

Working in  
partnership  
with the

**West  
Yorkshire**  
Combined  
Authority

# Future-Ready Skills Commission

A Blueprint for a Future-Ready Skills System

September 2020

# Rethinking skills for the 21st century

**This report is the culmination of two years of research and analysis by the Future-Ready Skills Commission. In that time the world has changed.**

Our primary scope was to design a blueprint for a devolved skills system, from post-16 education through to adult skills and career development, that better meets the needs of local economies, and is able to respond to future challenges and opportunities in the workplace.

Then there was COVID-19, the economic impact of which is being felt hardest by those already least able to cope.

Without efforts to support these groups with jobs, skills and training in a way that fits with the reality on the ground in local labour markets, we risk damaging the life chances of a whole generation and setting back our ambitions to build a fairer and more inclusive economy.

Unless we radically change our attitude towards skills and training and embrace the UK becoming a higher skills labour market, we cannot meaningfully change living standards for the better.

We have to say goodbye to an era when many of us used to leave formal education after school, college or university and feel that our time of learning was done, and what we knew by our late teens or early 20s should be enough to last us a lifetime of work. Training and learning must be a life-long process to make sure our skills and knowledge remain relevant and our job prospects positive

Equally, we have to overturn the attitude whereby too many employers fail to see the value of training. Too often, they treat it as a tick-box exercise in meeting statutory requirements in areas like health and safety, rather than developing the potential of their workforce.

As this report argues, we need a skills entitlement from school to retirement and every major point of a working life in between, backed up with independent careers advice and information so people can understand how an investment in skills will be of benefit, and support from employers and the state.

Employers need to be able to find people with the right skills, and individuals must have a right to careers advice and training that helps them make informed choices that will help them get on in life.

For this to be effective, it needs to be delivered at a local level, informed by labour market information and backed up with structures and funding to address an area's current and future skills needs.

Local areas and regions are best placed to understand the dynamics of their own labour market and what skills, industries and sectors are most in demand, guiding learners in a way that best suits the needs of local businesses and the economy.

As we emerge from COVID-19, addressing health inequalities has never been more important. We need to build a resilient economy, creating a forward-looking skills system, based on the needs of the people, businesses and local economies it is intended to serve.



**Councillor Susan Hinchcliffe**

Chair, Future-Ready Skills Commission  
Chair, West Yorkshire Combined Authority  
Leader, Bradford Council

# Introduction

**The Future-Ready Skills Commission was launched in 2019 to undertake a review of the post-16 landscape in England as one of the most centralised systems in the UK and indeed the world. This review differs from the many that have preceded it with an explicit focus on designing a blueprint for a devolved skills system.**

The Commission was concerned with evidence presented from a range of stakeholders and leading thinkers on improving the existing system so that it better able to respond to local labour market needs. The blueprint and recommendations in this report exemplify the power of policy experts, employers, training providers and trade unions working collegiately to improve the skills systems for learners from all backgrounds and social standing.

The ability of local areas and regions to have the powers and funding to respond to what is needed in the local labour market is critical for the economic prosperity for all. This is even more acutely needed in times of economic crisis where local leadership from business, skills providers, trade unions and government is more pivotal to being agile and better placed to respond the labour market need. Never has this been demonstrated more sharply than during the COVID-19 pandemic which has deepened inequalities in communities and challenged the funding structures employed by the Education and Skills Funding Agency (ESFA).

The Commission would like to thank everyone who has been involved to challenge and shape the thinking for the blueprint, in particular, our critical friends, elected Mayors and colleagues at MCAs and the GLA.

In November 2019, we published our interim report<sup>1</sup> that set out the evidence that had been considered to date and presented ‘10 things that need to change in the skills system’. We now present in this final report the blueprint of *how* the system should change.

<sup>1</sup> <http://futurereadyskillscommission.com/wp-content/uploads/2019/11/Future-Ready-Skills-Commission-Interim-Report-2019.pdf>

# 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



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



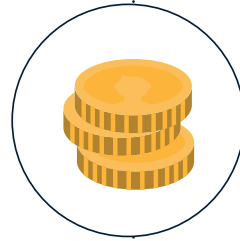
**4** The **skills offer for businesses needs to be simplified** through coordination at the level of functional economic areas



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



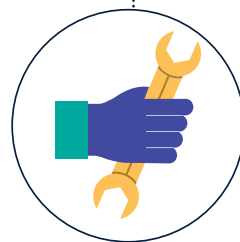
**6** **Greater collaboration is needed** in order to spread good workplace practices to improve business performance and productivity



**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



**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



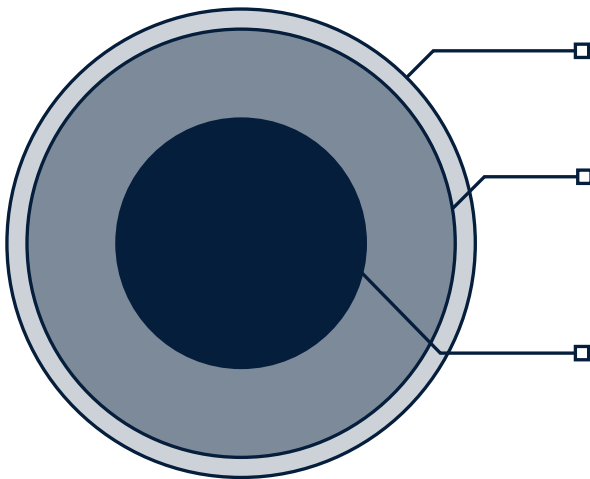
**9** Local areas should have **strengthened responsibilities for planning the provision of technical education** and training so that it is responsive to local economic priorities



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

# Our blueprint for a future-ready skills system

The current national skills system is complex, highly centralised and does not meet the needs of all the people, businesses and local economies it is intended to serve



## Local

- Delivers adult skills programmes and neighbourhood-level services
- Has strong relationships with employers

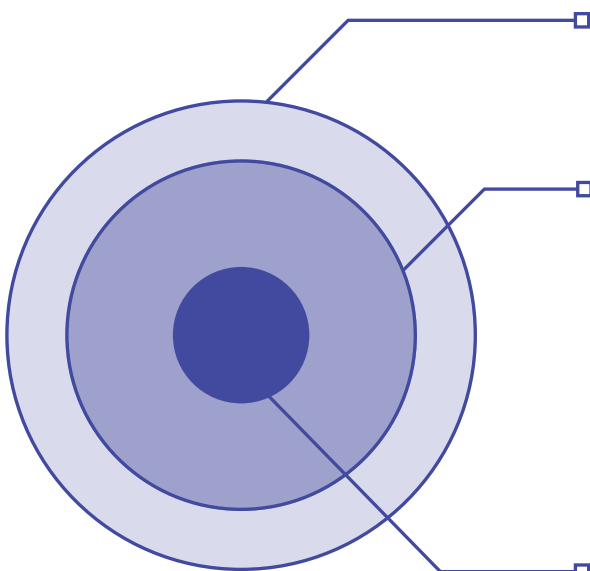
## Regional

- Manages delivery of short-term skills and training funding – often received through competitive bidding process and with specific contract outputs
- Has strategic relationships with providers and strong relationships with employers through Growth Hubs

## National

- Highly centralised, with 'one size fits all' commissioning of skills programmes and campaigns
- Delivery of Adult Education Budget devolved to Mayoral Combined Authorities and Greater London Assembly, with some specific, limited further responsibilities devolved on a case-by-case basis

We propose a devolved system that is responsive to the needs of local labour markets and able to meet future challenges and opportunities in the workplace



## Local

- Designs and delivers services to individuals and employers, including all-ages careers provision
- Delivers integrated work, health and social provision
- Integrates skills with other services that can provide wraparound services

## Regional

- Skills and employment embedded within regional economic strategies
- Devolved responsibilities and funding for skills-related budgets over a five-year timeframe
- Retains additional funds to support the skills needs of regional labour markets where large-scale publicly-funded infrastructure projects are delivered
- Provides holistic skills support for individuals and businesses – commissions and delivers all-ages careers support, providing support for adults to re-train and a recognised leadership role working with employers
- Strategic role working with learning providers, with formal delivery agreements and a recognised relationship with FE Commissioner
- Has strategic relationships with providers and strong relationships with employers through Growth Hubs

## National

- Sets key principles, policy frameworks, guidance, high-level priorities, and nationally-recognised qualifications, allowing flexibility in how these are achieved at a regional level
- Establishes frameworks, quality standards and monitoring agencies to ensure consistency, best practice and improvement across all regions – includes scrutiny and the ability to intervene with providers where necessary

# We propose a devolved skills system that is responsive to the needs of local labour markets and able to meet future challenges and opportunities in the workplace

## National



## Regional / Local



### Responsibility for delivery



Individual



Training Provider



Employer



Government



Regional / Local Authority

## Our recommendations



**Ensure the funding system offers fair access** regardless of age, level of attainment, background and learning route alongside reversing the long-term decline in adult training



Empower areas to design services around the individual to **address complex and interrelated health, employment and skills** issues



Everyone should have right to **quality information about jobs and careers**, no matter what their stage in life



**Employers should take greater ownership of their talent management and skills development**, aided by a joined-up approach to business support that means they can find the help they need, regardless of the route they take to find it



In order that people can gain the right skills needed for good quality work in their area, **all adult skills and careers funding needs to be devolved**



Recognise that areas are best placed to understand their own skills requirements and **implement statutory five-year strategic skills** plans to make it happen



Ensure that training meets the current and future skills needs of regional labour markets, **delivery agreements with skills providers** should be put in place, supported by investment funding



Large-scale **public infrastructure** projects designed to level up areas should include an additional skills premium of up to 5% of the total budget to maximise their economic potential

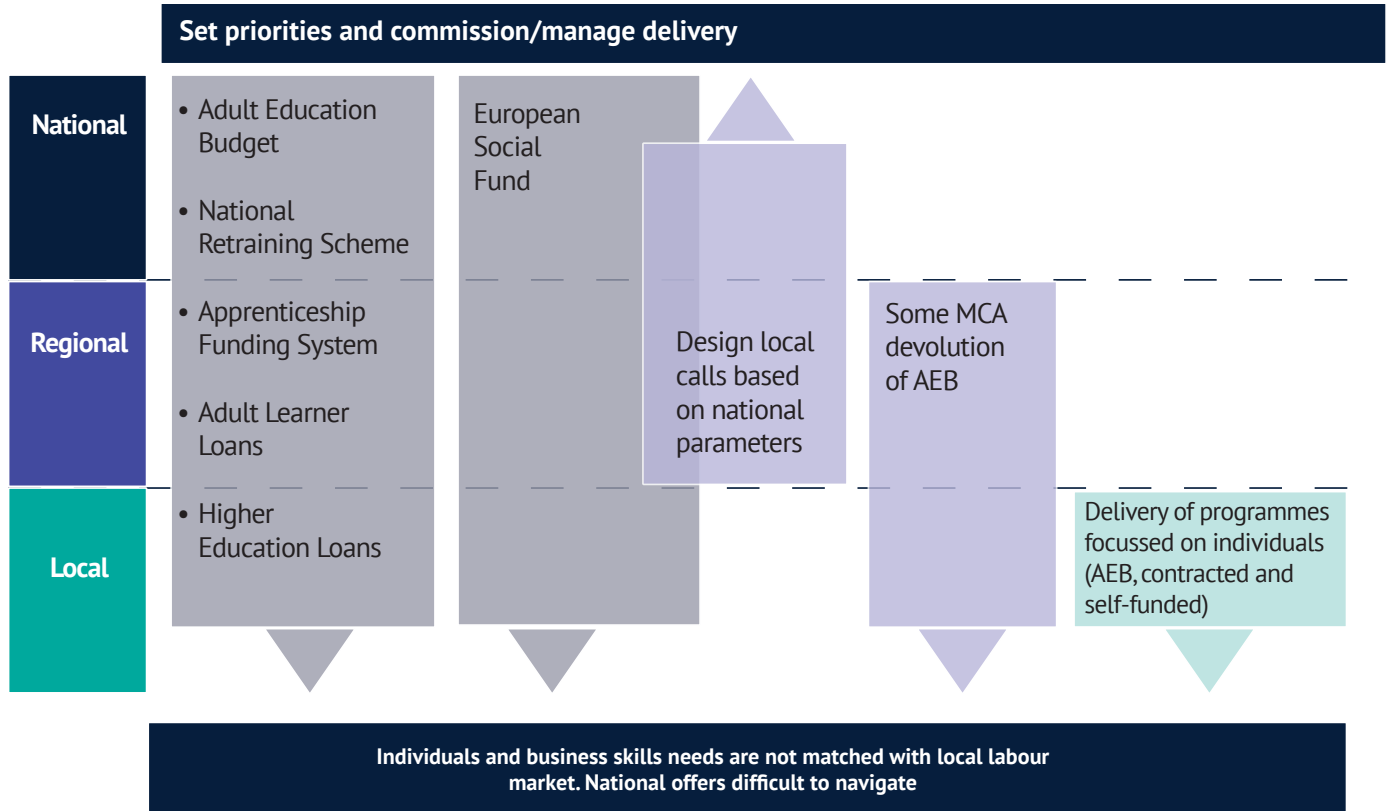


**The Apprenticeship system needs national review** to make it work more effectively, and this should include recognising and resourcing areas as the key route to employers and individuals

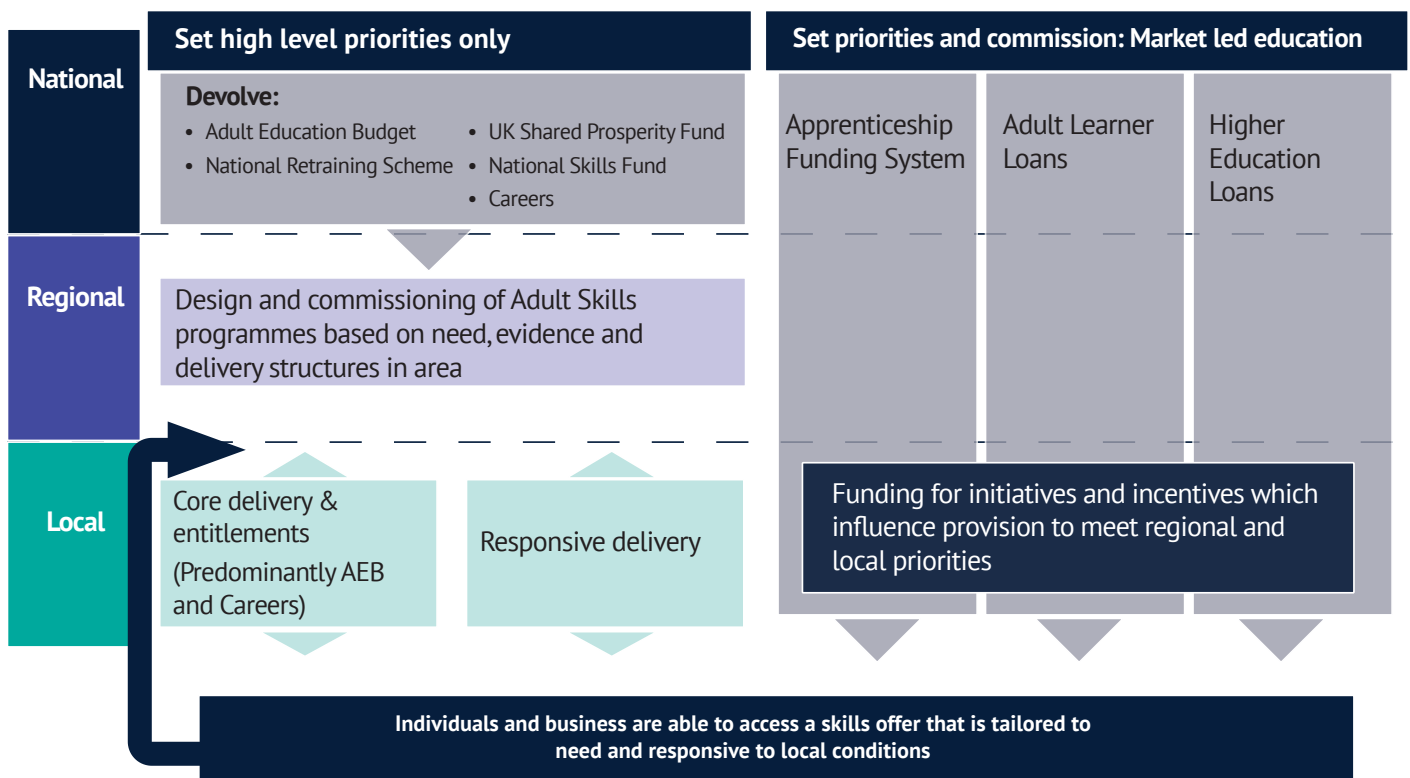
The current skills and training system is made up of many disparate sources of funding, with responsibility led by different government departments and shared between various bodies, resulting in a fragmented system that lacks a coherence and complementarity.

A radical shift of funding and local leadership is required to respond to the needs of the local labour market. This will create opportunities for employers, colleges and training providers to collaborate in a strong and accountable regional skills system that can meet labour needs and is able to respond to economic shocks.

## Adult Skills System - Current



## Adult Skills System - Proposed



A fully devolved adult skills system with responsibility for funding and delivery at a local or regional level will create benefits for education and training institutions, employers, individuals, and the economy as a whole. Critically it will equalize opportunities for different labour market groups and accelerate inclusive growth with local leadership accountable for ensuring that economic investment builds social capital for communities.

### **Institutions will be more resilient and benefit from:**

- Greater financial stability in a reformed system
- Enhanced community role
- Bigger market for learning among individuals and employers
- Delivery of more flexible and innovative delivery models
- Stable funding and investment opportunities, delivered through strategic plans to meet the needs of the regional labour market
- Increased relationships with employers
- A holistic and strategic skills system that meets local labour market needs
- Augmented recognition of the value of skills
- Opportunity to influence the shape of skills provision in regional areas

### **Employers investing in their workforce can benefit from:**

- A better skilled workforce that contributes to improved business performance and profitability.
- A more responsive system that provides employers with the skills they need
- A system that is easier to engage with – simpler and more flexible
- Closer involvement and strategic relationships with education
- Strengthened business leadership and management
- Reduced costs for staff recruitment through improved talent management and retention

### **Individuals investing in their learning can benefit from:**

- Better employment and career prospects
- Better pay
- Easier and more flexible access to learning across a range of settings
- Greater opportunities to re-train
- Improved career management skills, with a clear understanding of the value of learning and training
- Enhanced understanding of the opportunities in the local labour market

### **The Economy will be more resilient and benefit from:**

- Greater economic resilience linked to a more skilled workforce
- Better alignment between the skills that people have and the skills the economy needs, leading to increased productivity
- A more flexible and dynamic labour market reflecting better career adaptability of individuals
- More of the high-level skills needed to drive innovation
- More people active in the labour market
- Less inequality between regions of the country and different labour market groups
- A better return from the investment in skills for all parties
- Better quality of work



# Introduction

## Overview of the Commission's work

The Commission's interim report set out its findings following a year-long review of the existing skills system that included a literature review<sup>2</sup>, call for evidence<sup>3</sup> and a number of stakeholder engagement sessions. The interim report identified '10 things that need to change' in the vastly over-complicated post-16 landscape. Indeed, it is the Commission's view that the skills system is unnecessarily complex, preventing many individuals and employers from investing in the skills needed to progress and sustain good work. This has prompted this review and presentation of a blueprint for a future-ready skills system.

Unlike many national Skills Commissions that precede this one, we are chiefly concerned with the post-16 skills system through the lens of devolution, and the valuable role that regions with local areas can contribute to a more resilient, re-imagined and productive economy.

The Commission's blueprint establishes a roadmap for devolution with clear and accountable roles and responsibilities at each level of government so that skills priorities and investment are aligned with regional economic strategy and growth. Accountability for, and design of programmes should be as close as possible to the point of delivery, to ensure the system supports employers of all sizes, and learners at all levels. The Commission's nine recommendations serve to sharpen the focus of national and regional government policy as we rebuild our economy and communities following the recent global economic shock.

In delivering our blueprint we have been driven by the following principles that inform a series of entitlements for all learners and individuals that will lead to more resilient, flexible and dynamic labour markets:

- Everyone in work can access high quality education and training and knows how to access the training,
- Employers of all sizes can access a skilled workforce,
- Educational institutions offer a rich and relevant curriculum and are financially secure.

Each recommendation is accompanied by a technical paper, published separately and available at <http://futurereadyskillscommission.com/>

---

<sup>2</sup> <http://futurereadyskillscommission.com/key-documents/>

<sup>3</sup> <http://futurereadyskillscommission.com/wp-content/uploads/2019/09/FRSC-Call-for-Evidence-report-Sept-19.pdf>

# The Commissioners

## Chair

### **Councillor Susan Hinchcliffe**

Chair of the West Yorkshire Combined Authority and Leader of Bradford Council

## Commissioners

### **Bill Adams**

Regional Secretary, TUC

### **Nicola Addyman**

Editor of Weekly Programmes, BBC

### **Simon Ashworth**

Chief Policy Officer, Association of Employment and Learning Providers

### **Nav Chohan**

Principal of Shipley College

### **Mandy Crawford-Lee**

Director of Policy and Operations, University Vocational Awards Council

### **Stephen Evans**

Chief Executive, Learning and Work Institute

### **Beckie Hart**

Regional Director, Yorkshire and the Humber, CBI

### **David Hughes**

Chief Executive, Association of Colleges

### **Renee Hunt**

Director of Group Digital Platforms, Sky

### **Sarah Longlands**

Director IPPR North, Institute for Public Policy Research

### **Merran McRae**

Chief Executive, Wakefield Council

### **Rashik Parmar**

IBM Fellow and VP Technology, Europe  
Chair of Leeds City Region Employment & Skills Panel

### **Mandy Ridyard**

Financial Director, Produmax

### **Mark Roberts**

Co-Founder, Beer Hawk

### **Katie Schmuecker**

Head of Policy and Partnerships, Joseph Rowntree Foundation

### **Tony Wilson**

Institute Director, Institute for Employment Studies (IES)

### **Will Richardson**

Senior Partner of PwC's Leeds Office

## An unequal system

The existing post-16 skills system is overly complex and creates perverse incentives and an unstable funding environment for training providers, and inequality of access to training for individuals.

### People Profiles: demonstrating an unequal system

The lack of sufficient funding in the system necessitates prioritisation: this creates unintended consequences in terms of access:

- A 40-year-old unemployed chartered accountant can study a fully-funded level 2 qualification, but a 25-year-old on minimum wage without GCSEs cannot
- An unemployed single parent studying a level 4 HNC within an FE College does not get a maintenance loan, but a first-year student at University who lives at home might (dependant on parent income)
- A graduate of any age can complete an apprenticeship for free, but a 50-year-old wanting to complete any level 3 qualification to change career needs to take out a loan.

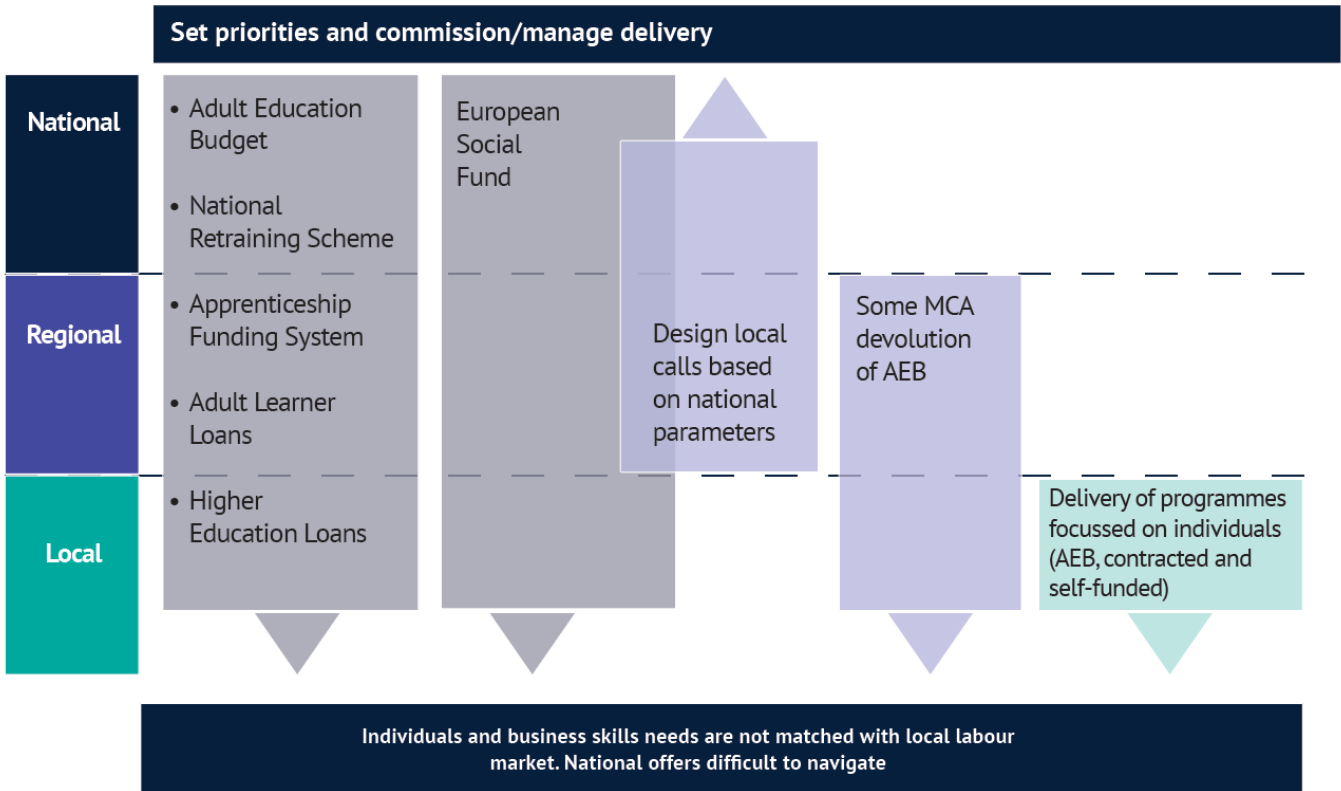
**Recommendation:** Ensure the national funding system offers fair access regardless of age, level of attainment, background and learning route alongside reversing the long-term decline of investment in adult training.

Investment and intervention in skills and employment is vital to building an economy that enables everyone to access, participate and progress in learning and work. There is a broad consensus that efforts to support individuals with jobs, skills and training in a way that makes sense for local labour markets will be undermined unless this goes hand-in-hand with a serious regard for, and radical shift of, powers, accountability and leadership to a local level.

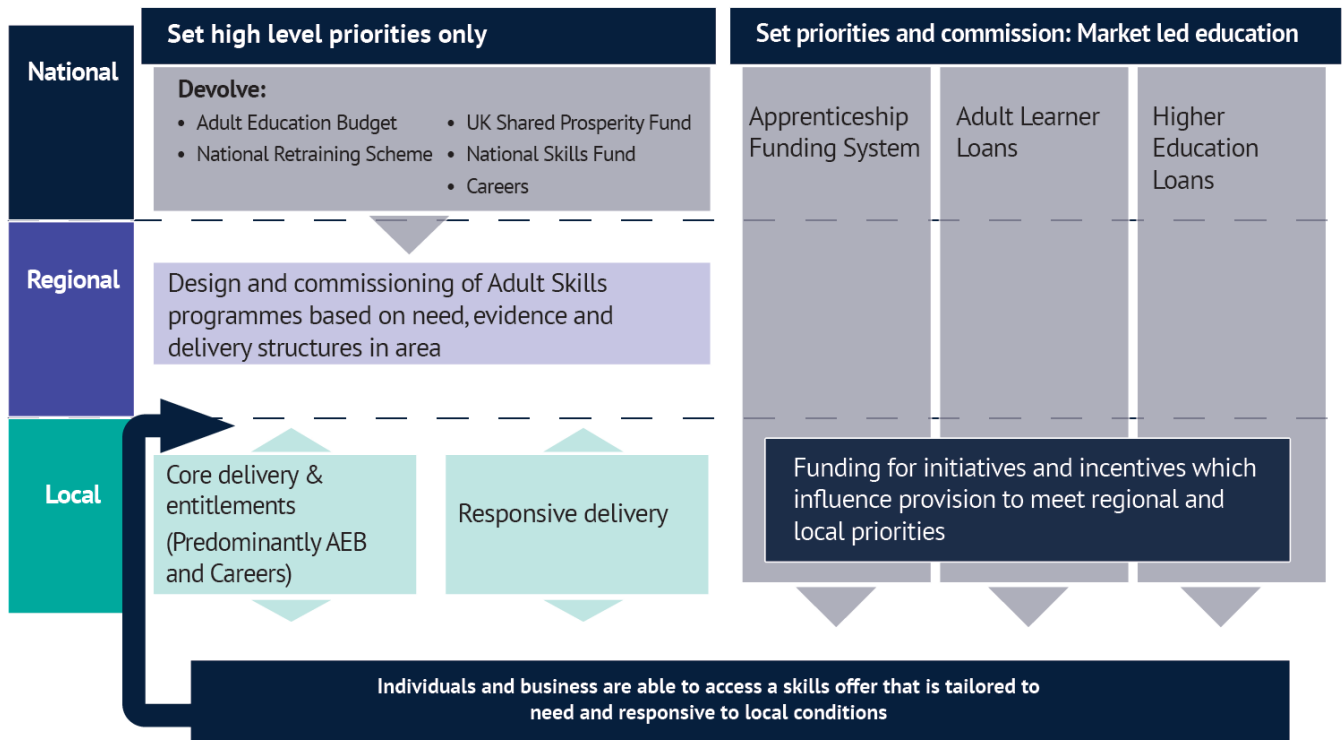
This was evidenced during the pandemic when MCAs were quick to respond to the crisis and support their AEB commissioned training providers with payments to keep them operational, this was not mirrored by the ESFA at a national level. We run the very real risk of damaging the life chances of a whole generation and setting back the progress we have made in building a fairer and more inclusive economy without considering the two working in parallel.

**Recommendation:** In order that people can gain the right skills needed for good quality work in their area, all adult skills and careers funding needs to be devolved.

**Figure 2: the existing adult skills system**



**Figure 3: proposed adult skills system**



The Commission recognises that elements of the skills system should remain national, particularly those that relate to learner entitlements in order to avoid a postcode lottery of different systems across England. The administration of learner loans and payments systems where national bodies such as the student loans company and ESFA already exist and should remain, with the regional role to ensure that entitlements are understood by individuals and employers.

There continues to be widespread debate about the Apprenticeship system. While recent reforms have increased employer ownership and investment in apprenticeships, Apprenticeship take-up has fallen markedly, and young people have been hit the hardest, with 16-18 take-up of apprenticeships falling by 23% during the last academic year and 74% of Apprenticeship providers working with small firms saying they have insufficient funds to meet demand.

This is likely to affect minority ethnic groups more than white peers, particularly in localities with higher minority ethnic mix. Between 2008/09 and 2017/18, the percentage of apprentices from the Asian, Black, Mixed and Other ethnic groups combined increased from 6.7% to 11.1% although white ethnic groups remain over-represented at 87.6% of apprentices, against 84.6% of the general population of England (according to 2017 population estimates from the Office for National Statistics).<sup>4</sup>

The complexity of the system should not be underestimated, and we acknowledge that existing and extensive reviews about the national system are being undertaken, including the government's own review. These reviews must ensure that apprenticeship funding is developing the workforce skills needed for the future, and not just meeting immediate gaps.

To date, there has been less debate about the role of regions in a reformed national apprenticeship system. Increasingly, there have been a number of nationally commissioned campaigns to promote work-based routes such as apprenticeships and T-Levels to employers, often displacing or confusing regional activity and increasingly frustrating employers - especially SMEs that often require tailored support to help them to navigate the system.

Many employers have strong local roots, and local areas are best placed to engage employers and support government's ambitions to put into place apprenticeship opportunities and T-Level placements. Areas also have a role in expanding the supply of potential of apprentices, and in particularly focusing on under-represented groups to tackle inequalities. More autonomy should be created in the system, with areas credited with the authoritative role in speaking with business, supporting employer take-up of apprenticeships and promoting them to people of all ages and backgrounds – with funds to influence and incentivise delivery of apprenticeship standards towards sector and economic priorities.

The Commission is primarily concerned with the aspects of the post-16 skills system that can be devolved, and we agree that the national system should be rebalanced to ensure funding supports people to train in businesses of all sizes from entry-level roles that progress through the apprenticeship route in a range of economically valuable careers for now and the future. An important role of regions is to support individuals from disadvantaged backgrounds into apprenticeships, stimulate and coordinate employer engagement and investment in the region.

**Recommendation:** The Apprenticeship system needs national review to make it work more effectively, and this should include recognising and resourcing areas as the key route to employers and individuals

---

<sup>4</sup> <https://www.ethnicity-facts-figures.service.gov.uk/education-skills-and-training/a-levels-apprenticeships-further-education/participation-in-apprenticeships/latest>

# COVID-19, skills and levels of investment

The COVID-19 crisis will impact on the economy for years to come. Whole industries and sectors have been profoundly affected and there is the real risk of levels of unemployment not seen since the 1980s. The brunt of the impact will be felt hardest by those already least able to cope, with the young, the lowest skilled and apprentices standing to be most severely affected.

Many of these people are also the most exposed to long-term structural changes in the economy, with the move to low-carbon industries, the coming 'fourth industrial revolution' of AI, automation and 5G networks, and the shift away from secure roles to self-employment and gig work.

As we emerge from this economic crisis, we need to build a resilient economy with a forward-looking skills system, based on the needs of the people, businesses and local economies it is intended to serve. This means motivating and empowering employers to invest in skills, and enabling individuals through locally relevant careers advice, education and training that helps them make informed choices, that disrupts their thinking and encourages them to transfer their skills to other roles or sectors.

At the time of writing, the government is preparing for a pivotal autumn spending review to underpin the nation's recovery from the impact of COVID-19. In the run up to the review the government has highlighted skills as one of its priorities for action.

In our recommendations we call for an overall increase in the level of investment in skills combined with an increase in the devolution of resources to regions in England to ensure greater responsiveness, accountability and impact.

**In total, we calculate this relates to around £4.2 billion of annual funding of existing adult skills programmes that should be devolved.**

This is made up from a reversal of the decrease in funding for classroom-based adult education, which has fallen by 47% in real terms between 2009/10 and 2018/19 (including a cut in the Adult Education Budget of 17% in cash terms from 2016/17 onwards), while overall adult education and skills funding (including apprenticeships) fell by 37% over the same period. Restoring the latter to its 2009/10 level would require an increase of £1.9 billion pa or nearly 60% of the 2018/19 value.

Along with the overall increase, the following national funding streams, together are worth approx. £2.3 billion per year based on current budgets, and should be devolved to regions in their entirety:

- Adult Education Budget
- National Careers Services
- National Skills Fund
- National Retraining Scheme
- Shared Prosperity Fund

In addition, Combined Authorities and LEPs have put together regional economic recovery plans, with skills identified as a top priority. The additional skills funding ask from West Yorkshire, which has more than twice its 'fair share' of neighbourhoods that are among the most acutely deprived in terms of adult skills, is £465 million.

Funding in regional economic recovery plans covers interventions that meet the needs of the Region, including skills support for individuals through re-training, employment brokerage, enterprise skills and specific support with digital inclusion.

# Devolution in England: A splintered approach

England has one of the most highly centralised skills systems among developed countries. The process of devolution in England has been slow and fragmented. At a time when cities and their regions must compete both nationally and internationally, many aren't competing on a level playing field. To date, ten Mayoral Combined Authorities and Greater London Authority have limited devolved responsibilities, and even fewer powers to support fiscal independence.

The Commission argued in its interim report that economic growth and increased productivity depends on the availability of a skilled and motivated workforce. The local pattern of skills needs is highly localised and weak productivity growth is more pronounced in many regions – to address these distinct needs requires more innovative policy making at that local level.

Devolution to date has been piecemeal, particularly for skills. Early devolution deals agreed with Mayoral Combined Authorities are largely restricted to the declining Adult Education Budget (AEB). The principal purpose of AEB is to engage unemployed adults (19+ and 24+) and provide eligible learners with skills and learning needed for work.

A substantial amount of the funding supports legal entitlements for the unemployed, fully funding for eligible learners:

- English and maths (digital to follow in 2021/22)
- First full level 2 / first full level 3
- Employability programmes for jobseekers.

The funding also enables adults to enrol on flexible tailored programmes of learning, which do not need to include a qualification, to help those furthest from learning or employment. Funding for adult skills has declined sharply with funding for adult education and 19+ apprenticeships reduced by 45% from 2009/10 to 2017/18. 49% of the Adult Education Budget is devolved to MCAs in 2020/2021 and is set to increase as more CA's take on devolved responsibilities.

The Single Investment Fund provides an opportunity to create a 'Single Pot' which brings together all the MCAs funding, giving greater local freedom and flexibility to prioritise investments to fully realise the region's economic ambitions.

Aside from devolved funding, which comes with attached conditions and rules of how it can be spent, opportunities to work with government departments also feature heavily within devolution deals. There is a real appetite from local leaders to engage with government departments around the co-development of policies. This has not been met with meaningful opportunities.

Without recognition of the value of an area's contribution to national skills policy development and appropriate devolved funding, areas are restricted in innovating and implementing change. They will be left with little scope to design projects that meet regional strategic ambitions for those that live, work and learn there.

The timeline below documents the key milestones in England's recent devolution history and the main associated powers and funding.

## Geography and accountability

Current government policy requires a directly-elected mayor as part of any devolution deal. The Commission agrees that with increased responsibility comes a need for greater accountability and transparency. The Commission's recommendation of a rolling 'five-year strategic skills plan' that is owned by an elected leader and is underpinned by robust assurance and governance structures is intended to provide the mechanism and framework to do this.



## Timeline of devolution in England:

<b>2011</b>	Creation of Local Enterprise Partnerships (LEPs); voluntary partnerships owned by local authorities and businesses to help decisions about economic priorities. There are 38 LEPs.
<b>2012-2014</b>	26 City Deals; bespoke set of funding and powers to Local Enterprise Partnerships and Local Councils.
<b>2014</b>	First devolution deal with Greater Manchester Combined Authority (GMCA) announced
<b>Autumn 2015</b>	Spending review invited proposals for devolution – 38 bids were submitted
<b>May 2017</b>	6 metro mayors elected and take office
<b>2018</b>	Housing deals agreed with Greater Manchester, West Midlands and West of England
<b>May 2019</b>	8 devolution deals had been agreed, 7 with MCAs (Tees Valley, Greater Manchester, Liverpool City Region, Sheffield City Region, Cambridgeshire and Peterborough, West Midlands Combined Authority and North of Tyne) and Greater London Authority
<b>2017</b>	Trailblazer Local Industrial Strategies (LIS) for 6 MCAs
<b>2018</b>	Government announces every area to benefit from a LIS.
<b>2018</b>	West Midlands secures skills agreement.
<b>2020</b>	West Yorkshire secures devolution deal
<b>2021</b>	Mayoral elections

An elected leader will bring together the collective regional leadership of local authorities, public institutions such as universities and hospitals along with business leaders as a basis to negotiate skills deals for 'regions' other than City Regions. To be effective, the strategic skills plan will need to embody the skills requirements across a range of economic priorities such as transport, housing and the green economy as part of an area's over-arching economic strategy.

This approach would also provide real accountability and transparency for the exercise of devolved powers and funding across the full spectrum of skills policy areas, supported by a flexible approach to governance that extends beyond the current mayoral model, and takes account of differing circumstances across regions.

**Recommendation:** Recognise that areas are best placed to understand their own skills requirements and implement statutory five-year strategic skills plans to make it happen



## Why is this needed?

1. Prior to the COVID-19 pandemic, 22% of vacancies nationally were hard to fill due a shortage of candidates with the right skills but this is much higher for occupational areas that require technical skills that are difficult to develop, for example, for Electronics Engineers it is 60%. The skills system needs to be better aligned to address these skills needs.
2. 23% of UK workers who are employed in non-graduate roles are qualified at level 4 and above – 4m people in absolute terms. This demonstrates the scale of skills under-utilisation and suggests that people are developing high level skills that are not in strong demand among employers.
3. Nationally, one in five jobs is in an occupation that is likely to shrink by 2030 due to factors like automation, according to analysis by Nesta and Centre for Cities. But this rises to 30% for cities with struggling local economies, like Mansfield, Sunderland and Wakefield. Meanwhile, for cities like Cambridge and Oxford the figure is less than 15%. This highlights the importance of a regional response to the retraining challenge presented by changing technology and other sources of disruption.

Skills Advisory Panels (SAPs), introduced by DfE, that bring together local employers and skills providers to work together to address local skills needs provide some of the structure for this, but they do not create the conditions for closer integration of policies across different areas of remit e.g. housing and transport.

SAPs have a responsibility for assessing regional skills needs and for identifying suitable actions to address them. The role of SAPs is purely advisory with no specific levers to improve the responsiveness and relevance of education and training provision. SAPs have representatives from the education and training provider sector, although wider work with providers is on a voluntary basis and ultimately SAPs have no powers to direct players in the system and have no specific resources to incentivise behaviour change. The model needs to be further developed and enhanced to give SAPs potency to create impact.

Each region should have a statutory responsibility to produce a five-year skills plan for their area. This would immediately raise awareness of the regional skills agenda among key audiences and lend greater prestige and credibility to the work of Panels. It would also provide a focus for accountability with all key partners in the region signing up to the Plan.

Devolution of the Adult Education Budget (AEB) is a welcome step in moving towards responsive provision for those areas that have received it, but AEB is a declining budget and represents only a small part of the skills landscape, and there is a need for influence and co-ordination on a holistic level, including careers, apprenticeships and loan-funded adult education provision. At present these are run centrally with limited co-ordination at national level between different programmes. The five-year skills plan would serve as the mechanism for a more efficient and effective joined up approach across these different programmes and would provide the basis for implementing the range of practical recommendations highlighted elsewhere in this report.

Regional partners have no direct powers to address gaps in provision. Once a gap is identified a business case needs to be presented to ESFA to make a decision on whether to put the relevant requirement out to tender. This is a protracted and bureaucratic process, which negatively affects the credibility of partners' leadership role in the regional skills system and their perceived ability to bring about change. Five-year skills plans need to come with a discretionary funding pot that would enable regional partners to take an agile approach to ensure that local provision is responsive to emerging needs.

The eagerly-awaited government White Paper on devolution is expected in autumn and is likely to set out a blueprint for regions to convene under a Mayor, and to fast track those areas of the country that

are currently represented by an elected Mayor. This is welcomed by the Commission, but it should not detract from the willingness of Mayoral Combined Authorities to collaborate with government on skills policy and rather should be viewed as an opportunity to expedite a radical shift of powers beyond the devolution of Adult Education Budget.

## Learning from Mayoral Combined Authorities

As part of the Commission's work, a series of interviews were held with senior officers and elected members of Mayoral Combined Authorities who have been generous both with their time and sharing some of the benefits and lessons learnt.

The following is a high-level summary taken from those conversations of the key benefits of a Mayoral office and devolution.

It was widely agreed that the main benefit of the current devolution model was the ability to bring together, strengthen and unite a number of leading organisations around a common plan and shared objectives. MCAs also described 'having a seat at the table' with senior government policy makers valuable but some were frustrated at the ability to contribute to policy development with devolution deals often outlining commitments between government departments working with MCAs but in practice this has resulted in being briefed after policies have been developed.

Where regional policy and coordinated leadership has been achieved, improved quality of provision has been achieved. For example, proactive contract management of the AEB provision in MCA areas has removed duplicative provision. In some places this has reduced over 300 separate contracts to a more manageable 30+ contractors while maintaining specialist provision. This has enabled better performance management and focussing of contracts on learner progression and not just volume.

Greater access to localised data has been consistently identified as the key to accelerating progress towards achieving better local outcomes. Access to data has been a protracted negotiation with government bodies. For example, the Education and Skills Funding Agency (ESFA) collect much regional data which is held centrally but don't always publish in a timely manner. This is data that could be used to underpin robust regional strategies.

There is currently a lack of accountability for post-16 education and training provision at an area level, in terms of its alignment with regional economic needs. There is no formal mechanism for establishing a link between the curriculum offer and current and future skills needs. ESFA's funding allocations are largely based on previous patterns of delivery and recruitment while their provider monitoring arrangements focus primarily on attaining financial allocations in line with audit requirements, rather than the relevance of the curriculum offer. Latterly, much pro-active monitoring has focussed on financial stability and sustainability of providers.

In addition, providers often have little incentive from the funding system to make their provision more responsive. Some providers focus on low-value courses as a way of ensuring their financial stability. This often leads to competition in an area between providers in some strands of provision, with gaps opening up in other subject strands

The extent to which providers engage with employers is highly variable. For example, some generate relatively little income from commercial fees. This has important implications for the ability of providers to develop an offer that is relevant to business.

Practical arrangements are needed to monitor and improve the responsiveness of providers and to address practical barriers that prevent them from addressing key gaps in the curriculum, such as the cost of investing in equipment or recruiting specialist teaching staff. While national funding allocations are made on an annual basis, a commitment to working towards a five-year delivery agreement that allows both a degree of flexibility and gives confidence for providers to invest in provision would support the strategic approach to skills planning and align with five-year strategic skills plans. This

would need to be accompanied with flexible skills funding to address barriers to provider responsiveness.

**Recommendation:** To ensure that training meets the current and future skills needs of regional labour markets, delivery agreements with skills providers should be put in place, supported by investment funding

### **Case Study: West Yorkshire Combined Authority<sup>5</sup>**

In 2020, West Yorkshire Combined Authority secured an ambitious devolution deal, including recognition of its landmark partnership with West Yorkshire colleges setting out a joint plan to align college training provision with the need of the Leeds City Region economy, including the £63 million per annum Adult Education Budget.

The partnership, formalised through unique 'Delivery Agreements' for each college, is pioneering in its degree of collaboration and its comprehensive targets and actions, making it the first of its kind in the UK.

Developed in partnership between the Combined Authority and each of the seven colleges, the agreements publicly outline how each college will contribute to the Leeds City Region Employment and Skills Plan objectives, Skilled People, Better Jobs 2016-2020 and subsequently the needs of the City Region economy.

The targets set for each college aim to address the acute skills shortages faced by the City Region's key sectors: manufacturing and engineering, health and care, infrastructure and digital. The agreements mean the colleges will increase levels of apprenticeships starts, pledging to also increase higher and degree apprenticeship provision within these sectors.

## **Importance of regional and local leadership**

One of the key messages from the discussions is that devolution to date has been fragmented. Greater Manchester Combined Authority has had five devolution deals since the first one was agreed in 2014. The main element of devolution deals to date in relation to skills is the Adult Education Budget, although West Midlands have secured a separate skills deal.

The progress achieved in a relatively short space of time with limited and fragmented devolved powers and funding demonstrates the clear case for change. One of the greatest benefits of the soft powers granted to Mayors to date was reported as the ability to cohere and lead place-based partnership working. This has created opportunities to harmonise social and economic policy not necessarily covered by areas of devolution but signal the ambitions and commitment of local leaders and mayors to providing better outcomes for local communities and employers.

There is a direct correlation between skills, health and employment and barriers to employment and progression in work. Greater London Authority and Greater Manchester Combined Authority both secured devolved funding to connect funding and delivery of skills provision, health and employment support. The funding that was devolved has now been superseded by the national Work and Health Programme.

---

<sup>5</sup> <https://www.the-lep.com/media/2350/delivery-agreements-2019.pdf>

Funding and delivery of skills provision, employment support and interventions to address health issues are not joined up, despite the interconnectedness of these barriers to employment. For many individuals, health, skills and confidence barriers must be tackled collectively to enable progression towards sustainable work, and similarly to help individuals sustain work where they have incidences of ill health.

The strategy and funding for employment, skills and health is fractured and siloed across multiple government departments (Department for Work and Pensions, Department for Education, Department of Health and Social Care).

This results in multiple contracts being commissioned at a national level which support part of an individual's needs (e.g. Work and Health Programme, Adult Education Budget, National Careers Service), but these do not provide holistic support. Local areas and providers (e.g. Jobcentre Plus, GPs, Local Authorities, training providers, social prescribing services) work in partnership to collaborate and combine resources, and join up to other local initiatives including voluntary action (e.g. National Lottery funded programmes).

However, resources are not integrated, nor designed to combine effectively around the individual and their needs. Some resource is wasted due to design inefficiency and duplication, while other areas are insufficiently resourced.

There are multiple economic incentives to address this issue:

- Labour shortages, reliance on EU migrant labour and our increased life expectancy all create an imperative to combat the number of individuals who are excluded from the labour market on health grounds
- NHS time could be more efficiently used, with GPs reporting a significant number of appointments that need pastoral and not medical attention, better served through a 'social prescribing' model
- The cost of sickness absence is high and the correlation between length of time on sickness absence and decreasing likelihood of re-entering the workforce creates an imperative to move funding towards preventative action, supporting individuals in work at risk of becoming unemployed and/or economically inactive.

The way we commission these services needs to change, increasing the focus on keeping people in work and tackling multiple barriers to employment holistically. Employment support currently focuses on gaining a job as the key outcome, not the amount of time a job is sustained, or the journey needed to get there. With escalating unemployment following the COVID-19 pandemic, we need to ensure that the right support is provided to individuals to support them into long-term employment with progression opportunities, and that those furthest from the labour market are not left behind as we attempt to address the impact of the economic shock.

Co-commissioning across the department agendas to areas will support individuals to move through the 'customer journey' outlined in Figure 4, helping them retain and sustain employment while building resilience and reducing reliance on health interventions through self-sufficiency.

Figure 4: current commissioning arrangements of employment, health and skills programmes

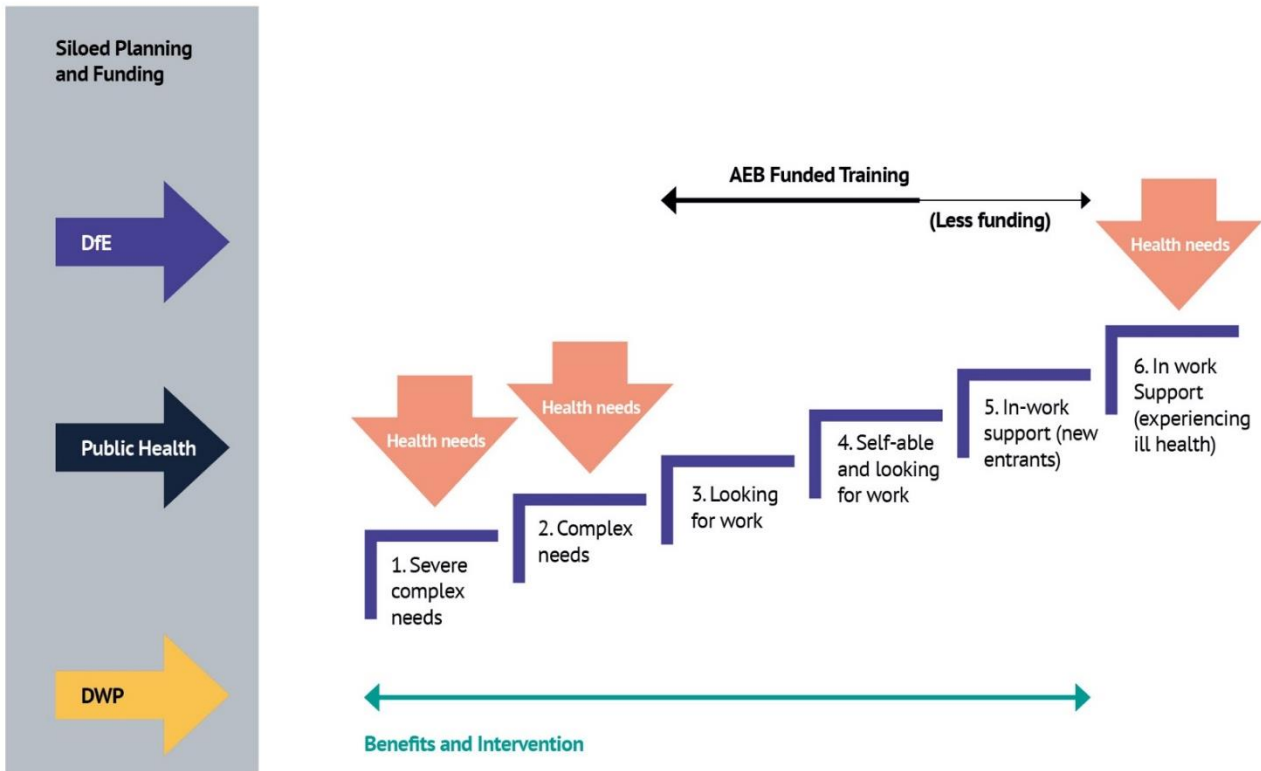
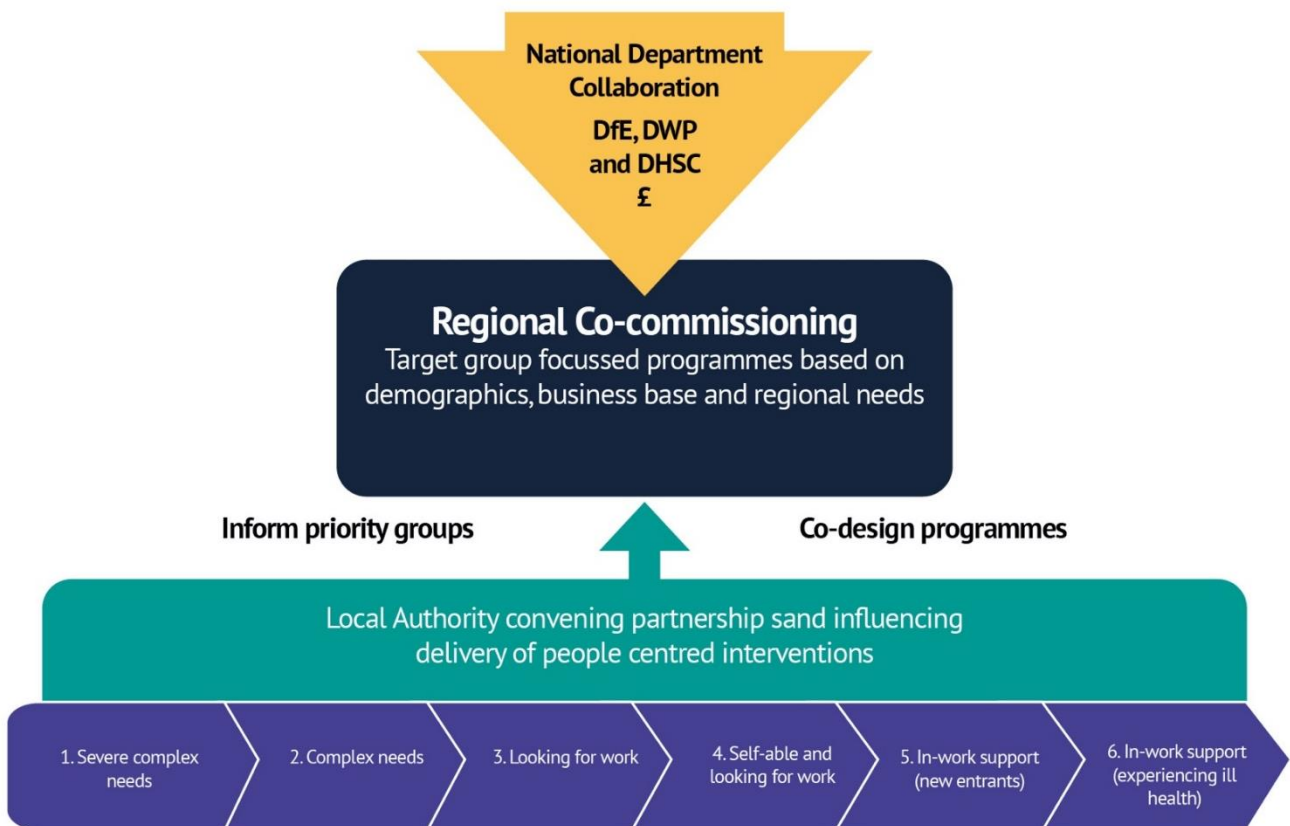


Figure 5: proposed commissioning arrangements of employment, health and skills programmes



## Case Study: Working Well; Manchester Combined Authority <sup>6</sup>

Working Well is Greater Manchester's whole population approach to health, skills and employment. Based on personalised support and a new ecosystem of work, health and skills, it is on track to significantly exceed its target of supporting 20% of clients into work.

Of Greater Manchester's total working age population of 1,781,000, there are approximately 236,000 people out of work. Of these, 64% (150,000) are out of work due to a health condition. Greater Manchester lags behind both the national employment rate and the employment rate for those with long-term conditions.

Greater Manchester has recognised that being out of work can have a significant impact on both physical and mental health. This in turn affects the Greater Manchester Strategy's objective of inclusive growth. This means more-healthy people benefiting from the positive effects of work and also supporting the growth and productivity of the local economy.

Working Well is a joint GMCA and GMHSCP whole-population approach to health, skills and employment and has 4 strands:

1. Care and support: for people with complex and enduring health conditions or disability. Support for employability, meaningful activity, volunteering and wellbeing (currently in development)
2. Work and health: support for longer-term unemployed people with health conditions or disability to find and sustain work (programme already in place)
3. Early help: for employees with health problems who are at risk of falling out of the labour market. Support for small and medium businesses, self-employed people and newly unemployed people with health problems (going live in early 2019, with the ultimate aim of supporting 14,000 people in these categories)
4. In work: health promotion (in development) through:
  - the Greater Manchester good employer charter
  - public service leadership
  - social value through procurement
  - modernising employee assistance and occupational health.

While devolution of some elements of the skills landscape is welcomed, the piecemeal way in which this is has occurred causes further fragmentation due to the different controls and contracts held by central and local government.

Consistently devolving all adult skills with associated careers and employment funding to regions while retaining core national priorities and entitlements, would allow areas to commission evidence-based, locally shaped solutions which are responsive to the area's economic needs and provide better coherence between funding streams. This includes entire budgets for commissioning of AEB, UK Shared Prosperity Fund (UK SPF), National Retraining Scheme (NRS), the proposed National Skills Fund (NSF) and National Careers Service (NCS) over a multi-year period.

**Recommendation:** Empower areas to design services around the individual to address complex and interrelated health, employment, social and skills issues.

---

<sup>6</sup> <https://www.gov.uk/government/case-studies/working-well-an-approach-to-work-and-health>



### Key facts:

- Employers pay £9 billion a year in sick pay and associated costs, and the state spends £13 billion annually on health-related benefits
- Around 2.5 million people in the UK have moved from Incapacity benefit to Employment Support Allowance, with many now being transferred to Universal Credit. These claimants have multiple disadvantages including limited life skills and confidence with many being socially isolated
- After being off work for 6 months, only 1 in 5 people return to work (NICE 2009).

Employer leadership should be woven into the fabric of regions. It is well documented that the UK faces a considerable productivity challenge, and workforce skills are a key to unlocking productivity growth, at company level and across the economy. Only one in 10 businesses report that they have adopted high-performing workplace practices, which seek to achieve higher levels of business performance through more effective employee engagement. People in professional occupations are twice as likely to access training compared to those in manual occupations.

Estimates based on the OECD's Survey of Adult Skills<sup>7</sup> suggest that nine million working-aged adults in England, more than a quarter of the total, have low literacy or numeracy skills or both, with negative consequences for employability, productivity and social inclusion. Unions play a key role in equipping people in the workforce with basic skills and other training. Their role in supporting acquisition of skills in the workplace could be strengthened.

Employer investment in skills is far greater than public and individual investment, although more employers need to be persuaded by their peers that there is a connection between increased productivity and a range of practices to make the best use of the skills of their workforce including creating diversity in the workplace, particularly within leadership and management.

As key investors in skills, employers have a regional leadership role in determining regional skills strategies. Local areas are well placed to include a greater number of employers as local leaders to engage with education, training and skills, including supporting national policy aims around the take up of apprenticeships, traineeships and work placements.

Faced with direct approaches from a plethora of educational institutions as a result of an increasing emphasis and demand for employer engagement in relation to apprenticeships, traineeships and the new T-level placements, many SMEs report being overwhelmed. It is important to ensure that the first engagement experience of business is a positive one and that businesses are signposted appropriately, regardless of their entry point to the skills system.

To achieve this, the skills offer to businesses needs to be simplified and coordinated. The advice the business receives should reflect the breadth of offer available from a range of institutions in a functional economic area, avoiding a disjointed approach.

**Recommendation:** Employers should take greater ownership of their talent management and skills development, aided by a joined-up approach to business support that means they can find the help and support they need, regardless of the route they take to find it.

---

<sup>7</sup> OECD (2016), *Skills Matter: Further Results from the Survey of Adult Skills*, OECD Skills Studies, OECD Publishing, Paris, [https://www.oecd-ilibrary.org/education/skills-matter\\_9789264258051-en](https://www.oecd-ilibrary.org/education/skills-matter_9789264258051-en)

## **Case Study: West Yorkshire Consortium of Colleges collaboration with employers<sup>8</sup>**

West Yorkshire Consortium of Colleges (WYCC) operates on behalf of seven Further Education Colleges in West Yorkshire. A long-standing history of collaboration has made an extensive contribution to assisting businesses to grow and had a significant impact increasing individuals' skill levels across the region.

WYCC delivers a number of projects including the Skills Service, Let's Talk Real Skills and Higher Performing Workplaces which offers a local skills offer to businesses in the Leeds City Region.

WYCC and the seven colleges work closely with the Leeds City Region Enterprise Partnership to ensure the alignment of the skills offer to business with the LEP's Growth Service, Inward Investment, Skills for Growth Strategy and the wider LEP Skills Priorities.

---

<sup>8</sup> <https://www.westyorkshirecolleges.co.uk/case-studies/2019/07/leading-it-reseller-and-tech-company-business-it-support-team-bist-receives-digital-marketing-strategy-training-through-the-skills-service>



Figure 6: current employer support landscape

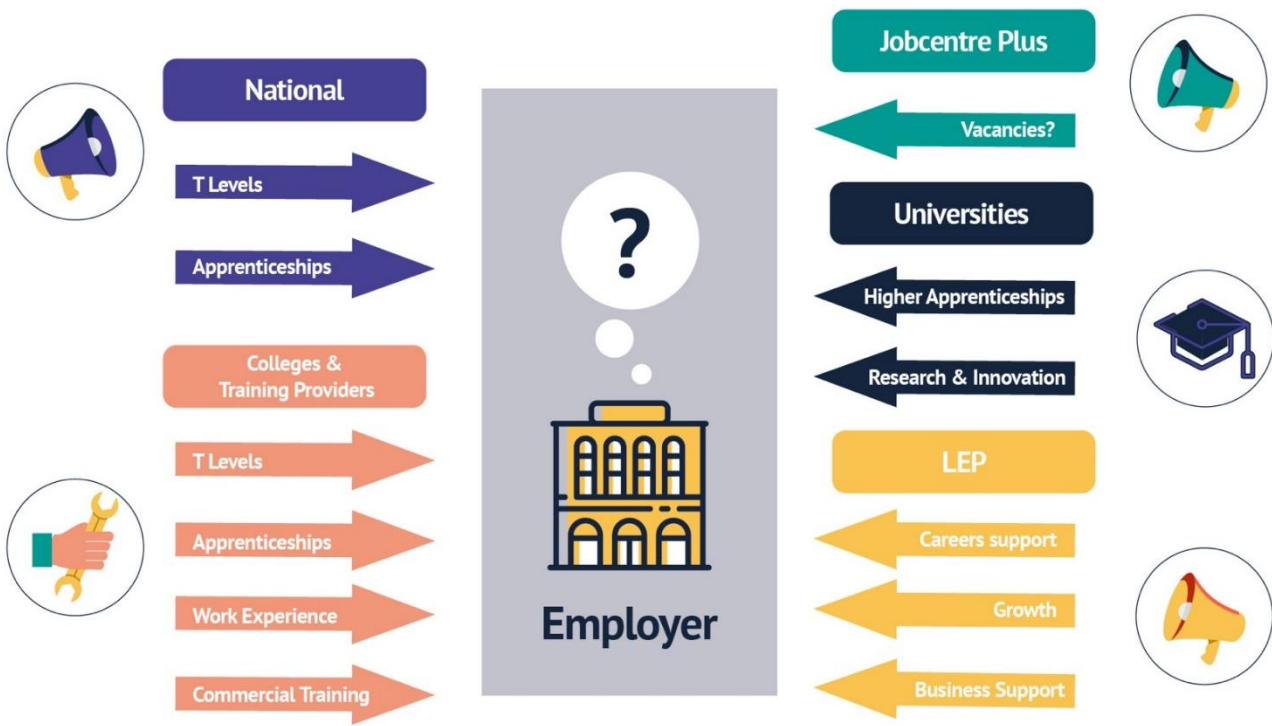
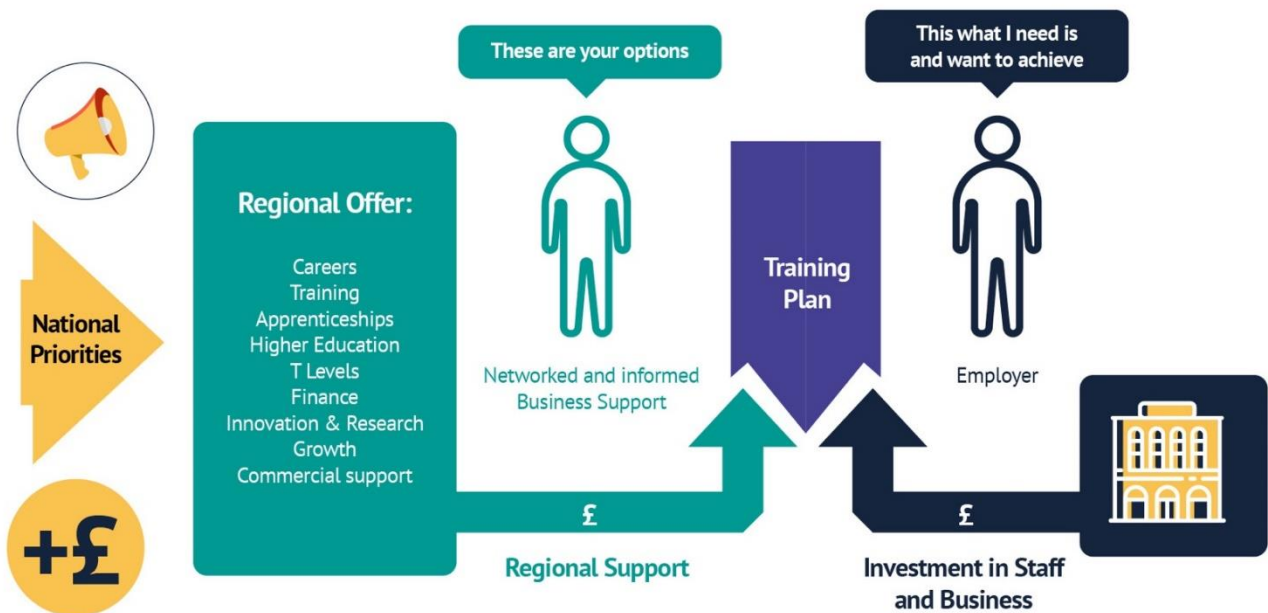


Figure 7: proposed employer support landscape



## Policy making, and access to information and national datasets

Leadership and joining up policy development at the spatial level leads to coherent, and arguably, more efficient policy implementation that is in tune with the needs of the area.

There is a clear role for government to convene forums that capture and disseminate best practice between regions and also to inform development of national policy frameworks and data collection practices that ensure regional flexibilities. Regionally driven innovative solutions rely on two interdependent elements, **access to quality data and measurable outcomes**.

**Measurable outcomes:** There is criticism that nationally commissioned providers are often paid for results and not always the right results. National implementation of programmes at a regional level also mean a 'one size fits all' approach which doesn't necessarily attune with regional needs. Nationally developed programmes are too frequently developed in isolation from each other and can often rely on achieving the same targets, leading to a crowded marketplace, and test the patience of many stakeholders creating apathy.

For example, recently independently commissioned national campaigns by the same government agency have targeted the same employers independently of each other for a similar 'ask'; to offer apprenticeships and work placements for T-Level students. Neither campaign has any local relevance for employers, nor do the campaigns integrate with regional and local signposting and messaging. This creates confusion, duplication and frustration for employers, particularly SMEs, which are more locally rooted.

**Data:** The Education and Skills Funding Agency's Data Cube provides an example of the problems that have been encountered with regard to access to key data sources. The Data Cube provides detailed information on the delivery of publicly funded education and training provision down to local level. It is a critical resource for regional and local partners in understanding the effectiveness of that provision and provides a foundation for engaging with education and training providers around the responsiveness agenda.

However, access to the Cube has proven to be far from straight forward for those regional and local partners. All data contained within the Cube are anonymised but strict interpretation of GDPR rules has led to the implementation of a complex process involving local authorities acting as data controllers for organisations across the wider region and a requirement for extensive data sharing documentation. This has led to a large amount of bureaucracy and delays in accessing time-critical data, for example data on redundancies where local areas are poised to support individuals recently made unemployed.

Regional areas' capacity to undertake a comprehensive assessment of regional needs is limited, partly through a lack of funding and partly due to the sheer complexity of local labour markets. While SAPs are intended to address availability of data this remains a top down, general purpose approach that doesn't engender regional policy innovation.

Evidence and data are central to understanding highly local skills priorities and to informing strategic policy decisions in order to take the necessary actions to address them. Government and regions need to work closely and productively together to ensure that timely access to data is guaranteed.

### **Some of the key issues, particularly in relation to quality of data include:**

- Limitations of published statistics below regional level
- Current technical limitations of job postings analytics as a substitute for published statistics
- A risk that any picture of skills needs built up through qualitative engagement with employers is not representative of the wider situation
- A complexity of classification systems (e.g. Standard Occupational Classification) acting as barrier to understanding among non-technical audiences
- Difficulties in applying a robust analytical framework to prioritise skills needs because of the weakness of the underlying data at local level
- Lack of user-friendliness of some published statistics including those provided on gov.uk.

### **There are a number of practical steps that could be taken to improve the situation; some examples are set out below:**

- A national skills assessment that would serve as a platform and benchmark for local analysis
- Collection and sharing of some aspects of learning supply data e.g. commercial training provision
- Sharing best practice in terms of local evidence gathering to supplement national and published sources
- Developing user guides to help different audiences to make best use of labour market analysis e.g. education and training providers and careers practitioners
- Granular information about learning supply to support inward investment activity e.g. LinkedIn
- More timely publication of national data sources that are used to inform local analyses, like Working Futures and Employer Skills Survey
- More intelligence on individuals' attitudes to learning – preferably via a large national survey that can be cut locally. This would be of help in assessing demand and barriers to retraining.
- More data about the dynamics of workplace progression, preferably down to the regional level.

## **Funding and fiscal autonomy**

With declining national budgets for skills, a combination of measures needs to be considered to re-balance the books. These include regions having greater fiscal autonomy, a review of the government approach to high value infrastructure projects that require local skills to deliver them, yet don't factor in funding to ensure these are available, and more devolved powers to commission skills to maximise limited public resources.

**Recommendation:** Large-scale public infrastructure projects designed to level up areas should include an additional skills premium of up to 5% of the total budget of the project to maximise their economic potential.

## Key facts:

- Funding for adult education has reduced by 45% between 2009/10 and 2017/18
- According to the National Infrastructure Plan for Skills, 250,000 people will need to be retrained nationwide over the next decade in order to reflect the changing skills blend required by infrastructure investment plans. This is in addition to the substantial number of new recruits who will be needed
- Infrastructure investment is not evenly distributed across the UK - public investment is increasingly used to strengthen already prosperous regions. For example, average annual investment per capita by central and local government in the North East is only 45% of that in London (source: National Infrastructure and Construction Pipeline, 2018 update). This strengthens the case for a national levy.

The case for greater local control over public spending and taxation is compelling. Currently, less than 5% of the nation's tax take is locally controlled. Comparatively, this is amongst the lowest in Europe. A significant degree of fiscal autonomy including retention of business rates and an enhanced ability to locally raise finance and borrow for economic development is required for regions to achieve their economic and social policy ambitions, and also to compete nationally and globally.

The degree of fiscal autonomy is even variable amongst agreed devolution deals with some MCAs piloting 100% retention of business rates. Others have exercised their Mayoral powers to add a precept to council tax, subject to referendum by ratepayers, and some have proposed levies or taxes for tourists, which is common in Europe.

The inequality deepens when you consider that far too often regions are required to compete for national investment opportunities, which prevents areas from implementing long term strategic plans. This is exemplified in the recently announced national competitions outlined in the box below.

£107 million Institutes of Technology competition launched by DfE as “collaborations between further education (FE) providers, universities and employers. They will specialise in delivering higher technical education (at Levels 4 and 5) with a focus on STEM (science, technology, engineering and mathematics) subjects”<sup>9</sup>

£1.7 billion Transforming Cities Fund<sup>10</sup> competition announced by DfT in 2017, “with the aim of driving up productivity and spread prosperity through investment in public and sustainable transport in some of the largest English city regions.”

Ambitions to realise investment is made even harder as some government departments such as the Department for Transport (DfT) only have access to capital funds. These capital funds cannot be converted into the revenue funding streams needed to deliver the benefits for the people the schemes are intended to benefit.

The National Infrastructure Committee recognises that “infrastructure alone will not drive growth and that skills are also essential. In order to make publicly funded infrastructure projects economically efficient, HMT should make additional revenue funds available to areas, in line with their strategic

---

<sup>9</sup> <https://www.gov.uk/government/publications/institutes-of-technology--2>

<sup>10</sup> <https://www.gov.uk/government/publications/apply-for-the-transforming-cities-fund#:~:text=The%20Transforming%20Cities%20Fund%20aims,2017%20by%20the%20Prime%20Minister.>

plans, so they can provide the training to realise infrastructure projects and so that people can make the most of their talents and contribute to a more productive economy.”<sup>11</sup>

The additional money raised through a skills premium on infrastructure projects should be devolved to areas to fund better working of the skills system and planning for future workforce needs. Areas will then be able to fulfil strategic plans for skills and employment ensuring that localities intended to benefit from investment have the skills to do so, creating more economically efficient investment where individuals can make the most of their talents.

**Key fact:**

London is 20 years into its devolution journey, yet continues to have limited fiscal powers compared to its international neighbours, retaining 7% of the income it raises compared to 50% in New York (London finance commission, raising the capital, May 2013)

---

11

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/520086/2904569\\_nidp\\_deliveryplan.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/520086/2904569_nidp_deliveryplan.pdf)

# The future of learning and work and the importance of careers information

There is a lot of speculation and analyses about the future of work and attempts to forecast future skills requirements. One thing that is for certain is there will be major changes for the future workforce, and individuals will need access to careers support to navigate the changes and to understand how to adapt. It is also true that learning organisations have had to quickly adapt to provide more online learning for students and require investment and support to maximise opportunities in learning technology.

Among the key trends that are shaping the world of work are automation of routine tasks, the economic impacts of Brexit and COVID-19, and the greening of the economy in the context of the climate emergency. Increased automation and greening the economy are likely to mean that some lower skilled occupations will need to retrain for the jobs of the future. This will require locally rooted careers information to support individuals to find the right training offer that has line of sight to a job.

COVID-19 has massively accelerated the shift towards digitally-enabled ways of working and learning, creating an immediate need for investment in digital skills and supporting infrastructure. It has become clear that digital skills and access to the Internet are essential to education and the modern labour market, magnifying the concern associated with the existing problem of digital exclusion.

Demographic shifts will also play a part, as we have healthier and longer lives, people stay longer in the workplace. These changes will adversely affect some regions more than others, augmenting the case for greater flexibility for planning the delivery of skills and provision of careers services at the regional level.

The Commission, as part of its workplan undertook an analysis that was conveyed in its interim report. Based on that analysis, and key evidence the Commission concludes that there are a number of key principles that need to be included in the blueprint for a future ready skills system. They are explored further below:

## Maximising the potential of new learning technologies can support more flexible and effective learning for the workplace

The preference for those in the workplace is to learn while they earn and study through employer-enabled courses. Many employers recognise that giving employees flexibility to be curious and learn in a self-directed way including via MOOCs (massive online open courses) more often than not, can increase employee performance and commitment to the workplace. This is a win-win situation as both parties benefit from the learning and skills development.

An increasing number of workplaces are becoming more flexible, with atypical working patterns increasingly more common. This is facilitated through online technologies that are capable of collaboration, sharing dialogue and files and so enabling knowledge transfer. What was once the preserve of classroom-based learning is now a global learning community.

The shift towards more blended models of learning has been accelerated by the coronavirus pandemic, and the innovations and changes to work and study should be capitalised on both in the workplace and as an opportunity for training providers to shift modes of delivery. Formal learning that takes place in school, college and universities has also had to shift to learning online recently. While there are clear benefits to learning in a classroom, especially for social mobility, learning organisations have adapted quickly and may need to continue to do so.



Investment in technologies and workforce digital skills will be of increasing importance to learning organisations as classroom and online based practice are likely to be needed in equal measures. The lockdown measures have created a space for reflection on current behaviours and how the economy is run. We have seen rapid improvements in clean air as a result of fewer journeys made by rail and road. The majority of people have responded positively to the new ways of working that have been imposed by the virus lockdown. According to recent ONS survey, over two-thirds of Britons would like to continue working from home practices.<sup>12</sup>

### **A core set of competencies and transferable skills will be required in the future workplace that cannot be replicated by technology**

It is predicted that with increased use of technology, including artificial intelligence and robotics, some jobs will become obsolete, especially in those roles that include a high degree of routine and manual tasks. Higher skilled occupations requiring greater degrees of creativity and problem-solving are less likely to be affected, along with roles that involve a high level of personal interaction and emotional intelligence such as in health and care.

Alongside ensuring there are clear progression routes funded on a level playing field, a greater focus than is currently being taken is needed within the curriculum on transferable skills. Most employers say that they value transferable skills such as teamwork, organisation, communication and motivation at least as much as formal qualifications and technical skills.

In the blueprint for a future-ready skills system a common core of transferable skills should be set as part of a national framework to ensure they are embedded in learning, advice and guidance as part of a core curriculum entitlement.

### **Future work is likely to include portfolio of careers and jobs that require ‘fusion skills’ and quality careers information, advice and guidance**

Fusion skills are a combination of skills from different disciplines such as art and science as well as life (sometimes referred to as soft) transferable “soft” and basic skills (English, maths and digital).

As the world of work changes at a greater pace, the workforce will need to have the right transferable skills. A career for life is a legacy of the past. Younger workers have been characterised as seeking different outcomes from work than previous generations, often seeking an alignment of values between their workplace and personal beliefs as well as work-life balance; they are, redefining the employer-employee relationship.

As job and careers take on a portfolio dimension, learning and training must keep pace with this change. Shorter courses will help, as may the ability to collect digital badges for digital CVs. Online learning accounts could be used to capture the range and diversity of learning in a single record.

As adaptability and resilience will be central in people’s career, so is the regard and attitudes towards careers information and advice. It is vitally important that careers information is rooted in the local labour market and that the range of opportunities are relevant to the audience whether employers or individuals, and that they are connected with opportunities for next steps in learning, training and for work. For this to be effective, a range of partners including careers services, recruitment agencies, employers and, trade unions need to work collectively to support better informed decision making whether in education, work or returning to work.

Access to careers support is unequal. The current system operates through self-referral, adversely affecting certain groups including females, lower attainers, working class and minority ethnic groups where personal networks are often weaker. Furthermore, under current arrangements not everyone

---

<sup>12</sup> <https://yougov.co.uk/topics/international/articles-reports/2020/03/17/level-support-actions-governments-could-take>

has the same entitlements; with current adult provision mainly aimed at the unemployed and job-seekers.

The current system does not encourage employed people to consider career options including retraining. For those who are eligible support isn't always clearly signposted, despite the proven value in supporting people to make decisions about their future. Neither is it responsive enough to adapt to economic shock where rapid response is required for individuals at the local level.

It is harder to reach adults in the workplace with messages about careers and re-training as they rarely access careers provision available at places of learning or job centres. Trade Unions are well placed and do offer career and skills health checks to their members where they have a presence but this is not a universal service and some sectors have little or no trade union recognition.

There is a great need in sectors going through significant structural change. Re-training is required especially of older workers in sectors like engineering and manufacturing. Employers are highly trusted by their staff and have a key role to play here as they are well placed to support individuals' progress within the workplace. As the workforce ages, and automation replaces jobs or requires a degree of re-training the need for quality careers information, rooted in local information and 5-year strategic skills plans, is crucial for people to make informed choices.

**Recommendation:** Everyone should have the right to quality information and advice about jobs and careers, no matter what their stage in life.



# Recommendations

Our nine recommendations are born from the '10 things that need to change in the skills system' as identified in the Commission's interim report. The first three recommendations listed below start with those centred around the individual so that they are empowered to access and take up skills and training, and are well informed and motivated to make informed choices. It is just as important to support individuals with skills as it is to support businesses.

We have seen through COVID-19 the resilience of SMEs to adapt and re-imagine business models, individuals too should be empowered to re-imagine how they can access different jobs or work in adjacent sectors rather than re-applying for the role they currently fulfil.

These first three recommendations are followed by one that focusses on the need and importance of employers investing in skills that is supported by a regional eco-system helping them access the right provision, skills and training. To do this, the next recommendation calls for the devolution of adults skills and careers funding and is then followed by the two that are about things that underpin that devolution, the five year strategic skills plan and delivery agreements with skills providers.

The recommendations then end with the two national policy recommendations on a skills premium for publicly-funded infrastructure projects and the regional role in supporting take up of apprenticeships.

- **Ensure the funding system offers fair access** regardless of age, level of attainment, background and learning route alongside reversing the long-term decline in adult training
- Empower areas to design services around the individual to **address complex and interrelated health, employment and skills** issues
- Everyone should have the right to **quality information about jobs and careers**, no matter what their stage in life.
- **Employers should take greater ownership of their talent management and skills development**, aided by a joined-up approach to business support that means they can find the help they need, regardless of the route they take to find it
- In order that people can gain the right skills needed for good quality work in their area, **all adult skills and careers funding needs to be devolved**
- Recognise that areas are best placed to understand their own skills requirements and **implement statutory five-year strategic skills plans** to make it happen
- Ensure that training meets the current and future skills needs of regional labour markets, **delivery agreements with skills providers** should be put in place, supported by investment funding
- Large-scale **public infrastructure** projects designed to level up areas should include an additional skills premium of up to 5% of the total budget to maximise their economic potential.
- **The Apprenticeship system needs national review** to make it work more effectively, and this should include recognising and resourcing areas as the key route to employers and individuals

Each recommendation has a technical paper that includes:

- An ambition statement
- Rationale
- Current roles and responsibilities
- Proposed roles and responsibilities

The technical papers can be accessed on the Commission's key documents page:  
[futurereadyskillscommission.com/](https://www.futurereadyskillscommission.com/)

# Thanks and acknowledgments

The Future-Ready Skills Commission would like to thank the following individuals for their invaluable help and assistance in compiling this report:

**Emily Chapman**

National Union of Students

**Tom Davidson**

Sky

**Arianna Giovannini**

IPPR

**Mike Hawking**

JRF

**Chris Jones**

**Harminder Matharu**

AELP

**Anna Round**

IPPR

**Tom Stannard**

Wakefield Council

The officers of **Mayoral Combined Authorities** for sharing their experiences

Working in  
partnership  
with the

**West  
Yorkshire**  
Combined  
Authority

## Find out more

[skillscommission@westyorks-ca.gov.uk](mailto:skillscommission@westyorks-ca.gov.uk)  
[futurereadyskillscommission.com](http://futurereadyskillscommission.com)

Follow our hashtag on twitter: #futureskillscomm

westyorks-ca.gov.uk  
@WestYorkshireCA  
[customerfeedback@westyorks-ca.gov.uk](mailto:customerfeedback@westyorks-ca.gov.uk)  
+44 (0)113 251 7272

All information correct at time of print (September 20)