

LSIS Brief guide

Simplification of Skills in England



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Introduction

1. This paper describes and interprets *Simplification of Skills in England*, a strategy published by the UK Commission for Employment and Skills in October 2008.

Background

2. Among the recommendations in the 2006 Leitch Review of Skills¹ was the establishment of a business-led commission to advise the central government on skills and employment matters. The Government accepted this recommendation, and appointed a chair for the organisation (Sir Michael Rake, ex KPMG) in 2007. On January 1st, 2008, the commission's first chief executive, Chris Humphries, formerly of City & Guilds, took up his post, and the UK Commission for Employment and Skills, or UKCES, formally launched on April 1st, 2008. Its membership is 'drawn from the highest levels of the private, public and voluntary sectors, supported by trade union leadership'.
3. The Commission's remit calls for it to:
 - develop an independent view of how employment and skills services can be improved to achieve increased employment, retention and progression, skills and productivity;
 - provide advice to inform strategic policy development, analysis and exchange of good practice to drive and shape the skills and employment system to meet the needs of employers and individuals (*Simplification of Skills*, p. 5-6).
4. Although many employers 'report increasing satisfaction with many aspects of the service they receive' through the public skills system, 'others ... claim the system is too complex, confusing and unresponsive to employer needs' (*Simplification of Skills*, p. 5). John Denham, the secretary of state for DIUS, therefore asked UKCES to draw up a plan to meet employers' needs for a simpler, more accessible system. The commission's response is *Simplification of Skills*.
5. The paper was published as the Government unveiled new proposals to bolster skills training during the 2008 financial crisis. These proposals included Government funding for courses which did not lead to a full qualification, and which were not an employee's first qualifications at a given level.

¹ http://www.hm-treasury.gov.uk/media/6/4/leitch_finalreport051206.pdf

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The UKCES strategy: an overview

6. The commission believes that simplification will require a *'two-track'* approach:
 - *proposals that will (relatively) quickly provide a much simpler interface between employers and the public skills system, concealing much of the complexity in order to deliver a simpler and much more responsive service to employers – sometimes called 'hiding the wiring';*
 - *longer-term proposals that will fundamentally simplify the underlying programmes and structures, and ensure a much more employment-responsive system that integrates employment and skills services in the most effective and sustainable way – 'rewiring the circuit board' (p. 6).*
7. *Simplification of Skills* only addresses the first part of this approach – it's designed to hide the wiring and streamline the existing system, not to structurally reform it.
8. UKCES lists six main factors in the current system that are obstacles to employers:
 - **difficulties of access for employers to the system** – *'relating to the extent to which employers understand the system'* and feel able to successfully navigate it, finding the services that meet their needs, and receiving a *'welcoming and responsive'* interaction from those who work in the skills system;
 - **complexity of programmes and initiatives** – *'the extent to which the employers understand, or are confused or even overwhelmed by, the range of programmes and initiatives on offer'*, which makes it difficult for them to identify an initiative or programme that might be of use to them;
 - **too restrictive constraints on individual programmes and initiatives** – *'the extent to which the eligibility rules and limitations of programmes unduly restrict the ability of individual employers to participate in a programme, or a sufficiently wide range of employers from engaging with it;*
 - **excessive bureaucracy in administrative arrangements for programmes and initiatives** – *'the extent to which the administrative roles and reporting requirements are unduly demanding, time consuming or burdensome on employers, disproportionate to the real accountability requirements;*
 - **complexity of structures and organisations** *the extent to which the sheer number and range of skills and training organisations, and/or the extent to which they seek to engage directly with employers, confuses or overwhelms employer interest;*
 - **rapidity of change** – *'the rate of changes in programmes, initiatives and organisations'*, which employers find difficult to track and interpret (p. 7).
9. Because employers have several, varying problems with the current system, the commission calls for an *'integrated, multi-functional response'* to their concerns. Their approach would make the system easier to access, ease eligibility requirements and slim down bureaucracy. The proposal will also allow employers *'the opportunity to synchronise their business strategy with public training programmes'*, a choice that is *'too rarely offered'* under current arrangements (p. 8)

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The Simplification Proposal

10. The UKCES simplification proposal has 10 elements, which the commission thinks *'could be implemented within 12 months of commencement'*.

1. Talent map

11. *This is a 'simple framework for creating a skills development plan and an interactive web-tool ... to help employers to easily find out about and link with the opportunities available for them to work with the publicly funded education, employment and skills systems'. It will act as a 'hub' to other employment and skills websites. A prototype of the Talent Map has already been tested. The plan states that a fully operational Talent Map could be implemented in 2009 (p. 9);*

2. An integrated brokerage service for employers

12. *A Business Support Simplification Programme (BSSP) is already underway to reduce the number of business support schemes to fewer than 100, from a starting point of more than 3,000. This sits 'alongside making Business Link² the main channel by which businesses can access government support' (p. 10). Further simplification would be achieved by 'ensuring that the work of the National Employer Service and the National Apprenticeship Service are also brought under the branding of a coherent and integrated programme that offers a total solutions approach to employers'. This would offer a wide variety of services, including apprenticeships, under the aegis of a 'single coordinated team' that would act as the employer's main point of contact with the system (p. 10)*
13. The National Employer Service and the National Apprenticeship Service are slated to become part of the new Skills Funding Agency (SFA) from 2010. This plan would not alter that status, just the brand under which they would operate.
14. Because this 'new' Brokerage Service would access programmes from multiple departments (DIUS and the Department for Business, Enterprise and Regulatory Reform (BERR) at first, DCSF and the Department for Work and Pensions (DWP) later on), the commission suggests a joint board between the relevant departments, *'with a significant number of business non-exec directors, including at least one from the Commission'* (p. 11).
15. Discussions are already underway with local authorities, Regional Development Agencies (RDAs) and other providers to channel their business support through the proposed brokerage service. The plan also foresees a *'comprehensive training programme for brokers and support staff in the new coordinate approach'* and a review of *'incentives, performance measures and targets to ensure they are appropriate'* (p.11)

² From DIUS' website: Business Link is *'A national business advice service that provides practical advice for businesses'*, including financial services, employment, compliance with regulations and training.

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3. Train to Gain – the integrated skills service for employers

16. Train to Gain has existed since 2006, and UKCES says it *'has been increasingly well-received as publicly funded skills programme to encourage employer investment'* in skills. The paper cites figures showing that four-fifths of employers would recommend the service to other employers, and 92 percent were satisfied with the training received through the service (p. 12).
17. The commission *'proposes a further development of Train to Gain to encourage employers to more effectively link training to business plans and objectives, through supporting the creation of a training and development plan for the company, and negotiating an agreement with the company for a public contribution to 'buying the company training and development plan''* (p. 12). The plan would be *'presented as a multi-tier training offer to companies designed to raise basic skills, promote intermediate skills, incentivise higher level and economically valuable skills'* and develop leadership and management capability (p. 13).
18. The proportion of public subsidy in the plan would be set within the framework of an integrated scheme. The plan suggests *'tariffs'*, varying levels of subsidy depending on the level or type of skill provided. The suggested menu of tariffs would comprise the following tiers:
 - Tier 1 - a 100 percent subsidy *'for the provision of basic skills and first Level 2 for all staff who lack these'*;
 - Tier 2 - for *'sector priority intermediate skills'*, a 40 percent subsidy for employees in *'priority intermediate level skills'* courses at second Level 2, and Levels 3 and 4, with the priority status to be set by a Sector Skills Council. A 20 percent *'completion incentive'* may be paid to employees who obtain the full qualification. Under-25s would be entitled to full subsidy under new Level 3 entitlements;
 - Tier 3 - for *'priority higher level skills'*, again as defined by a Sector Skills Council, 25 percent subsidy for Level 3 qualifications or higher, with a 15 percent completion bonus for those getting the full qualification;
 - Tier 4 - for foundation degrees, a *'Hefce³-supported offer to integrate relevant Foundation Degree opportunities within the training and development plan'*, with the precise subsidy to be agreed;
 - Tier 5 – for leadership and management courses, support will be *'through existing skills and business support offerings'*, at a subsidy level to be agreed;
 - Tier 6 – for other training, *'help in accessing other company-relevant training from quality providers, but without any public funding contribution'* (p. 13-14).
19. The paper moots the idea that *'employers could be allowed, or even encouraged, to offer a third to a half of their completion incentive to the successful employee in order to motivate their speed and commitment to learning'* (p. 14).
20. These tiers are merely *'indicative suggestions'*, however (p. 12). The exact levels of subsidy would be negotiated between each individual company and the Government.

³ The Higher Education Funding Council for England.

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21. When new initiatives and support offers are developed, they would be integrated as *'tariff elements within the programme'* (p. 14) Thus, *'a previously complex set of independent initiatives would be presented as a single, flexible programme, customised to an individual company's business plan and objectives, with the government providing an individually calculated contribution to the company training and development plan directly related to business outcomes'* (p. 15).

4. Specialist strategic skills priorities

22. *Simplification of Skills* acknowledges that some sectors of the economy have special, non-standard skills requirements, due to new technologies, changes in business model or new regulations. The paper proposes that training to meet these needs should not be funded through separate initiatives, but *'should be publicly announced as a business-responsive new tariff within Train to Gain Plus, and agreed with employers as part of that joined-up offer against the company training and development plan'* (p. 15).

5. The role of the Sector Skills Councils (SSCs)

23. The UKCES plan gives the SSCs a number of important roles in supporting the implementation of the *Simplification of Skills* plan. These include:
- *collaborating in significant clusters to ensure an integrated approach for broad industry groupings such as Manufacturing, Creative Industries, etc.;*
 - *developing Sector Compacts relating to strategic skills requirements ... and higher-level skills that can be incorporated as sector-specific offerings within the overall Train to Gain tariff;*
 - *working with DIUS, Hefce and higher education institutions to develop higher-level skills extensions to Train to Gain, including Foundation Degrees, Honours Degrees and post-graduate study as appropriate to their sector;*
 - *contributing to the further training and development of relevant specialist brokers and providers offering the Train to Gain service, to ensure that sector-specific priorities and needs are fully understood;*
 - *promoting the new approach and the enhanced Train to Gain service to their sector to improve awareness and utilisation* (p. 16).

6. Regional/Sub-regional/Community Skills Priorities within Train to Gain

24. The UKCES report notes that their various forms of local, sub-regional and regional partnerships and agencies, such as Multi-Area Agreements, Regional Development Agencies, local Employment and Skills Boards and other bodies, are required to support local skills developments. The paper proposes that, *'rather than presenting these to employers as separate initiatives, such programmes should be considered as additional tariff offerings within the Train to Gain Plus proposition within that area, and marketed and presented to employers through the Integrated Brokerage Service'* (p. 17).

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7. Training Quality Standard Providers as *'tied brokers'*

25. The concept of a *'tied broker'* comes from the insurance and financial services industries. In these sectors, there is a *'twin-track brokerage system'* of independent financial advisers, who don't work for a company that itself provides a financial service product, and *'tied financial advisers'*, who do work for such a company and can only offer products and services from that company (p. 19).
26. UKCES proposes to extend this arrangement to the skills sector. *'The analogue here would be to permit those FE colleges and other providers, who successfully achieve the Training Quality Standard⁴, to become recognised 'tied brokers' fully supported within the Train to Gain service'* (p. 19). These brokers could then use the equivalent of a *'Train to Gain Inside⁵' logo* at their offices and on promotional materials and business cards (p. 20).

8. Reaching SMEs – Train to Gain Centres for SME 'clusters'

27. Although the commission believes the Talent Map, the business brokerage and other suggested measures will improve outreach to small and medium enterprises (SMEs), it acknowledges that they are *'notoriously difficult to reach – both in terms of helping them understand the range of services on offer, but also in terms of getting training and development to their staff'* (p. 19).
28. However, evidence suggests that SMEs tend to form clusters in specific geographical areas. This, UKCES believes, might be a key to embedding them more firmly in the skills system. The commission plans to create *'employee development centres'* in partnership with the landlords of typical SME cluster sites, such as shopping malls, industrial estates and business parks. These partnerships would also include the SMEs themselves, local training providers and possibly RDAs.
29. The centre would include a classroom or classrooms within the business park or other facility, which would be *'a shared base for learning and development programmes offered to all tenant firms'*, allowing employees easy access to a learning environment at times which suit them. They could offer *'many of the generic Train to Gain offerings, as well as specialist programmes relating to any sectoral specialisation in the business park'*. The centres could also serve as *'a base for specialist tutors and coaches'* (p. 20).

9. *'Bureaucracy busting'* – a co-ordinated approach

30. Many employer complaints relate to bureaucracy and paperwork, *Simplification of Skills* contends. Employers object to *'complex and inconsistent requirements on financial reporting, learner documentation, forms and other administrative requirements that place a disproportionate bureaucratic burden on employers'* (p. 21). These complaints echo across a range of programmes, from Train to Gain to apprenticeships.

⁴ Launched in May 2008, the Training Quality Standard, according to DIUS' FE and Skills Newsletter, *'demonstrates providers' ability to offer high quality training at a time and place to suit employers – setting them apart from the competition and making it easy for employers to find the right training solutions for them'*.

⁵ Presumably a reference to the Intel Inside brand found on PCs.

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31. There is already a Bureaucracy Reduction Group in the skills sector. The commission proposes three further reviews to work in tandem with this group:
- *a review of the complex contracting processes currently used by the LSC, particularly around Train to Gain, in their employer relationships;*
 - *a full review of all financial reporting and documentation requirements ... across the full range of training and skills programmes aimed at employers, to ensure that all such requirements are consistent, proportionate to risk and non-duplicative;*
 - *'a review of qualification bureaucracy'. As part of this, the commission recommends the abolition of the current NVQ Code of Practice as 'simply not fit for purpose', and for its replacement with a new, 'lighter touch' Code of Practice from September 2009 (p. 22-23).*

10. Integrated marketing to employers

32. *'In order to produce maximum clarity for employers, simplification of messages, and reduction of confusion, it will be important to seek to create as coherent and integrated a marketing approach as is possible' (p. 23). This can be done initially through the reformed Train to Gain and the new brokerage service, but after that, 'significant marketing consultancy and stakeholder engagement may be necessary to ensure more comprehensive marketing integration for the future' (p. 23).*

Implementation

33. UKCES intends that its plan accrue *'tangible benefit to employers within 12 months'*. Therefore, *'effective implementation'* will be vital (p. 23).
34. The commission proposes that the implementation of *Simplification of Skills* be directly managed by DIUS and BERR, *'with oversight from a Simplification Programme Board chaired and managed by the UK Commission for Employment and Skills'* (p. 23). The board would have *'responsibility for the performance monitoring and oversight of the complete work programme described above'* (p. 24). The board's chair will be a member of the UKCES System Review Committee. Other members will be recruited from UKCES, employers that use the National Employer Service, the Apprenticeship Ambassadors Network, *'and SMEs nominated from active training companies in the British Chamber of Commerce and the Federation of Small Businesses'* (p. 24). The board will have a staff of four.
35. The Government would appoint *'an overarching Simplification Project Manager ... through whom all component project implementation teams ... would report quarterly to the Simplification Programme Board, and meet at least monthly with the Commission's programme staff'* (p. 24).
36. *Simplification of Skills* also briefly details plans for implementing each of the 10 individual recommendations, all of which would be overseen by the aforementioned Simplification Programme Board. The commission intends to implement the simplification programme by September 1st, 2009 (p. 27).

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37. The commission warns that complexity is rarely a conscious choice: *‘Most analyses of the complexity of the current system suggest that there was never any intention by successive government to create an unnecessarily complex system ... The real problems have resulted from the combination and interaction of a whole series of initiatives, organisations and approaches over an extended period of time’*. To prevent a regression to a tangled and complicated system, UKCES proposes *‘five key principles on what not to do in the future’*:
- *no new disconnected initiatives;*
 - *no separate contracts for different elements of the Train to Gain service;*
 - *no different reporting or monitoring rules outside the current set;*
 - *no new business-facing brands beyond those suggested here – Business Link, Train to Gain and Apprenticeships; and*
 - *no new agencies beyond those already announced (p. 28).*

Conclusions

38. The UKCES paper is evidence of the continued vitality and progress of the Leitch agenda. It shows that the new commission is taking the initiative and exerting a real influence on the shape of the learning and skills sector, in an attempt to reform it along business-friendly lines. It may presage the emergence of the commission as a major player in the FE and skills sector.
39. At the same time, *Simplification of Skills* does not propose wide-ranging structural changes to the system, as the commission itself admits (see paragraph 6). UKCES proposes no new changes to the machinery of government, nor any direct changes to the ways colleges are funded or overseen. For example, proposed brokerage services for employers (the National Employment Service) and apprenticeships (the National Apprenticeship Service) would remain under the new Skills Funding Agency (SFA) – only their branding would change.
40. Among the most important specific proposals is the idea that brokers will deliver *‘multi-tier’* skills programmes to employers, which the Government will then back financially. This marks a major departure from previous skills brokerage models, in which brokers only offered short-term skills solutions for specific needs.
41. Related to this is the proposal to allow FE colleges and other providers to establish their own, in-house skills brokerage services, the *‘tied brokers’* (see paragraph 25). This is a major opportunity for providers to take more control of their business development strategies, and to play a more important role in the skills system as a whole.
42. There is also a definite opportunity for FE and skills providers in the eighth proposal that the commission makes, for training centres in business parks and other areas with a high concentration of SMEs. Providers could invest in or use these centres as an inexpensive extension campus, and as a means to advertise their courses to a wide range of businesses and employers.

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43. One potential challenge posed by *Simplification for Skills* is its proposal for a scale of subsidies for training. The commission's proposals would fully fund basic skills, but only partially fund higher-level qualifications. The Leitch Review did foresee businesses and employers contributing a larger proportion of skills investment, but it is unclear, especially in the current economic climate, whether the UKCES' proposed tariff system would make it more or less likely that employers undertake skills training.
44. The plan's provisions for expanding the role of the Sector Skills Councils in the strategic operations of the skills system expand upon the important role assigned to them in Leitch. In the Leitch structure, the councils determine what courses are needed by employers and thus receive public subsidy. In the UKCES plan, they also will help plan '*skills extensions*' and identify the strategic skills needs of their sectors (see paragraph 23).
45. The plan also proposes bringing local and regional initiatives under the branding of the Integrated Brokerage Service. This can be seen as a model of 'joined-up' government, but by channelling local services through a central agency, it would seem to buck the trend towards greater devolution to the locality.

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