

The skills we need: Our Annual Statement of Priorities

The Learning and Skills Council sets out its
priorities, including key actions for 2005/06

December 2004

Of interest to everyone involved in improving
skills and learning opportunities across England

The job of the Learning and Skills Council is to transform post-16 learning and skills in England

Nothing less will do

The job of transforming learning and skills needs to be done for two reasons. First, the productivity of our workforce lags behind that of our major competitors. The need to improve skills in order to boost productivity is the biggest challenge facing businesses.

Second, too many individuals do not have the basic skills they need for work or to achieve the quality of life they want. We have a duty to support social inclusion as well as economic competitiveness.

The LSC has an important leadership role, providing drive and direction to the delivery of world-class learning and skills. But we cannot do it alone. We work with our partners locally, regionally, nationally and across sectors.

In preparing our Statement, we have listened – to employers, to learners and to the providers of learning. There is a lot they would like us to do. They understand that to do the job properly will take more than a year. What follows therefore is our assessment of what must be done if we are to move quickly towards delivering the world-class learning and skills that our economy needs.

Our priorities are to:

- 1 Make learning truly demand-led so that it better meets the needs of employers, young people and adults
- 2 Ensure that all 14-19 year olds have access to high quality, relevant learning opportunities
- 3 Transform Further Education so that it attracts and stimulates more business investment in training and skills development
- 4 Strengthen the role of the LSC in economic development so that we provide the skills needed to help all individuals into jobs
- 5 Strengthen the LSC's capacity to work effectively at a regional level – particularly with Regional Development Agencies and Regional Skills Partnerships
- 6 Improve the skills of the workers who are delivering public services.

We are having to make some tough choices. Demand can be limitless, but resources are finite. So we have to choose where we invest public money to deliver the skills that employers and individuals need, and realise the nation's ambition to compete with the best in the world. Our job is to make sure we derive maximum benefit from every pound that is spent.

This Annual Statement makes clear our direction of travel. It gives clear strategic messages to everyone who will be working with us. Within this, it also sets out what we will need to do in the coming year, 2005/06.

But we start with a picture of the present state of learning and skills in England.

Christopher N Banks
Chairman

Mark Haysom
Chief Executive

The characteristics of our labour and skills markets are changing dramatically

Raising the bar

Overview

Learning and skills in England are on an upward path. The number of people in learning and achieving success is rising. GCSE and A Level results keep improving. There are record numbers of apprentices. We are reducing the number of adults with reading and writing difficulties. New ways of working with employers are proving hugely successful. Trades union representatives are engaging in learning and skills in record numbers.

However, the bar is constantly being raised. Research by the LSC shows that ten of our closest economic competitors are ahead of England in respect of productivity, knowledge and skills. We know that increasing investment in skills improves productivity and is key to closing this gap.

England achieves high educational performance for young people up to 15 and for those at university. Where England lags furthest behind other countries is during the 16-18 phase of education – where fewer young people stay on – and in the proportion of its workforce having what are known as intermediate skills qualifications (or Levels 2 and 3). Here too we are narrowing the gap, but there is plenty of ground still to make up on others who themselves continue to improve year on year.

The characteristics of our labour and skills markets are changing dramatically:

- people are remaining in the workforce longer
- there is a declining number of school leavers
- there are more women and ethnic minorities in the workforce
- the biggest growth is in jobs requiring higher levels of skills, and
- there are growing differences between sectors and regions.

Job vacancies are concentrated in skilled craft, professional and personal service jobs. Skills gaps, where existing employees do not have the full range of skills needed, are a bigger problem.

Replacing existing skills is a critical business issue. Skills are naturally lost as people retire and change occupations. With the numbers of school-leavers starting to fall, employers will need to develop new approaches to recruiting, retaining and upskilling staff, looking to groups of people such as older workers and those with disabilities, whom they may previously have overlooked.

The demand for higher level skills is with us now and will increase especially for businesses facing global competition, producing high specification products and services, or facing high levels of technological change.

More employers are looking overseas to overcome critical skills gaps. A recent report suggested that almost four in ten of the large employers surveyed intended to recruit from abroad. This trend is supported by recent growth in the Government's programme to attract highly skilled migrant workers. However, foreign workers still account for less than 5% of the total British workforce.

Skills are an area of such economic and social importance

4.6 million people in England have no qualifications

Preparing the workforce of the future

Those in school today are the workforce of the future. The number of young people taking part in learning is increasing; GCSE and A Level results continue to improve; more young people are taking vocational subjects; and the number of apprentices is at a record level. All of this will help to meet future skills needs.

However, at present too many pupils become disenchanted with school and drop out at 16 or 17. Vocational learning, though becoming more popular, is still seen by many pupils and parents as second best.

Although the proportion of young people staying on in learning beyond 16 is increasing, 9% of 16-18 year olds were not in education, employment or training. That is 177,000 young people and is a waste of potential talent we can ill afford.

Employers tell us that too many young people leave education without the skills they need. A third of businesses have had to give school leavers basic training in literacy and numeracy. Many employers are concerned at a lack of business awareness.

Upskilling the present workforce

In July 2004, the LSC published the first national survey of employers' skills needs. This comprehensive stock take of skills shows that:

- the proportion of adults achieving qualifications at Level 2 or 3 is rising, though further strong growth is needed
- 135,000 vacancies remain unfilled because of shortages of suitably skilled people
- 2.2 million employees lack the full range of skills needed by their employers
- up to one third of skills gaps reflect employers' failure to train
- the impact of skills deficiencies is greatest on customer services, losing business to competitors, and in delaying the development of new products or services
- skills gaps are broadly consistent across the whole country but are most serious in the West Midlands and Yorkshire and the Humber
- 60% of employers have had no contact from a local further education college or independent training provider about skills training services.

As we have seen, England's workforce is changing, and ignoring the skills needs of the existing workforce makes no business sense. Yet all too often this is what is happening.

The UK is the world's fourth largest economy, yet every day 3.5 million people go to work who cannot read well. Fifteen million people have low levels of basic numeracy. Under the Skills for Life Strategy, the LSC has reduced the number of adults who cannot read or write by 750,000, in line with the Government's expectation of us. But this is an area of such economic and social importance that we want to do much more in future.

There are 4.6 million people in England with no qualifications and over six million who lack the equivalent of five GCSEs at grades A to C (Level 2). This is why it is so important to maintain the present focus for public funds on those without the basic qualifications needed for employment.

Estimates vary of the amount invested by employers in upskilling their workforce, but it is thought to be around £23 billion a year. With such a large sum of money being invested, it is vital that we help employers to make the best possible use of it.

Responding to customer needs

Responding to the needs of its customers is as important to providers of learning and skills as it is to any other service industry. Surveys have shown good results for the sector in respect of individual learners. In further education for example, general satisfaction ratings are excellent and:

- 63% of learners were very or extremely satisfied with their learning experience, and
- 62% were equally pleased with the quality of teaching
- 83% of learners said their course met their expectations.

However, we need to do more to meet the needs of employers and the workforce. At present, only a small proportion of the investment made by employers in training and skills is attracted by the further education sector. Although there are excellent examples of further education collaboration with employers, this needs to become more widespread.

In bringing about greater customer responsiveness, there is much to build on, including the Success for All reforms which are making learning more relevant for young people, introducing new approaches to teaching and learning, and improving leadership and quality.

Sector Skills Agreements will be the next big challenge to the responsiveness of the learning and skills sector. The Agreements analyse what employers want to see change – now and in the future – and they will be published by the Sector Skills Councils from next January. In advance of this, we asked each one to summarise its needs and these will be used regionally and locally to shape the learning that we fund from colleges and other training providers.

Although quality in the learning and skills sector has improved, the LSC and the sector itself still consider it to be too variable. Unfortunately, everyone who provides learning and training is let down by anyone who delivers poor quality. There is widespread acceptance of the urgent need to drive up quality everywhere.

Taking all of this on board, we have developed our priorities. They do not cover everything we do, but provide a much-needed focus both on our goals for the next three years and on those actions we must take as a matter of urgency in 2005/06 if we are to accelerate the pace of change in learning and skills to achieve world-class standards.

Our targets and resources

Government has set challenging skills targets that we are committed to delivering – directly and by influencing the activities of our partners:

For young people:

- Increase the proportion of 19 year olds who achieve at least Level 2 (equivalent of 5 GCSEs) by three percentage points between 2004 and 2006, and a further two percentage points between 2006 and 2008. Contributing to this, the LSC aims to deliver at least 23,000 additional 19 year olds at/above Level 2 in 2006 compared to 2004.

For apprentices:

- A performance indicator for apprenticeships has been developed. By 2008, the number completing their apprenticeship will have risen by three quarters.

For adults:

- Improve the basic skills of 2.25 million adults between 2001 and 2010, with a milestone of 1.5 million in 2007 of which the LSC plans to fund at least 1.4 million directly.
- Reduce by at least 40% the number of adults in the workforce who lack an NVQ Level 2 or equivalent qualifications by 2010. The LSC will lead on ensuring the delivery of this target through its own funding and contributions from others.

We will also work with key partners to contribute to their efforts to:

- Increase the proportion of young people and adults achieving a Level 3 qualification. These targets will be set regionally to reflect the priorities of regional skills partnerships and regional skills needs.
- Reduce the proportion of young people not in education, training or employment by two percentage points by 2010.
- Increase participation in Higher Education towards 50% of those aged 18 to 30 by 2010.

To help us achieve this we will complete the successful transfer of responsibilities from DfES to the LSC, including for Learner Support, Basic Skills and Offender Learning.

The Grant Letter from the Secretary of State outlines the financial resources available to the LSC for 2005/06. These resources will be deployed locally to meet the LSC's priorities and deliver our contribution to the Government skills targets.

For more details of the LSC's budgets visit www.lsc.gov.uk/theskillsweneed.

1 Making learning truly demand-led so that it better meets the needs of employers, young people and adults

We want to give much greater prominence to the requirements of employers and individuals in our planning and funding of learning. We want learning that responds to employers' needs and to skills gaps; that encourages employers to address the development needs of their employees; that is delivered in a way which suits the needs of businesses and individuals – at the right time and in the right place. We want learning that understands every business is different; where individuals feel their employment prospects have directly benefited from learning and where employers feel 'in the driving seat' in deciding how learning is designed and delivered. As a result, we believe employers and adults will be more prepared to invest in the learning they want and get better value out of the investment they make.

We are also committed to ensuring that learners of all ages and backgrounds are able to realise their potential, improve their life chances and contribute to economic growth. We will implement the LSC's equality and diversity strategy. Within this we will challenge discrimination and promote equality across all learning and skills provision and continue to monitor progress through our Equality and Diversity Impact Measures.

Key actions for 2005/06:

Following the Chancellor's commitment to make **Employer Training Pilots** available across England, we will build on the success of the current pilots, ensuring that employer satisfaction rates remain high, that the spread of businesses helped continues to widen, and that completion rates continue to exceed previous models.

We will **streamline the ways in which employers secure suitable skills training** – commonly referred to as brokerage – in response to their concerns that this is often too complex. We will strengthen the capacity of those who provide brokerage services to employers. We will make sure that employers are able to get suitable advice on training and about providers who will be keen to help them. We will also work with the Qualifications and Curriculum Authority to design qualifications in units which will enable employers to have greater choice according to the needs of their business.

We will produce a **capital investment strategy** that builds on Centres of Vocational Excellence and supports priority sectors regionally and nationally. By Autumn 2005, each region will have developed its own capital investment strategy.

We will use the key messages from **Sector Skills Agreements** to reform the learning in which we invest. These will spell out the skills needed by employers in each sector and outline the way in which learning should be delivered in future to suit business needs. We will work with Sector Skills Councils to bring about this change.

Through our pilots in the North East and South East regions we are providing free tuition and support to anyone who has not yet achieved a Level 2 qualification. The Level 2 Entitlement is a key part of our strategy to boost the demand for training from individuals, and will give them the skills they will need for future employment. In 2005/06 we will be learning the lessons from our two pilots and **progressively extending the Level 2 Entitlement** with a view to introducing it nationally from 2006/07.

We will provide an **improved impartial information and advice service** on learning and work for young people and adults, to ensure they receive the help they need to make informed choices about learning and work. This remains vital, not only for young people who are finding their way at the start of their working lives, but also for adults as they are working longer.

We will implement the recommendations emerging from the LSC's Strategic Area Reviews of the supply and demand for learning in each local area. We will ensure that local learning arrangements will increase the choice of high quality learning for young people, including by running competitions for new 16-19 learning provision. We will also implement the recommendations of national or sectoral reviews, including the strategic review of provision for learners with learning difficulties and/or disabilities.

We will respond to the Social Exclusion Unit's report on meeting the needs of **people with mental health difficulties** and the outcome of the Equal Opportunities Commission's investigation into **gender stereotyping** in apprenticeships.

Working in partnership to support employers

The Regional Skills Partnership in Yorkshire and the Humber has made excellent progress. Partnership working is now a key feature of learning and skills across the region and an outline plan of work has been agreed.

The Regional Development Agency (Yorkshire Forward) is funding the extension of the Employer Training Pilot across the whole region so that all businesses in the region can benefit.

The LSC is leading regional working to bridge skills gaps in construction, and, with JobCentre Plus, to address skills gaps in Health and Social Care.

Regional arrangements have been developed for business (Better Deal for Business) and individuals (Better Deal for People) to improve access to training and support.

2 Ensure that all 14-19 year olds have access to high quality, relevant learning opportunities

We will maintain our focus on increasing the numbers of young people in learning that meets their needs and aspirations, and that provides them with the skills they will need for sustainable employment in the future. Young people have told us they want more flexibility in how they learn and more choice in what they do.

Many young people need sustained help even to get them to the first rung of the learning ladder and this represents their best chance of lifting themselves out of deprivation, benefit-dependency and under achievement. We also need to ensure that young people have the opportunity to go as far as they can in learning and make a successful transition to learning in work.

Employers say that they need more skilled young people to meet the ever higher skills demands of business. We cannot, therefore, afford to waste the potential of any young person by failing to provide the opportunities and support they may need.

Key actions for 2005/06:

We will guarantee to all 16-18 year olds who want to learn, a place that is suited to their needs. There will be a **learning entitlement** for all young people that includes a ladder of opportunity – with the right courses available locally, and the opportunity to progress to further learning and into higher education if they wish.

We will offer young people a **wider choice of stronger vocational routes** in line with the 14-19 White Paper that the Government has said it will publish, following consideration of the Tomlinson report. We will implement the outcomes of our Education Business Links review to improve quality and bring a greater coherence and employer focus through improved ways for employers to get involved in the design and management of vocational learning.

We will increase the number of apprentices and extend the range of apprenticeships to underpin the future skills needs of more sectors and occupations; and opening up more opportunities for those who choose to learn whilst at work. Working with learning providers, we will create a step-change in improving quality and ensuring apprentices achieve their full framework of training. We will work with our partners to support and extend the Young Apprenticeship into new sectors. We will use the time individuals spend on vocational training to overcome any difficulties they may have with reading and writing.

We will encourage more collaboration between schools, colleges and learning providers to offer young people more personalised learning. We will improve access to high quality learning opportunities suited to each young person's need; and to enable each person to progress as far in learning as they are able.

This will include support to local partnerships offering vocational education to 14-16 year olds. In particular we will look to increase the numbers and range of employers, including smaller businesses, providing work experience placements, and supporting teachers and pupils in understanding the world of work and the relevance of their learning.

Schools – college collaboration

The Tamar Valley Consortium includes 21 of Plymouth's schools and colleges, a number of Devon and Cornwall LEAs, schools, training providers and local work experience providers. The Consortium offers 50 programmes across the 14-19 age range, with some 650 pupils enrolled in September 2004.

The partner schools and colleges have implemented common timetabling to allow pupils to have a broad choice of occupational programmes. The post-16 programmes are funded through the LSC, which has supported the continuing efforts of the Consortium to enrich the curriculum. The extensive range of subjects currently on offer includes Animal Care, Engineering, Sport and Recreation and Vehicle Maintenance and Repair.

Teaching in the Consortium has strong support from employers. There have been substantial improvements in achievement rates.

3 Transform further education so that it attracts and stimulates more business investment in training and skills development

To help us achieve a demand-led approach to learning we need colleges to be fully responsive to employer needs. We will work with colleges to achieve this. We will of course continue to work with all providers to improve quality, relevance and responsiveness, but for 2005/06 the further education sector is our specific priority.

Employers want to see a more responsive sector – one that is employer-driven, that seeks out and listens to what they need. We want to ensure that the full potential of the further education sector is tapped and that it provides a catalyst for massive growth in investment in skills and learning.

We want more employers to think about using colleges when wanting to improve the skills and productivity of their workforce. This means transforming the way in which learning is delivered, with increased access to 24-hour learning, delivered in the workplace, with facilities and equipment that are world-class. It means colleges working more closely with employers, understanding the needs of the sectors they operate in, and offering high quality specialist provision when required.

We want to create a sustainable network of college providers that is capable of responding to the skills challenges set by employers and of stimulating employers to set their sights for workforce development even higher.

A key factor in this process of transformation will be reducing bureaucracy, including the bureaucracy perceived by employers when dealing with training and the college sector.

Key actions for 2005/06:

The LSC will work with the college sector on an 'Agenda for Change'. Within this new approach, we will ensure that colleges make **responsiveness to employers** core to their business. We want them to play a central role in the delivery of a National Employer Training Programme, and in the development of vocational excellence.

The LSC will only buy high quality learning. Colleges must begin to develop their own capacity for self-improvement, with a network of self-regulating institutions, committed to **improving quality**, which will not tolerate underperformance and will promote equality. We will work with the sector to support their efforts to develop customer-driven products and services, but we will invest an ever greater share of public funds only in those colleges that offer high quality programmes of learning. We will not continue to bale out colleges that persistently fail on quality.

We will be rolling out a new national approach to teaching and learning intended to transform the skills of the workforce, and bring greater focus to leadership development. Within this we will build on the work of the Commission for Black Staff in Further Education. We will also work with the emerging Quality Improvement Body on an agreed approach to raising standards.

We will simplify the current **funding** regime which is too complex and can encourage inappropriate behaviours. We need to ensure that we have the right incentives in our funding system. We will work with colleges to expand their income for skills training from other sources.

We will explore how colleges can work individually and collectively to improve the **efficiency** of the way they operate, and work together on collective purchasing – for example on IT. We want more of the money presently spent on administration to go into front line services. We want to radically review data and management information requirements. We want to reduce bureaucracy following the report by the bureaucracy review group.

By these means, we will raise awareness of the vital role colleges have to play in delivering the skills and education that we need for the 21st century – building the reputation of the sector as the best choice for more businesses.

Our work on 'Agenda for Change' will be an important part of the forthcoming wider review of further education led by Sir Andrew Foster.

Employer – college collaboration

In the South East, a network of Action for Business Colleges is being developed which will transform the offer to employers and

employees from further education colleges and their key learning and skills partners. The intention is to:

- transform the reputation of further education colleges with employers
- expand the total amount of employer investment in all forms of education/training
- increase the market for the network
- guide public funds into Government priorities
- secure increased fee income levels.

Action for Business providers work together as a network to develop provision and to ensure that employers in the key employment sectors in each local LSC area can access and purchase high quality learning to meet their needs.

In each local area a network of impartial brokers, working closely with the providers, advises employers on the best sources of training to meet their needs, building on the services of Business Links and the Chambers of Commerce.

4 Strengthen the role of the LSC in economic development so that we provide the skills needed to help all individuals into jobs

The LSC's work is vital to regional and local economic development. We need to strengthen our role further, ensuring that the learning and training we fund gives people the learning and skills they need to take up local employment. This will ensure that our work to support economic competitiveness and on social inclusion come together in local plans and action.

This means closer working with Regional Development Agencies, JobCentre Plus, local authorities, colleges and providers and other key partners – to align our plans and budgets, and get people into jobs through the training we provide.

Already there are many examples of local and regional planning making sure that local people, often from deprived communities, benefit from large employment opportunities. We want to extend the approach adopted in large regeneration projects to all areas, so that joint employment and skills planning becomes the norm everywhere. This will include skills in basic reading and writing which will help people to get jobs, specific occupational skills needed to satisfy increasing demand for skilled workers, as well as higher level management and specialist skills needed to drive regional competitiveness.

Through linking our work on skills to employment and regeneration opportunities, we will be of greater support to the Regional Economic Strategies.

Key actions for 2005/06:

Locally, we will work closely with JobCentre Plus to **link skills training and employment opportunities** – to train local people for local jobs; and support this through harmonising our local planning and delivery with that of JobCentre Plus. We will also continue to work closely with the National Employment Panel and build on the work of Fair Cities to broaden the access of the most deprived communities to employment opportunities through skills training.

Regionally, we will work through Regional Skills Partnerships to ensure that plans and budgets are better aligned to deliver **regional economic strategies** and skills priorities. We will develop much of the excellent work that is emerging from our joint delivery plans with JobCentre Plus, and work closely with Sector Skills Councils regionally who can be powerful allies in ensuring that skills priorities are addressed.

The LSC is firmly committed to delivering the Government's Skills for Life strategy for numeracy and literacy. Within this, we will prioritise **basic skills** training that leads to a recognised qualification, particularly

in numeracy, where we have not made as much progress as we have with literacy and language, and in English for Speakers of Other Languages (ESOL) training. We will also improve the achievement rates for people working towards basic skills qualifications.

We will continue to work with Union Learning Representatives and the new Union Academy to improve basic skills in the workplace and more broadly to boost demand for the skills that will sustain workers in employment in the face of ever-increasing competition.

Skills for communities

In the Thames Gateway, the LSC is working closely with partners to ensure that the investment in physical regeneration – 120,000 new homes and 200,000 new jobs by 2016 – is matched by improved skills and opportunities for local people.

To help deliver that goal, the LSC commissioned the first-ever Skills Audit of the current skills and future skills needs in the Thames Gateway. This has just been completed and shows that:

- the area has the second largest skills deficit in the country
- local communities have difficulties accessing higher-skilled jobs, due to the low skills base, and
- there is a clear need to upskill the current workforce, as most new jobs will require higher level skills.

Work is already underway to address the issues raised by the audit. For example, Construct North Kent was created to focus on local construction skills, and there are plans for a new Thames Gateway Construction Academy in response to the need for more construction workers.

5 Strengthen the LSC's capacity to work at a regional level effectively

We are a national organisation that believes passionately in the importance of local planning and delivery. Localness is a great strength for the organisation and will remain so. At the same time, as part of our drive to be more effective, faster moving and responsive we have introduced Regional Directors to our management structure. They have responded by engaging directly with key regional partners, notably Regional Development Agencies (RDAs), and have brought greater strength to tackling local and cross-area issues. By strengthening regional working, we believe that we will also bring greater strength to the way in which the organisation works locally and regionally, and to the impact it makes.

For 2005/06, we want **to go much further in planning and acting regionally – particularly with RDAs and Regional Skills Partnerships** – in order to support Regional Economic Strategies. We want the LSC to be seen as the driving force behind the effective operation of Regional Skills Partnerships and to do so in a way which reflects our ambition to be trusted partners. We want to ensure that we harness local and regional intelligence about learning, skills and the labour market, developing approaches such as the Regional Intelligence Centre proposed by the LSC in the East of England.

Key actions for 2005/06:

We will make full use of **Regional Skills Partnerships** to deliver an effective skills response to support the development and delivery of Regional Economic Strategies. We will build on the LSC/RDA Concordat, bringing in other partners and wider budgets as appropriate, to ensure that there is effective collaborative working on skills and that plans and budgets are aligned as far as possible. The LSC will work with each Regional Skills Partnership to provide a complementary regional Statement of Priorities, clearly identifying the skills needs of each region and the role of partners in addressing these.

We will also **integrate regional 'Skills for life' coordinators** into the LSC who will help ensure that our actions to raise literacy and numeracy standards are fully effective in every region.

Meeting sector skill needs regionally

In the North East, the LSC has focused its resources on a number of key sectors, working through the Regional Skills Partnership with the Sector Skills Councils, the Regional Development Agency – One Northeast – JobCentre Plus and other key agencies.

The RDA funds seven Regional Sector Development Managers who work with employers in priority sectors to identify skill needs and develop solutions to address these.

Current projects include work with the engineering sector to provide easier access to credit-based training at Level 3; the creation of the North East Food and Drink Network; and the establishment of new specialist training provision such as the Aviation Academy at Newcastle International Airport and the Fish Filleting School at North Shields.

The LSC is also working with the Gateshead Metrocentre and the two Sector Skills Councils – Skillsmart and eSkills – to train and re-train unemployed people with the skills they need to enter employment in the retail sector.

6 Improve the skills of the workers who are delivering public services

Improving the skill levels of the workforce delivering public services is a key part of the Government's five-year strategy for education. This is a critical, social, political and economic issue. Strengthening the skills of this workforce is central to the reform of public services.

These are high employment sectors with the potential to make a big difference to the country's skills base. Local government is one of the largest employers in the UK, employing 2.4 million people while more than 2 million people are employed across the health care sector.

Increasing the level of skills in the health and care sector, those working with children, in schools and further education and in local authorities will have a big impact on the nation's quality of life, especially for those who are most reliant on public services.

Many parts of the public sector face real challenges over the next few years:

- The health sector faces a 'long-fused' demographic time bomb – less than 7% of staff are aged 25 years or less and 45% are aged over 45 years.
- In the care sector, the demands for better regulation of non-professionally qualified 'support workers' and the requirements of the Care Standards Commission will increase the need for these staff to possess national vocational qualifications or other relevant qualifications.
- The total number of school support staff has increased by 78% since 1997 to 243,100. This will continue to rise as non-teaching staff take on tasks formerly carried out by teachers in line with the School Workforce Agreement.

- A key legislative influence comes through the recent Children's Bill, which has taken forward the proposal from the Green Paper Every Child Matters for the introduction of a common core of knowledge and skills to ensure that all those who work with children are able to support and safeguard them effectively.
- In local authorities, the range of skills needed by staff delivering public services is wide and growing: from community engagement to customer service; and project management to strategic leadership and workforce planning. However as many as 670,000 people in local authorities do not have a qualification at Level 2 – the level that is essential for sustained employability.

The growing public expectation of consistent high standards, combined with increased accountability, is leading to an even stronger focus on skills and development in all areas of public service delivery.

Key actions for 2005/06:

We will prioritise skills development activities – especially literacy and numeracy, Level 2 qualifications and apprenticeships – that target people employed in the **health and care sector, in local authorities, in children's services and schools and colleges**. We will work closely with employers, unions and relevant Sector Skills Councils to plan and deliver the improvements needed, including a proactive approach to promoting Investors in People. We will focus more of our marketing on improving the take-up of training such as apprenticeships. We will identify priority qualifications that will best support key occupations in this sector, as well as identifying and meeting gaps which currently hinder progress to further training. We will work closely with the present and emerging Sector Skills Councils to identify and remedy skills gaps in the public sector.

Public Service Compact

The Public Service Compact is an innovative partnership approach to recruitment, retention and workforce development in public sector employment. Twenty three employers across Birmingham and Solihull are members of the partnership, employing over 100,000 people – 25% of the working population.

The Compact aims to tackle skills needs and improve access to jobs for people from local communities and disadvantaged areas. It commissions public service development programmes. It is piloting a diploma in Public Service leadership. There are plans for a new public service administration apprenticeship and for an exchange programme across the public sector and with voluntary and community organisations.

The LSC is determined to fulfil its leadership role and to bring the necessary drive and ambition to the reform of learning and skills.

We cannot succeed on our own. What we need our partners to contribute.

The LSC is determined to fulfil its leadership role and to bring the necessary drive and ambition to the reform of learning and skills. However we cannot succeed on our own, and need our many partners to work with us on a shared approach to planning and funding.

Business Links

High quality services which diagnose business needs and identify skills training solutions are critical to the delivery of the Government's Skills Strategy. This has been amply demonstrated by the Employer Training Pilots. Each business is unique and expects a tailored service that puts the business first. We need to ensure that the skills offer made to employers reflects the total needs of the business. Business advisers will need regularly to update their knowledge of the learning opportunities offered by colleges and other providers so that they are able to give expert, informed and objective advice in brokering learning and other business support services including Investors in People. Business Links will also need to make sure they have strong links to Sector Skills Councils and are aware of what is happening in each business sector.

Colleges and training providers

Colleges and training providers must establish closer relationships with employers so that there is a greater confidence that learning will meet the real needs of business. This will require employers to be clear about their future needs and be willing to invest in long-term relationships with colleges and providers. Colleges must be more responsive and flexible, providing learning when and where it is needed. And we will expect key providers such as the University for Industry to deliver more learning that supports the priorities we have identified.

Connexions

We will continue to work closely with Connexions Partnership to make a real difference to young people's access to learning, and the quality of advice they receive. We have signed a memorandum of understanding setting out how we will work together. This includes developing a clearing house for learning opportunities for young people over 16. We will work with Connexions to deliver the target of reducing the number of young people not in education, employment or training. We need to ensure they do not just disappear from the statistics, but make a successful transition to learning or work.

Employers

We need employers to engage with us and give direction to the reforms that we are bringing about. We will be taking these messages out to employers across the country. The benefits of the reforms are many and include employers being 'in the driving seat' when influencing the delivery of the training they need; and the reform of qualifications to give business a greater sense of ownership and relevance. We need employers to share our ambition and to help us to promote skills issues to the world of business, such as tackling literacy and numeracy difficulties and not overlooking the value of older workers. We also need employers to promote those who succeed in providing quality services, and to challenge those who do not. We want those employers who are LSC Council and Committee Members to be a growing influence in the direction of the LSC and to be advocates of our vision and progress.

Higher Education

We will work closely with Higher Education partners, in particular the Higher Education Funding Council, to open up opportunities for those undertaking vocational and work-based learning to progress into and through

higher education. In this respect, the continued development of the Foundation degree is vital. The impact of Sector Skills Agreements is also expected to mean Further and Higher Education working more closely together in order to meet the full range of skills training required by employers.

Investors in People UK

The launch of the new Investors in People (iIP) standards, coupled with improvements to iIP UK's assessment arrangements, should enable iIP to remain a high quality business tool favoured by growing numbers of employers. We need iIP UK to work with us to ensure that business and skills brokers are fully competent in diagnosis and referral to iIP and that businesses who have achieved iIP maintain interest in it. In addition, iIP will contribute directly to an effective skills strategy in the public sector.

JobCentre Plus

We need to link up the complementary services offered by JobCentre Plus and the LSC to the benefit of employers and those seeking work. We must better meet the needs of employers and improve individuals' employment opportunities through relevant training and skill development. We will have in place local joint delivery plans to link learning and skills development with new job opportunities, especially for those who are most disadvantaged. We will want to evaluate the success of new pilots such as Skills Coaching, aimed at developing the skills of those having difficulty finding work.

We cannot succeed on our own. What we need our partners to contribute.

Qualifications and Curriculum Authority

The LSC will work jointly with the Qualifications and Curriculum Authority to develop and implement the Framework for Achievement. This will enable occupational qualifications that meet employer needs to be identified and will provide the flexibility for adults to take the first steps towards a qualification. A key aspect of this will be joint consultation on the design and content of the Framework, trialling systems for using credit-based qualifications and a joint programme of work which will enable the Framework for Achievement to begin operating in January 2006.

Regional Development Agencies

We need Regional Development Agencies to work in partnership with the LSC to influence the purchase and supply of training and skills across the regions, under the

Concordat and through the Regional Skills Partnerships. We need to work closely with Regional Development Agencies on such issues as effective business support arrangements, labour market intelligence and trends, capital investment strategies, support for higher level skills, and linking learners to emerging job opportunities.

Skills for Business Network

We need Sector Skills Agreements that reflect the reforms that Sector Skills Councils and their employers truly need for their sector. We also need a two-way flow of intelligence about skills issues and employer views. The Network has a critical role to play in working with the Qualifications and Curriculum Authority to ensure that qualifications and standards are relevant to the needs of business. This will help in encouraging employers to invest in learning with confidence that it will meet their needs. We need the Skills for Business Network to engage with schools, colleges and training providers so that learning is of continuing relevance to the needs of business; and to facilitate employers wishing to play a greater part in supporting teaching or providing work experience.

Trades unions

We will work with trades unions to take the message about the need to address skills issues into the workplace and into discussions with employers. We will develop the Union Learning Fund to extend its impact on literacy and numeracy skills into a wider upskilling of the workforce. We will work with unions to extend progress with learning centres, learning facilitators and training Union Learning representatives. We will also support the emerging Union Academy.

Voluntary and community sector

Through our joint strategy 'Working Together' our plan is to achieve a step-change in relations with the sector so that its representatives can work closely with the LSC especially on issues of accessibility, range and quality of education and training provision for individuals and employers and the wider community.

Quick guide to priorities and key actions

Our key actions for 2005/06 are listed below under each of our priorities:

Make learning truly demand-led so that it better meets the needs of employers, young people and adults

- extend Employer Training Pilots
- streamline the ways in which employers find suitable training
- produce national and regional capital investment strategies
- implement the initial priorities contained in Sector Skills Agreements
- extend the Level 2 Entitlement pilots and prepare for their national roll-out
- improve information, advice and guidance
- implement the recommendations from our Strategic Area Reviews
- publish proposals to improve services to learners with mental health difficulties
- tackle problems of gender stereotyping in apprenticeships

Ensure that all 14-19 year olds have access to high quality, relevant learning opportunities

- guarantee 16-18 year olds a suitable learning opportunity
- widen the choice of stronger vocational routes for young people
- increase the number of apprenticeships and improve their quality and success rates
- encourage more collaboration amongst schools, colleges and training providers, and closer working with employers

Reform Further Education so that it attracts and stimulates more business investment in training and skills development

- transform further education through the 'Agenda for Change', especially in respect of employer responsiveness, improving quality, simplifying funding, making better use of reliable data, reducing bureaucracy and improving efficiency

Strengthen the role of the LSC in economic development so that we provide the skills needed to help all individuals into jobs

- work with JobCentre Plus to link employment opportunities and skills training including through skills coaching
- continue to work with the National Employment Panel, linking employment and skills planning and delivery and helping those from the most deprived communities to find work

- deliver the 'Skills for Life' strategy for tackling numeracy and literacy skills, including prioritising basic skills training that leads to a qualification and improving completion rates
- work with Union Learning representatives to boost the demand for learning, especially literacy and numeracy

Strengthen the LSC's capacity to work effectively at a regional level – particularly with Regional Development Agencies and Regional Skills Partnerships

- we will drive successful Regional Skills Partnerships and better align LSC plans and funding with those of other regional partners in support of Regional Economic Strategies

Improve the skills of the workers who are delivering public services

- target the upskilling of people employed in the health and care sector and in local authorities, services to children, schools and colleges

Internally

- we will complete the successful transfer of responsibilities from DfES to the LSC, including for Learner Support, Basic Skills and Offender Learning

List of related documents

- **21st Century Realising Our Potential Skills Strategy White Paper** www.dfes.gov.uk/skillsstrategy
- **Equality and Diversity Strategy** www.lsc.gov.uk/National/Documents
- **Foster's Bureaucracy Review Group report** www.successforall.gov.uk
- **Framework for Achievement** www.qca.org.uk/qualifications
- **Government Five Year Strategy for Children and Learners** www.dfes.gov.uk/publications/5yearstrategy
- **LSC Business Cycle** www.lsc.gov.uk/National/Documents
- **LSC Grant Letters** www.lsc.gov.uk/National/Documents
- **National Employment Panel – Welfare to Workforce Development report** www.nationalemploymentpanel.gov.uk
- **National Employer Skills Survey** www.lsc.gov.uk/National/Documents
- **Skills for Life Strategy** www.dfes.gov.uk/readwriteplus
- **Skills in England** www.lsc.gov.uk/National/Documents
- **Success For All Strategy** www.successforall.gov.uk
- **Regional Skills Partnerships Concordat** www.lsc.gov.uk/National/Documents
- **Working Together Strategy** www.lsc.gov.uk/National/Documents

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