

CEL Brief guide

Work skills



Command Paper 7415, a joint policy paper published by DIUS and the Department of Work and Pensions, June 2008

Introduction

1. This paper summarises the main policy proposals contained in '*Work skills*'¹, the policy paper on welfare and skills published by DIUS and the Department for Work and Pensions in June 2008. It then briefly analyses the key issues that the paper raises for the sector.
2. '*Work skills*' forms part of a larger programme of skills promotion and welfare reform that the Government has been pursuing for some time. It includes elements first proposed in the Leitch Review of Skills², published by HM Treasury in 2006. The Leitch Review argues for '*economically valuable skills*', and seeks greater partnership between employers, Government and learners in the design and provision of skills. It also proposes aligning of objectives of the employment and skills systems along '*a new single objective of sustainable employment and progression opportunities*' (Leitch Review, paragraph 76, p .23)³
3. Leitch also recommends that steps be taken to '*increase people's aspirations and awareness of the value of skills to them and their families*', and supported the establishment of Skills Accounts to help learners better understand the funding that underpinned their training.
4. '*Work skills*' continues the emphasis on tying welfare reform and employment services to skills improvement, an agenda that can also be found in the Freud Report⁴ on welfare reform, published in 2007.

¹ '*Work skills*' can be read in its entirety at:

<http://www.dius.gov.uk/publications/workskills.pdf>

² http://www.hm-treasury.gov.uk/media/6/4/leitch_finalreport051206.pdf

³ For CEL's analysis of Leitch, see:

[http://www.centreforexcellence.org.uk/UsersDoc/LeitchReviewCELanalysis.p
df](http://www.centreforexcellence.org.uk/UsersDoc/LeitchReviewCELanalysis.pdf)

⁴ <http://www.dwp.gov.uk/publications/dwp/2007/welfarereview.pdf>

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5. The Brown Government has also maintained a strong emphasis on encouraging, or indeed mandating, unemployed people to seek training, and in providing a service for adults that aligns employment and skills policy and services. This can be seen in previous Government welfare reform papers, such as *'Opportunity, Employment and Progression'*⁵ (November 2007).
6. *'Work skills'* also reflects the Government's ongoing policy of devolving power to the localities– the primary document in this strand of policy being the Local Government White Paper of 2006⁶. In this decentralised environment, local authorities are expected to work in close partnerships with other government agencies in the locality, local employers and other stakeholders to deliver shared goals and Government priorities. The flagship mechanisms for these partnerships are the Local Area Agreements (LAAs), which cover single local authorities, and Multi-Area Agreements (MAAs), which involve partnerships between and across several local authorities (see paragraph 20 of this report).

Entitlements under *'Work skills'*

7. *'Work skills'* announces or elaborates several new skills entitlements and programmes. Some of the measures in the paper flesh out policies proposed in earlier documents.
8. Perhaps the most important new entitlement in *'Work skills'* is an entitlement for young people aged 19 to 25 to achieve Level 3 qualifications if they do not already have such qualifications. Specifically, *'Work skills'* provides that *'from age 18, depending on existing qualifications, all young adults who do not go on to university will now have access to a range of entitlement up to Level 3 to spend on their vocational training, be it at a local college, training provider or in work through Train to Gain'* (*Work skills*, paragraph 2.14, p. 19). The Government estimates that these entitlements will be worth an average of around £7,000, though it will vary depending on the courses chosen
9. The Government is also *'extending the entitlements'* for workers aged 19 to 25. *'From this autumn, we will ensure that a young person's first Level 3 training is free to the individual and their employer'*. (Ibid., paragraph 2.15, p. 20).
10. From 2010, an *'apprenticeships credit'* will also be available through the Skills Accounts, which will fund apprenticeships for over-18s and *'which will make clearer, for both the employer and the Apprentice, the substantial funding we are investing'* (Ibid., paragraph 2.17, p. 21). The Government is currently investing £900 million for apprenticeships, rising to £1.1 billion by 2010-11. The Government will also fund the establishment of 1,200 additional adult apprenticeships (Ibid., paragraph 2.17, p. 20).

⁵ <http://www.dius.gov.uk/publications/7381-TSO-Skills.pdf>

⁶ Available at: <http://www.communities.gov.uk/publications/localgovernment/strongprosperous>

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Skills Accounts

11. Much of *'Work skills'* focuses on the Government's plans for the Skills Accounts programme. This scheme was proposed in the Leitch Review of Skills, and adopted by the implementation plan for that review, *'World-class skills'*⁷, in the summer of 2007. This paper describes Skills Accounts as a means by which learners could *'access the full range of adult information, advice and guidance services in the new universal adult careers service'*. (*'World class skills'*, inset, p. 27).
12. The accounts, as proposed, would come with a learner number, and would allow an account-holder *'to understand the levels of investment going into their training, whether their own, or from the state or their employer'*, and would also give them access to their learner records (Ibid.)
13. The plans in *'Work skills'* flesh out these proposals. In this latest paper, Skills Accounts will:
 - *'provide simple access, online and elsewhere, to information on courses and actual job opportunities'*;
 - *'tell people what financial support they will get and how they can use it to buy training from approved colleges and training providers'*;
 - *'provide a record of the skills they have and track the skills they gain; and'*
 - *'enable people to get careers advice, or take advantage of face-to-face and telephone careers guidance sessions where necessary'*. (*'Work skills'*, paragraph 2.9, p.18)
14. The Skills Accounts will be the means through which learners access their skills entitlements. *'Skills Accounts will give users a personalised 'voucher', representing the estimated value of the funding they can access. An individual can then 'spend' the voucher with an accredited provider of their choice'* (*'Work skills'*, paragraph 2.13, p. 19). They can also use their Skills Accounts funds for work-based learning through Train to Gain or for an apprenticeship (Ibid.)
15. The Government intends to begin piloting the Skills Accounts in the East Midlands and the South East of England from the autumn of 2008. Users in these regions will be able to open an account online, either through careers advice services or *'partner colleges'*. The programme will be extended throughout England in autumn 2010 (Ibid, paragraph 2.10, p. 18).
16. As part of the pilots, the Government will be testing ways for learners to use their Skills Accounts entitlements to overcome barriers that might prevent them from easily accessing training, such as paying for childcare costs (Ibid., paragraph 2.16, p. 20).

⁷ See: <http://www.dius.gov.uk/publications/worldclassskills.pdf>

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Welfare reform

17. *'Work skills'* proposes several measures to improve skills levels among benefit recipients and other unemployed groups. This is part of the Government's overall policy goal of driving up employment levels to 80 percent of the working-age population, a goal referenced in the Freud Report.
18. Under the *'Work skills'* proposals, the Government will from 2008 start pilot programmes that will require some jobseekers [those requesting Jobseekers Allowance] *'to attend a full skills health check where the screening has identified a need. Where a need for training is identified, attendance at an appropriate course will also be required'*. (*'Work skills'*, paragraph 2.45, p. 29).
19. The Government will also consult on *'taking the legislative powers needed to make addressing skills needs a condition of benefit receipt for those on inactive benefits, where skills needs are a significant barrier to finding employment'*. This category includes lone parents who are on Income Support and those seeking to receive Employment and Support Allowance (Ibid, paragraph 2.46, p. 29). Pilots based on this consultation will start in 2010 (Ibid, paragraph 2.47, p. 30).

Welfare reform at the local level

20. *'Work skills'* proposes that a great deal of policy implementation in this area will take place in collaboration with local partnerships. These partnerships have been a continuing feature in local government and regional policy in recent years, and several different partnership structures exist.
21. DIUS and DWP intend to work through a specific type of partnership called a Multi-Area Agreement (MAA). Multi-Area Agreements are partnerships between local authorities and other partners (such as government agencies working in the area, employers, charities and colleges) to pursue policy goals on a sub-regional level. They are similar in structure and purpose to the Local Area Agreements (LAAs), except that they operate across several local authority areas, and tend to focus on matters of regional import (transport or economic development, for example).
22. DIUS and DWP intend to use MAAs as *'a preferred route to empower local partners as they offer an effective framework for all levels of government to address the complex challenges facing areas that experience high levels of worklessness'* (*'Work skills'*, paragraph 3.12, p. 36). This will not be the only means by which welfare reform is translated to the local level, but it will be the primary means.
23. Before the Government would devolve powers to an MAA, however, it *'would expect to see a strong employer representation, including an employer-dominated body, within an MAA'* (Ibid., paragraph 3.14, p. 28) - this may include, in those areas where they exist, Employment and Skills Boards. The Government also expects MAAs to have strong working relationships with Local Strategic Partnerships (LSPs, which agree the aforementioned LAAs) and Regional Development Agencies (RDAs). (Ibid, p. 28)⁸.

⁸ The author apologises for the excessive number of acronyms in this section.

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24. The Government is also planning to devolve powers to other local mechanisms. These include the City Strategy⁹, another local partnership mechanism with employer involvement, and the Working Neighbourhoods Fund¹⁰, a £1.5 billion bursary available for local authorities to use on employment and skills programmes.
25. 'Work skills' provides an example of the type of skills and employment programme that an MAA might adopt under the new system. The Greater Manchester MAA has worked out a strategy that encompasses:
- *Producing an employment and skills implementation plan for the city region, and committing to ambitious reductions in the numbers of workless people on inactive benefits;*
 - *Ensuring that employers are at the heart of shaping new approaches through a strong employer-dominated commission giving strategic direction to investment in skills in the city;*
 - *Developing employment and skills targets with Jobcentre Plus and LSC partners to incentivise collaboration at the frontline towards a common goal;*
 - *Making Manchester a test-bed for developing all of the key aspects of an integrated employment and skills system. This will include trialling:*
 - *the new adult advancement and careers service;*
 - *Skills Accounts and how these will integrate with the support provided by Jobcentre Plus;*
 - *the new referral and skills health check system for Jobcentre Plus customers.*
- (*'Work skills'*, inset, p. 37).
26. The Government has already begun trialling programmes to unify 'core elements of the employment and skills systems' (Ibid. paragraph 3.26, p. 41). Schemes are underway in Manchester, the West Midlands and London; the Manchester and West Midlands programmes are expected to help more than 105,000 people into work (Ibid., p. 41)
27. These programmes all involve joint commissioning between government agencies. In London, this will be between the London Employment and Skills Board and the London Development Agency; the West Midlands will have a 'co-commissioning approach', uniting 'LSC funding, including Train to Gain, together with the flexible New Deal, and link employment and skills with wider services, such as health'; in Manchester, DWP will 'involve local partners in the commissioning and performance management of the flexible New Deal contract' and jointly commission work with the LSC 'and DWP's flexible New Deal and local authority resources' (Ibid, p. 41-42).

⁹ For more information on the City Strategy, see: http://www.dwp.gov.uk/welfarereform/cities_strategy.asp

¹⁰ See: <http://www.communities.gov.uk/documents/communities/pdf/566881.pdf>

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28. More broadly, *‘Work skills’* commits the Government to *‘a series of groundbreaking commissioning trials’* that *‘will develop and test new success measures with providers, building on approaches in the integrated employment and skills trials’*. (Ibid, paragraph 3.31, p. 44). The commissioning trials will also consider changing the measure of *‘sustainable employment’* from the current six months of work to a longer time period, *‘say 18 months’*. The measure will also consider whether they’ve shown any skills progression. (Ibid, paragraph 3.31, p. 44).

Key messages, trends and questions

29. *‘Work skills’* can be said to draw on three major policy strands:
- The skills agenda drafted by Leitch, with its focus on qualifications and provision that leads to economically useful skills. Leitch also advocates a demand-led system of provision, and this strand can be seen in the Skills Accounts, which increase learner power over the direction of funds for provision;
 - The welfare reform agenda the Freud Report outlines, which seeks to increase the proportion of the working-age population actually in work to 80 percent. This agenda has tended towards the tightening of welfare eligibility rules, requiring recipients to participate in skills checks, mandatory training and, in some cases, mandatory community work;
 - The localism agenda, stemming from the Local Government White Paper and committed to devolving administrative and agenda-setting power to coalitions of local actors. The localism agenda also militates towards the joint working of local partners – in *‘Work skills’*, this is primarily through Multi-Area Agreements.
30. For FE providers, *‘Work skills’* promises a new vein of funding for learning and skills, and thus potentially more learners. The requirements that certain classes of welfare recipients receive skills evaluations and training will also imply an increase in the number of FE service users.
31. The emphasis on local partnerships is also an opportunity for FE providers to influence local strategic planning and place-shaping. These partnerships are open to non-governmental actors; the Local Strategic Partnership in Oldham, for example, is chaired by a college principal. Direct FE participation would allow providers to directly influence local educational and economic policy, and enhance the sector’s contribution to a range of local and national policy priorities.

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