



# **Skills: Getting on in business, getting on at work Part 1**

**Presented to Parliament by  
the Secretary of State for Education and Skills  
by Command of Her Majesty**

**March 2005**

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# Skills: Getting on in business, getting on at work Part 1

department for  
**education and skills**  
creating opportunity, releasing potential, achieving excellence

**dti**



**HM TREASURY**

**DWP**

Department for  
Work and Pensions



## Foreword

1. Skills are fundamental to achieving our ambitions, as individuals, for our families and for our communities. They help businesses create wealth, and they help people realise their potential. So they serve the twin goals of social justice and economic success.
2. Those goals are at the heart of the Government's vision for the future. We seek a fair society which ensures that every individual, irrespective of background, ethnicity, gender, faith, disability or postcode, is helped to realise their own capability for learning, and raise their quality of life. We also seek a dynamic economy where our national and regional productivity is enhanced through high-skilled, well-rewarded employees working in companies committed to long term investment and leading the world in their business sectors. To underpin both goals, we are investing heavily in schools, colleges, and universities, so that they can equip young people and adults to succeed.
3. Improving our national skills performance supports these ambitions in a number of ways:
  - a. Helping businesses boost their profitability, and improving our productivity so we are fit to compete successfully with China, India and other emerging economies, and can make full use of the opportunities presented by these markets;
  - b. Replacing the redundant notion of a 'job for life' with our new ambition of 'employability for life', thus helping people and communities meet the challenge of the global economy;
  - c. Tackling the obstacles that continue to prevent fair access for all to high-quality training and good jobs, so that no group is held back by prejudice, discrimination or stereotyping. Through better tailoring of information and guidance, we will help people work out the best options for them on skills, training and jobs, in order to achieve their ambitions. That will include guidance and support for carers and women returning to work after parental leave;
  - d. Ensuring we have the leaders, middle managers, and frontline workers with the skills to develop and provide high-quality public services that put the interests of the user at the heart of their delivery;
  - e. Raising aspirations by creating a learning culture in each community which breaks the cycle of deprivation passed on from one generation to the next;
  - f. Creating new workplace partnerships between employers, trade unions and employees, and improving employment relations through better skilled and motivated staff contributing to higher performing companies and organisations;

- g. Contributing to the physical and mental health of older and disabled people through their participation in leisure learning, and ensuring that opportunities for learning and training are fully available to all.

4. The proposals set out here complement the wide ranging reforms we have made across the education system. Our expansion of early years provision and our 14–19 White Paper reflect our commitment to make us the best educated, best trained, best skilled country in the world. Taken together our reforms will enable all children not only to start education at 3 but to continue in education and training until the age of 19.

5. This White Paper focuses on the skills of adults already in, or seeking to enter, the labour market. We have already made huge progress since 1997:

- a. 839,000 adults have achieved literacy, numeracy and language qualifications since 2001;
- b. A record 270,000 young people are enrolled in Apprenticeships – over three times the number in 1997;
- c. Nearly 38,000 students are undertaking Foundation Degree courses;
- d. 670,000 more adults a year now participate in further education than in 1997;
- e. Nearly 18,000 employers and over 130,000 employees have benefited from Employer Training Pilots since 2002;
- f. Since it was established in 1998, the Ufi **learnirect** telephone advice line has handled over six million calls;
- g. Reforms such as the creation of Jobcentre Plus and New Deals have helped ensure record numbers have moved from welfare into work.

6. With this White Paper, we can now go further and help even more adults get the skills they need to move from welfare into jobs, and to progress in their careers. The coalition of support we have built over recent years provides us with an historic opportunity to accelerate the pace of reform. We now have strong partnerships with a range of organisations that will allow us to drive this agenda forward.

7. At the national level, we welcome the important contribution made by all members of the Skills Alliance, including the social and economic partners – the CBI, the TUC and the Small Business Council. They have worked with the Government to achieve a national unity of purpose supporting the skills agenda.

8. At the regional level, the powerful Regional Skills Partnerships of the Regional Development Agencies, the LSC, Jobcentre Plus, Small Business Service and Sector Skills Councils will drive regional economic development. They are major players in integrating regional activity on training, jobs, innovation and business support, creating dynamic regional economies and so tackling disparities between regions.

9. The reforms set out in this White Paper will, over time, combine to reshape the training system, so that it is driven by the needs and aspirations of employers and individuals.

**10.** Employers will be given a strong voice in the design and content of vocational qualifications through Sector Skills Councils. Sector Skills Agreements between employers will set out training needs, commit employers to collaborative action, and ensure that public funds respond directly to employer priorities.

**11.** The new National Employer Training Programme will build on the successful Employer Training Pilots. It will give employers real choice over the training they offer their employees, and will respond directly to their business development needs, whether for basic or high level skills. Training will be delivered flexibly, including in the workplace. The Government will fully fund the costs of brokers and the training of employees undertaking basic skills and first full Level 2 qualifications. In return employers will offer some paid time off at work for participating employees.

**12.** We will use the National Employer Training Programme to create a new partnership with employers to support training at Level 3 in technician, advanced craft, and associate professional skills. In all areas this will make it easier for employers to access training at this level, and in two regions we will go further by piloting a system of matched funding with employers to encourage more Level 3 training in the workplace.

**13.** Individuals will be helped to gain new skills and higher qualifications. Whether it be moving from welfare to work, sustaining employment, or moving out of the low-skill, low-pay trap, the system will be geared to the needs and aspirations of the individual. Information and guidance will be strengthened, qualifications reformed, and the new Level 2 entitlement (equivalent to 5 GCSEs at A\*-C) introduced nationwide with the full cost of tuition met by the Government. We will ensure far more people can move up from there to the technician, professional and graduate skills that the economy needs. The review being undertaken by Lord Leitch of our long term skills needs will help us set new goals for the pattern and level of skills that will secure future prosperity.


**14.** Reforming training supply is an essential part of creating a new, responsive system. We have many high performing colleges, universities and other training providers who work well with business and provide education and training which support individuals' employability and career progression. However, the standards of the best must be extended to all. We know that this will require a long-term programme of investment and reform. The Government has recently committed £1.5 billion of investment over the next five years to support the transformation of the further education sector. Sir Andrew Foster's Review of the future role of colleges, combined with our ongoing work with the Learning and Skills Council and the Higher Education Funding Council for England, will inform the future shape of the sector and set out the non-negotiable need for excellence in the supply of education and training.

**15.** We will work with employers and Sector Skills Councils to create new Skills Academies at the apex of the skills system. Skills Academies will be employer-led and form a strong network in each sector linking college Centres of Vocational Excellence with universities, training providers and specialist schools. They will raise standards across the system by fostering innovation, spreading best practice, shaping the curriculum, and improving the professional development of teachers, lecturers and trainers. Skills Academies underline our determination to transform the quality and status of vocational education and training.

**16.** This exciting agenda cannot be delivered top down or by the Government alone. It will require a strong partnership in every area between the key public agencies, employers of all sizes in the private, public and voluntary sectors, schools, colleges, universities and training providers, trade

unions and individuals, whether in work or seeking employment. As we have proved over the last eight years, our commitment to sustained investment and the reform of our education and training system is central to our vision for a fair society and successful economy.

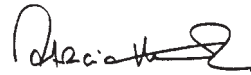
17. The quality of vocational training for young people and adults has been a persistent weakness in this country. With the publication of the 14–19 White Paper and this Skills White Paper, we now have a comprehensive and coherent business plan for delivering our national Skills Strategy. With our partners in the national Skills Alliance, we have a unique opportunity to achieve the step change in productivity and social mobility which has proved so elusive for so long.



Tony Blair  
Prime Minister



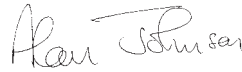
Ruth Kelly  
Secretary of State for Education and Skills



Patricia Hewitt  
Secretary of State for Trade and Industry



Gordon Brown  
Chancellor of the Exchequer



Alan Johnson  
Secretary of State for Work and Pensions



# Part 1: Overview

## SECTION A: PURPOSE, OBJECTIVES AND APPROACH

### Purpose

1. This White Paper sets out the Government's plans for the next major phase of reform in making this country a world leader in skills.
2. In July 2003, we published our national Skills Strategy. It presented an ambitious agenda for tackling the long-standing weaknesses in the way we equip both young people and adults with the skills they need. Our aim was to ensure that employers have the right skills to support the success of their businesses, and individuals have the skills they need to be both employable and personally fulfilled.
3. Since then, working with our partners in the national Skills Alliance<sup>1</sup>, we have made good progress. We now have in place the infrastructure needed to transform our national standing in skills. The next challenge is to use that infrastructure to deliver real benefits for individuals, employers and the nation. That is the focus of this White Paper.

### The Challenge

4. Skills are central to achieving our national goals of prosperity and fairness. They are an essential contributor to a successful, wealth creating economy. They help businesses become more productive and profitable. They help individuals achieve their ambitions for themselves, their families and their communities.
5. Yet the weaknesses in our national skills performance have been well-rehearsed. They go back generations, reflecting some powerful economic and social factors<sup>2</sup>. Too many young people drop out of education and training by the age of 17. Too many adults lack the basics in literacy, language and numeracy, and do not have the platform of wider skills and qualifications to support sustained, productive employability. Too many communities have high concentrations of low skilled adults. Compared with countries such as France and Germany, we have too few people trained for technician, advanced craft, skilled trade and associate professional jobs.
6. Nationally, the UK faces a major challenge in ensuring our workforce is equipped with the skills needed to compete in a global marketplace on the basis of high value-added goods and services. Currently countries such as India and China can compete on the basis of lower labour costs. But with around 20 million graduates in China and 2 million new graduates each year in India, those countries are increasingly competing not just on cost, but on expertise<sup>3</sup>.

7. At the level of the individual business, it is a long-standing concern of many employers that they cannot recruit enough people with the skills and attributes they are looking for. Some believe that the design and delivery of publicly-funded training does not take enough account of the needs of the modern workplace. Lack of skills makes it harder for employers to introduce the innovations, new products and new working methods that feed improvements in productivity. That creates a risk of 'low skills equilibrium', where employers do not express a need for skills because they pay low wages to low-skilled staff to produce low-value goods and services. Our national objectives cannot be met unless more organisations set more ambitious business strategies, demanding higher skills.

8. At the personal level, lack of skills and qualifications holds many adults back from realising their potential. Many are looking for a better job, a better standard of living, and more fulfilling lives. They know that the right skills could help them get there. But they find it difficult to make sense of the wide array of courses, qualifications, training providers and support programmes available. It can be hard to work out which option for linking training and jobs would best meet their needs. And the training they want may not be delivered in a way that fits easily into busy lives.

9. Demographic trends make it more pressing to tackle these challenges. People are living longer, fewer young people will be coming into the labour market, and the average age of the workforce is rising. We cannot rely solely on a flow of better skilled young people entering the labour market. So we must invest in helping more adults to gain the skills they need both for productive and satisfying employment throughout longer working lives, and for personal enrichment through into active retirement. The migration of skilled people will also play an important part in meeting skills and labour shortages.

10. The need to tackle these weaknesses is well understood by governments and societies around the world. Skills alone cannot guarantee economic success, social justice and fulfilling personal lives. But they are one necessary contribution which, if combined in the right way with other factors such as enterprise and innovation, make success more likely. All of our major competitors are investing in skills. Many of them, in Europe and North America, start from a higher base of existing skills than we do.

## Progress

11. Since we published the national Skills Strategy in July 2003, we have made good progress. More young people and adults are gaining more skills and qualifications, at all levels, than ever before<sup>4</sup>. 670,000 more adults a year now participate in further education than in 1997, and the proportion of adults in the workforce qualified to Level 2 and above has risen from 65% in 1997 to 72% in 2004. We are developing the Apprenticeships programme as a primary route for young people to gain high quality, work-based training, with a record 270,000 young people currently enrolled – over three times the number in 1997. There are nearly 38,000 students on Foundation Degrees and participation in higher education is the highest it has ever been. 839,000 adults have improved their basic skills of literacy, language and numeracy since 2001 through the Skills for Life programme. Since it was established in 1998, the Ufi **learnirect** telephone advice line has handled over six million calls.

12. The skills needs and priorities of employers are more powerfully shaping the supply of training, particularly through the network of 22 Sector Skills Councils. We have invested £190 million so far in the 18 Employer Training Pilots to build a new, demand-led approach to the delivery of training to employers, benefiting over 130,000 employees and nearly 18,000 employers. We have introduced new entitlements for learners, particularly to help those with few or no qualifications to

achieve the functional skills of literacy, language and numeracy, and the platform of wider vocational skills for employability. We are reforming the supply of training, to raise quality and get a closer alignment with what employers and learners need.

**13.** The Budget 2005 announced a further major investment in skills. We are allocating a total of £140 million more from 2006-07 to raising participation in training by 16-19 year olds, particularly those most at risk of dropping out. That includes testing out new financial incentives for young people to train while in employment. We will expand the range of work-based learning for 14-16 year olds. In recognition of the success of the Employer Training Pilots, we are investing a further £65 million in 2005-06, to accommodate the rising demand from employers wishing to take part. And within the National Employer Training Programme from 2006-07, we will allocate £20 million per year to trial the extension of the programme to cover Level 3 training in the crucial technician, advanced craft, skilled trade and associate professional areas.

**14.** We are backing the formation of the new Union Academy, to build on the excellent work of the TUC and the unions in developing the union role in training. We are investing additional funding in supporting training for entrepreneurs in disadvantaged areas and amongst black and ethnic minority groups. Over the next five years, we are investing £1.5 billion to support the long-term transformation of further education colleges and ensure they have the high quality facilities that employers demand. Overall, this is a further major boost to position skills at the heart of the Government's agenda for raising productivity within a globally competitive economy, with employment opportunity for all.

**15.** The aim of this White Paper is to build on that progress and set out the next phase of reform. We believe the principles and direction of travel set out in the original Skills Strategy remain valid. But we are now nearly two years on from its launch. Much has changed in that period. It is timely to identify the next major phase of delivery, what employers and learners can expect from Government, and what is expected of them in return.

## Our Ambition

**16.** Our ambition is that we become a society in which young people and adults expect to keep learning and developing new skills, because everyone takes it for granted that you need skills to get a good job and a fulfilling life. Qualifications should not be seen as a minority pursuit for the academic, but as a way in which everyone can get recognition for what they have achieved and what they can contribute. No-one should feel that they are being held back from achieving their aspirations, whatever their background. Those who do not succeed first time round should be confident of a second chance, and as many further chances as they need. People should know where to go for good information and guidance on the opportunities available to link training, skills and jobs.

**17.** Everyone should be clear what training they are entitled to and which pathways to follow to get it. They should be able to fit training conveniently within the competing demands of busy lives. They should see a pay-back in the form of satisfying, sustainable jobs and a higher standard of living, because they can put their skills to good use in more productive, higher value, more knowledge intensive work. As a result, we should become a nation in which everyone has the chance to progress as far as their talents, ambitions and motivation can take them.

18. To achieve these benefits, we need a new approach to the supply of skills and training. That must be shaped around the needs of employers and learners. It must offer greater rewards for enterprising colleges and training providers, competing successfully to offer high quality training in response to those customer needs.

### Measures of Success

We have set ourselves some challenging goals<sup>5</sup>.

- We want young people to reach age 19 ready for skilled employment or higher education. Through our reforms of education and training for 14-19 year olds, we are aiming for substantial increases in the proportion achieving full Level 2 qualifications (equivalent in standard and breadth to five GCSEs at Grades A\* – C). We want participation at age 17 to increase from 75% to 90% over the next 10 years.
- We want more young people to get higher education qualifications, gaining the advanced skills that a knowledge-intensive economy values. So we are aiming for the proportion of 18-30 year olds benefiting from higher education to rise towards 50%.
- We want to increase by 75%, between 2002/03 and 2007/08, the numbers successfully completing Apprenticeships, as the main work-based route for young people to gain employment skills. By July this year, we are aiming to increase to 28% the proportion of young people who enter an Apprenticeship before the age of 22 – some 175,000 young people.
- We want to help low-skilled adults improve their literacy, language and numeracy, and achieve the platform of employability skills. So we are aiming for 2.25 million adults to achieve functional competence in literacy, language and numeracy, and over 3 million adults to achieve their first full Level 2 qualification by 2010.
- Through the Skills Alliance, we have agreed a framework of shared priorities which link skills and qualifications to improved business performance and labour market capacity<sup>6</sup>.

19. These will be the major measures of success for the 14-19 reforms and the Skills Strategy. Achieving them would mean that it becomes near universal for young people to stay on in some form of education and training at least until the age of 18, and that when they enter the labour market they have skills and qualifications that employers value. It would mean that employers no longer face skills gaps and shortages that hold back their ambitions for business development. And for millions of young people and adults it would represent achievements they can be proud of and a step up to a better life.

20. But we may need to go further. In some cases, even these goals may not be enough in the long term, particularly in meeting needs at the crucial technician, advanced craft, skilled trade and associate professional level. As announced in the December 2004 Pre-Budget Report<sup>7</sup>, Lord Leitch is undertaking a review of long-term skills needs, taking account of global economic trends. We will determine, in the light of that review, what further ambitions we should set.

### Structure and Approach

21. Against this background, we have structured the Skills Strategy, as revised and updated in this White Paper, around the following core strands.

### Skills Strategy Core Strands

- To work in partnership with employers to enhance skills by putting their needs and priorities centre stage in the design and delivery of training for adults. The main vehicle will be the National Employer Training Programme, working alongside business support programmes to raise demand for skills to a more ambitious level.
- To give employers a stronger voice in shaping the supply of training at every level – nationally, regionally, locally and in each sector of the economy. Sector Skills Agreements, Skills Academies and Regional Skills Partnerships are the key levers.
- To support individuals in achieving their ambitions, through better information and guidance to identify the best options for them in terms of jobs, skills and training.
- To help all adults gain the functional skills of literacy, language and numeracy and develop wider employability skills, with more opportunities for people to progress on to skilled trade, technician, graduate and professional qualifications, going as far as their talents and drive can take them.
- To tackle the obstacles that people face in gaining fair access to training and jobs, including the barriers between welfare and work.
- To encourage the role that trade unions play in addressing skills needs and raising demand for training, recognising the shared gains for employees as well as employers that flow from greater investment in skills.
- To build on the existing strengths of our universities, colleges and training providers, in order to develop the capacity to deliver these benefits successfully for employers and individuals. Greater contestability should bring greater rewards for those institutions that best meet the needs of customers.

**22.** These goals cannot be met by the Government acting alone. Employers, trades unions, public agencies, colleges, universities, training providers and the voluntary sector all need to play their part.

**23.** The Government is committed to using the funds and powers at our disposal to ensure a much more demand-led approach to training, driven directly by customer needs. To that end, we will invest public funds, focused on the main market failures at national, regional and sectoral levels. We will set the strategic framework and will secure quality assurance and necessary infrastructure. Above all we will provide leadership for the alliance of partners that is needed to change our national culture in valuing skills. Employers will have new powers to shape the design, content and delivery of training to meet their needs. In return, we look to employers to invest more in training, where there is a clear return to the employer and the learner. We look to them to engage more actively in developing and deploying skills to meet business priorities, and to articulate their needs in a way that schools, colleges, universities and training providers can understand and act on.

**24.** These reforms are closely linked to the proposals in our recent White Paper on education and training for 14-19 year olds, *14-19: Education and Skills*<sup>8</sup>. Both reflect the same core themes for young people and adults. They include the central importance of equipping everyone with the functional skills of literacy, language and numeracy; giving everyone opportunities to develop their skills and qualifications as far as their talents and interests allow; and shaping the delivery of education and training to reflect the skills people need for productive employment. Taken together, the two White Papers represent a systematic drive to overcome some deep-rooted problems in our education and training system, to address inequalities and so equip learners of all ages to succeed in the modern world.

**25.** This Part 1 of the White Paper presents an overview of the whole Skills Strategy. It is structured around the core strands of reform set out in the box above, focusing on the three broad areas of meeting employer needs, meeting learner needs, and reforming training supply. It is supported in Part 2 by more technical chapters detailing how the reforms will be implemented, with an action plan for delivery. Part 3 sets out latest data and evidence on trends in skills.

**26.** The Skills Strategy is primarily a strategy for England, reflecting the devolution of responsibility for education and training to Scotland, Wales and Northern Ireland. Each has developed its own strategy for skills and lifelong learning. However, some elements of this Strategy have implications for the Devolved Administrations, notably the work of the Sector Skills Councils (which have a UK-wide remit) and the Sector Skills Agreements.

## SECTION B: MEETING THE SKILLS NEEDS OF EMPLOYERS

### Our Commitment to Employers

**27.** The core of our commitment to employers is that we will design and deliver publicly-funded training and qualifications in a way that is directly led by their needs, that meets their skills priorities, and that is straightforward to use. Employers already invest substantial resources and effort in developing the skills of their people. But to meet our national goals, we need to keep building a higher level of investment and engagement in training from employers.

**28.** There are two main levers for change. First, to switch the way adult training is delivered, so that it starts with the needs of employers and employees and integrates training within wider business development. Second, to ensure that employers' skills priorities are articulated at every stage to shape decisions on training supply.

### National Employer Training Programme

**29.** We will implement a new National Employer Training Programme as a powerful, demand-led mechanism for changing the way in which training for adults is delivered. What makes the programme distinctive is that training is built up from the employers' business needs, and delivered in the workplace to suit their operational requirements. In effect, it puts the purchasing power in the hands of the employer, so that they can determine how public funds are best spent to meet their priorities, rather than funds being routed direct to providers. It gives employers of all kinds – private, public and voluntary sector – more choice over the training provider they wish to work with. It is a new form of partnership between the Government and employers to enhance training opportunities and meet skills needs.

**30.** At the heart of the programme is a brokerage service that will work on behalf of the employer. It will act independently and impartially, to support analysis of current and future skills needs. It will link needs to business performance, and provide advice about which local training providers can best meet those needs. Employers will be able to choose which one of the range of quality-assured local providers they wish to work with. The broker will also be able to signpost the employer to appropriate business support.

**31.** The programme will build on the 18 Employer Training Pilots currently operating in one-third of England, and will be rolled out nationally from 2006-07. The national programme will represent a major step on from the pilots, in that it will be able to encompass the full range of the employer's training priorities, and will not be limited to training for low-skilled staff. It will start by identifying, through a training needs assessment, the employer's skills needs at all levels, both those leading to qualifications and more informal development. It will then source training to meet those needs (generally at the employer's cost for training beyond the core of basic skills and Level 2), for delivery as part of a single, integrated training package.

**32.** Like the pilots, the programme will retain, at its core, delivery in the workplace of free skills training up to a first full Level 2 qualification. It will include training in functional literacy, language and numeracy skills up to Level 2 standard. That will meet the top concern for employers and the consistent theme of our reforms for young people and adults – that whatever else we do, we must get right the basic skills of literacy, language and numeracy for all. In return for free and flexibly-funded training, employers will be expected to allow employees enough time at work to undertake the training successfully. We will work with the Skills Alliance to develop guidance for brokers on this.



**33.** We will also develop, with the Skills Alliance, a framework of national outcomes and service standards for brokerage to make clear what customers can expect. Beyond that, we want the Learning and Skills Council (LSC), working with Regional Development Agencies (RDAs), the Skills for Business Network and other partners in the Regional Skills Partnerships (RSPs), to agree what is best for each region. They should work out together how best to deliver a service that works for employers, giving them choice, quality and flexible delivery in the workplace. This is one major way in which we can develop the regional role in matching supply and demand for skills, to support Regional Economic Strategies while still ensuring a consistent national framework. We are asking the RSPs to report back on their proposed approach by Autumn 2005.

**34.** Brokers will work with the Business Link services that are managed by RDAs, to give a better integrated 'front end' of business support. The aim is that employers should not be faced with successive disconnected approaches from different public agencies, all offering isolated services; and that employers should be signposted through to the service that best meets their needs, without being handed from pillar to post around different service providers. Those services will link training to business development, including the new Investors in People standard, benchmarking, business diagnostic and information services, and the Department of Trade and Industry's (DTI) business support programmes.

**35.** In order to ensure that the priorities and choices of employers really drive training supply, we think that, over the longer term, there may well be a case for routing an increasing proportion of mainstream LSC funding for adult training through the National Employer Training Programme. In particular, we are interested in enabling brokers to include within integrated training packages an element of subsidised support for Level 3 training (equivalent in standard and breadth to two A level passes). But we have to be realistic about the speed with which limited public resources can be redeployed, and the consequences for the stability of colleges.

**36.** So as a first step, we will invest an additional £20 million per year in 2006-07 and 2007-08 to trial in two regions building an element of funding into the National Employer Training Programme budget that brokers can use to make a contribution towards the cost of Level 3 training delivered in the workplace. That contribution should be at least matched by the employer. This is a critical part of the new partnership for skills that we want to build with employers, enabling them to satisfy the full range of their training needs, while paying a realistic contribution.

**37.** For large national employers who do not want to work with multiple local Learning and Skills Councils, the LSC is reforming its contracting arrangements. Its new National Employer Service will provide the same support of brokerage and training delivery for large employers operating across multiple sites. It will draw flexibly on all LSC training budgets to provide an integrated training programme to meet the employer's needs, with a commitment from the employer to increase their engagement and investment in training.

**38.** For Small and Medium Enterprises (SMEs), the National Employer Training Programme will include support for leadership and management development. Leadership and management skills are one of our areas of relative weakness, particularly at middle manager level. If we could tackle that, we would at the same time tackle one of the obstacles to wider investment in training, because the role of training in supporting more ambitious business development strategies and adopting more effective working practices would be better understood. Our new programme to support leadership and management in SMEs meets those needs, with a focus on coaching and on-the-job development. It will support over 17,000 SME managers by March 2008.



## Skills for Sectors: A Stronger Employer Voice

**39.** If training supply is to respond to employers' skills priorities, those priorities must be clearly and consistently expressed. The main mechanism for that is the Sector Skills Councils (SSCs). The Sector Skills Development Agency (SSDA) is responsible for establishing the network, assessing proposals put forward by employers in each sector against defined standards, promoting the development of each SSC and, once licensed, monitoring their performance. 22 are established and three more are in development, covering 85% of the workforce in both the private and public sectors<sup>9</sup>. They are led by employers in each sector, to speak for employers in identifying the skills needed to sustain and improve productivity, and then work with partners to achieve the right supply of skills. As set out in our 14-19 White Paper, they will have the primary role in designing the new specialised lines of learning for young people to prepare them for successful employment. They lead the design of Apprenticeships for each sector. They are also central to shaping the design of training for adults.

**40.** Through the new Sector Skills Agreements (SSAs), the SSCs will set out the actions needed to secure the right flow of skills by both the employers themselves and the public sector. The first four Agreements are being put in place, with another six in development. We see the Agreements as having enormous potential power in bringing employers together to decide their priorities for collective action, and how they can best support higher productivity. Agreements will set out both the funding contributions that employers are prepared to make themselves and the priorities for shaping the allocation of public funds with the respective funding councils.

**41.** In the first instance, SSAs are an agreement between the employers themselves, brokered by the SSC. For example, employers in the film industry have agreed to introduce a collective training levy which can be used to raise the volume and quality of technician training for the film industry. ConstructionSkills administers a 'licence to operate' through the Construction Skills Certification Scheme, which was developed by the industry through a partnership between employers and trade unions. These are illustrations of the sort of powerful, collective self-help, driven by the industry to meet its own needs, which we look to employers across all sectors to take.

**42.** Effective SSAs also provide the basis for agreement by the respective funding councils to use their funding powers to shape the supply of skills from further and higher education to meet employer and employee needs. This is where employers will be able to gain most leverage, and where the step change in collaborative investment in training can best be secured. In return for a convincing assessment of demand-side priorities and the commitments which the employers themselves are prepared to sign up for, they can expect the LSC, the Higher Education Funding Council for England (HEFCE) and other public agencies to support those priorities. The Agreements will be the vehicle through which the skills needs of each sector feed into Regional Skills Partnerships, and thereby drive the setting of priorities for skills investment in each region.

## Skills Academies: Designing the Right Training

**43.** We intend SSCs to have a key role in shaping the design of training programmes for both young people and adults. All publicly-funded training that is intended to equip people for productive employment in a particular vocation or sector must start with a clear template of the skills that employers need, and then design training and assessment around that.

**44.** We will create a new network of Skills Academies, as sector-based centres of national excellence, at the apex of this framework. They underline our determination to raise the status and quality of vocational education and training. They will set a new benchmark for excellence in the design and delivery of skills training for young people and adults. They will draw on models such as the proposed Fashion Retail Academy, currently being established in partnership with

the Arcadia Group (see box). Another good example of a sector acting to meet its own training needs is the Automotive Academy, with a central hub based in Birmingham, linking to a regional network. Building on such examples, we will develop an initial network of 12 Skills Academies by 2007-08, with a view to establishing over time at least one for each major sector of the economy.

**45.** The role of Skills Academies will be to provide training programmes for young people and adults which, in design and delivery, incorporate the best that is known about working with employers to meet their current and future skills needs. This new network of Skills Academies will have new capital facilities, set up and funded in partnerships with sector employers on the basis of proposals developed by SSCs and the sponsoring employers. They will develop new curricula, and new ways of helping students gain experience and understanding of what it is like to work in that sector. They will not only train their own students, but will form a hub of specialist expertise and resources in training for their sector which can be drawn on by schools, colleges, universities and other training providers. This will enrich the training for students across the whole national network and support progression routes from school to higher education.

**46.** Employers will be able to shape each Academy's work through involvement in its governance arrangements, and thereby help set the standards for good skills training throughout the sector. We will publish a prospectus in the Summer inviting proposals for employer-led Skills Academies. That will set out the common principles, while encouraging each sector to develop innovative proposals for meeting their own needs.

### The Fashion Retail Academy

The Arcadia Group Ltd (the UK's second largest clothing retailer) is working with partners to develop a Fashion Retail Academy. The Academy aims to promote fashion retail as a career among young people and provide the industry with the skills it needs.

The Fashion Retail Academy will be a centre of excellence for the sector and will help set the standard for our Skills Academy Programme. Arcadia is working closely with the London College of Fashion, Skillsmart (the SSC for retail), the QCA and the LSC to design and develop a tailor-made curriculum leading to new qualifications for fashion retail.

The Academy will initially attract 16-18 year olds, selecting on the basis of enthusiasm and flair rather than on background and qualifications.

Teaching will be creative and innovative. It will be delivered in the classroom and in the workplace. An intensive programme in the skills, knowledge and attributes needed for success in this sector, with master classes by industry experts, will result in Level 2 and Level 3 qualifications.

**47.** These Skills Academies will form the linchpin of national, regional and local partnerships to provide better vocational training. As set out in the 14-19 White Paper, we will introduce for young people 14 specialised lines of learning leading to new Diplomas, which will prepare them for employment in a chosen sector and for higher education. For secondary schools and colleges to be able to deliver that range of high-quality opportunities for their students, they must work with networks of other specialist schools, including leading schools, Centres of Vocational Excellence (CoVEs) in further education, specialist facilities in higher education (such as the screen academies supported by Skillset) and the Skills Academies so that they can draw on their facilities and expertise. In the next phase of the CoVE programme, SSCs will have a lead role in ensuring that the training and business support services provided by CoVEs are directly matched to sector needs.

## Trade Union Role in Skills and Training

48. In recent years, the trade unions have developed a powerful role in promoting training in the workplace. Through the network of over 8,000 trained Union Learning Representatives, who were given statutory recognition in the Employment Act 2002<sup>10</sup>, they have been able to encourage and support many people back into learning, who would otherwise not have had the confidence, information or networks to do so.

49. The Trades Union Congress (TUC) has led the development of proposals for a new Union Academy (see box). We welcome those proposals, as a means of raising demand for training in the workplace. As announced in the Budget 2005, we will invest £1.5 million in 2006-07 and £3 million in 2007-08 to support its development<sup>11</sup>.

### Union Academy

The Academy will draw together the strands of union learning activity, to increase the capacity of unions to help their members to recognise the value of learning and to take up training opportunities. It aims to:

- Support the growth of the network of trained Union Learning Representatives – from 8,000 now to 22,000 in 2010.
- Establish high-quality regional centres for Union Learning by building on the existing work of Trade Union Studies Centres in FE colleges.
- Support union representatives on public learning and skills bodies, such as local LSCs, SSCs and RSPs.
- Enable workers to develop their skills and qualifications in progressive steps, from basic skills to Foundation Degrees and beyond, supported by the new integrated information and guidance service for adults.
- Extend the network of more than 90 Union Learning Centres which currently make up the Trade Union **learndirect** hub.
- Run the Union Learning and Union Capital Funds on behalf of the LSC to maximise the union contribution to learning in the workplace.
- Expand the programmes available through Trade Union Education Services for activists and officers.
- Establish a Strategy and Research Centre to support Union Leaders, and a new facility to identify, disseminate and mainstream good practice and sponsor research where needed.

50. Unions are playing an active role in SSCs, including the development of SSAs. We warmly welcome these developments in the union role, reflecting a major new way in which unions can work with employers in promoting skills, training and qualifications at all levels. We want to encourage employers and unions to work together in deciding how best to raise skills. In this way unions can support the long-term employment interests of their members, by helping to raise productivity and employability through better skills.

### What this means for Employers

These reforms aim to deliver for employers a framework for skills and training which:

- Gives employers a strong, authoritative voice, through Sector Skills Councils and Regional Skills Partnerships, in setting the skills priorities which drive training supply.
- Gets high quality training designed and delivered in a way that meets employers' operational needs, through local delivery in the workplace.
- Provides free training for low skilled employees, up to the Level 2 platform of employability skills, plus the sourcing of an integrated programme at the employer's cost to meet the employer's wider training needs.
- Provides, in two trial regions, matched funding for Level 3 training as part of integrated training programmes delivered in the workplace.
- Gives employers a choice of training provider, quality assured by the LSC.
- Enables employers to recruit and retain more people, both young people and adults, with the right skills and qualifications to be productive at work.
- Links training with other forms of support for business development, with easy access to specialist help in assessing and meeting skills needs.
- Provides a range of well-designed qualifications equipping people with the right skills at every level, from functional literacy, language and numeracy, through Apprenticeships to Foundation Degrees, with flexibility to build up credit over time towards qualifications.

### How it would work: a case study of the future

Reon Anderton runs a heating engineering firm with 35 full and part-time employees. He was contacted by a National Employer Training Programme broker who offered to come and talk to him about the support available to improve his business. Reon's staff had a mix of skills and qualifications. But he was worried that formal courses would mean his staff having to do training off-site, which would disrupt the business. He thought there was a risk that, once they had got qualifications, they would be poached by a rival firm. But he also knew that his competitors were developing new products all the time, and that his customers expected ever higher service standards. He knew that he had to raise the skills of his staff.

So Reon agreed to meet the broker. He was surprised by the range of support he could get to train his staff on the premises. He was reassured to find out that many of his long term staff could have their existing skills assessed, and then be trained in new skills, rather than having to train on things they clearly already knew even if they did not have qualifications to prove it.

The broker organised free training in basic skills in literacy and numeracy and NVQ Level 2 in Plumbing (Heating and Ventilation). That enabled staff to be CORGI registered for gas installation. Reon asked the broker to find some training to a more advanced level. He recognised that his firm was getting immediate benefits from these new skills. Motivation had risen, because his staff saw the training as recognition of the value of their skills. He was happy to use his training budget to support some of them in getting more advanced skills with an NVQ3.

## SECTION C: SKILLS FOR ADULT LEARNERS

51. Our commitment to adult learners is that we will provide the best possible support to help people gain the skills and qualifications they need to achieve employability and personal fulfilment. The Government cannot promise people jobs for life. Nor can we promise to meet the costs of all the training and learning that people need. Individuals have to play their part, in terms of motivation, engagement and financial investment. But we can use public funds more effectively, and provide a clearer, more supportive national framework within which adults can pursue their own aspirations.

52. There are two parts to this, which have to reinforce each other. First, it must be easier for people to climb up the skills ladder, in steps to suit their talents and motivation, from the basics of literacy, language and numeracy through to higher education. Each step in that ladder must equip young people and adults with the skills for employability and give them recognition through qualifications for what they achieve. Second, information and guidance must be widely available for all adults who want it, to help them make sense of what is on offer, and the best way of linking skills, training and jobs.

53. The nature of jobs will continue to evolve in response to economic, technological and social change. For many people, the re-training, up-skilling and qualifications that will best help them meet their personal goals will also meet the needs of their employers, because there is a shared benefit from higher skills generating higher productivity at work. We want to improve that alignment between what individuals want and what employers want from skills and training. But that will not always apply. Individuals need opportunities to train to change jobs within a flexible labour market, particularly where their current employer is not committed to training. At the same time, for many people, the value of skills and training goes well beyond their job, providing a rich source of interest, pleasure and personal fulfilment. We are committed to safeguarding a wide range of learning and training opportunities outside of work.

### Building Progression for Adults: From Basic Skills to Higher Education

54. For many adults, the essential starting point is **basic skills in literacy, language and numeracy**. Around 5 million adults have literacy skills below Level 1 (equivalent to a GCSE Grade D to G). Around 15 million adults have numeracy skills below that level. That is a major impediment for them and their employers. The common foundation of our skills reforms for both young people and adults is that we must get those basics right.

55. So we will strengthen our Skills for Life programme on adult basic skills. We have set a national target to help 2.25 million adults achieve recognised literacy and numeracy skills by 2010. We need to retain a wide range of shorter training programmes at various levels which help people progress in manageable steps. But we will support as many adults as possible to gain skills to Level 2 standard (equivalent to GCSE Grade A\* to C), particularly through the National Employer Training Programme, and training programmes for offenders and those on benefits. We will develop modules covering the essential functional competences in literacy and numeracy for use in 14-19 programmes. Those will be used for adult training programmes as well, incorporated within the Qualifications and Curriculum Authority's (QCA) proposed Framework for Achievement, and integrated in the range of vocational training programmes.

56. Essential as the basics are, they are not enough to equip people with the skills, understanding, competence and knowledge to work productively in a given sector (for example, construction or retail). Around 7 million adults in the workforce in England do not have the platform of those **wider employability skills represented by a full Level 2 qualification**.

57. Working closely with the LSC, we are currently trialling in the North East and South East regions a new entitlement for any low-skilled adult to get free training to achieve their first full Level 2 qualification. In the light of that experience, we now commit to extending that entitlement to all parts of England from 2006/07. This means that there will be two complementary routes through which adults can achieve the platform of skills for employability. For adults in employment who want to train as part of their employer's training programme at work, the National Employer Training Programme will support free training to a first full Level 2 qualification, with agreed paid time to train within normal working hours. For adults not in work, or wanting to train outside of work, the Level 2 entitlement provides a parallel route for the individual which allows for both part-time and full-time study. In both cases, we will give priority to those training programmes which have the greatest impact in raising employability and productivity.

58. Level 2 is the right level of skills for successful employment in many jobs as well as providing a platform for progression to higher levels. Achieving Level 2 qualifications increases the likelihood of being employed: 79% of those with a Level 2 qualification are in employment, compared with 66% of those without such a qualification. It boosts the individual's confidence and motivation to undertake further training, and the likelihood of the employer giving them further training. So if we can help more people achieve Level 2 as a platform, they are more likely to progress on from there to more training and higher qualifications. That is important, because for many adults and many employers, Level 2 skills alone are not enough.

59. We must substantially raise our ambition for the number of people who gain **Level 3 skills and qualifications**. By 2012, some two thirds of all jobs (both new and existing) are expected to require qualifications at Level 3 or higher. Some of our most pronounced skills gaps relative to France and Germany are in the crucial category of technician, advanced craft, skilled trade and associate professional skills requiring Level 3 qualifications. That is constraining growth in productivity. For many people, qualifications at Level 3 represent the way to a better standard of living through gaining highly marketable occupational skills. We will determine, in the light of the review by Lord Leitch (see paragraph 20), what ambition we should set for the future proportion of young people and adults achieving Level 3 qualifications.

60. So in the next phase of the Skills Strategy we will strengthen the opportunities for people to progress to Level 3. We already invest substantial sums in Level 3 training. In 2003/04, the LSC funded 465,000 adult learners at Level 3, at a cost of some £428 million. The rates of return to a Level 3 qualification benefit the individual and the employer as well as the wider economy and this should be reflected in relative contributions to the cost. But we must ensure that available public and private funds are spent to best effect, and that we develop over time a stronger range of Level 3 programmes.

61. Wherever people have the motivation and ability to achieve a Level 3 qualification, we want to help them do so. Within both the National Employer Training Programme and the Level 2 entitlement, adults without a Level 2 will be able, if they so wish, to move directly to their first full Level 3 qualification. The National Employer Training Programme will help employers identify and source their other Level 3 training needs as part of the integrated training package, either at full cost to the employer, or by signposting to existing subsidised Level 3 programmes available for individuals at colleges and training providers in the area.



62. We will invite Regional Skills Partnerships to assess how best to use existing public funding to meet Level 3 priorities in colleges and training providers and in the workplace. These will take account of both regional and sectoral needs. A particular gap which we know we need to fill at Level 3 is the supply of skilled technicians. They have an essential role in raising productivity and supporting innovation in products and services in many sectors, particular engineering and advanced manufacturing. We are working with the Engineering and Technology Board (ETB) to increase skills supply in this area. With the ETB, we will recruit more technicians to join the existing network of the 8,000 Science and Engineering Ambassadors, helping teachers promote science and engineering-based careers to young people.

63. As noted in paragraph 36, we will trial in two regions through the National Employer Training Programme, a way of enabling brokers to provide an element of matched funding for Level 3 training provided in the workplace. That will test how brokers can develop with employers and training providers the most effective way of integrating Level 3 training within the support delivered through the National Employer Training Programme.

64. For most of the professions, such as medicine, teaching and many forms of engineering, a **Higher Education qualification** (at Level 4 or 5) is generally needed before anyone is allowed to enter that profession. As jobs become more complex and demanding, the need for Higher Education level skills and qualifications is becoming more common in sectors such as design, media and IT. The projected increase in the proportion of jobs requiring HE-level qualifications underlies our commitment to increase participation in HE towards 50% of the 18-30 cohort, particularly through expansion of Foundation Degrees.

65. Participation rates in HE have already risen sharply over the past two decades as universities and colleges have responded to demand. Employers have signalled through wages that they need more graduates. Students have responded to these signals by demanding places in HE. All the surveys and projections show these trends continuing. But in spite of this progress, with 44% of young people participating in HE<sup>12</sup>, we still lag behind some of our major competitors. So it remains important that we continue to increase participation in HE to give us a major competitive advantage in creating a knowledge-based economy.

66. We must ensure that HE programmes are designed and delivered in a way that best helps students gain the skills that employers need. We will do that by expanding Foundation Degrees, designed in partnership with employers. We will strengthen the links between SSCs, universities and colleges so that SSCs can help design degree programmes, identify those HE programmes which best meet sector needs, and invest in university facilities which provide the best sector-based programmes. With the HEFCE, we will review how work-based HE programmes, including a wide variety of continuing professional development, can be better supported, with universities providing a framework within which HE-level skills gained through work can be assessed and recognised.

67. The need for better Information and Communications Technology (ICT) skills will be a common thread at all levels. The pervasiveness of ICT, both at work and for leisure purposes, means that functional competence in using ICT needs to be counted as an essential skill for the modern world. We want all young people to develop ICT skills across the curriculum. For adults, we have put in place a range of occupational standards, curricula and assessment materials in ICT as part of the Skills for Life programme. Ufi **learnirect** provides a wide range of ICT training programmes and manages the network of 6,000 UK online centres, including 3,000 in public libraries, which offer access to internet services. e-skills UK (the SSC for information technology) has developed an e-skills Passport which is being used by over 10,000 people, and is working with a range of universities to develop new ICT degree programmes.

68. The new Framework for Achievement being developed by the QCA is the remaining critical piece of the jigsaw. The current range of vocational qualifications is at the same time both unnecessarily complex (with around 4,000 vocational qualifications available) and insufficiently flexible (because learners may only get recognition for whole qualifications). The proposed Framework will introduce a credit-based approach to qualifications, allowing learners and their employers to build up achievement over time, through combinations of units, progressing as far as they wish to go from basic skills through to higher education.

69. The QCA has recently completed a public consultation on the proposals in England. It is working closely with partners throughout the UK to ensure that learners can have their achievement recognised across national boundaries. As set out in the 14-19 White Paper, we intend that the Framework for Achievement, once fully established, should include the range of study units that will be put together to form each of the 14 specialised lines of learning. The specialised Diplomas awarded for successful completion of programmes of study within each line at Levels 1 to 3 will also be included in the Framework. This means that the vocational units and qualifications taken by young people will also be available to them as adults.

70. SSCs will have the key role in setting the National Occupational Standards which are used by the QCA and awarding bodies to design units in the Framework. They will also define the combinations of units which represent competence to practice in a given vocational area.

## Opportunities for All: Helping Individuals to Help Themselves

71. Achievement of our skills goals depends on far more adults having access to information and guidance to know what training opportunities are available and how to get them. There are many people who feel stuck in a rut, who would like a better job, and see that better skills and qualifications could help them get on. But making sense of the complex array of qualifications and training schemes, understanding which would provide the best preparation for a new job, and knowing what support is available and how to get it can all seem daunting. It means that people cannot get to first base because they cannot decide what route to take. This forms a major barrier to economic and social mobility.

72. Better information and guidance to overcome those barriers is one of the cross-cutting themes of our reforms for young people and adults. As set out in the 14-19 White Paper, we need to reform guidance for young people, with stronger involvement of employers to help young people understand the career choices open to them and the realities of the world of work.

73. We have made good progress in reforming information and guidance services for adults. The Ufi **learnirect** telephone helpline and website is now integrated with the local partnerships that offer face-to-face information and advice services in each area, all managed through the LSC. New national service standards are in place and an increasing range of information and guidance providers are meeting the 'matrix' quality standard. The worktrain website<sup>13</sup> offers linked information on training and jobs. There is an increasing range of web-based tools which people can use to identify career options, prepare CVs, assess their existing skills and work attributes, and develop new skills. Those are available through Ufi **learnirect's** 1,500 learning venues, and through the network of UK online centres.

74. For the future, we want to achieve a step change in using this infrastructure so that we fully exploit its potential to help many more adults. Ultimately, our goal is to use the Ufi and online centre network to offer personal, high-quality support to individuals to help them make the right choices on job options, skills, training, qualifications and related support such as childcare. That would be available face-to-face, on-line, or by telephone, depending on the individual's needs and preferences. This would involve a combination of free and charged services, well-marketed



as the best source of impartial guidance which can help individuals, and linking independent guidance services with those provided by colleges, universities and training providers. For the first time, any adult would be able to have one conversation with a trained advisor about local job opportunities, related skill requirements, access to training, and forms of financial support. We envisage that this would be particularly helpful for those interested in gaining new skills and qualifications to help them move up in their career, or to return to work after a career break.

**75.** As a first step, we will develop with Ufi **learnirect** and other partners a new nationwide service giving more intensive, personal guidance through the web and telephone helplines, linking skills, jobs and training.

**76.** For many people, the motivation to gain skills and qualifications is heavily dependent on having a sense of ownership of the learning, and being in control of decisions about what to do. We want to strengthen that motivation throughout all the steps in the progression set out above from basic skills through to higher education. We will do that by being clear at every stage what people are entitled to and what the implications are, and by enabling people to log their own progress through the national learner record proposed by the QCA.

### **Equal Opportunities in Training and Jobs**

**77.** All adults will be able to benefit from the range of opportunities set out in this White Paper. But there are certain groups with particular skills needs who need special attention if they are not to lose out.

**78.** A high proportion of **adults on welfare benefits (both Jobseeker's Allowance and inactive benefits)** have few skills or qualifications, with many lacking even basic literacy, language and numeracy skills. Providing the right training to equip them with marketable skills is one way to help them compete successfully for sustainable, productive jobs. This benefits them and the wider economy. It also helps tackle disparities in regional economic performance. Jobcentre Plus and the LSC are putting in place in every local area new arrangements for joint planning and operations, focused on identifying those who would most be helped by training as a route back into work. We will build on that, particularly to raise the level of ambition for benefit claimants to gain basic literacy and numeracy skills.

**79.** We will do this in a way that helps rather than hinders our objective of moving people into suitable jobs as soon as possible. Local joint working between Jobcentre Plus and the LSC will implement these arrangements. We have already put in place better screening to identify people who lack basic literacy and numeracy skills. We now need to support a much higher proportion to get the training to gain those basic skills, and enable them to continue in training through to successful completion while also taking up employment at the right opportunity.

**80.** Under the New Deal for Skills, we are introducing Skills Coaching, to provide intensive, personal guidance on training and job options for priority groups of welfare claimants. We will trial skills passports, to help people record their skills and competences in a form they can present to employers to show what they can do at work. We will test a Learning Option of £10 a week in addition to benefits. It will enable benefit claimants for whom a lack of skills is the main barrier in getting a job to train full time, dependent on their meeting the conditions of a Learning Agreement agreed with their personal advisor. All of this provides a strong platform for taking forward the commitments in the recently published Five Year Strategy of the Department for Work and Pensions<sup>14</sup> to identify those people on incapacity benefits who, with the right support, could return to work.

81. Among **prisoners and other offenders** there is a similarly high proportion of people lacking basic skills and qualifications. Giving offenders the skills to get and keep sustainable jobs is one important way of helping them, while also helping society by reducing their likelihood of re-offending. There is already a successful programme of basic skills training in prisons, which helped prisoners achieve over 46,000 literacy and numeracy qualifications in 2003/04. We will build on that, so that more offenders gain the wider skills needed for employability. We will publish more detailed proposals for the reform of offender learning later in the year.

82. On average, **older people** have fewer recognised skills and qualifications than younger people coming into the labour market. They are disproportionately represented among those out of work on welfare benefits. But as the demographic profile changes, with fewer young people entering the labour market, an expectation of a longer working life and an extended period of retirement, we will need to provide better support for older people to keep their skills up to date. Older people will be able to benefit, along with others, from the entitlements and reforms set out above.

83. We are still a long way short of giving everyone equal opportunities for fair access to training and jobs. It is both an economic and a social imperative to tackle that.

84. We are taking a range of cross-cutting measures to break down these barriers. We are putting in place a strong legal framework to prohibit discrimination and promote equal opportunities, in training and employment as well as other areas. The LSC has a legal duty to promote equal access to training, and has developed an Equality and Diversity Strategy. Through the work of Union Learning Representatives, the development of Employer Training Pilots, and development of the Investors in People standards, we are building new ways of helping those groups who otherwise often lose out. And we are setting a new remit for Sector Skills Councils to review projected labour supply in each sector. Given demographic trends, it will not be feasible for employers in any sector to rely only on the flow of young people coming into the labour market. All sectors will need to develop strategies for broadening their approach to recruiting and developing staff, so that they draw more actively and creatively on the full range of skills and talents available in this country: women, older people, skilled migrants, those on benefits, ex-offenders, and those returning to the labour market after career breaks.

85. In addition to these cross-cutting measures, we are developing targeted support for particular groups who need it<sup>15</sup>. The Women and Work Commission will be reporting to the Prime Minister in the Autumn on ways of ensuring a fairer deal for **women** in the workplace. Our childcare strategy is tackling one of the major obstacles that parents – particularly mothers – face in balancing work and family responsibilities. In the light of the new report from the National Employment Panel<sup>16</sup> about the obstacles faced by **ethnic minority** groups in gaining fair access to employment, DfES and DWP will be working with others to implement the recommendations. To meet the needs of **disabled** learners, LSC is reviewing how we can get best value from the existing public funds, safeguarding the availability of suitable training programmes, developing the use of ICT, and improving physical access to colleges and training providers.

86. Better skills are essential for a competitive economy. But for millions of people, they are also a source of pleasure, interest and personal fulfilment outside of work. We will safeguard the availability of these types of learning opportunities. As set out in the original Skills Strategy, the DfES and the LSC will agree each year an overall indicative budget for the funds that should be used to support learning programmes for personal fulfilment and community development.

### What this means for Adult Learners

These reforms aim to deliver for adult learners a framework for skills and training which:

- Provides information and guidance to help individuals consider the best option for them in linking skills, training and jobs as a route to achieving their ambitions.
- Provides free tuition for all adults who need it to gain employability skills, including literacy, language and numeracy.
- Provides more opportunities, through subsidised training, for those wanting to gain technician, advanced craft, skilled trade and associate professional qualifications at Level 3, including through Apprenticeships for adults.
- Provides high quality training programmes designed to give learners the marketable skills employers want in each sector.
- Enables people to build up credit over time towards a full qualification, as they successfully complete different units.
- Provides fairer access to opportunities in training and jobs for all, including older people, ethnic minorities, disabled people and women, with support in the workplace from Union Learning Representatives.
- Safeguards the availability of learning programmes for personal fulfilment and community development.

### How it would work: a case study of the future

Rachel decided to leave work as a junior secretary when she started a family. When the youngest of her three children started secondary school, she wanted to return to work but wasn't sure where to start to get back on the career ladder. She knew, from her children's enthusiasm for computers, that her ICT skills were not as good as they needed to be if she was to stand a chance of the sort of job she would really like to do. Having seen the TV advertisements for **learnirect**, she called the helpline and spoke to an advisor who talked to her about her current skills, how she could access free on-line ICT training and whether she wanted to update her qualifications.

Following the advice she was given, as well as updating her ICT skills, for a small fee she took advantage of the helpline's CV-writing service. She is now working as an office manager for a local estate agent who is supporting her as she trains to NVQ Level 3 in Business Administration.

## SECTION D: REFORMING THE SUPPLY OF TRAINING

**87.** Many of the reforms set out above entail major changes in the way colleges and other publicly-funded training providers design and deliver training.

**88.** Colleges and other training providers have made a lot of progress in recent years, supported by the Success for All Strategy<sup>17</sup>, in raising quality and standards. The next major step in that programme is to establish the Quality Improvement Agency for Lifelong Learning, which will lead work to raise performance, and build the capacity of colleges and training providers to assess themselves, develop their own self-improvement programmes and ensure they better meet the needs of employers and individuals.

**89.** We are putting in place programmes to help colleges and other training providers respond effectively to the demands of employers and learners. This will include developing the skills of staff working in the further education and training sector, jointly with Lifelong Learning UK (the new Sector Skills Council for lifelong learning) and the Centre for Excellence in Leadership. Particularly through the National Employer Training Programme, we will apply the principle of contestability as an important way of driving up quality. That gives employers more choice over who provides training, without being limited to a particular college or training provider. We will invest public funds only in good quality provision. As announced in the Budget 2005, we will be investing £1.5 billion over five years on the long-term transformation of the capital infrastructure for colleges.

**90.** The LSC is the national agency responsible for funding post-16 education and training, excluding higher education. It has a lead role in implementing the Skills Strategy. The LSC has introduced major reforms of its own structure and ways of working over the past year. It has put in place a new cadre of Regional Directors so that it can play its full part at regional level, while substantially reducing overall staff numbers. It is implementing this year a new approach to the planning and funding of colleges and training providers, designed to bring about a better match between employers' skills priorities and training supply. It has begun reforming its funding methods, to remove unnecessary bureaucracy, and will bring forward proposals later in the year for the further changes needed to implement the Skills Strategy. That includes carrying forward the new approach to setting national fee assumptions and income targets, as part of the necessary rebalancing of funding contributions between the state, employers and individuals.

**91.** This White Paper, and the companion 14-19 White Paper, herald major changes in the role and operation of colleges. Many colleges have demonstrated remarkable adaptability in responding to changing demands, while maintaining their core mission as invaluable resources for their communities. We want to build on what the best already do in responding to employer needs with high-quality, flexibly-delivered training. To establish a clear sense of purpose for colleges in the light of the two White Papers and the LSC's own reform agenda, we have appointed Sir Andrew Foster to undertake a review of their future role. He will report in the Autumn. The reforms that flow from this work, together with the extra investment committed in the Budget 2005, will support the future transformation of the further education sector.

### Partnerships for Delivery

**92.** At regional level, we welcome the progress which the Regional Development Agencies (RDAs), supported by the LSC, have made in setting up Regional Skills Partnerships (RSPs) involving the LSC, Jobcentre Plus, SSCs and the Small Business Service. RDAs are having a powerful impact in driving regional economic development. They are major players in integrating

regional activity on training, jobs, innovation and business support, in pursuance of the Regional Economic Strategy.

**93.** We are inviting RSPs to develop their work by reviewing and streamlining business support and brokerage activities in each region, to ensure coherence and simplicity for the customer. This will support the introduction of the National Employer Training Programme. We are also inviting them to identify how available funds are best spent on Level 3 training to achieve sectoral and regional priorities; to review how they can best support the implementation of the 14-19 reforms; and to incorporate in their work a stronger focus on higher education skills and knowledge transfer.

## Conclusion

**94.** Skills benefit all of us – individuals, employers, communities and the nation. So improving our national skills base must be a joint endeavour, pursued in partnership. Addressing the national skills challenge will be far more effective if individual employers and learners make it their own agenda, which they pursue energetically because it helps them achieve their own goals and ambitions.

**95.** The Government wants the national Skills Alliance to continue to lead the national agenda on skills. One of the strengths of the Skills Strategy so far has been in bringing together all of the major players – Government Departments, the social and economic partners, and delivery agencies led by the LSC – to drive implementation and keep evolving the strategy. We are very grateful for the contributions they have all made.

**96.** There are some tough decisions and challenges inherent in the Skills Strategy. But if we accept those challenges, and tackle them together in pursuing the reforms set out in this White Paper, there is a huge prize to be gained. Skills are the key to so many of our economic and social goals, in our personal lives, at work, and in our communities. Through the reforms in this White Paper, we have a real opportunity to make a fundamental change for the better.

## Annex A: Members of the Skills Alliance

Rt Hon Ruth Kelly MP (co-chair) – Secretary of State for Education and Skills

Rt Hon Patricia Hewitt MP (co-chair) – Secretary of State for Trade and Industry

Ivan Lewis MP, Minister for Skills and Vocational Education, Department for Education and Skills

John Healey MP, Economic Secretary, HM Treasury

Lord Sainsbury, Minister for Science and Innovation, Department of Trade and Industry

Jane Kennedy MP, Minister of State for Work, Department for Work and Pensions

David Anderson, Chief Executive, Jobcentre Plus

Brendan Barber, General Secretary, Trades Union Congress

Dr Ken Boston, Chief Executive, Qualifications and Curriculum Authority

Dr John Brennan, Chief Executive, Association of Colleges

Steven Broomhead, Chief Executive, Northwest Development Agency

Christopher Duff, Chief Executive, Sector Skills Development Agency

Mark Haysom, Chief Executive, Learning and Skills Council

Graham Hoyle, Chief Executive, Association of Learning Providers

Sir Digby Jones, Director General, Confederation of British Industry

Sarah Jones, Chief Executive, University for Industry

Sir Howard Newby, Chief Executive, Higher Education Funding Council for England

William Sargent, Chair, Small Business Council

Ruth Spellman, Chief Executive, Investors in People UK

Alan Tuckett, Director, National Institute of Adult and Continuing Education

Anne Weinstock, Chief Executive, Connexions

Martin Wyn Griffith, Chief Executive, Small Business Service

## Endnote References

- 1 The national Skills Alliance oversees the implementation of the Skills Strategy. It brings together the Government Departments, agencies, representative bodies, and social and economic partners with a major interest in skills. The members are listed in Annex A.
- 2 Developing a National Skills Strategy and Delivery Plan: Underlying Evidence, March 2003; Skills Strategy: Technical Supplement on Underlying Data and Evidence, July 2004; and *Skills in England 2004, Volume 1: Key Messages*, LSC, March 2005.
- 3 For a fuller discussion of the importance of skills for productivity and competitiveness, see the report *Skills in the Global Economy*, published 2 December 2004 jointly by HM Treasury, DfES, DWP and DTI.
- 4 For data on the latest trends in skills and qualifications achievement, see *Part 3*.
- 5 For DfES Public Service Agreement targets, see <http://www.hm-treasury.gov.uk/performance>.
- 6 See [www.dfes.gov.uk/skillsstrategy](http://www.dfes.gov.uk/skillsstrategy)
- 7 As announced in *Skills in a Global Economy*, December 2004, Lord Leitch, chairman of the National Employment Panel and formerly a Chief Executive of Zurich Financial Services, is undertaking an independent review to examine the nature of the long-term skill needs and priorities of business and the economy through to 2020. This review will develop the long-term analytical framework within which we can target our national skills effort most effectively.
- 8 *14-19: Education and Skills*, DfES, February 2005
- 9 For the list of Sector Skills Councils see paragraph 66 of Chapter 2 in *Part 2*.
- 10 See <http://www.dti.gov.uk/er/employ>
- 11 See [http://www.hm-treasury.gov.uk/budget/budget\\_05/budget\\_report/bud\\_bud05\\_report.cfm](http://www.hm-treasury.gov.uk/budget/budget_05/budget_report/bud_bud05_report.cfm)
- 12 Higher Education Initial Participation Rate, (HEIPR), 2002/03
- 13 <http://www.worktrain.gov.uk>
- 14 *Five Year Strategy: Opportunity and Security Throughout Life*, DWP, February 2005
- 15 For details, see paragraphs 213-230 of Chapter 4 in Part 2 of this White Paper.
- 16 See [http://www.hm-treasury.gov.uk/budget/budget\\_05/other\\_documents/bud\\_bud05\\_otherindx.cfm](http://www.hm-treasury.gov.uk/budget/budget_05/other_documents/bud_bud05_otherindx.cfm)
- 17 *Success for All: Reforming Further Education and Training: Our vision for the Future*, DfES, November 2002

