

FUTURE-READY SKILLS COMMISSION

Interim Report

Executive summary

November 2019

Working in
partnership
with the

**West
Yorkshire**
Combined
Authority

About the Future-Ready Skills Commission for a Devolved UK



The Future-Ready Skills Commission brings together experts and leading thinkers from business, education, local government, and think tanks as well as representatives of young people and trade unions, to understand the current state of skills and vocational training, and create a blueprint for a devolved skills system that can be adopted at a local level throughout the UK and respond to the many future demands that will be placed up on it.

Our aim is to design a skills system that meets the challenges of major structural shifts in the economy over the coming decades. Automation, the shift to a low-carbon economy and changing working patterns such as the rise of gig economy, freelance and agency work have important consequences for skills in the future labour market.

We have identified 10 key things that we need to change if the skills system is to be effective for both employers and workers. Central to our recommendations is that the skills system must be more responsive to the needs of local labour markets. Employers must be able to find people with the skills they need, while individuals need to be able to make better informed choices in order to develop their careers.

We believe a skills system with powers and investment devolved to local areas, which is able to respond to local priorities, would be more effective than the current, fragmented national system. The Commission has been brought together and is supported by the West Yorkshire Combined Authority and we stand ready to pilot and implement these proposals across West Yorkshire to understand the benefits that a devolved skills system can bring to our people.

Councillor Susan Hinchcliffe
Chair, Future-Ready Skills Commission
Chair of the West Yorkshire Combined Authority and Leader of Bradford Council

Executive Summary

West Yorkshire Combined Authority has supported the creation of an independent Commission to shape the future of the skills system, so that it better meets the needs of individuals, businesses and the economy and is ready to meet the challenges of the 21st Century. There is a particular interest in how the skills system can better serve the ambitions of local areas, ensuring economies are ‘future-ready’.

The skills system is of key concern to the people, businesses and communities that are served by West Yorkshire Combined Authority. Giving people the right skills locally is central to its strategy to transform the local economy, increase productivity and enable people to maximise their potential. The demands placed on the system are set to increase as automation and other developments re-shape the nature of work and the skills required from workers.



Overview of the Future-Ready Skills Commission

This Commission comes at a time when government is making a sustained commitment to devolution in England. However, we believe this is being undertaken more from the perspective of Whitehall, rather than from the perspective of people, businesses, local authorities and providers. Current skills devolution is of limited powers and funding and is not occurring in a strategic or structured manner.

This could mean that devolution does not deliver the full impact that is required, best practice is not widely shared, some areas could be left behind and unnecessary bureaucracy is put in place.

There is an excellent opportunity for the Commission to influence the success of skills devolution by providing practical proposals that create a system which delivers national and local agendas. Local areas need fewer silos and more tools to deliver their economic ambitions and industrial strategies.

The skills system is complex to navigate for employers, individuals and providers, as outlined in the diagram on pages 8 and 9. Our Commission will consider and set out what needs to change at a national as well as local level to ensure coherence and drive demand for skills that are responsive to functional economic areas.

This report presents the work of the Commission to date, and sets out the future work plan of the Commission by identifying the 10 things that need to change in the current skills system.

Our aim

To develop a blueprint for a devolved education and skills system so that it better meets the needs of individuals, businesses and the economy

The challenge



Employers face skills shortages, yet many workers are over-qualified for the jobs they do



Funding of education and training locally, and the availability of courses, doesn't match economic need



Sharp decline in businesses investing in, and adults accessing, skills and training

Too few people are aware of career opportunities and routes to accessing careers information

The opportunity of devolution

Our commission is particularly interested in how devolution can enable local areas to make decisions, armed with the knowledge of how the skills system will work best for them.

It will mean:



A skills system that responds to the needs and priorities of local regions aligned to a Local Industrial Strategy that drives economic growth.



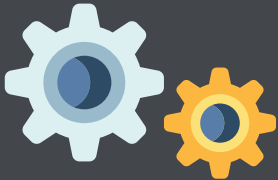
Greater flexibility and local accountability of the system to encourage better partnership working.



Better value for money – funding is distributed and managed locally and assigned to areas where it has the greatest impact.

Our focus

A blueprint for a devolved skills system



Improving **technical education and training** so people get the skills they need for high quality employment and to meet the needs of businesses



Enhancing workforce skills by creating the conditions for adults to invest in skills that meet the labour market need and employers to invest in skills for business success



Guaranteeing access to quality **careers information and inspiration** to enable better informed choices, ensuring that young people are ready for work and adults can develop their careers

The prize

A future-ready skills system where:



Everyone - from learners to those in-work - can access high quality education and training, and are supported to achieve their personal ambitions.



Employers of all sizes including the self-employed are able to access a skilled workforce and can continue to invest in training.



Educational institutions are financially secure and are able to support learners' aspirations.



The labour market is flexible and dynamic, the right skills are available and people have access to quality jobs.



Technical Education and Training: A Complex Landscape for Providers

The current skills system is overly complex for all actors - including providers. Skills and training providers face a huge task in translating available funding streams, qualifications and entitlements, which are dependent on a range of circumstances such as their customers' age and prior learning. Individual and business customers approach providers with a range of needs and motivations to access learning and training that providers must match with these funding streams, and meet quality assurance criteria. As well as navigating and translating the complex system, providers must also balance a range of regulatory and external pressures with their internal organisational pressures.

The Provider Balancing Act



Acronyms

ESFA - Education and Skills Funding Agency
OfS - Office for Students
DWP - Department of Work and Pensions

HTEs - Higher Technical Education
IfATE - Institute for Apprenticeships and Technical Education
DfE - Department for Education

Providers must navigate...

Top-down pressures: a complex funding system

Qualifications	Funding Stream	QA	Age	Level
Foundation learning: certificates and awards	ESFA	Awarding organisation/ Ofsted	16-18	1
	AEB		19+	
GSCE/Study Programme/Traineeship	ESFA		16-18	2 GCSE A*-C
GSCE/ BTEC Study Programme/Traineeship	AEB		19-23	
	AEB or self-funded		24+	
Intermediate Apprenticeship (Frameworks → Standards)	ESFA + Employer contribution 5% OR levy		EPA/ IFA/ Ofsted	All
A Level/Study Programme/T-Level	ESFA/ IFA	Awarding organisation/ Ofsted/ IFA	16-18	3
A Level/ Certificates/Diplomas → T-Level	AEB		19-23	
A Level/ Certificates/Diplomas	Loan or self-funded	Awarding organisation/ Ofsted	24+	
Advanced Apprenticeship (Frameworks → Standards)	ESFA + Employer contribution 5% OR levy	EPA/ IFA/ Ofsted	All	
HNC → HTE Yr 1 Bachelors	Loan or self-funded	OfS/ Ofsted	19	4-5
HND → HTE Yr 2 Bachelors				5
Degree Apprenticeship Bachelors		EPA/ IFA/ Ofsted/ OfS		6
Acronyms				
ESFA - Education and Skills Funding Agency AEB - Adult Education Budget		FA - Institute for Apprenticeships and Technical Education EPA - End Point Assessment Organisation		



Provider



Actions

- Translate the funding system into clear learning products and benefits for businesses and individuals
- Attract learners and meet the demands of individuals and businesses



Bottom- up pressures from individuals and businesses



Individual

- Career changes
- Upskilling
- Finding employment
- Apprenticeships

Varied market and demand

Business

- Address skills gaps
- Apprenticeships
- Meeting future skills needs
- Recruitment
- Workforce development



10 things that need to change



1 **Careers information** needs to be relevant to the local labour market and empower individuals to make informed decisions



2 Employment and skills should be **integrated within local housing, transport and environment** strategies



6 **Greater collaboration is needed** in order to spread good workplace practices to improve business performance and productivity



7 The learning **offer should be simplified and made more affordable**, with the right level of finance that removes barriers to access and supports progression in learning



3 The local approach to skills, employment and health needs to be **joined** up to support progression to work



4 The skills offer for businesses needs to be **simplified** through coordination at the level of functional economic areas



5 Investment in **technical education** and skills should be increased to sustainable levels



8 Employers need to be **motivated** to train and re-train staff and support progression at all levels, including those in lower paid work to gain higher level skills



9 Local areas should have **strengthened responsibilities** for **planning the provision of technical education** and training so that it is responsive to local economic priorities



10 Employers need **greater influence** over the design and delivery of technical training to ensure it is responsive to local economic priorities

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