it easier to persuade more employers to support young people in work-based training. There must, however, be an expectation that the full costs of the separate assessment of knowledge and understanding, or the RVQ, would be met from the public purse.

3.32   Such a system should also allow the Government greater confidence that the quality assurance and public funding audit concerns that have arisen in recent years around work based training are being effectively addressed. Both concerns are more easily dealt with through rigorous and externally moderated assessments of knowledge and understanding - which would also serve to protect standards and quality. As a consequence of this change, we would expect the Government to be able to reduce substantially the audit burdens on employers, providers and TECs.

3.33   Many of the Modern Apprenticeship frameworks already require apprentices to achieve a vocational qualification which will attest to their technical knowledge and understanding as well as an NVQ which attests to their competence. In these situations, the adoption of a Related VQ within such frameworks would ensure the delivery of a more effective and integrated programme.

3.34   It has been suggested to us that, in some sectors (hairdressing was given as one example), the knowledge and understanding requirements are too low for separate assessment to be worthwhile. We would question whether this is really true, particularly in any sector where some form of traditional vocational qualification already exists. If it were true, we would be worried that such young people were not being given a broad enough training to allow them to develop further and to change career in the future if they so wish. However, we recognise that the extent of underpinning knowledge and understanding will vary from occupation to occupation and accept that, where an NTO makes an overwhelming case, an exemption from the requirement for separate assessment of knowledge and understanding within a Foundation or Modern Apprenticeship might be allowed.

Ensuring progression and transferable skills

3.35   A revitalised vocational education and training system designed to meet the demands of rapidly changing employment opportunities in the 21st century must not only be coherent in itself, but also ensure that opportunities for both career and learning progression remain as open as possible, whatever the foundation learning route pursued. Employers have constantly told us that breadth and transferable skills are essential (see Chapters 4-6 below on key skills) but learning providers also reminded us that individuals want to keep their learning options open too. Those with general education qualifications are increasingly recognising the added value of vocational skills for their continuing employability; those with vocational qualifications do not want to see their opportunity for progression in general education, particularly to degree level, closed off. The ultimate aim of our 'mixed economy' system must be to create a 'ladder of progression' which offers individuals the opportunity for progression to higher levels of attainment in both vocational and general education, irrespective of their starting point. The following recommendations seek to maximise opportunities for such flexibility.

Recommendation 3(x):

Suitable units in Maths and English should be included in the frameworks for Modern Apprenticeships and all apprentices who wish to take such units should have the opportunity to do so.

3.36   In Chapter 6 below, we endorse the recommendation in the Dearing Review of 16-19 Qualifications that key skills at an appropriate level should form a component of every qualification offered to young people aged 16-25, whether in the form of A or AS levels, GNVQs or NVQs.[12] We believe this is essential for the long term employability of young people.

3.37   We also believe that, if Foundation and Modern Apprenticeships at Levels 2 and 3 are to be a positive choice for a wider segment of young people, they must offer the opportunity for further progression in general education as well as to higher levels of vocational education. In particular they must keep open the option of going on to higher education for at least some Apprentices. We believe that the opportunity to study further in general Maths and English (as distinct from and in addition to the key skills of application of number and communications), together with the proposals we presented earlier on separate assessment of knowledge and understanding, would greatly assist in achieving that objective. We know from research on drop outs from HND courses and degree programmes how important it is for students to be able to write fluently and to be able to deal with higher level mathematical concepts which go beyond basic numeracy.

3.38   In general we would expect these units in general Maths and English to be at Level 2 in terms of the qualification framework. Of course, many Modern Apprentices may have this level of attainment in the relevant GCSE subjects already. Our concern is primarily for those who do not, though we would hope that even those who have attained Level 2 would have the opportunity to reach higher levels if they wish. For this latter group, the GCSE curriculum in Maths and English will not be appropriate. Either the new AS in Mathematics, or some of the new Free Standing Maths Units, may prove to be suitable. Otherwise these units should be revised to be more suited to their needs.

3.39   We do not believe that, on their own, the key skills in communication and application of number are an adequate substitute for such additional units nor that they will achieve the objective of this recommendation. In the longer term it may be possible to achieve greater convergence of key skills units and the corresponding GCSE curricula and qualifications (and/or the Free Standing Units); having both key skills and separate English and Maths units may then be unnecessary.

Recommendation 3(xi):

Greater encouragement should be given to GNVQ students to use their GNVQ learning programmes as stepping stones to later more occupationally focused learning.

3.40   The Advanced GNVQs are proving a useful stepping stone into higher education. However it is important for the vast majority of those who only achieve a Level 2 GNVQ, that this does not merely serve to prolong their period in the education system but also leads them to an Apprenticeship, or other vocational education or training programme. It may be that when the changes we have outlined above have been made, more people will choose to take a more occupationally focused learning programme rather than a GNVQ. But for those for whom a GNVQ is the right option, the routes of progression to later vocational learning should be made clear. QCA should review the Intermediate GNVQ programmes to bring them into closer alignment with Related VQs and their associated NVQs. Also, where their GNVQ covers some of the units of knowledge and understanding which would be required in an Apprenticeship, learners should be given credit for these units should they choose to enter an Apprenticeship.

Recommendation 3(xii):

The government should ensure that FE colleges and other training providers delivering Related VQs have the capability to deliver the same units of knowledge and understanding as would be expected from the linked NVQ and provide suitable work experience opportunities in every such programme.

3.41   Central to ensuing this capability is the availability of sufficient funding to cover capital costs for up to date equipment, and the costs of training teachers, lecturers and trainers in how to make links with employers and use these to enhance the curriculum. However, there can also be an issue around small learning groups and the problems this can cause providers in terms of high unit costs. Here we suggest that one option is to encourage colleges and other providers to specialise and become centres of excellence in particular occupational areas. (This is typically more common in private and voluntary providers than in Further Education Colleges.)

3.42   Our aim in this recommendation is to maximise the opportunity for students in institutional vocational courses to progress later to Apprenticeship training if they so wish, and to allow them to move as swiftly and easily as possible through that training. We are also concerned that, even where students do not progress to an Apprenticeship, they should have had the opportunity to see the relevance of what they have been taught to real workplace issues and to attempt some practical application of their own. Of course, to some extent, this can be done through simulation in the classroom, but good quality work experience would offer much greater scope and a far better sense of reality.

3.43   Work experience undertaken in the workplace or other settings away from the college will help to ensure that, where occupational courses are undertaken in college, they do not become solely classroom based with students not having the opportunity to acquire and demonstrate some skills and knowledge through practical work, including some assessment of applied skills. We are well aware of the difficulties of obtaining good quality work experience placements. That is why we do not recommend that such placements should be mandatory. Quality of work placements, rather than volume, should be the goal with 10 weeks work experience within a two year programme the desirable ambition. To help ensure quality, DfEE should consider the introduction of a Quality Standard for work experience placements, perhaps building on some similar projects already developed by TECs and Careers Services.

3.44   It is also important that we build into the mixed economy system of vocational education and training we envisage, opportunities for some young people to achieve qualifications which are at least on the first rung of the higher education system. As well as providing opportunities for the more able it enhances the status of the whole system for all young people. In essence it completes the ladder of progression. It also, recognises the shifting nature of employment in which Level 4 technician and associate professional jobs are growing strongly. The main elements of a Level 4 route exist in the form of the various 2 year higher education qualifications which are already available, especially HNDs, and the current graduate apprenticeship pilots. What we need to do now is to bring these together into a coherent high status system.

Recommendations 3(xiii):

Work should be undertaken to explore how a new system of 2 year associate degrees in vocational subjects could be developed to encourage and support progression from Level 3 qualifications to Level 4.
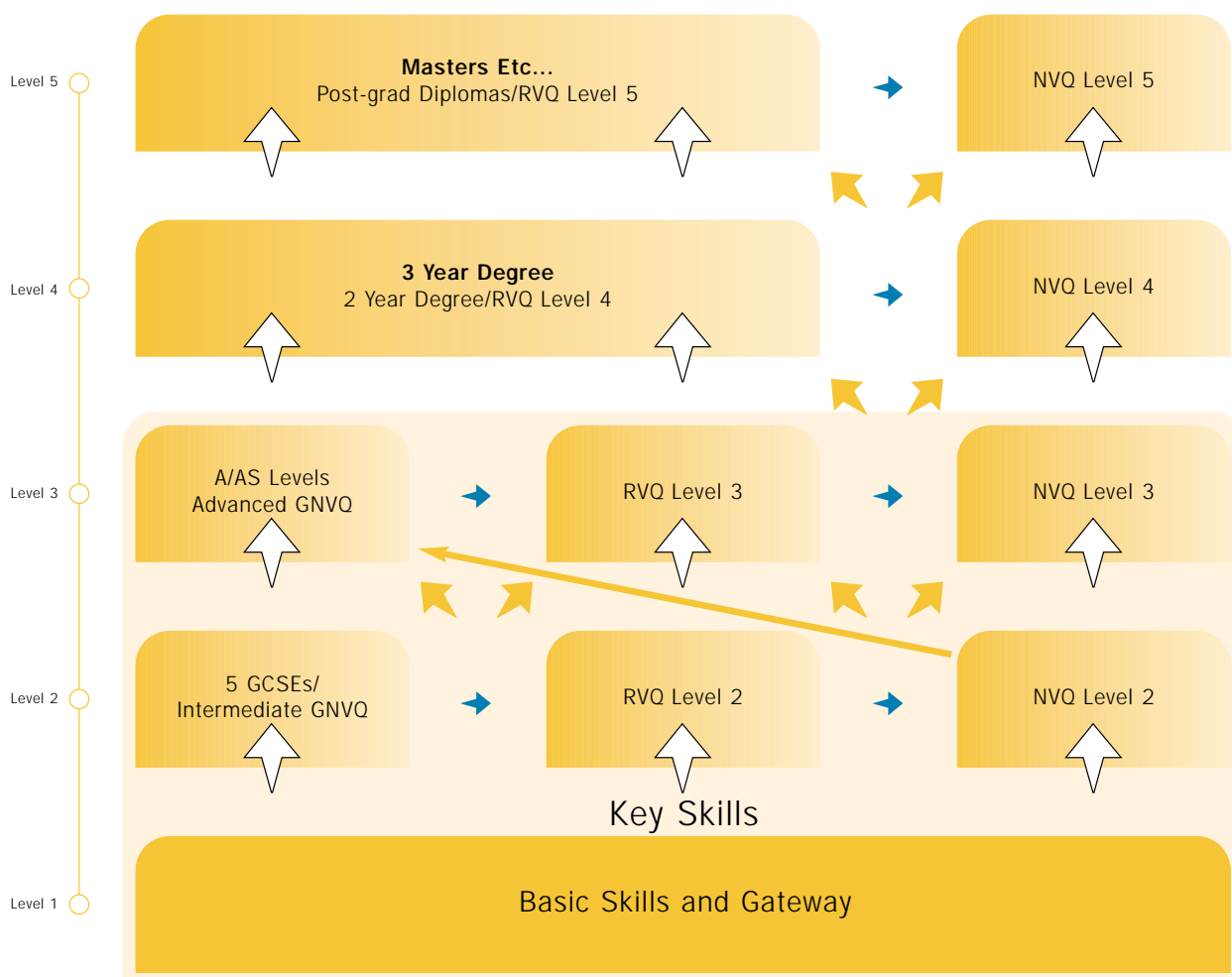
3.45   The creation of a 2 year vocational associate degree route, set at Level 4 and related to the National Occupational Standards, would provide a key missing element in our proposed 'ladder of progression' for 16-25 year olds, and provide additional opportunities for individuals to pursue higher level skills as adults. The foundations for such a route already exist in the form of Higher National Diplomas and other Level 4 qualifications. Changes could be made to ensure more uniformity as regards the period of further study required to progress from these qualifications to a full degree in the same subject. These might form part of a wider national credit based system for HE. This approach deserves fuller consideration than we can give it at this stage in our work.

3.46   The term 'associate degree' would help raise the status of existing 2 year higher education programmes, and where such qualifications are linked to the relevant National Occupational Standards, they would form the Related Vocational Qualifications matched with Level 4 NVQs. This new qualification could be awarded through existing national bodies. The alternative would be for it to be managed by the institutions - but there would need to be a strong quality assurance mechanism in place first.

Recommendation 3(xiv):

Subject to the continuing success of the current sector pilots, the 'Graduate Apprenticeship' system should be linked to these new associate degrees as underpinning knowledge, and expanded to cover a wider range of industrial/occupational sectors.

3.47   The pilots currently being funded by DfEE offer students and employers opportunities to develop the practical application of what is taught in universities. We think this a promising approach. We recommend that graduate apprenticeship frameworks be developed for a wider range of 2 year degree courses and associated NVQs at Level 4. These frameworks should lay down criteria for suitable work experience placements, provide a guide as to how such experience should be integrated with the academic curriculum and should set standards for the extent of competence assessment required where an associate degree programme is achieved. They should lead to the award of both the related associate degree and the NVQ Level 4.

3.48   The introduction of the two year associate degree programme (as the Related VQ) and the extension of the Graduate Apprenticeship frameworks, would allow the completion of our progression framework up to and including Level 4.

Figure 1: Progression Framework for Vocational Education and Training

Level 5	**Masters Etc...** Post-grad Diplomas/RVQ Level 5	NVQ Level 5
Level 4	**3 Year Degree** 2 Year Degree/RVQ Level 4	NVQ Level 4
Level 3	A/AS Levels Advanced GNVQ / RVQ Level 3	NVQ Level 3
Level 2	5 GCSEs/ Intermediate GNVQ / RVQ Level 2	NVQ Level 2

Key Skills

Basic Skills and Gateway

Level 1

3.49   The combination of our Recommendations 3(iv) to 3(xiv) is intended to lead to the creation of an overall 'ladder of progression', illustrated graphically above in Figure 1, which allows individuals, irrespective of their starting point, to develop their skills, knowledge and understanding so that they can maximise future learning opportunities in both general and vocational education. Individuals pursuing the vocational routes should be able to progress up the Apprenticeship route towards Level 4 or even 5, as well as into higher education should they so desire. Equally, those who initially pursue the general education route, have a multiplicity of points at which they can add vocational training to their curriculum vitae.

Public Funding - A new learning entitlement to Level 3

3.50   As we indicated in Chapter 2, the number of jobs requiring Level 3 qualifications or higher is increasing, with the CBI estimating that this is the skill level already expected for over 50% of today's jobs. As this figure grows in the next decade, and higher levels of skills become the key to future employability, it will not be enough to merely provide young people with guidance and encouragement. Our proposals in this chapter are designed to achieve a step change, to improve the vocational qualification and learning system, and to improve progression opportunities to Level 4 and higher education. But there must also be some better guarantee that young people will indeed be able to take advantage of this new mixed economy system up to Level 3.

Recommendation 3(xv):

All people should be entitled, up to their 25th birthday, to publicly funded education and training, to the level of their capability, up to and including their first Level 3 qualification.

3.51   We believe that the increasing skills levels required by a high value added high skill economy mean it is time for the Government to increase its basic foundation learning commitment to provide an entitlement to assist every young person who so aspires to acquire their first Level 3 qualification. For practical purposes this might be expressed as an entitlement to education and training to their level of capability, and up to Level 3, until their 25th birthday. This would allow some opportunities for repeat attempts at a qualification and for some people to take longer than others to attain one, while not creating an absolutely open ended commitment – but Government will need to consider how best to manage the process.

3.52   This would be a significant extra commitment on the part of the state. However, we do not believe it would be too large, given the future levels of participation in education and training already planned and the extent of existing guarantees, and that the additional costs at this level could be met by re-prioritising existing and recently announced additional public funding commitments[*]. Existing guarantees include of course, the guarantee of a place on government supported training for unemployed 16-17 year olds and the guarantee of a place in full time education for 16-18 year olds who want one. Further, it would fit with the bringing together of entitlements which we understand the government is already contemplating and would provide an excellent base on which to develop the new Learning Card. Finally, it is our belief that the additional costs of such an entitlement would be substantially less than the social exclusion costs often associated with young people without adequate skills and work orientation.

Creating an effective funding system

3.53   The financing of vocational education and training is a matter of enduring difficulty. At root, this stems from the difficulty of devising clear principles which should determine the share of costs borne by the public purse and the difficulty of gaining widespread assent for such principles. One economic analysis suggests that the state and individuals should bear most of the cost of learning skills which are transferable between employers, given the difficulties employers will have in capturing the benefits of such skills. However, skills do not come neatly packaged into those which are transferable and those which are not, and the transferability of skills in part depends on market circumstances.

3.54   Another argument that bedevils funding discussions is that of deadweight – "why should the state pay for vocational training that an employer would be willing to fund themselves?" This is far too simplistic an analysis. Employers want graduates for many jobs, and would be willing to pay for their training too – they simply don't have to because the state already undertakes to pay (in full until the recent decisions on students' fees). Another concern is that employers gain a 'return'

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[*] For **illustrative purposes only**, we have calculated that some £210m - £250m would be required to effect a 5% increase in those achieving a Level 3 qualification by age 21.

from individuals who are employed whilst on work-based training, but equally the employer pays a salary to those young people in exchange for that return. It is difficult to see why this should preclude the state from investing in that young person's training when employers also get a 'return' from the State's investment in full-time college or degree courses.

3.55   We believe the only principle on which it is reasonable to base a funding system for foundation learning is one of equitable and comparable treatment for the individual learner. That is the principle that underpins our recommendation above for a new 'entitlement for foundation learning' to Level 3. Translating this into the broad context of funding post-16 education and training, we suggest that there should be comparable funding for comparable qualifications regardless of the route – full-time, part-time, work based; general or vocational education – taken to achieve them. Such a system must of course allow for real variations in the costs of training between sectors and occupations.

3.56   The following recommendations aim to implement these principles and to produce a level playing field across the different vocational tracks and across occupational sectors in terms of levels and access to public funding. During our consultations, we have heard a great deal about what are perceived to be some of the arbitrary features of current public funding systems, including discrepancies between sectors and the difficulties of funding higher cost courses. We see a level playing field as essential if we are to have a fully inclusive education and training framework for England in which the informed choices of students, employers and institutions are not to be distorted.

Recommendation 3(xvi):

There should be a common tariff system which ensures broadly comparable levels of funding for broadly comparable qualifications in the same sector, irrespective of route, type of qualification or mode of learning.

3.57   We propose that the funding received for different courses should as far as possible be proportional to the underlying costs of instruction (i.e. with weightings for higher cost programmes) while ensuring of course that inefficiencies are driven out of the system. The main tariff should exclude the capital costs of provision which should be dealt with through dedicated grants to institutions, to ensure that funding intended for capital expenditures is not diverted into meeting current costs. Weighted premiums or other support arrangements for special needs provision would, of course, need to be additional to any general tariff.

3.58   We are aware that the price of a more uniform system can be greater inflexibility. However, we believe this is more than offset by the benefits of greater transparency and simplicity. We do not think it is possible in practice to fine tune the funding system to take advantage of small differences in cost which may arise across the country or the willingness of different employers to contribute to costs. Such fine tuning risks instead simply introducing arbitrary distortions.

Recommendation 3(xvii):

Output related funding should be reduced to the proportion which presently applies in the FEFC funded sector.

3.59   Under the output funding regime which presently applies on the work-based track, around 30% of the funding received by TECs and paid to their providers can be dependent on the achievement of qualification and employment outcomes. We believe that the introduction of output related funding did have a positive impact by both reducing the duration of training whilst substantially increasing achievement rates, but that the level of output related funding now used within highly constrained budgets has put considerable strain on the NVQ assessment system and the quality of training. This is partly because of the incentive it creates to abuse the assessment system and the consequent countervailing measures to avoid that abuse, which greatly add to the burden of bureaucracy. It has also meant considerable delays in payments made to employers. We believe the positive benefits of higher achievement rates can be maintained at levels of output related funding much closer to the FEFC levels.

Recommendation 3(xviii):

All artificial barriers which inhibit the free flow of funds across the 3 vocational routes in response to student demand should be removed as far as possible and a single budget established for all post-16 education and training outside higher education.

3.60   As we noted in the previous chapter, whatever the theory, there are in practice different constraints on the extent to which the present system allows providers in different tracks to respond to changes in student demand both in the short and long term. In particular, the work-based route is comparatively under-resourced affecting its ability to plan ahead and to engage proactively in stimulating demand. We propose that, at least as far as FE and the work based route are concerned, the funds available for vocational courses be treated as a single budget line within the DfEE vote. That means that there should be operational mechanisms which allow funds to move across provision in a way which is understood by providers and which is completely responsive to student demand.

Strengthening the Infrastructure

3.61   Our proposals under this heading cover a disparate set of issues all related to ensuring the capacity of a reformed vocational education and training system to deliver the outputs we seek.

3.62   It might appear that some of the reforms of the funding system we propose above could be most easily achieved if there was a single funding body covering at least the work based route and further education. However, we do not feel at this stage that we can make precise proposals in this area, not least because the Government is currently reviewing many aspects of the whole post-16 education and training system, with the announced intention of making a statement in June/July 1999. Our current workplan envisages detailed consideration of funding, planning, and performance management systems in our next phase of work from May until October 1999. The consultation on the wider review of all post-16 provision including TECs, the quinquennial review of the FEFC, and the QCA review of vocational qualifications will all be important to any further thinking. Regional and local partnerships are evolving and growing continually and any proposals for new funding arrangements would also have to include a clear view of how they would relate to these partnerships.

3.63   In considering options for funding, we would also propose to examine options for ensuring greater coherence and integration in quality assurance and inspection arrangements. If funding is to follow learner/employer demand across routes and providers, then it must cover both public institutions such as Colleges, as well as private and voluntary sector providers. This implies that consideration should also be given to ensuring that quality assurance and inspection systems for all providers are based on comparable quality frameworks (recognising essential differences between types of providers) and independently assessed to comparable quality standards. This will also be a focus in our next phase of work.

3.64   However, there are a number of key infrastructure changes which should be made now.

Recommendation 3(xix):

The capability of NTOs to promote and develop work based training should be improved and made more consistent across sectors.

3.65   Giving NTOs responsibility for developing Modern Apprenticeship frameworks was a major step forward and many NTOs do an excellent job of promoting work based training. However, in reality the resources and capabilities of NTOs are very uneven. Their role in promoting work based training across the sectors is limited. In part these difficulties stem from the small and variable amounts of public funding available to NTOs and the still very large number of these organisations, although reduced from the number of ITOs.

3.66   We propose that the Government (i) give a clearer and more demanding remit to NTOs as regards work based training for young people; (ii) match this with somewhat greater and more consistently applied public funding; and (iii) progressively and over time reduce the number of sector NTOs, building on the possibilities for rationalisation inherent in the present attempts to create NTO groupings. Sufficient resources should be made available to ensure that the National Council can provide common services across the range of NTOs and thus improve cost efficiency.

Recommendation 3(xx):

The Government should institute measures to help small firms improve the training staff and capital equipment available to them for training apprentices and to encourage them to band together to share such resources.

3.67   Further expansion of apprenticeship and work based training will depend very heavily on the capacity of small and medium sized enterprises and their willingness to be involved in training. In many sectors - for example, engineering - the role of SMEs has been increased further due to the spread of contracting out and the decline of some of the traditional larger firms. However, the costs of training, and the associated training supervision and administrative burdens, can be relatively high for SMEs.

3.68   Best practice in some sectors, as well as much recent success in Australia, has shown that Group Training Associations/Organisations can provide a very effective means to support the training of Modern Apprentices, allowing groups of SMEs to share the costs of potentially expensive equipment, train workplace supervisors and mentors, and provide a wider range of experience than is often possible in a single small firm. Combined with the appropriate use of Related VQs to reduce the burden of workplace assessment whilst maintaining quality and retaining real competence at the core, such structures as Group Training Organisations could be the key to a substantial increase in the take-up of Foundation and Modern Apprenticeships within SMEs. We propose that a dedicated budget be set up from which grants could be provided to support the establishment of a more coherent system of group training associations - as necessary, creating from scratch, re-establishing or building on those which still exist - in association with the relevant NTOs, the RDA where appropriate, and local bodies such as TECs and Lifelong Learning Partnerships.

Recommendation 3(xxi):

All trainers of apprentices should have appropriate qualifications.

3.69   A cadre of well qualified trainers is vital, if the quality of instruction on apprenticeship programmes is to be raised and made more uniform. We recognise that this cannot be achieved quickly and will require the investment of time and resources. Our proposal therefore is that within 5 years of the decision being made all workplace training staff instructing Modern Apprentices should be required to hold appropriate qualifications as trainers. This would be a condition of an employer receiving funding under the Modern Apprenticeship programme and would not apply to trainers not engaged on the programme. The Training and Development and Further Education NTOs should be funded by government to work together, with the NTO National Council, to develop appropriate training courses and standards.

Part 1

Part 2

Part 3

Part 2
Employability and Key Skills

2

Chapter 4
Foundations for policy on Key Skills

Introduction

4.1   We know that much of the value of education and training lies in the general skills and aptitudes they impart; and the structure of employment is changing in ways which are increasing the demand for transferable key skills. So for people to become and remain employable, they need those general skills in addition to whatever specific occupational skills they acquire at the start of their working lives. There has been a wide acknowledgement in recent years that employers require of their potential and existing employees a broad set of generic skills, values and attitudes, which enhance and maintain an individual's general employability.

4.2   In this chapter we set out some of the foundations for our thinking about policy on key skills and employability before setting out our recommendations in Chapters 5 and 6. These foundations consist of (a) a statement of how we have thought about key skills; (b) evidence on the labour market need for key skills; and (c) a review of the main elements of current policy.

4.3   Firstly, by way of introduction, we state our position on the list of key skills. There can never be a universally acceptable and definitive list which is entirely appropriate in all contexts. Employers' views of what the list should contain, and the relative importance of the skills, vary in different occupational settings. However, the list of six originally devised by NCVQ - communication, application of number, Information Technology (IT), problem solving, working with others and improving own learning and performance - is generally considered to include the main general skills currently needed to function effectively in a range of jobs. We do not think there is a case for revisiting that list at present. Indeed, to do so would be a distraction from the real issues.

A Framework for Thinking About Key Skills and Employability

4.4   We share the widespread conviction that key skills are important in determining the ability of individuals to obtain, retain and progress in employment. However, we caution against a simple view of the relationship between employability and key skills. There is no single bundle of skills and aptitudes which are both necessary and sufficient for any individual to gain employment in all circumstances. What we can say is that having higher levels of key skills will, other things being equal, allow an individual to compete more effectively for a wider range of jobs and hence be more likely to get, and remain in, employment.

4.5 There are other personal aptitudes and attitudes which help people gain and retain employment in addition to the 6 key skills which are our concern here. One of the most important is the ability to plan and manage one's own career. This involves understanding the opportunities available in the labour market; how to apply for jobs and present oneself at interviews; and being able to plan and arrange one's own career development. We deal with this latter aspect of employability more fully elsewhere in this report, in the context of labour market information and careers education and guidance.

4.6 Key skills are of course only ever observed in the way people carry out specific tasks or solve specific problems. It follows that people are not able to demonstrate their key skills to the same level irrespective of context. But, despite some variations on the degree of transferability of key skills, there is sufficient transferability to merit their being viewed together as a group. This is why educators and educational theorists have rightly emphasised the role of general education in enhancing students' general cognitive abilities and their social skills and attitudes. It is both legitimate and important therefore to enquire how students' education and training can be structured to develop key skills more effectively.

4.7 There is then the question of whether key skills can be taught explicitly as opposed to being regarded as a happy incidental outcome from teaching a body of specific knowledge. We think they can be taught, and that the best general teaching is that which helps students to develop the key skills. On the other hand, we are clear that it is a fundamental mistake to try to teach key skills separately from some specific subject or task orientated learning. Such abstraction can only drain all substance and perceived relevance from the learning experience. The development of key skills results from the way that subjects are taught rather than the content of those subjects themselves.

4.8 There are important differences between the 6 key skills. Communication and application of number are more closely related to academic subjects, namely maths and English (language), and would seem more readily teachable through a body of exercises or material as part of those subjects. IT is relatively discrete. But we do not believe that the other three key skills - the 'wider' skills - problem solving, working with others and improving one's own learning - can be taught as 'subjects'; at least not in any traditional sense of that term. Instead they must be developed and rehearsed as a natural part of programmes of study or main qualifications using appropriate tasks or assignments. This approach will reinforce the integration and contextualisation of the key skills as well as emphasising the contribution that the key skills themselves make to effective teaching, learning and performance.

4.9 As regards delivery of key skills, we cannot rely on formal education alone. Work, and therefore employers, must play a large part, perhaps even the largest part, in their development. This would seem to be particularly true of those key skills such as team working which have a significant attitudinal component. Extra curricular activities (including work experience), voluntary work and home and family life will also be important, although employers and society more generally have a legitimate expectation that education will play its part in forming the attitudes and dispositions of young people in a way which prepares them for working life and citizenship.

4.10   Finally, there has been much controversy over the assessment and certification of key skills. In general, we accept the arguments for limiting formal qualifications to the first three key skills of communication, application of number and IT. They lend themselves more to the types of assessment which are commonly used in education and training. However, use of tests and other forms of formal assessment for the wider skills might well produce distortions in their development and unhealthy teaching methods. On the other hand, we do think that it is important for learners to be able to judge their progress in acquiring the wider key skills and to this extent would welcome development work to explore the potential for introducing new forms of assessment which are reliable, manageable and valid. After all, it is often these wider key skills which employers look for when recruiting and developing staff.

Demand For Key Skills in the Labour Market

4.11   A number of interrelated trends in technology, working practices and in the industrial structure of employment have increased (and seem set to increase further) the need for key skills.

4.12   The shift to service sector employment has greatly increased the number of people who are dealing with customers as part of their daily work. This inevitably makes greater demands on communication and interpersonal skills than would be the case in traditional assembly line work in manufacturing. At the same time, in manufacturing and other sectors, there is increasing use of different forms of teamworking and fewer layers of middle management. This results in greater flexibility in job functions, more autonomy for employees and greater need for them to co-ordinate their activities themselves, rather than having this done for them by management. Obviously, these trends also enhance the need for communication and team working skills.

4.13   The thinning out of middle levels of management and the growth in small firms also mean that new recruits are increasingly expected to have high levels of key skills before taking up employment, rather than allowing these to develop on the job. In effect, there is less spare time and fewer experienced staff to help new recruits develop their key skills informally on the job.

4.14   Of course, IT also creates a demand for specific IT skills. Many more people now use computers or computerised equipment in their daily work. At the very least this creates an extra need for basic IT competence and familiarity.

4.15   In general, the labour market evidence suggests that the supply of key skills is lagging behind demand. A minority, but still a significant minority, of employers reports that there is a skills gap - especially of key skills - amongst their existing employees. However, there is a distinct difference between new young recruits and older employees. Young workers are more commonly thought to have skills gaps especially in the area of communication skills and numeracy: while older employees more commonly demonstrate IT skills shortfalls.[13]

4.16   Evidence from surveys of individuals shows that young adults with A level maths earn a significantly higher wage (some 10%) than those with only GCSE Maths or lower.[14] Young men with low levels of basic numeracy are much more likely to spend prolonged periods out of employment.[15] Employees who are able to use a computer well also seem to derive a significant wage gain.[16] All these seem to confirm the labour market benefits of basic numeracy, maths and IT.

Current Policy and Practice on Key Skills

4.17   The Government has stated its policy of encouraging more learners to take broader, but coherent, programmes of study which include the key skills. We agree with the Government that too many people narrow down their studies too early, and that far too many drop out of education or training and so fail to achieve their potential. Young people of all abilities need encouragement to broaden and continue their studies by combining general academic studies with vocational options, to be certain of consistently high standards whatever qualification they choose, and confident that they are acquiring the skills and attitudes that will make them employable. Below, we set out our analysis of the main thrust of Government policy.

National Curriculum

4.18   The current review of the National Curriculum aims to clarify the relationship between key skills and the curriculum, and in particular their relationship to revisions to GCSE qualifications. Two outcomes of the review are expected to be: the 'signposting' of opportunities for the development of the knowledge, techniques and understanding that underpin all six key skills; and greater alignment between national curriculum requirements and the terminology and the content of key skills specifications. In the case of information technology, the requirements at key stage 4 will be totally aligned.

4.19   We support Ministers' commitment to maximise convergence of the content of GCSEs in English, mathematics and information technology with the key skills of communication, application of number and information technology, integrating knowledge and skill. The intention is that the GCSE examination would reduce or remove the need for separate external assessment of key skills at levels one or two. As part of this convergence process, there is a need to design appropriate methods of teaching and learning or 'schemes of work' to ensure that pupils do learn to apply successfully in a variety of contexts, the knowledge they gain in the school environment.

Post-16 qualifications

A Levels

4.20   Currently, there are no formal links between key skills and the syllabuses for GCSE AS/A levels, which continues to disadvantage those young people studying for these qualifications. However, we welcome QCA's work in partnership with awarding bodies to signpost such links in the revised AS/A level specifications being prepared for introduction in September 2000. We support the Government's initiative to introduce a national key skills support programme to exemplify key skills in AS/A levels and support the training of teachers who deliver AS/A level programmes.

4.21　Students working towards NVQs are expected to demonstrate appropriate levels of key skills as part of their general occupational competence. Both Beaumont and Dearing have recommended more widespread inclusion of key skills in NVQs where these are essential to achieving occupational competence. Modern Apprenticeships require the development of key skills at specified levels within the QCA framework, as do National Traineeships.

GNVQs

4.22　GNVQs require the first three key skills to be an integral part of all GNVQ programmes. The revised specifications under development and intended for introduction in September 2000 will include the signposting of the natural opportunities for key skills learning and assessment. In addition those key skills which generally provide 'keys to attainment' in each key skill will be built into the GNVQ specifications and associated assessment. The wider key skills will also be signposted, where relevant, and available through separate certification. Inspectorate reports, whilst identifying that schools and colleges were experiencing problems with the teaching and assessment of key skills, also recognised the greater attention being paid to their development.[17] We welcome this and the intention to provide a range of exemplar and support materials to assist those teaching and assessing key skills.

Other Vocational Qualifications

4.23　There is no common requirement for the almost 17,000 other vocational qualifications to incorporate or even respond to the need for key skills. Many of the awarding bodies have sought to map the key skills against their frameworks or curriculum specifications, but no standard form of mapping has been agreed, nor is separate assessment of the key skills currently envisaged for the broad mass of such qualifications. In carrying out work resulting from their current consultation on NVQs and Related VQs[9], QCA should also establish the principles under which key skills should be incorporated within Related VQs.

The Key Skills Qualification

4.24　The latest development is to introduce a key skills qualification which spans all levels of the National Framework and covers the first three key skills. Following pilots of the qualification at over 200 centres, Ministers have asked that the new qualification, to which external and internal assessment will contribute equally, should be introduced from September 2000. External assessment, which will consist of appropriate skills tests or tasks at levels 1 and 2, will be more flexible at levels three and above. We support the introduction of this qualification, given the emphasis placed on the importance of securing the support of employers and developing an assessment regime, which is feasible in, and relevant to, vocational and occupational settings. Government is funding a £7.1m package of support for schools and colleges this year alone to assist implementation and we welcome this investment.

4.25 Although there are doubts about the assessibility of the wider key skills, a small-scale pilot related to these skills with a specific focus on rigorous and fit for purpose assessment is being undertaken. Irrespective of the final decisions on assessment, the new units will be revised and reformatted in line with the other key skills units and made available from September 2000 for use alongside other qualifications.

Higher education

4.26 The Dearing report on Higher Education recommended that all universities in future pay greater attention to the key skills of their applicants and also build key skills into module and course descriptions and outcome targets. This has led universities to explore ways of implementing these new requirements: QAA, DfEE and HEFCE have all played a part. Although there is unanimity that progression from higher education to employment is smoother when graduates possess key skills, there remains debate about which key skills, how to specify them and at which levels. The Open University has been developing an approach to key skills in the context of its own courses. This includes: skills auditing; embedding key skills in the curriculum; key skills assessment and profiling; and we commend their philosophy to others. The CVCP report on 'Skills Development in Higher Education', published in November 1998, also contains a wealth of good practice from which HE institutions can learn.

Basic skills

4.27 The Working Group on Post-School Basic Skills, chaired by Sir Claus Moser, was charged to advise on ways in which the Government's plans for basic skills provision for adults could be supported and developed to achieve the target of helping 500,000 adults a year by 2002. Starting from the shocking fact that one in five adults in this country is functionally illiterate, and an even higher proportion functionally innumerate, the Moser Group's recent report makes wide-ranging recommendations within the framework of a proposed National Strategy for Adult Basic Skills.[18] The Strategy has ten main elements:

- national targets;
- a wide-ranging entitlement to learning;
- improved guidance, assessment and publicity;
- better and more diverse opportunities for learning;
- uniform high standards throughout all provision;
- a new curriculum;
- a new system of qualifications;
- new teacher training;
- a better system of inspection;
- new arrangements for planning and funding.

4.28 We view the work recommended by the Moser Group as an essential prerequisite for the development of the key skills of adults who currently lack the basics, and greatly value the contribution his proposals will make.

Chapter 5
Maths and IT - Skills for the knowledge economy

Introduction

5.1 In our view, mathematical and IT skills merit separate, targeted measures to raise achievement because of their special importance to economic progress and success, and to the employment prospects of individuals in the knowledge economy. We therefore examine maths and IT in more depth below, and in the next chapter we turn our attention to developing an overarching strategy that embraces all six key skills.

5.2 The evidence we have already quoted shows that higher levels of numeracy and IT skills are particularly valued in the labour market. Our proposals focus on persuading many more people of the worth of these skills and on increasing the quality of the opportunities open to them to develop their skills.

Mathematics

Recommendation 5(i):

Targets should be set for the continuation of maths in school and college and for adult participation in numeracy programmes beyond basic levels – these should be supported by a high-profile media campaign to promote participation.

5.3 Experience of the National Education and Training Targets suggests that setting targets is a powerful way of focusing debate and measuring progress, even where targets do not directly influence funding decisions. We propose that the Government sets clear targets for the continuation of the study of maths by young people post 16. These should be stretching in terms of the level of participation required but not so as to be unattainable. Clearly the attainment levels to be specified in the targets should be set after consultation with the relevant bodies with expertise in this area.

5.4   There is far too little incentive or opportunity for either our young people or adults to develop their mathematical skills beyond basic levels. Only a few continue with specialised mathematics studies: the others receive little or no further dedicated teaching. The contrast with other European and North American systems is dramatic. All European systems require maths for all in full-time education right up to the end of secondary school; all therefore go beyond GCSE. In France, more than 60% study to AS maths equivalent as a minimum[19] and in the USA, 90% of school children - all those who graduate from high school - need to study maths for all 12 years.[20] It is vital that we encourage more young people to study mathematics for longer, and enable more adults to upgrade their mathematics skills.

5.5   To maximise the impact of our recommendations in the paragraphs that follow, we propose a high-level promotional campaign, including the use of TV, to change the image of maths and bring about a sea-change in attitudes, intentions and action to meet our general need for mathematical capability and to underpin application of number at higher levels. This should build on the £4m campaign recently launched by the Prime Minister, which we warmly welcome and which we understand is attracting encouraging levels of private sponsorship.

Recommendation 5(ii):

Take-up of the range of mathematics qualifications post-16 needs to be increased by publicising and keeping under review the maths AS level; and by encouraging the use of the Free Standing Maths Units where there are specialised industry requirements, if the pilots of these prove a success.

5.6   The maths AS level qualification offers a logical step from GCSE for people inside and outside full-time education. The take-up of this qualification has so far been disappointing: in schools, out of a year group of 621,000, only 13,000 sat AS level maths in 1997/98. The AS level has been reviewed to ensure it properly meets a defined need for post-GCSE progression in maths, and a revised Advanced Subsidiary one-year course has been announced. Courses at this level should be vigorously promoted as part of the publicity campaign we have already recommended and may be the appropriate basis for the target setting we have recommended. We consider that higher education institutions should increasingly be encouraged to require maths to this standard as the norm for entry to HE.

5.7   Especially at higher levels, the specific skills and applications which are relevant to employment become increasingly diverse. We are therefore impressed by a new QCA pilot initiative which is developing a range of qualifications – the so-called Free Standing Maths Units – closely tied to the requirements of different occupations and subjects. We propose that the government expand this pilot and, subject to its continued success, encourage uptake of the new qualifications. We also propose the examination of how content and design might best be modified for optimum delivery through the University for Industry, especially for students in employment and studying from the workplace.

Recommendation 5(iii):

The same concessions in relation to discounting of the costs of IT training should be applied to mathematics programmes.

5.8   We support the measures announced by the Chancellor in the March 1999 budget to offer discounts in course fees of 80% on the costs of IT training to holders of the new Individual Learning Accounts, in recognition of the wealth-creating benefits of increasing IT skills. In our view, mathematics knowledge and applied mathematics equally demonstrably underpin economic competitiveness and are also in too short supply. The same economic arguments therefore apply to learning in this subject and we propose that similar concessions should apply.

Recommendation 5(iv):

The Government should revisit the possibility of creating multi-subject qualifications at 16 and 18 which would require young people to have achieved certain minimum levels of competence in mathematics.

5.9   There cannot be any question that changing the structure of examinations at 16 and 18 would give the most effective encouragement to young people to study maths for longer and to reach higher competence in ability with numbers. Most continental European countries have multi-subject qualifications which effectively require minimum levels of achievement in maths, and this appears to have had a clear positive impact on attainment.

5.10   We recognise of course that the debate about multi-subject or, as they are commonly referred to, 'baccalaureate' qualifications is not new, and that it raises issues of how best to promote greater breadth in students' general educational attainment as well as the specific issue of maths attainment. The difficulties are therefore well known and include major implications for the teaching resources which would be required in schools and the knock on effects for HE courses - many of which are designed to cater for students who have reached a high level of specialisation in particular subjects in schools. The question is whether in the longer term, the cost benefit calculation clearly favours a change in the system. We think that it does. However, we accept that the issue needs further detailed consideration.

5.11   A possible compromise in the meantime might be some sort of 'overarching certificate' gained via a flexible combination of A level and/or vocational subjects but requiring attainment in a core, including key skill application number. We understand that the QCA is exploring this idea, along with others. We think that suggestions along these lines from the QCA should be considered very seriously by Government.

Training and continuing professional development for all teachers and tutors should provide opportunities to develop and improve numeracy; mathematics teachers should be offered new opportunities to learn and develop new schemes of work that effectively integrate mathematical knowledge and application.

5.12   The broader and more diverse the contexts in which learners can apply their mathematical skills, the greater the quality and transferability of those skills. Unless teachers and tutors of all disciplines feel comfortable with number work, their ability to support students in using their maths in a range of subject contexts is compromised. It is therefore essential that all teachers are offered appropriate opportunities to extend their own competence in maths and the application of number.

5.13   Teaching maths in ways that offer sufficient scope for learners to apply the knowledge they acquire makes extra demands on the teachers or tutors. They must be conversant with the best schemes of work to allow learners to integrate knowledge and skill. Particular attention should be paid to this aspect of initial training and continuous professional development for specialist maths teachers.

IT Competence For Adults

5.14   The shortage of IT skills reported by employers in relation to the existing workforce underlines the low levels of IT literacy among adults in this country, which is alarming in a technological age when use of IT can fairly be regarded as the third basic skill alongside literacy and numeracy. One estimate is that half the British population has never used a computer.

5.15   Our review of need and provision has concentrated on levels 1 and 2 because we have already initiated the separate development of a strategy for professional IT skills. The group chaired by Alan Stevens of EDS, will be recommending action in this area.

5.16   Levels of need and the sheer diversity of opportunities for learning about IT are such that we propose a strategy to bring coherence to the range of introductory and basic IT provision in the field and to expand the short courses and outreach available.

5.17   As the basis of the strategy, we also want to be absolutely clear about whom we are aiming to assist to achieve those greater levels of competence. One priority group is employees of SMEs, for whom dedicated IT training may be difficult to resource. Over 55% of small and medium sized enterprises reporting a skills gap among their employees pointed to a gap in IT skills.[13] If data were available for businesses too small to be included in the DfEE's Skills Needs in Britain survey (fewer than 25 employees), we suspect that a much greater problem would emerge. There are other groups who would benefit from better provision: people

returning to the job market after a spell away; those planning a career change; and unemployed people. We also wish to target those who live in marginalised communities with high levels of social exclusion. It is our belief that improving access to IT forms a useful bridge within families and communities, with parents and grandparents learning alongside children, creating a powerful basis for an employable workforce of all ages.

5.18 We greatly welcome the extra £400m for IT skills announced in the Budget and we intend in particular that our proposals should help gain best value from the £340m investment in learning centres within that budget. The aim of our proposed strategy is to make access and take-up as wide as possible for priority groups and to use resources effectively. Key elements of the strategy are:

- marketing and promotion, to raise awareness of the need for IT competence and to boost take-up of opportunities to build competence;

- access and flexibility, to create provision that meets the needs of as wide a spectrum of the adult population as possible;

- content and certification, to ensure suitable subject coverage and consistent quality standards across provision; and

- an infrastructure of advice and learning support to complement the investment in capital equipment.

Marketing and promotion

Recommendation 5(vi):

That the success of the BBC's Computers Don't Bite campaign should be built on, in particular by setting targets for adult IT competence, extending this year's Webwise campaign and continuing provision into future years.

5.19 We welcome the moves to build on the success of the BBC's 'Computers Don't Bite' campaign of 1998. The campaign has proved that this approach can overcome the lack of confidence and fear of technology that discourage adults from taking the first steps towards IT literacy. Over 200,000 people took part in IT 'tasters' as a result of the initiative.

5.20 But we must go much further. Overcoming 'technophobia' is only the foundation in strengthening adult competence in the use of IT. Targets should be set for adult participation in IT opportunities that have sufficient scope and rigour to ensure real proficiency in the basic use of information and communications technology, including key software applications such as word processing, to meet national standards. We say more on this below. The Webwise campaign for 1999 should be expanded and continued in future years, to add Internet and email use to the list of key applications, to sustain growth in participation and attract yet more adults into IT learning. The publicity campaign should be geared to achievement of the participation targets set, and we call on the BBC and other media organisations to take forward the campaign work in collaboration with the DfEE and the providers of education and training opportunities.

Access, flexibility and volumes of provision

Recommendation 5(vii):

Partnerships including both public and private sectors and other initiatives aimed at offering user-friendly IT facilities and training should be co-ordinated and actively encouraged.

5.21   In 1997/98 over 260,000 over 25s were studying IT at levels 1 and 2 in the FE sector. Although this is encouraging, unhappy experiences of education, and issues of access to computers (difficulties with transport, care of relatives and so on) still present barriers for those wishing to improve their IT skills. For small businesses, problems are more likely to relate to provision that is not tailored to their needs and from difficulties in releasing staff for whole days or larger blocks of time to be trained.

5.22   We welcome the Government's commitment to establish a University for Industry, dedicated to flexible access and quality, which has identified strong demand for ICT skills - basic ICT skills, Internet skills and skills in using software appeal to over 20% of people. The Government has set an indicative target: 'Within 5 years an additional 200,000 people per year to undertake programmes for ICT skills through the UfI at levels 1, 2 and 3'.

5.23   There is a heartening range of innovative initiatives aimed at increasing access, flexibility and volumes of provision. The DTI's 'IT for All' access and learning centres, Information Society Initiative Local Support Centres, the private sector-led Adviser Skills Initiative and local initiatives particularly in the FE outreach and community sectors all have an important part to play; as do the 800 new learning centres announced in the Budget. The funds available from the New Opportunities Fund for Community Grids for Learning are a welcome contribution, and we note that DCMS is also using NOF to fund training for librarians in IT skills.

5.24   It will be essential to ensure that all these initiatives are effectively co-ordinated by the DfEE and DTI in consultation with other Government Departments and private sector interests. Otherwise, these valuable developments would be doomed to result in a patchwork approach which neglected to prioritise need, caused duplication, and failed to reach the ideal degree of synergy. National co-ordination needs to be mirrored by the work of RDAs and Local Lifelong Learning Partnerships to ensure that the whole package of current initiatives, and the commitment of the private sector, are utilised to offer best value for the economy, business and the community at all levels.

5.25   More can and should be done to capitalise on the existing IT infrastructure as part of the co-ordination we recommend. For example, the considerable investment in IT equipment for education institutions should be better utilised for the benefit of local communities. Schools and colleges are increasingly well equipped with modern technology, which should offer a resource centre for adults too. There is scope for parents and children to learn together; for IT demonstrations as part of the programme of after-hours events; and for informal drop-in IT sessions.

IT resellers and retailers, who have much to gain from a broader base of IT competence, may be encouraged to support such initiatives either through funding or by providing staff who can run courses in line with national standards. More funding for local initiatives designed to improve access would allow technology to be taken closer to people - in mobile training vans, electronic village halls and other innovative ways.

Recommendation 5(viii):

The use of IT should become integral to all publicly funded further education and training courses, with teachers and college lecturers having opportunities to bring their own IT skills up to date.

5.26   By 2002 we would expect all publicly funded further education courses to require students to use IT in some aspect of their learning. The use of IT would enhance the courses by bringing them up to date in terms of their delivery, by enabling the students to access richer sources of information, and by helping their presentation of assignments and projects. In turn the reinforcing and recognition of their IT skills would enhance their confidence and qualifications for employability. Teachers and tutors would need to develop and update their own IT skills and should be given regular opportunities to do so.

Content and certification

Recommendation 5(ix):

The content of publicly funded IT provision for adults should be specified to national standards agreed between DfEE, the ITNTO and QCA – this content should link clearly with the IT units in the key skills qualification.

5.27   Ease of access and flexibility of learning methods offer the variety essential to meet adult learners' needs. However, variety must not mean variable and questionable quality. Variety of IT provision must be underpinned by a specification of content that conforms to standards set nationally and that will help to assure the competence of those taking advantage of any of the opportunities established. This should set out a requirement of sufficient breadth to encompass all ICT skills, including the use of email, the Web and other aspects of communications technology. The IT units of the key skills qualification offer the best blueprint from which to develop a specification that offers a broad base of competence. A number of bodies have a stake in this process and will be critical to a successful design, notably DfEE, the ITNTO and QCA. These bodies should work together in partnership with other relevant interests to develop appropriate provision for adults at Levels 1 and 2.

Recommendation 5(x):

Publicly funded IT qualifications should be reviewed with the aim of ensuring that they are based on the needs of learners and the national standards for IT.

5.28 It is important that these qualifications should develop candidates' understanding of IT thereby providing a transferable base of skills that is easily updated. We endorse the finding of QCA's IT Advisory Group that the estimated 800 IT qualifications are far too many because the numbers on offer confuse, lead to doubts about quality, and undermine their currency with employers. There are also concerns about the appropriateness of some qualifications as a basis for employment, either as a user of IT or as an IT practitioner. QCA is working with partners to establish a rational and coherent framework of IT qualifications, based on an analysis of the skill needs of the IT community. In undertaking this work, QCA should have regard to the differing requirements of those people for whom acquiring IT user skills may be a passport to general employment and those who wish to pursue a career in the IT industry.

An infrastructure of advice and learning support

Recommendation 5(xi):

That publicly funded IT access and learning centres should offer an infrastructure of IT related careers advice and learning support to meet the needs of users.

5.29 We are impressed by the sheer numbers of people attending taster and other introductory IT sessions, and we consider that their enthusiasm deserves to be channelled and supported. We therefore believe that publicly funded centres should offer effective careers advice, specific to the use of IT in jobs and learning, to help people select and sign-up for options suited to their needs and objectives. Small businesses should be offered an advisory service to help tailor standard training offered in centres to the needs of their business. Centres should be staffed by people with a certificated level of competence to teach adults the basics of IT, and DfEE should work with the ITNTO to develop an appropriate specification for this training. Given the public investment in capital for centres we would expect that the organisations bidding to operate them should be required to provide the staff resources essential to the required standards of service.

Chapter 6
A National Strategy for Key Skills

Introduction

6.1   We are convinced that all of the six key skills – communication, application of number, IT, problem solving, working with others and improving own learning and performance – are vital to meeting the needs of employers and ensuring the employability of individuals. Our aspiration is for a society in which everyone continues to develop their key skills throughout life and to achieve the highest levels of capability commensurate with their abilities.

6.2   We support Dearing's emphasis on the first three key skills in relation to publicly funded education and training, not least because of the critical importance of ensuring progression beyond the basic levels of literacy and numeracy. The Moser group's strategy, outlined in Chapter 4, offers a firm foundation on which we must build to take more people far beyond the entry threshold in literacy and numeracy and turn these basics into a higher order of practical skills relevant to future employment. We therefore believe that action on communication and application of number should dovetail with the National Literacy and Numeracy Strategies in schools and with Sir Claus Moser's recommendations for improving adult basic skills, which we whole-heartedly endorse.

6.3   We are determined, though, that this emphasis on the first three skills must not in any way deflect from a broader strategy to meet needs across the wider key skills, which we noted in our first report were not getting the attention they warranted. The strategy should apply universally to all of the six key skills - from the classroom to the boardroom, with appropriate measures being taken in schools, colleges, training organisations, universities and the workplace. We set out below what we believe the key components of that strategy should be.

Schooling for the 21st Century

6. 4   Our main recommendations on key skills relate to the approaches we advocate for the adult workforce. However, much that we will say about the national strategy also applies in the classroom. The objective must be to ensure that the way children are taught will develop their transferable skills. In the process of gaining knowledge they must also gain the skills to be able to use and apply knowledge - in their communication, number work and approach to problems; and to develop their ability to work together effectively and to become self-managed learners.

The government and QCA should put in place work to:

i.   clarify to teachers, pupils, parents and employers that the national curriculum requires the development of skills as well as knowledge;

ii.   indicate to teachers through the current revisions how key skills can be developed through teaching the National Curriculum;

iii.   develop guidance based on effective practice in schools on whole school approaches and teaching methods which promote transferable skills.

6.5   One of the main justifications for general education is that it enhances students' cognitive abilities and their social skills. Thus society makes a large investment in students studying general education subjects, which it would not do if the sole outcome were the acquisition of specific bits of subject knowledge unlikely to be used outside the classroom. If an objective of education is to help to produce key skills, it is important to ensure that a student's education is structured to produce those skills effectively.

6.6   In developing our proposals in respect of key skills in compulsory schooling, we have been particularly concerned that we establish the true current position and that any changes should raise standards rather than compromise them. As regards the current position, we applaud the emphasis that the government is putting on the teaching of basic literacy and numeracy particularly in primary schools. We are also clear that, when properly taught, the national curriculum subjects of English and Mathematics do take further the key skills of students in written and oral communication and the application of number. Perhaps the main area of apparent weakness is the lack of explicit and formal coverage of oral communication skills.

6.7   National curriculum subjects require the development of specific skills aside from literacy and numeracy. For example, requirements to teach enquiry skills exist in subjects such as science, history, geography and art. In addition, there are common requirements across all subjects including those on the use of language and IT capability. We understand that the current review of the National Curriculum will both highlight the skill requirements in each subject and indicate how these relate to the key skills. This is welcome – such clarity can only be of benefit to students, parents and teachers alike.

6.8   We have no doubt that there are many schools and individual teachers who are using to the full all the opportunities there are within the national curriculum to help develop key skills. However, we are concerned, and this is where we see most potential for change, that these opportunities will not become a full and effective reality for all students unless they are supported by effective teaching methods and learning materials. There are two issues. The first is our understanding of how key skills can be developed through the formal curriculum. Here we think there is a significant gap which relates to the wider problem of the lack of good quality education research focused on pedagogic methods, which has been remarked on by others. The second issue is making sure that existing best practice is reflected in teacher training and the learning materials available to teachers.

6.9 We propose, therefore, that the Government ensure the encouragement it is giving to better quality education research also includes a drive to improve our understanding of effective ways to teach key skills. This will only bear fruit in the longer term. In the meantime, the Government should make sure that what is known about effective teaching is fully reflected in teacher training and in good quality learning materials, and that the latter are made widely available. We believe the latter is particularly important if teachers are not to have their time diverted in trying to invent new learning materials for themselves at the expense of the time and effort they are able to devote to teaching. The government should also encourage all schools to adopt whole school policies which ensure that staff and pupils are clear about the nature and significance of key skills. This is an approach which we recognise has been used effectively in a number of schools already.

6.10 We want to emphasise that we do not see any necessary conflict between good teaching which helps develop key skills and teaching which achieves high standards of subject specific skills and knowledge. In particular, whole class interactive teaching is not incompatible with – and indeed, if used effectively, should help in – promoting such key skills as communication and problem solving. But, of course, as is widely recognised, there needs to be a sensible balance of different teaching methods.

6.11 Finally, while the formal research evidence is thin, we have noted with interest the Cognitive Acceleration through Science Education project run in the late 1980s[21]. This project aimed to develop students' general thinking skills within their science curriculum and claims to have had considerable success in raising attainment in GCSE science examinations. At the very least, this suggests support for the general principle that good teaching which develops transferable skills is not incompatible with improving attainment in standard tests. It also highlights the sort of research we should be trying to encourage in future.

Informing and motivating learners

Recommendation 6(ii):

Individuals should be encouraged to see the relevance and value of key skills through more occupationally focused careers education and self diagnostic tools to allow them to review their skills.

6.12 Learners must be encouraged to take more responsibility for the development of their own key skills. People have yet to be convinced that key skills are essential to success at work and to a fulfilling life; and there is at present insufficient support for those individuals wishing to assess and develop their key skills.

6.13 DfEE, with the appropriate agencies, should commission the development of better, more occupationally focused careers guidance, so that everyone using advice and guidance services has access to information on the value of key skills and opportunities for acquiring them. Appropriate information should be included in the JETI system proposed in Chapter 8 of this report.

6.14   DfEE should also fund the production of self diagnostic tools for learners, to allow individuals to review their own levels of capability in the key skills and identify appropriate opportunities to develop those skills further. This will be particularly valuable to adults in the workplace, and especially in smaller organisations, for whom the self-help approach may be the most accessible and appropriate solution.

6.15   Key skills are a critical component of the wider employability of individuals. Research highlights the importance of individuals' ability to present and deploy their skills in a manner that demonstrates their employability in the labour markets.[22] This issue should be covered in careers guidance, to encourage everyone to acquire skills in career planning and management so they can organise their future work and personal development to achieve their full potential.

Provision of opportunities

Recommendation 6(iii):

Key skills should be integrated into learning programmes developed by the University for Industry, and all education and training institutions should have an explicit policy setting out how students can acquire key skills through the learning programmes they offer.

6.16   The University for Industry (UfI) should make an enormous contribution to the improvement of skills in the adult workforce. The aims of UfI include increasing employability, and it recognises the critical contribution of all the key skills to this. It intends that the specialist content of courses should be delivered in ways which encourage the development of communication and the wider key skills of working with others, problem solving and improving one's own learning and performance. We welcome this. But we feel that the potential of the UfI, if well marketed, to penetrate the adult workforce is such that it will become a very powerful vehicle for improving all key skills. It is our view that in UfI's next review of priorities, communication and application of number should become formally designated priorities, and the need for explicit development of the key skills be recognised alongside their current priority for IT.

6.17   Providers of publicly funded education and training should be required to have a policy on key skills and to give students guidance on how they can acquire key skills. This reflects the first point of good practice in the FEFC Inspectorate's Good Practice Report on Key Skills in Further Education.[*]

6.18   We endorse the continued convergence between key skills development and students' main programmes of study, whether these are general academic or vocational subjects. Evidence suggests that this will boost motivation and achievement, and diminish drop-out.

[*] FEFC, January 1998

6.19　The Vocational Qualifications Centre at The Open University carried out an extensive programme of work on the embedding of key skills in the higher education curriculum at entry level. This work helped to shape a package of materials to support development of five of the key skills (not problem solving) for students at first year undergraduate level and their tutors. The materials challenge the notion that students who have won entry into higher education already have all the key skills they need, and present key skills acquisition as an explicit process to be practised and embedded into learning. This approach seems to us to be soundly based, attractive, thorough and adaptable, and we would recommend it to other higher education institutions.

Developing integrated approaches

Recommendation 6(iv):

A time-bound programme of work should be set in train immediately by DfEE to develop approaches to integrate the learning-by-doing essential to key skills within a broad range of curricular and extra curricular activities, beginning with oral and other interpersonal communication skills. Such approaches should be used to underpin teacher/tutor training and the preparation of support materials.

6.20　Our consultations have shown that there is only a very partial understanding of which approaches to teaching and learning are most effective in delivering key skills, especially communication skills for adults, working with others and improving own learning and performance. The available research does, nevertheless provide some clear guidance which can usefully underpin both key skills training for teachers and the preparation of high quality materials. For example, the relatively full literature on mathematics and problem solving demonstrates the importance of providing regular practice in both individual component skills, and integrated applications; and also the need to work within a wide range of different contexts.

6.21　Oral and interpersonal communications skills are consistently cited by employers as extremely important for their businesses and in recruitment decisions. However, neither school based qualifications in English nor the new basic skills qualifications are designed to cover these skills in any depth. Further, there is a shortage of good materials and guidance for teachers on how to develop oral communication skills. We propose that a research and development programme aimed at producing high quality learning materials and guidance for teachers should be put in place urgently. The research programme should identify effective methods of teaching and assessing communication skills and develop course materials to be offered through the UfI and mainstream education institutions. This work should form part of a time-bound programme covering the full range of the wider key skills to complement the development work that DfEE already has in hand in relation to the first three skills.

6.22 The Inspectorates (including, FEFC Inspectors and the Training Standards Council) can play a key role in building up our knowledge of effective practice. We believe that they should pay explicit attention to key skills delivery in their visits and focus their attention on identifying examples of good holistic practice, building up a national databank from these. If the Inspectorates both ask institutions to identify their own best practice, and concentrate on in-depth evaluation of what is being achieved, this will provide incentives for high quality local developments. Over time, the creation of a databank of good practice based on Inspectorate input should provide a valuable resource for key skill providers.

Teaching staff

Recommendation 6(v):

Expertise in the teaching of key skills should be spread by funding a national programme of continuing professional development for teachers and trainers in collaboration with the Further Education NTO, TTA and other appropriate bodies.

6.23 The teaching of key skills requires expertise which goes well beyond the specific subject area or occupational training within which the skills are developed. We therefore recommend that funds be made available for a national programme of professional development for teachers and trainers. We emphasise that such a programme must give them the opportunity to develop and reflect on their techniques over a period of time, and so build up a repertoire of skills themselves: this is not something which can be achieved by distributing a list of instructions. We propose, as a model, the professional development programme undertaken by the Swedes to improve their students' mathematics performance (the success of which is evident from recent international comparisons) or that used in the pilots for the national numeracy initiative.

Assessment and qualifications

6.24 We believe that, for those key skills which benefit from dedicated instruction – (communication, application of number, IT), qualifications are necessary if young people are to be motivated to upgrade their skills. They are also an important mechanism for securing resources and time within education and training (including modern apprenticeships), and for securing high standards. However, formal qualifications may be far less important (and even a disincentive) to many adults.

Recommendation 6(vi):

The new Key Skills Qualification should be implemented in a manner that permits assessment and certification of key skills in other programmes of study, not as bolt-on extras.

6.25   We welcome the new key skills qualification but are concerned that it should not be seen as a complete or adequate policy response to the key skills challenge. If it is delivered entirely as a free-standing qualification, there is a risk that it will in practice lead to de-integration and de-contextualisation. It may also become a barrier to young people developing a particular key skill to a higher level than others, when what we wish to see is application of number, communication and use of IT increasingly integrated with general maths, English and IT programmes of study. We therefore welcome and endorse the steps that QCA is taking to develop an over-arching approach, whereby candidates can obtain key skills accreditation by a variety of routes. In the longer term, we consider that key skill assessment can and should become integral to other qualifications and therefore the demand for the single qualification will dwindle and disappear.

6.26   There is a risk that an emphasis on the three separately-assessed skills will lead to neglect of the others. For this reason, it is particularly important that the latter continue to be emphasised in the planning and development of courses and qualifications at all levels from Key Stage One onwards. Their effective delivery requires their genuine integration into teaching and learning from the first stage of curriculum design and course development.

Recommendation 6(vii):

the DfEE and QCA should accelerate the work to require the incorporation of key skills into all 16-19 learning programmes, either by incorporation within the relevant qualification, including A levels, GNVQs, Foundation and Modern Apprenticeships and Related VQs, or via the separate Key Skills Qualification.

6.27   Sir Ron Dearing, in his Review of 16-19 Qualifications,[11] recommended that the key skills be required in all 16-19 qualifications, and much progress has been made, as noted in Chapter 4 above. The current weak points in implementation are in relation to A levels, and particularly to the 1,800 vocational qualifications currently approved for funding under Schedule 2(a) by the Further Education Funding Council. Although we recognise that many of the Awarding Bodies have demonstrated how key skills can be mapped onto their existing programmes, this will not be sufficient for 16-19 provision where a clear demonstration of incorporation should be expected. As our recommendations on NVQs and Related VQs made in Chapter 3 are implemented, QCA should also ensure that RVQs allow for the achievement of the key skills when they are implemented and approved.

Role of employers

Recommendation 6(viii):

Education Business Partnerships should be used to strengthen and clarify the role of employers, by creating opportunities for young people to develop key skills in practical settings.

6.28 Over the past decade or more, a great number of local partnerships between education and industry have been built up across the country. Work experience placements for schoolchildren, teachers and tutors are an important part of this. Beneficial work is already being done here but we would like to see a stronger emphasis on using work experience in a structured way to develop key skills in 14 - 16 year olds and their teachers. It is our view that there are opportunities in the preparatory stages of all work experience placements, explicitly to examine the key skills which will be valuable and available in the area of work and to set objectives around those skills.

6.29 Mentors from the industrial and business sectors already realise that familiarity with the school, college and undergraduate age-groups gives them experience which enables them more easily to discern the qualities and potential of future recruits. They should also recognise that part of their role is to be an advocate of the importance of key skills, and to play that role effectively.

Recommendation 6(ix):

Guidance should be produced to help SMEs to take key skills into account in their recruitment and training practices.

6.30 We know that employers value key skills, but not all have the same level of expertise in evaluating key skills in their recruitment procedures, selecting candidates who possess the skills that confer potential to progress within their organisation, and encouraging employees to acquire key skills in their development programmes. There is a common experience that although senior managers say that key skills are important, personnel practice in firms does not match. There is no body of knowledge which tells us how the reflection of key skills in recruitment and training programmes can best be achieved, especially by the smaller employer. We believe that guidance on this would be widely beneficial, and recommend that Government should commission research leading to guidance on good practice.

Recommendation 6(x):

The importance of developing the key skills of the workforce should be included in best practice guidance for the Investors in People standard.

6.31 The Moser Group has recommended that the revised Investors in People guidance should encourage companies to have effective arrangements for assessing and dealing with basic skills difficulties. We endorse this, and feel that the need for improvements in key skills needs to be similarly addressed. Companies need to be convinced that an improvement in basic skills will be of benefit to them; a company seeking IiP status needs also to be convinced that investment in developing the key skills of employees will be repaid in the strengthening of the company's competitive thrust.

Part 3
Information

3

Chapter 7
Informing the market - gaps in our current approach

Introduction

7.1 The aim of a National Skills Agenda should be to ensure that individuals and the economy as a whole have the skills they need. The right structures in the education and training system will not be sufficient – we must also ensure that we bring together the right people with the appropriate education and training opportunities. In our first report we argued that detailed manpower planning is not the way to achieve this. It simply cannot be done with the necessary accuracy and level of disaggregation. Instead, we advocated a system of making the markets in education and training work better and utilising effective indicative planning. An essential precondition for the effective operation of markets is informed demand; for the labour and education and training markets, this means accessible, timely and relevant labour market and skills information.

7.2 Individuals need information on the nature and range of jobs and employment opportunities, and the likely development of the labour market over time, to help them choose careers which will maximise their prospects for satisfying continued employment and provide acceptable levels of reward. These should be factors they are able to take into account in making career choices, alongside the informal community and cultural influences, personal preferences, aptitudes and abilities that also affect their choices. Even if only a relatively small proportion of students change their choices as a result of better information, the gains in terms of avoiding wasted investment are likely far to outweigh the costs.

7.3 Students and potential students thus need information not only on the learning opportunities open to them, but also on the impact different types of education and training might have on their future employment and earnings. Providers of education and training, and agencies which might undertake indicative planning, need details of employment trends and the demand for skills in their labour market area. Labour market and skills information is what helps to make the decision-makers in the education and training market responsive to changes in the labour market.

What Information is Needed by Whom and Why?

Individual level: Students and Potential Students

7.4   The last twenty years in the developed world have seen major changes in business, employment and the nature of work itself. Many (particularly less skilled) occupations have declined or disappeared entirely; new occupations have arisen in their place. More commonly, as technology has become an increasing feature of manufacturing and service sector employment, and as downsizing has led employers to expect more workers to relate directly to customers, the skills required for occupations have evolved and the boundaries between different occupations and functions become less clear cut. Many jobs have in fact lost any clear occupational descriptor, and acquired general titles backed by specified complex skill sets. Individuals need to understand the nature and implications of such changes for their career choices, and be able to identify the skills required to enter the occupations and careers they choose.

7.5   It is also true that people pursuing different courses of education and training can achieve different outcomes in terms of future employment opportunities and earnings. Thus, even if students and potential students are not primarily motivated by monetary factors, it will be prudent for them to weigh the consequences of choosing one course over another – or perhaps none at all – in terms of their likely future employment.

7.6.   To make informed choices about their future careers, and ensure that the skills they obtain maximise the opportunities for them, individuals ideally should have information on:

- the general characteristics of work in different broad families of occupations, and the potential for employment growth or decline, to inform their thinking about their future career choices and employment opportunities;

- more detailed information on the nature of work in particular occupations, including the careers ladders which exist and the qualifications and training which are best suited to gaining productive employment in different occupations;

- information on current vacancies, earnings and likely future employment prospects in different occupations and how these vary between industries and different areas of the country;

- information on where they can most appropriately gain the necessary qualifications and skills needed in their chosen occupation;

- information on the quality of different provision, including the destinations of previous students who have taken particular types of courses in terms of their immediate and longer term employment position.

Ideally, this information needs to be customised and tailored to an individual's interests and expectations and, in many cases, students will prefer to have information provided and interpreted for them by intermediaries such as careers advisors and teachers.

7.7   At first this seems like a great deal of information for any individual to absorb and use. However, in practice, once students decide the broad field of employment they are aiming for, they narrow greatly the relevant range of each type of information required. In the case of young people, information on broad fields of employment is best given before they have chosen their GCSE subjects. A wide body of research looking at careers education and guidance has indicated that year 9 is the most appropriate age for young people to start receiving broad careers advice (though there is a strong case to begin preliminary work as early as Year 7) with more specific information on individual needs in Year 10 and early Year 11.

Local level

7.8   Providers of education and training must also look ahead. They need to plan which courses to put on to meet anticipated demand from employers and individuals. In some cases, the planning horizon may be quite short because the provider may be confident that it can find the necessary facilities and instructional staff at short notice. In other cases, the horizon may need to be longer, particularly where specialist equipment may have to be bought, scarce qualified instructors recruited or new curricula and learning materials developed.

7.9   Of course, providers will often have the capacity to make short term adjustments in response to changes in demand; it is usually possible to squeeze a few more students into a class as a temporary measure. This does not remove the need to plan ahead for longer term solutions, but it does mean that providers can sometimes wait for the market to signal changes of direction. On the other hand, many providers will want to go beyond the information they have on current applications from students to assess the extent to which there are likely to be significant evolutionary changes in employment demand, or latent demand from students and employers which could be tapped through more active marketing.

7.10   Ideally, providers should have information on:

- employment trends within the appropriate labour market together with an understanding of how changes in the balance of employment between industries and occupations can affect applications for courses; this should include soft information on major changes in the local labour market, e.g. company closures or significant new investments;

- employment destinations of students from different courses so they can judge the extent to which recruitment demand for people with particular qualifications is changing with a possible knock-on effect on course applications;

- the nature of changes in skill requirements for particular occupations so that learning materials and, where they are not centrally set, curricula, can be kept up to date.

7.11   TECs, which fund many training programmes locally, are expected to have a good understanding of skill needs in their local labour market and to use this in planning the provision they themselves fund and in influencing the plans of colleges, employers and other local agencies involved in training. This responsibility is covered in the requirement on TECs to produce an economic assessment in support

of their strategic plan - and involves similar information needs to those of individual colleges. In addition, TECs also require data on the supply of qualified and skilled people at local level to support their contribution to the lifelong learning partnerships and local workforce development plans, and to respond to business growth and inward investment opportunities.

7.12   Careers Services have one of the most significant needs for high quality labour market data, as they are responsible for the provision of the vast majority of independent and objective careers information, advice and guidance available to young people and, in some areas, adults. They have a requirement for access to all the individual level information described in 7.6 (for dissemination and mediation) as well as the provider information in 7.10.

National and regional level

7.13   FEFC, the national funding agency for Further Education, is charged with ensuring the adequacy and sufficiency of provision of FE courses, primarily through the work of its Regional Committees. There is some doubt about precisely how the words "adequacy" and "sufficiency" should be interpreted. But in practice, many of the Committees and the supporting groups which advise them have interpreted it to mean that the mix of courses offered in FE colleges, as well as the quantity of provision, should broadly meet demand from students and employers. This is not just a matter of current provision but also of the likely adequacy and sufficiency of future provision as set out in individual colleges' strategic plans.

7.14   To discharge its responsibilities, FEFC and its committees have information requirements similar to those of individual colleges (as specified above), but at a higher level of geographical aggregation. In addition, they need information on:

- the prospective supply of newly qualified and skilled people and how much of this supply is likely to come from outside the college sector;

- the number of qualified and skilled people already in the labour force with different qualifications and how their number will evolve;

- comprehensive College performance data on pass rates and destinations.

Sectoral

7.15   Agencies with primarily sectoral information needs include QCA, which has responsibility for qualifications and curriculum matters, and National Training Organisations (NTOs), which are responsible for industry sector training matters including the frameworks for training under the Modern Apprenticeship programme.

7.16 QCA and NTOs are both involved in the design and specification of National Occupational Standards and NVQs. QCA is also involved with the relevant awarding bodies in the design and specification of VQs outside the NVQ framework. To ensure that these standards and qualifications are up to date and reflect the real needs of industry and business, the relevant agencies require information on:

- likely future changes in the relative importance of different occupations and/or the sector as a whole so that priorities in terms of qualifications and standards can be assessed;

- projections of volumes and locations of future employment opportunities in the sector so that demand for training places can be identified and communicated;

- changes in competencies and skills required within occupations so that standards and qualifications can be revised in line with evolving requirements.

The Information which is currently provided and its dissemination

National Level

7.17 At the national level the main sources of labour market and skills information include:

- the Labour Force Survey (LFS), which provides data on the qualifications held and training received by individuals and allows this information to be related to their earnings, occupation and employment status;

- the New Earnings Survey, which contains information on the earnings of employees in different occupations with the possibility for further breakdowns by industry and region;

- statistics classified by industry and occupation on vacancies notified to the Employment Service;

- the annual Skill Needs in Britain survey, providing information from employers with 25 or more employees on skill shortages and the skills gaps they perceive in the workforce;

- projections of the occupational and industrial structure of employment funded by the DfEE and currently provided by Business Strategies Limited - these projections are disaggregated by region;

- occasional studies of the nature of work and skill needs in particular occupations from a variety of academic and sectoral sources and of varying degrees of rigour and sophistication.

7.18 Dissemination of this information to agencies, education and training providers and students takes place through a variety of means. Key labour market data, broken down to local level where it is available on that basis, can be accessed through NOMIS, an online information system run for the Office of National Statistics by

Durham University. This system is primarily for the use of labour market analysts rather than individual students and is charged for. Also, the system does not contain all of the information referred to above. For example, details on occupational projections and skills deficiencies are not available.

7.19   We are aware that DfEE are currently considering setting up a labour market information website but understand that this is primarily aimed at staff in agencies and in the Careers Service and would not provide information in a form which would be directly useable by students. It may contain some information on occupations and training which is currently not available through NOMIS.

7.20   One of the other main means of dissemination of labour market and skills information is through the DfEE Skills and Enterprise Network (SEN). The network is essentially a publishing house with a network of subscribers including staff from TECs, local government and colleges. It publishes an annual Labour Market and Skill Trends Report which results from the latest projections of the occupational structure of employment and the annual Skill Needs in Britain Survey, together with data from the LFS on training and the qualifications of the workforce.

7.21   Other SEN publications include a regular research brief and a Quarterly Labour Market Report containing headline data on employment and unemployment.

7.22   The Careers and Occupational Information Centre is an arm of DfEE which publishes a variety of literature containing careers information. This includes an annual volume on occupations containing descriptions of the nature of work in different occupations, the skills and qualifications required and some limited information on employment prospects and earnings. It publishes a series of individual booklets on particular occupations or groups of occupations which give real life examples of the work and people engaged in those occupations. It also issues a number of leaflets aimed at informing young people of their education and occupational choices after completing compulsory education. All this information is designed to be accessible to young people and to be used by their careers advisers.

7.23   FEFC's Individual Student Record system (ISR) collects information on the courses of study of students, the qualifications they are aiming for and whether they achieve their qualifications. This system also provides some data on the destinations, after study.

7.24   Information from the ISR is made available to the regional committees of the FEFC but is not easily accessible by individual colleges or local agencies who want information on students in their locality.

Regional and local level

TECs

7.25   Every TEC is required to prepare and publish a local economic assessment; these include a substantial amount of national, regional and local labour market data. Many TECs also sponsor ad hoc labour market surveys and sometimes collaborate with others to conduct surveys on a regional basis. There is little uniformity in the

scope, design and frequency of such surveys. However, in addition to their analysis of disaggregated national data, the information collection work of TECs either individually or collaboratively can be divided broadly into three categories:

- surveys of business to find out about recruitment expectations, recruitment difficulties and (in some cases) perceptions of skills gaps in the existing labour force;

- surveys of households to find out about individuals' education and training histories and qualifications; and

- projections of the occupational and industrial structure of employment in their local area.

Careers Services

7.26　The main statistical data collected by Careers Services is information on the destinations of young people at the end of compulsory education. Work is underway to improve this information by tracking the early career paths of young people. Other than this, Careers Services tend not to collect substantial statistical data at the local level, but do obtain and maintain a wide variety of local enrichment data, such as individual employer information, local job vacancies, detailed information on individual training providers and so on.

7.27　DfEE have however funded a variety of local projects to customise labour market information, mostly through careers companies. Some aim to provide young people with a general introduction to the nature and demands of work; some are concerned with the use of LMI in careers education; others aim to package existing information in a way which is more attractive to young people and to fill specific information gaps; for example, on the destinations of young people after education and training.

The Employment Service

7.28　The Employment Service also collects and uses a considerable amount of labour market information. Each of the 1,000 Jobcentres collects a wide range of data on a monthly basis, including that on unemployed people placed into jobs and vacancies notified to the ES. Information is placed directly onto the National On-Line Manpower Information System (NOMIS) and some details are also published in regular tables in the Office for National Statistics Labour Market Trends (LMT) journal. From April this year, statistics on New Deal are published monthly and also appear in LMT.

New Arrivals: Local Lifelong Learning Partnerships and RDAs

7.29　These are new institutions which are in the process of being set up. The precise details of their role in relation to labour market and skills information have yet to be fully established.

7.30 Broadly speaking, Local Lifelong Learning Partnerships will be responsible for co-ordinating local education and training provision at the strategic level and for developing local targets for skills and qualification achievements. The draft remit requires them to produce a local learning plan which amongst other things should 'demonstrate how labour/learning market information will be collected, shared and used along with economic assessments to influence planning decisions'. We assume that much of this local information will come from surveys mounted by TECs and data compiled by providers and the careers service. We also expect that TECs will be undertaking labour market and skills analyses in preparation for the development of local workforce development plans.

7.31 RDAs are required to produce skills action plans as part of their regional economic development strategy. These will identify the priority skill needs of the region from the point of view of its economic development and define how partners within the region will work to address those skill needs. It is envisaged that the RDAs will draw together labour market and skills information gathered by agencies within the region as well as drawing on national data sources which are capable of providing regional level data.

Sectoral information: NTOs

7.32 DfEE requires each National Training Organisation to produce and disseminate a Skills Foresight analysis of its sector, which assesses future skill needs for at least three years ahead as well as the current situation. It should also examine the cause and nature of skill shortages. NTOs are encouraged to draw data from other sources where possible and, where they do conduct their own surveys, to do so in conjunction with other NTOs if appropriate.

7.33 Work on such reports has yet to start in most sectors which is not surprising given that NTOs have only recently been formed. However, we are aware of reports produced by EMTA (in conjunction with the EEF) on engineering and by the CITB. The latter is an interesting example as it is explicitly forward looking and has been produced with the aim of disseminating information to colleges and the Careers Service.

Are information needs being met?

7.34 We have been struck by two overarching features of the labour market information situation in England. Firstly, we have been astonished by the extraordinary mass of data that is collected at the national, sectoral, regional and local levels. If volume of data was itself a guarantee of quality and fitness for purpose, there would be little for the Task Force to propose.

7.35 Our second observation is that despite the extraordinary volume of data, there was an almost unanimous opinion from those we consulted that there was too much data overall, that what there was was inconsistent and incoherent, and that it was primarily backward looking, and of little use in helping either individuals or providers make sound judgements on future labour market opportunities and demand.

7.36   Because of this, it is our firm conclusion that the labour market information needs of users are not being met. We do not believe that this is due to a fundamental lack of information, but derives from aspects of the current approach to information collection and dissemination that result in unmet need and ineffective practice. In summary these are:

- the lack of a well defined system which clearly identifies the responsibilities of each of the agencies involved and ensures comparability of data collected across geographical areas and industry sectors;

- a lack of focus on user need with little attempt to define clearly the needs of different users and to evaluate the extent to which their needs are being met;

- a bias in the current approach towards the needs of agencies rather than students and their advisors, coupled with the absence of a well defined system to ensure easy access to information for the latter group;

- a tendency to stress labour market information at the expense of labour market intelligence, meaning that insufficient emphasis is put on soft information and interpretation of statistical data;

- lack of a consistent requirement on education and training providers to make information available to students on the destinations of students from different courses.

7.37   This is not to say that there are not a number of individually effective and useful sources of information. For example, at national level, the Labour Force Survey is a rich source of information on the training received by individuals and the qualifications they hold. This can all be related to their occupation, earnings and employment status so that it is possible to see how qualifications are related to different types of employment and the effects they have on earnings. For students and potential students, this is all very important information. That said, currently, very few young people have access to or could easily interpret such information as it is designed for labour market professionals rather than for individuals, parents or indeed employers.

7.38   The regular forecasts of the occupational structure of employment (currently conducted by Business Strategies Ltd for DfEE) are widely referred to and help to set the debate about the future of work within a systematic context. Current work to enable forecasts of total job openings in different occupations rather than just the net increase in the number of jobs (i.e. which does not show recruitment for replacement purposes) will make the forecasts more useful.

7.39   Some of the publishing houses which act as a conduit for labour market, skills and careers information are exceptionally effective. The Careers and Occupational Information Centre stands out particularly, producing high quality publications for use by careers advisors and students which probably rival the best of such publications produced elsewhere in the world.

Chapter 8
A new strategy for informing the market

Introduction

8.1   As we noted in the previous chapter there is some good work going on to collect and disseminate labour market, learning and skills information. However, there are a number of fundamental flaws in the current approach. It would be more accurate to describe what exists at the moment as a set of heterogeneous and only loosely co-ordinated activities, rather than as a labour market and skills information system which would imply a greater degree of organisation, coherence and integration than exists. In this chapter we put forward a set of recommendations to create a new, more coherent, system built round the needs of information users.

8.2   Our approach is based on certain principles which we think are fundamental. These include the following essential characteristics of any system:

- it must be economical in terms of the burdens it places on providers of information;

- it must focus on the needs of individual users and the information they require to make forward looking decisions;

- data quality, integrity, and efficiency of collection should be the criteria used to determine the point of data collection – i.e. data that can be collected once nationally should not be duplicated regionally; data that can be collected regionally should not be duplicated locally;

- core statistical surveys conducted locally, at regional level or in industry sectors should wherever possible use common methods and common definitions to ensure the compatibility of results across surveys (allowing for enrichment data to meet local, regional or sectoral needs);

- the responsibilities of different agencies must be clearly defined to play to their respective strengths and ensure synergy;

- it should give as much priority to the collection of soft information and to the interpretation and dissemination of information as to the collection of hard statistical data.

8.3   We believe that creating and maintaining such a new system will require more central leadership and direction, and that the responsibility for this must rest with DfEE. We recognise the natural pressures from external agencies for maximum autonomy in this as in any other field. However, the value of this information is much diminished if it is fragmented and incompatible. Responsibilities must be allocated clearly within the framework of a well-understood system and there must

be a set of common standards which are enforced through funding levers if necessary. Of course, we would expect DfEE to consult widely, with the other agencies involved, over these matters. But, in the end, the Department itself must be prepared to take final responsibility and to create internal structures for the effective discharge of that responsibility.

Improving National Information Sources

8.4   In any system, there needs to be a core of data which is provided nationally from the centre, but which is capable of appropriate disaggregation by geographical area and/or industrial sector. At present, the main elements of this core are:

- the Labour Force Survey providing data on the qualifications and training of individuals and their earnings, employment status and occupation;

- the projections of the occupational and industrial structure of employment which have been provided to DfEE by Business Strategies Limited and previously the Institute for Employment Research;

- data from the Employment Service on unemployment and vacancies by occupation and industry; and

- the annual Skill Needs In Britain Survey providing information on skill shortages and skills gaps amongst employers with 25 employees or more.

8.5   These are all good sources of data and we do not recommend that any new surveys of this type be initiated. However, they could be extended in different ways both to improve the depth of data, particularly on the qualifications and training histories of individuals, and its availability and reliability at the level of regions and industrial sectors. Not least, this last will help in reducing the amount of further data collection needed below national level.

8.6   We are aware that the Office for National Statistics are considering ways of collecting statistics on all vacancies in the economy to supplement the present statistics which are limited to vacancies notified to the ES (estimated to be about a third of the total). We commend this work and hope it will lead soon to a system for collecting data on all vacancies. Such data is clearly important if we are to be able to judge the total level of demand for labour.

8.7   As part of our own research programme, we have asked DfEE to undertake more in depth survey work with employers this year. Its main purpose will be to inform our final report which we expect to deliver in the year 2000. The survey will include in-depth interviews with a sample of employers to establish in more detail the nature of their skill needs and the problems which a lack of skills may be causing for the functioning and growth of companies. It will also provide more detailed data on the extent of vacancies, the number of hard to fill vacancies and how these differ by occupation and type of company. We say more below about what we think the implications of this research should be for the longer term system of information collection [Recommendations 8(viii) and 8(x)].

Recommendation 8(i):

DfEE should fund biennial projections of the likely future occupational structure of employment, five and ten years ahead, and the anticipated skill levels of the labour force by occupation and sector, down to regional level.

8.8 We propose that DfEE ensure that such projections are produced every 2 years and look 5 and 10 years ahead. We would also encourage the Department to ensure that existing work is extended to enable the projections to provide estimates of the total number of job openings likely to arise in each broad occupation, including recruitment for replacement purposes. This, rather than the net number of new jobs, is important both for education and training providers and new workforce entrants.

8.9 At present, projections are produced which show the likely position in each region of the country. We recommend this continues and that RDAs and others do not seek to duplicate this effort by commissioning independent projections for individual regions. There is little to be gained from such separate projections and potentially they could create difficulties in making comparisons across regions, especially when different assumptions are used.

8.10 We believe that the projections would benefit from being informed by systematic discussions with individual industry sectors, through the relevant NTOs, on the expected changes in technology, occupational structures and skill needs within sectors. This would help ensure that the within industry forecasts are not simply extrapolations of past trends but are based at least in part on knowledge of changes affecting particular industries. We say more about these industry sector dialogues or discussions below.

Recommendation 8(ii):

The sample size of the Labour Force Survey should be increased to improve the reliability and availability of skills related data down to both regional and sub-regional levels; and questions added to provide more detailed information on the qualification and training histories of individuals.

8.11 Information on the qualifications and training histories of individuals and how these link with their subsequent earnings, occupation and employment is fundamental for career guidance and for interpreting the implications of changes in the occupational structure of employment. The Labour Force Survey in its present form provides a good deal of the necessary data. But it contains nothing on the subject or occupational field of a person's qualifications below Higher Education level. The information on the nature of past training is also limited. Even though the survey covers 60,000 households, this is not a large enough sample to provide reliable data down to regional level, except for very broad groupings of occupations.

8.12   We propose therefore that DfEE and ONS review the Labour Force Survey with the aim of extending the sample size and asking additional questions on qualifications. We do not make specific proposals about sample size except to say that it should be large enough to allow reliable disaggregation of data down to sub-regional level – statisticians can make the necessary calculations for that purpose. We accept, of course, that the survey questionnaire is already quite long, though modern computer assisted interviewing reduces the number of questions any particular individual is asked. It may be therefore that tough decisions will need to be made about other questions which might be dropped.

8.13   Extending the LFS would have two other advantages: it would improve the base data for making projections; and reduce the need for regional, and perhaps even local, surveys to collect qualifications and training information. The cost savings resulting from ending such local surveys should more than pay for the extended Labour Force survey.

Informing Choices

8.14   A wide range of careers information is already provided to young people to help them make choices about education and training options and future careers, including:

- general information setting out the range of post-16 options

- more detailed information on particular options (e.g. FE/6th form college prospectuses, training opportunities information)

- information on particular careers (what they are like, qualifications and skill needs, routes, earnings)

- post-16 School/College performance tables and other quality data details of post-16 destinations of young people in the local area

- contact with individual employers through work experience and school projects

8.15   While this information is extensive and some is of good quality, there is too little information on trends in the labour market. Too many young people make career choices without a good understanding of where job opportunities will be, and the likely returns to those opportunities. Also, too few young people say they read or use the information available to them. Even fewer say that it has any impact on the choices they make about the education and training options they select post-16 or their longer term career plans. Many say that they received the information after they had already decided what they wanted to do. We have often been told that young people have restricted access to full and objective information about post-16 options because institutions seek to retain students.

8.16   We believe young people need easy access to well presented and up-to-date information about general options and careers, and on specific courses and jobs. They need to be able to access this at the time they need it, and in an impartial and objective form, usually with the support of unbiased professional intermediaries to help interpret this information. We are aware that all careers services are striving

to provide this type of service. Many services have established excellent relationships with schools to provide information to young people. The Careers Library Initiative has seen a quantum leap in the amount of information available to young people but overall labour market information for young people is still too patchy. Our recommendations below build on existing good practice and initiatives but address the need for essential and reliable information. Developments on these lines will also, of course, improve the quality of the information and guidance available to adults and we urge that our recommendations are taken fully into account in the current development of local information, advice and guidance services for adults.

Recommendation 8(iii):

DfEE should fund the creation of a new integrated Jobs, Education and Training Information (JETI) Web site, explicitly designed for interactive use by individuals and their advisers, bringing together into a single system occupation, earnings, vacancy and learning opportunities information together with key national sources of information on the near past and likely future occupational structure of employment, and anticipated employer skills requirements.

8.17   There is no centrally run system using new technology to provide well presented, accessible customisable and comprehensive labour market, skills and learning information directly to individuals and their advisers. In the electronic information age, we believe this is a major gap. We propose that DfEE establish a new Web site containing national information with links to regional and local sites. At national level it should include information from all of the national data described in 8.4 above, enhanced as recommended, together with the details of occupations (the nature of work, qualifications required, etc) provided in the annual directory of occupations published by COIC, as well as current data on likely future job openings, earnings and vacancies for each occupational group.

8.18   Regional level information available through the JETI system should include forecasts of job openings by occupation, vacancies, and (for institutions which provide education and training courses to a regional market) information on learning opportunities and destinations from different courses. At the local level there should be information on local job vacancies and comparable information on learning opportunities, providers and destinations. A key requirement will be to make the system readily accessible (e.g. through all schools, libraries and Ufl Centres) and with a wide range of search facilities so that people would wish to use it irrespective of how 'career decided' they were.

8.19   We are not simply proposing that this information be accessible through a central Web site. Whilst being able to access such databases through a single point will undoubtedly make the search for information on particular occupations much easier, the true potential of our JETI proposal will only be realised if these various sources of information are properly integrated into a coherent and accessible site which can be searched in a highly flexible and responsive way. It should be designed so that individuals can access it, from a variety of starting points, to address any questions they may have about employment opportunities, labour market changes, nature of occupations, skills requirements, earnings potential,

learning opportunities and training provider quality and performance. The JETI Web site would also need to be user-friendly to encourage young people to explore options and make informed decisions. However, we do recognise that there will always be some young people (and their parents) who, and some complex queries which, would benefit from mediated help through professional advisers (see Recommendation 8(iv) below)

8.20   We are aware that the Employment Service is considering the possibility of developing a Web site service along the lines of the US 'Workbank'. The proposal is to include on this details of job vacancies notified by employers with a "Peoplebank" containing CVs and jobs sought by individuals and a directory of learning opportunities. We welcome the creation of such a Web site and look to access to it being provided through the JETI Website.

8.21   To avoid inefficiency and confusion in the future, we recommend that the government designate the JETI Website as the primary point of access for all labour market, vacancy, occupation, skills and learning information developed with public funding and targeted at individuals or their advisers, so that these users are served in the most efficient way possible. We recognise that education and training providers also need access to much of the information available through JETI but, in our view, this requires a separate system, designed for institutional use and institutional enquiries, but utilising the same underlying data sources.

Recommendation 8(iv):

There should be comprehensive training and guidance for careers teachers on how to help students interpret labour market, learning and skills information - particularly that on the JETI Website - and how to make better use of it in careers education.

8.22   More needs to be done to ensure that both teachers and careers advisers are better aware of recent developments in the labour market, and the skills needed and routes into various jobs, so that they are able to interpret data more effectively. We propose that a special training programme be developed for careers teachers, perhaps delivered using distance learning materials to address this. Careers advisers might also find the training helpful but we recognise that they are already more likely to be well equipped in this area. They will undoubtedly benefit from dedicated training in the use of the JETI system once it is established.

8.23   We are aware that work is underway to improve the occupational standards needed by those working in careers education and that there will shortly be the first ever national qualification for careers teachers. This should be introduced as quickly as possible and will undoubtedly have a major impact on the quality of INSET training in this area. We would hope this would be integrated with the enhanced training in the interpretation and use of labour market, skills and learning information we are recommending.

Recommendation 8(v):

There should be a uniform requirement across all providers of publicly funded education and training to publish, to prospective students, data on the destinations of previous students across all the different programmes of learning which are recognised in the institution's prospectus.

8.24   Information on destinations is collected by education and training providers and published on the sector as a whole. Some colleges and universities publish destinations information on their own institution. However, there is no uniform requirement across all institutions and providers to do this. We propose that by September 2000 (i) all higher education institutions are required to publish information on the destinations of students for each of the main learning programmes advertised in their prospectus; (ii) all FE colleges are required to publish similar information on the destinations of students who have attended courses full time; (iii) similar information should also be made available by private training providers for publicly funded programmes; and (iv) this information should be published on the JETI Web site

8.25   We also recommend that the system for collecting destinations on FE students be overhauled and made more rigorous so that it at least matches that for universities. It is unacceptable that 50% of the destinations of full-time students from FE and 75% of the destinations of part-time students are not known. We believe that the quality of this information could be improved if it were collected in a more systematic manner, in liaison with the key agencies such as the Careers Service, and linked to the funding regime. We also recommend that the range of information on destinations be widened to the broad occupational and sectoral categories of jobs entered by FE leavers.

Fewer, Better Surveys

8.26   As we indicated in paras. 7.33 ff, almost too much information already exists at the local and regional level. Although some of it is undoubtedly useful, it is rarely brought together to provide a coherent or comprehensive picture of skill supply and demand at the local or regional level. We believe this is often because information is not collected on a consistent and reliable basis. There are few common standards and categories (e.g. for occupations, sectors, and qualifications) used by local, regional and sectoral agencies as well as by national Government. This means that it is difficult to aggregate the information, to pool it or to compare it.

Recommendation 8(vi):

DfEE should work with RDAs to promote the rationalisation of survey work undertaken at a regional and local level through combining similar local surveys into regional ones and agreeing a labour market and skills information strategy with relevant agencies in the region.

8.27 Many decisions about skill acquisition and provision are taken at the local level and, to be effective, require good quality local information about skill needs. This cannot be achieved in an environment where much effort is expended on a large number of small scale ad hoc surveys which are often of questionable reliability and rarely achieve sufficient size to provide credible and authoritative findings. Some of these surveys would not be needed with a larger sample LFS. Others should be rationalised so that they are large enough to provide reliable information that is actually needed by end users.

8.28 RDAs have been given a central role in co-ordinating and using information provided by local agencies. A key task must be take advantage of data from surveys such as the LFS where appropriate, rationalise any local survey work and ensure they adopt consistent definitions (Recommendation 8vii). We recommend that RDAs use their own skills partnerships, the local lifelong learning partnerships and local workforce development plans as vehicles to pull together the local partners involved in collecting and analysing information. These forums should be used to identify the information needed at local and regional level and to agree which partners are best placed to provide it.

Recommendation 8(vii):

DfEE should develop and require the use of common standards and definitions in any statistical surveys conducted by local, regional and sector bodies which receive public funding.

8.29 DfEE must take responsibility for developing guidance on how labour market, learning and skills information should be collected. It should set out the standards and definitions to be used in collecting information, particularly through surveys, including:

- occupations;

- industrial sectors;

- education and training opportunities (including how these relate to occupational and sectoral categories);

- qualifications - covering levels and subjects.

8.30   The standards and definitions set down in the guidance should be based on independent expert advice. We received many submissions during our deliberations which expressed the view that the current Standard Industrial Classification (SIC), and Standard Occupational Classification (SOC) are no longer adequate for today's industries and occupations. We welcome the work on reviewing the SOC system now underway and feel that the proposal of suitable revisions should be left to qualified technical experts. National, regional and local bodies involved in the collection of information should be consulted in the process of developing the guidance so that all feel ownership and involvement.

8.31   RDAs should have the main responsibility to promote the new guidance at regional and local levels. This could be done as part of their role in setting regional skill strategies and overseeing the development of local strategies (both of which include an information role).

Defining Responsibilities

8.32   We have set out above what we think is a new more focused strategy for the collection of labour market information. However, this strategy will not work effectively unless the individual agencies involved have clearly assigned responsibilities, and understand the 'outputs' expected from them and how these relate to the whole. The incremental and organic development of both the existing approach to labour market information and the network of agencies involved in education and training matters has worked against this. Now there is an opportunity to achieve more coherence.

Recommendation 8(viii):

DfEE should provide the survey data, projections and standards noted above and should publish an annual 'skills audit' reviewing trends in the supply and demand for skills at national level.

8.33   There is a strong case for DfEE providing regular projections of the occupational structure of employment and a survey of employers' skill needs, both of which are capable of providing data at the level of individual regions and the main industry sectors. It would ensure that economies of scale are fully exploited and that common methodologies and standards are applied. In addition, a large scale survey of employers would avoid the problems sometimes experienced in less well resourced surveys of insufficient depth in their investigation of skill needs, and/or too small samples to make findings generalisable.

8.34   However, in addition to making data available, we believe there is an important role for DfEE to perform in integrating data available from its own and other sources to provide a comprehensive assessment of trends in the skill needs of employers and of the supply of qualified labour. Such an assessment would provide the frame for the work of regional, industry sector and local skills strategies and would greatly assist in informing the national debate about education and training policy. We propose that the assessment be undertaken annually and published in the

form of a 'skills audit'. It might build on or be complementary to the annual Labour Market and Skills Trends publication already produced by the Department which is less clearly focused on providing an assessment of the match between skill demand and supply.

Recommendation 8(ix):

NTOs should contribute qualitative information, and any survey data they have, to sector 'dialogues' which would involve other relevant agencies and which would result in a biennial report on trends in skill needs in each industry for use by RDAs and for careers guidance purposes.

8.35   At present, insufficient attention is paid to the industry sector dimension of trends in skill needs. There is much useful information held by National Training Organisations and industry sector bodies such as trade associations. Also the DfEE and other national agencies hold much information which can be made available to individual industry sectors. While NTOs themselves are doing much good work to enhance the skills information they hold, there is a distinct gap in terms of a mechanism for bringing together information from different sources to provide a coherent assessment for individual industries which could be used by other agencies and to help inform careers guidance.

8.36   Clearly, one of the problems is resourcing such an assessment across all the different industries and individual NTOs. We recommend therefore that a system of industry sector dialogues be developed covering relatively broad industry groupings, perhaps around 10 to begin with. This would be a manageable number for DfEE and other national agencies, and RDAs, to engage with. The broad groupings would be defined with a view to ensuring as much similarity as possible in terms of skills trends across the individual industries in each grouping and with an eye to the existing classifications of industries which underlie official statistics.

8.37   These sector dialogues would be supplementary to, rather than replace, discussion with individual NTOs about skill needs. DfEE and NTOs would be the core partners in the dialogues, but a range of other agencies should be involved as well, including, where relevant, training providers.

8.38   The aim of the dialogues is to produce standardised high quality reports. Dissemination of these reports will be very important. They should be seen as authoritative statements of the skill needs of particular sectoral groupings. We would look to RDAs to draw on these reports in considering their region's skill needs. Careers Services should make use of this information in guiding young people on the skills needed in particular careers, and we envisage the information being used in JETI. Of course, both RDAs and Careers Services will wish to consider the industrial and occupation make up of their own region or locality in using this information.

Recommendation 8(x):

RDAs should promote the rationalisation of surveys (as noted above) and draw on those surveys, together with information provided nationally and from industry sectors, to provide an annual assessment of skill needs and skill supply in the region.

8.39 RDAs need to provide an annual assessment of skill needs and skill supply in their regions to inform the indicative planning of learning opportunities we have already referred to. In doing this, RDAs will draw on the pool of information available at the local level. However, this information must be much better co-ordinated and rigorous than is currently the case and we have proposed ways of achieving this above. In developing their Skills Strategies and Action Plans RDAs also need to draw on the enhanced national information (including that from NTOs) we have also referred to above. But it is equally important for RDAs to develop an increased appetite for labour market information amongst providers, planners and individuals. RDAs have a major role in ensuring an increased usage of labour market, learning and skills information at the local level.

Recommendation 8(xi):

Local agencies should tailor, enrich, interpret and disseminate regional data in the light of specific local conditions and circumstances, and ensure that such data is utilised in support of careers guidance, the choice of education and training, and in the planning of local education and training provision.

8.40 We stressed in para. 8.2, at the beginning of this Chapter, that a fundamental principle of our new labour market and skills information system should be that it gives "as much priority to the collection of soft information and to the interpretation and dissemination of information as to the collection of hard statistical data". Neither national and regional information, nor the JETI system alone, will provide all the information and support needed by end users. Many young people will need impartial and objective advice to make effective use of the system, and benefit from contextual information which brings the raw data alive, such as local employer contacts and vacancies. Publications, careers fairs, conferences, and other vehicles will help ensure that young people particularly gain access to relevant and interpreted information in a positive and supportive manner. Providing these functions will be two of the critical contributions of local agencies, such as TECs and Careers Services, and we look to the emerging Lifelong Learning Partnerships to play a key role in co-ordinating this provision.

8.41 Local information, analysis and guidance should be set in the context of the overall assessment of skill supply and demand carried out by RDAs. It should seek to provide the detail which will be needed by those wishing to make choices about job prospects in a particular local labour market, or those planning local education and training decisions. Local agencies need to build on the strategies and action plans laid down by RDAs - which they themselves will have been involved in developing. Local analyses should not seek to duplicate or re-formulate the skill strategies and action plans set out by RDAs.

Notes

1 Department for Education and Employment and Office for Standards in Education, Departmental Report - The Government's Expenditure Plans 1999-00 to 2001-02.

2 DfEE analysis of the Labour Force Survey (LFS) - (Quartely).

3 DfEE Statistical Press Notice 472/98: GCSE/GNVQ and GCE A/AS/Advanced GNVQ results for young people in England, 1997/98 (Early Statistics).

4 "Adult Literacy in Britain" conducted by ONS, 1997.

5 DfEE Statistical Press Notice 335/98: Participation in education and training by 16 to 18 year olds in England, 1987 to 1997.

6 DfEE Analysis of the Individualised Student Record (ISR) - (Annual).

7 "Intermediate level Skills in the UK", Caroline Lloyd & Hilary Steedman, Skills Task Force Research Group (Paper No. 4), DfEE, forthcoming.

8 "Evaluation of Modern Apprenticeships:1998 Survey of Young People" by Nick Coleman and Joel Williams, BRMB, published as DfEE Research Report No 93.

   "Evaluation of Modern Apprenticeships:1998 Survey of Employers" by Economic Research Services Ltd, published as DfEE Research Report No 94.

9 "Review of 100 NVQs and SVQs: a report submitted to DfEE", Evaluation Advisory Group, 1996.

10 "Consultation on Flexibility within the National Qualifications Framework", QCA, January, 1999.

11 MinistËre de l'Education Nationale , de la Recherche et de la Technologie, Note d'Information 98.43.

12 "Review of Qualifications for 16-19 year olds", Ron Dearing, SCAA, 1996.

13 "Skills Needs in Great Britain and Northern Ireland 1998" by IFF Research Ltd for DfEE.

14 "A Levels: does less mean more?" Anna Vignoles in Centrepiece, Vol 4, Issue 1, Spring 1999.

15 "Does Numeracy Matter?" John Bynner and Samantha Parsons, The Basic Skills Agency, 1997.

[16] "The Market Value of Generic Skills", Francis Green, Skills Task Force Research Group (Paper No. 8), DfEE, forthcoming.

[17] See for example "Part One GNVQ Qualifications Pilot: the first two years 1995/97", OFSTED, The Stationery Office, 1997.

[18] "Improving Literacy and Numeracy - a fresh start", Report of the Working Group chaired by Sir Claus Moser, DfEE, 1999, Ref CMBS1.

[19] Ministère de l'Education Nationale, Direction de l'Evaluation et de la Prospective: l'Etat de l'Ecole Ministère de l'Education Nationale France (1995, 1996, 1997, 1998).

[20] National Center for Education Statistics The Condition of Education 1997 (Washington DC: Department for Education).

[21] Reported in "Better Learning. A report from the Cognitive Acceleration through Science Education (CASE) project", Philip Adey et al, Centre for Educational Studies, Kings College, University of London, May 1990.

[22] "Defining Employability", J Hillage and E Pollard, Report for DfEE, IES, forthcoming.

List of Abbreviations

A/AS	-	Advanced/Advanced Supplementary
CBI	-	Confederation of British Industry
CITB	-	Construction Industry Training Board
COIC	-	Careers and Occupational Information Centre
CVCP	-	Committee of Vice Chancellors and Principals
DCMS	-	Department of Culture Media and Sport
DfEE	-	Department for Education and Employment
DTI	-	Department for Trade and Industry
EDS	-	Electronic Data Systems
EEF	-	Engineering Employers Federation
EMTA	-	Engineering and Marine Training Authority
FE	-	Further Education
FEFC	-	Further Education Funding Council
FENTO	-	Further Education National Training Organisation
GCSE	-	General Certificate of Secondary Education
GNVQ	-	General National Vocational Qualification
HE	-	Higher Education
HEFCE	-	Higher Education Funding Council for England
HND	-	Higher National Diploma
ICT	-	Information and Communications Technology
IiP	-	Investors in People
INSET	-	In-Service Training
ISR	-	Individual Student Record System
ITO	-	Industry Training Organisation
JETI	-	Jobs, Education, and Training Information
LFS	-	Labour Force Survey
LMI	-	Labour Market Information
LMT	-	Labour Market Trends
NCVQ	-	National Council for Vocational Qualifications
NOF	-	New Opportunities Fund
NOMIS	-	National Online Manpower Information System
NTO	-	National Training Organisation
NVQ	-	National Vocational Qualification
ONS	-	Office of National Statistics
ORF	-	Output Related Funding
PSE	-	Personal and Social Education
QCA	-	Qualifications and Curriculum Authority
RDA	-	Regional Development Agency
RSA	-	Royal Society of Arts
RVQ	-	Related Vocational Qualification
SEN	-	Skills and Enterprise Network
SIC	-	Standard Industrial Classification
SME	-	Small/Medium Enterprises
SOC	-	Standard Occupational Classification
SRB	-	Single Regeneration Budget
TEC	-	Training and Enterprise Council
TTA	-	Teacher Training Agency
UfI	-	University for Industry
VQ	-	Vocational qualification

Annex A

Responses to the First Report of The Skills Task Force

Introduction

1   The first report of the Skills Task Force invited readers to respond with their views. Written responses have been received from a wide range of organisations involved in skills, education, training and employment. In addition two well attended consultation meetings were held in November and December, at which representatives of National organisations met Task Force members to express their concerns and provide suggestions for the future workplan of the Task Force. This brief summary of the responses outlines the main themes into which they fell.

2   The report was widely welcomed, and a positive response was also given to the plans for future work. In particular, many respondents mentioned that the clarification of definitions had long been needed, and there was agreement that the aim of the Task Force should be to look strategically at long term skills needs in the context of business competitiveness and the contribution of the individual to society, rather than aiming for the quick fix.

Need for a holistic approach

3   This concern linked with the need to take the long term view. It was generally felt that local, national and regional skills strategies should be strongly linked and roles and responsibilities of the key partners in planning and executing action should be clearly defined. Several respondents pointed out that the present arrangements can lead to a duplication of effort and consequent waste of resources, without addressing skills gaps. The Task Force was urged to look at national bodies and agencies which have similar skills-raising objectives, both to use their experience to inform its discussions, and to ensure they were all contributing to a coherent effort.

4   Labour Market Information (LMI) was thought to be a vital potential tool in developing a successful approach. Respondents clearly felt there was a need to develop a more coherent system of data collection to ensure that output information would be consistent and therefore more widely applicable. In addition there was a demand for data in a readily comprehensible form and made easily accessible to individuals and institutions, teachers, students and pupils, training providers and the business community, and those offering careers advice, to inform demand for and supply of skills development opportunities. Many responses welcomed the emerging Regional Development Agencies (RDAs) and the role they should play in promoting a coordinated approach.

The role of education

5   There was a strong indication from the respondents that skills need to be built on
the foundation of a sound general education. Employers had some feeling that they
were expected to support employees in training to compensate for lack of
educational attainment. It was felt that key skills development should start as early
as primary school, and should form a central part of the curriculum. There was a
need for clarity on how education and training organisations could best work
together with businesses in order to make a positive impact on skills. There was a
desire for greater understanding within educational establishments - including those
in higher education - of the need for courses of study to relate to employability, and
for pupils and students to have good quality careers advice to aid choices, and
good quality, relevant work experience.

Responsiveness to demand

6   It was widely agreed that the current funding mechanisms militate against flexible
provision, and that a prime objective of the Task Force should be to look at ways in
which funding could be reformed to deliver the training needed. A good many
respondents held the view that both further and higher education was failing to
meet the needs of employers, and that funding constraints were also affecting the
work of other training providers.

7   The idea was floated that efforts should be made to identify common 'core ' skills
needed by groups of industries, then working up a set of industry-specific option
modules. Another suggestion was that modular courses, with training split into units
for accreditation, would help in some cases. In looking at the needs of the adult
workforce, it was felt that we needed a culture change to a culture of lifelong
learning, recognising that adults need training and in some cases education to
update or improve their skills, or help them find employment after redundancy.
The role of the University for Industry was welcomed as a means to achieve
responsiveness to adult training needs.

Equal opportunities

8   It was pointed out that the Task Force has an important role to play in promoting
Equal Opportunities. The Task Force should signal to industry that they can achieve
greater competitiveness by improving their recruitment practices, so that
employment opportunities are opened up to those at a disadvantage in the labour
market for whatever reason. The Task Force was also reminded that it should, in
future reports, make clear its stance on the education, recruitment, training and
development of people from ethnic minorities.

9   The Task Force needs to recognise, when recommending and costing measures to
raise skills attainment, that it may be more costly, in that it may take longer, to
support people with learning difficulties to a level where their potential is fully
recognised. Additionally, some workers, such as those who work part time, or those
with particular disabilities, may require the development of flexible learning
packages to meet their training needs.

Support for employers

10   It was widely acknowledged that there are poor recruitment practices in small firms and the development of the recruitment guide[*] was widely welcomed. A key concern was that there is a lack of management skills in many small firms, particularly in owner-managers, and that this causes two problems: lack of recognition of the value of management development as a performance enhancement tool; and lack of recognition of the benefits of training the workforce. The difficulties faced by smaller firms in allowing workers time off work to train, and in finding in-house training expertise was acknowledged, and there was a general feeling that there should be more incentives for SMEs to invest in training, and that extending Investors in People (IiP) to small firms would help to spread good practice.

Conclusion

11   The Task Force has taken up many of the suggestions and sought to address some of the main areas of concern in its second phase of work culminating in this second Report. Members were encouraged by the welcome given to the first Report, and by the positive and constructive tone of all the contributions received. They particularly appreciated the offers of help and of sharing of research findings on related topics; some have contributed to the evidence heard for the second Report, and others will benefit the work of the third phase, between Spring and Autumn 1999.

* "Mind the Gap - A recruitment guide for small businesses", DfEE/IPD, October 1998

Organisations which responded to the First Report:

Advisory Committee for Disabled People in Employment and Training
Association of Colleges
Association of Graduate Careers Advisory Services
Basic Skills Agency
Basingstoke and Deane Business Support Centre
Bolton College
Bristol and Western Engineering Manufacturers' Association Ltd
British Chambers of Commerce
City and Guilds of London Institute
Commission for Racial Equality
Confederation of British Industry
Construction Industry Training Board
Counselling and Psychotherapy Central Awarding Body
Dorset Chamber of Commerce and Industry
Edexel Foundation
Employment Service
Engineering and Marine Training Authority
Engineering Council
Equal Opportunities Commission
Federation of Small Businesses
Food and Drink National Training Organisation
Forum of Private Businesses
Further Education Development Agency
Further Education Funding Council
Glass Training Ltd
Graphical, Paper and Media Union
Greater Peterborough Chamber of Commerce, Training and Enterprise
Hereford and Worcester Chamber of Commerce, Training and Enterprise
Hurley Manton Partnership
Institute of Business Advisers
Institute of Directors
Institute of Management
Institute of Personnel and Development
Investors in People UK
Kent Association of FE Corporations

Local Government Association

London South Bank Careers

Luton Borough Council

Management Charter Initiative

Manchester School of Management, UMIST

NTO National Council

National Advisory Council for Education and Training Targets

National Consumer Council

National Forum for Engineering in Colleges

National Microelectronics Institute

National Training Federation

Newcastle College

Oxford, Cambridge and RSA

Qualifications and Curriculum Authority

Regional Unit: Eastern Region TECs

Ridgeons Ltd

Royal National Institute for the Deaf

Small Firms Enterprise Development Initiative

Society of British Aerospace Companies

Shropshire Chamber of Commerce, Training and Enterprise

Southern Derbyshire Chamber of Commerce, Training and Enterprise

Staffordshire Training and Enterprise Council

States of Guernsey Education Council

SYTG Ltd

TEC National Council

Templeton College

Trades Union Congress

Training Standards Council

University for Industry

University of Nottingham

University of Southampton New College

University of Westminster

Wansbeck District Council

Wycombe District Council

Annex B

Skills Task Force Members

Name	Organisation	Position
Chris Humphries CBE (Chairman)	British Chambers of Commerce	Director General
Llew Aviss	Siemens Business Services	Human Resource Director
Rita Britton	Pollyanna (Barnsley) Limited	Director
Eric Drewery	ABB Limited	Chief Executive
Tony Dubbins	Graphical, Paper & Media Union	General Secretary
John Edmonds	GMB	Chief Executive
Denise Hall	Education & Training BT plc	General Manager
Ken Jackson	AEEU	General Secretary
Dr DeAnne Julius	Bank of England	Member Monetary Policy Committee
Eddie MacIntyre	Birmingham College of Food, Tourism and Creative studies	Principal
Ashwin Mistry	Brett & Randall Ltd	Managing Director Board Member Leicesteshire TEC
John V Palmer	Steel Training Ltd	Chairman
Peter Rainbird CBE	Rainbird Group	Chairman/Chief Executive Chairman, Essex TEC
Iain Roxburgh	Coventry City Council	Chief Executive & Town Clerk
Sharon Studer	3 COM Europe Ltd	Vice President
Julia Tinsley	Pitman Training Centre	Director
Adair Turner	Confederation of British Industry	Director General
Prof Leslie Wagner	Leeds Metropolitan University	Vice Chancellor
Anne Weinstock CBE	Rathbone CI	Chief Executive on secondment as Director of Millennium Volunteers

Annex C

Skills Task Force

Terms Of Reference

To assist the Secretary of State in developing a National Skills Agenda which will ensure that Britain has the skills needed to sustain high levels of employment, compete in the global market place and provide opportunity for all. The Task Force will provide advice on:

- the nature, extent and geographical and industrial pattern of skills needs and shortages (together with associated recruitment difficulties) and how the UK can monitor these effectively on an ongoing basis;

- practical measures to ease skills and recruitment difficulties, and help raise the level of sustainable employment, both in the short and longer term;

- the likely changes in the longer term skill needs of the economy and the extent to which these needs will be met on the basis of existing trends;

- how best to ensure that the education and training system responds effectively to the needs identified.

The analysis provided by the Task Force will cover general level skills as well as specific occupational and sectoral issues. It will include factors affecting the longer term skill needs of the economy such as new forms of work organisation, changes in patterns of employment, new communications and information technology and increased international trade.

More Information

More copies of this report are available free of charge (quoting reference SKT5 for the main report or SKT5ex for the executive summary alone) from:

Prolog
PO Box 5050
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CO10 6YJ

Tel: 0845 60 222 60
Fax: 0845 60 333 60

This report and the Skills Task Force's First Report, **"Towards a National Skills Agenda"**, are also available on the worldwide web at:

www.dfee.gov.uk/skillsforce

If you would like more information on the work of the Skills Task Force, or to comment on their proposals, please write to:

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