Labour's Policy Review

Skills Taskforce Interim Report:

Talent Matters - why England needs a new approach to skills

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Skills matter. Talent matters. Around the world, governments and employers are addressing urgent questions about how to develop high skill, talent-rich economies which can drive high levels of economic growth and enhance social cohesion. The most successful economies of the 21st century will be those which can ensure that their young people maximise their potential, develop high levels of skill and knowledge, and contribute to building successful companies. The stakes are high.

The independent Skills Taskforce was set up to examine the role of skills policy in offering young people more education and career opportunities and in building a different sort of economy – one based on high skill, technological sophistication and dynamic companies. We believe this requires a sea change in the way we think about skills in England[i]. We need to raise the status and quality of vocational learning, not just focus on the academic route through education. And we also need to raise demand for skills, providing support and encouragement to enable employers to better use and develop skills in the workplace. This will require a something-for-something deal, giving employers more control over skills funding and standards, and asking in return that they work to increase the levels of high quality training and apprenticeships in their industries.

The financial crisis has exposed deep regional, social and sector-based inequalities in England and across the United Kingdom. The increasing pace of technological change is placing new demands on employers and workers. And the shifting dynamics of globalisation have revealed sharp differences in national economies and training systems. These new challenges will require a radically new approach to skills policy – one that recognises the relationship between skills and wider economic and labour market policy. This new approach must not only improve the supply of skills but also include a concerted effort to support employers to invest in, develop and deploy advanced technological skills, to take advantage of new global markets and to create more high wage, high skill jobs. We cannot let talent go to waste – and we believe that people should have opportunities to use their talents and creativity across all sectors, locations and occupations.

Although these issues affect all employees, the remit of this taskforce is to focus on the issues facing young people. The development of a more effective and comprehensive skills infrastructure is essential if we are to offer young people adequate opportunities to realise their potential, make a successful transition to adult life and provide the basis for long-term career and personal development. High quality adult skills and retraining programmes are also important, but are not the focus of this taskforce.

[i] Skills policy is a devolved matter. This paper refers in places to data that covers the whole of the UK, but is focused on the English policy environment.

As we approach these issues the Taskforce wanted to, as a first step, examine and highlight what the main problems are in the skills system – what do we need to fix and where should we begin? Understanding these key challenges will inform the recommendations we propose in our final report later this year. This interim paper is based on significant engagement with key stakeholders and submissions of evidence from a wide range of organisations and experts. We have listened hard to what employers, training providers, trade unions and vocational specialists have told us and tried to take a balanced view of their different perspectives. We will continue to listen and engage with those best placed to offer advice and experience on the way forward: this paper represents our first thoughts on the challenges we face.

Why we need a new approach

This country has much to be proud of in the skills and education we offer our young people. Educational attainment in schools has risen in recent years – partly as a result of sustained reform and investment in education between the 1990s and 2010. There are examples of excellent practice in vocational learning, including both work- and college-based training. These include exceptional apprenticeship programmes run by forward looking and committed employers of all sizes.

Labour's decision to raise the education participation age to 18 by 2015 means that all young people should continue to engage with learning and acquire skills for work post-16. The Government is right to retain this Labour policy. However, to be effective, keeping young people in education and training must go beyond mere continued attendance, it must address the commitment and enthusiasm of those now studying beyond 16. The rising number of young people not in education, training or employment (NEET) is currently our biggest national failure in education and needs to be urgently addressed.[1]

Although governments have often talked of the importance of skills, skills policy has in practice often been created in isolation from industrial policy, with too few connections between education and the labour market. We have an education system which does not adequately prepare young people for work. Despite improvements, too many young people still leave education without effective levels of literacy and numeracy and there is too little value placed on the attitudes and behaviour required in the workplace. There are poor mechanisms to ensure that vocational courses are adequately linked to progression into good jobs or further study. The result is a system that too often fails to meet the needs of either employers or young people. Vocational education and training should be developed in the wider context of labour market and economic policy, and should seek to meet the different interests of employers, learners and the state.

For any employer, the primary concern is with their own specific company needs, and it is important that policy helps employers to develop their workforce as a key part of business planning. Learners' interests are best served by training that not only provides access to the labour market, but supports mobility and progression throughout their working lives. Young people also need the opportunity to develop social and employability skills to equip them for

work and responsible adulthood. Government has an interest in a system that is able to respond to changing economic circumstances and anticipate future skills needs, supports strong productivity and high employment, reduces inequality and generates value for money for taxpayers. Our task is to understand how to make the system work for all these interests.

Almost every country struggles with the challenge of skills training: there are complexities in drawing together employers, training providers, schools, colleges and universities to create high quality progression pathways, and real challenges in responding to rapidly changing labour markets. We are confident that we must and can do better.

In this paper we highlight six key problems that we need to address to enable our skills system to establish the basis for the sort of economy we need and for productive and rewarding lives for individuals.

Six key problems in our skills system

1. The damaging divide between vocational and academic education

Successive governments have viewed vocational and academic education in silos, leading to a focus on the latter at the expense of the quality and status of the former. Approaching education as a whole will allow the benefits of both forms of learning to be experienced by more young people, offering a broader and richer education more suited to the needs of the modern economy.

Last year the Labour Party set out its intention to raise the status and quality of vocational education. In order to achieve this, the historic and highly damaging divide between vocational and academic learning needs to be broken down. This is something we have talked about for years, but it has proved more difficult to achieve in England than in many other advanced economies. In this country we continue to build our educational infrastructure around a so-called 'gold standard' route, from GCSEs at 16, through to A-levels at 18 – but this ignores the fact that in reality only 54 per cent of all 16-18 year olds are pursuing a purely 'academic' route full-time at level 3.[2] The consequent lack of policy and political focus on vocational education has allowed low status and low quality vocational qualifications to stand in for the quality vocational education and training (VET) system we need. In a submission to the taskforce, the Institute for Learning commented:

> "Most people will live their lives with some kind of lived experience of GCSEs, A-levels and degrees; schools, sixth forms and universities. Whilst there have been reforms to these qualifications, there is a perception that they are linear and that any divergence from this path on to a vocational pathway is the preserve of those incapable or unwilling to engage in the academic gold standard or 'royal route'."[3]

We need, urgently, to embed a coherent VET framework which young people, parents and employers understand, which allows all learners to aspire and progress to exceptional levels

and which meets the long-term needs of our economy and society. Currently, too many young people are pushed down an education route that isn't right for them, simply because a clear, quality vocational option was not on offer.

We need to stop viewing vocational and academic learning in two different silos – both are improved when they are planned and developed in complementary ways, with opportunities for young people to access both and switch between them. There need not be a trade-off between these two forms of education, both complement each other and bring benefits to the learner, as seen in Ontario where a holistic approach to vocational and academic education has helped them to raise the high school graduation rate by 14 per cent in under ten years.[4] It is important to note that Higher Education should play a significant role here – as vocational specialists Professor Alison Fuller and Professor Lorna Unwin make clear in their submission to the taskforce, much of the expansion of Higher Education in recent years has come through the development of highly diverse vocational programmes and these should integrated into any new VET framework.[5]

Submissions to the Taskforce considered what young people should learn between the ages of 14 and 19. The Taskforce is clear that the curriculum for young people between these ages should meet four important criteria: It should provide a core of learning for all, ensuring high levels of literacy and numeracy; an entitlement to programmes of study which prepare young people for adult life; elements of choice which open routes to further study and employment; and all young people should undertake work experience and community activity. The 14-19 curriculum must expand young people's sense of what is possible and what they can achieve: it should be enabling and expansive - it should not foreclose possibilities. Choices made early should not be irrevocable. The opportunity to change, to grow and to develop should be built into the 14-19 framework. This kind of approach would be consistent with the upper secondary curriculum development adopted in some of the highest performing education jurisdictions, including the new Hong Kong Diploma. Without this kind of holistic approach in which young people receive a mix of academic and vocational learning we will fail, as a country, to develop the skills mix we need for a strong economy.

A baccalaureate structure has attracted very wide currency for this reason, with proponents believing they can offer young people a richer education, embedding skills and academic learning, which makes the most of young people's talents. There are some important design principles which define a baccalaureate approach: a baccalaureate is broad and choice is exercised within, rather than between areas of study; a baccalaureate develops a range of skills, knowledge and attributes; a baccalaureate has a core – be it academic or vocational; and has an extended study project. These different elements combine into a baccalaureate structure. The International Baccalaureate has gained in popularity as it includes these elements, but the IB has several drawbacks: it is targeted on a relatively small overall proportion of the attainment distribution and it is relatively expensive to run.

The Coalition Government has adopted the Baccalaureate label in its A-Bacc and in the English Baccalaureate. However, although it has adopted the basic principle of defining some breadth of study around a core, the current models for the A-Bacc and E-Bacc do not have the

necessary design coherence or breadth of knowledge and skills. There is a case for a real Baccalaureate, but current policy is unlikely to deliver the real benefits a Baccalaureate framework could provide.

Labour has proposed a Technical Baccalaureate to be achieved at 18, encompassing a core of rigorous vocational study alongside English and Mathematics to 18 for all learners. The Taskforce will examine further whether the Technical Baccalaureate should sit within an overarching structure, providing a simple, flexible system within which all young people's learning could be recognised and accredited. This could allow for some young people to follow a traditional 'academic' study programme up to A-level alongside others studying for the Technical Baccalaureate, with all students sharing the principles of English and Mathematics to 18, personal skills and extended study.

A 14-19 baccalaureate structure in which both academic and vocational education play an equal role is an approach the Taskforce will examine in more detail.

2. Low levels of employer involvement in the skills system

Many of the problems outlined in this paper, including inadequate access to good work experience and high quality apprenticeships, the weak links between vocational qualifications and the labour market, and the mismatch between supply and demand at local level, stem from the failure to involve employers in the design and delivery of vocational training. This includes the failure to support employers to address problems in particular sectors and supply chains that can lead to a lack of high quality training or progression opportunities for young people and employees.

Skills policy is not simply about the education system but must also be seen in the context of the wider labour market – the skills that are required in the economy, and how these skills are used and developed to support innovation, growth, and mobility and progression for employees. This taskforce has identified three core problems with skills in the labour market: specialist skills shortages, problems with 'employability' skills among young people associated with a lack of support to prepare young people for the world of work, and low levels of demand for and utilisation of skills among some employers.

First, the weaknesses in the current training system can be seen in the way it has failed to address the longstanding challenge of small but persistent skills gaps in certain sectors of the economy. The latest employer skills survey[6] shows that, at any one time, about a fifth (22 per cent) of all vacancies in England are reported as 'hard to fill'. These specialist skills gaps affect a relatively small proportion of employers: just four per cent of employers in England reporting vacancies that they have had difficulties filling because of skills shortages at any one time, and 18 per cent report having at least one member of staff that is not fully proficient. The impact on the competitiveness of a business can be significant, however, with employers reporting difficulty in meeting customer objectives, delays in the introduction of new products and lost business to competitors, as well as increased pressure on other staff.

Small firms and particular sectors, notably the skilled trades, are disproportionately affected.[ii] Highly skilled sectors such as high-value manufacturing and parts of the creative and ICT industries also struggle to find people with particular skills and abilities.

Second, a larger group of employers report problems with so-called 'employability' skills among young people. A submission to the taskforce by the Federation of Small Businesses highlights that more than half of their members say that school leavers have problems with literacy, numeracy and communication skills.[7] However a recent survey by the Chartered Institute for Personnel and Development (CIPD) shows that most employers do not specifically target young people with their recruitment practices and often fail to take into account the lack of work experience all young people inevitably have early on in their working lives. The result is "a real mismatch between employers' expectations of young people during the recruitment process and young people's understanding of what is expected of them."[8]

This mismatch is one factor in driving trends suggesting that employers have become more reluctant to hire and train young people over time: young people are over three and a half times more likely to be unemployed than adults – a ratio that has worsened in recent decades and is high compared to other European countries[iii].[9] The UK Commission for Employment and Skills (UKCES) Youth Inquiry showed that just 22 per cent of employers recruit young people (aged 16 to 24). Of these, between 12 per cent and 29 per cent do not find them well-prepared for work. The main reason cited is a lack of experience of the working world or 'life experience', followed by a lack of the required skills or competencies (mostly applying to graduates and less to school and college leavers), poor attitude or a lack of motivation, and lastly poor education and literacy and numeracy skills.[10] UKCES highlights the importance of structured work experience in preparing young people, including those following the academic route, for the world of work.

Third, in addition to these problems with the supply of skills, more attention needs to be paid to ensure that employees' skills are used and developed in the workplace. In our work for this taskforce, we found many excellent examples of employers, large and small, who were deeply committed to high quality training and in particular trying to help young people. But too few employers are involved in the training process. The latest employer skills survey shows that 34 per cent of workplaces in England and 41 per cent in the UK (employing 46 per cent of all employees) provided no training, either on or off the job, in the past 12 months. Only 38 per cent of UK workplaces have a training plan and only 29 per cent have a training budget. The main reason employers give for this situation is that their staff are fully proficient – in other words, that these employers use business models that do not require more highly trained staff.[11] This is due to product market and competitive strategies that

[ii] A third of vacancies in the skilled trades are reported to be 'hard to fill'. This category includes jobs such as butchers, carpenters, chefs, electricians, farmers, mechanics and plumbers. Associate and professional associates may include estate agents, financial analysts and advisors, junior police and fire officers, paramedics and technicians.

[iii] In Germany for example young people are only one and a half times more likely than adults to be unemployed.

value low wage costs over a trained workforce.[12] It is a key reason behind the relatively low levels of innovation and productivity and high levels of in-work poverty when compared to other northern European countries.

In discussions with employer organisations and Sector Skills Councils, the taskforce found frustration with a system that does not seek to build employers' collective capacity to train or to overcome the problems around poor productivity or low workplace standards that result in relatively low demand for skills in particular sectors and supply chains. It would be wrong to blame employers. The OECD has highlighted that creating a system that raises employer ambition and stimulates demand for skills is just as important as enhancing skills supply[13], and yet this issue has received very little attention in England. Solutions need to move beyond a simplistic focus on driving up qualification rates and towards a new system which encourages all parties to work together and build strong workforce skills, and also seeks to ensure that those skills are utilised in the workplace.

The failure of the current skills framework to support and encourage employers to be more involved in the design and delivery of training is a key challenge in tackling these issues. Most funding for training programmes is channelled from state bodies directly to public and private training providers. This has created a training market that offers little scope for learners or employers to ensure training programmes reflect their needs, and processes of design and quality assessment in vocational education are also often remote from these key stakeholders. Funding for training programmes also offers an opportunity to create a something-for-something deal that offers employers more control over standards, in return for increasing the number of high quality apprenticeships and work experience placements that young people desperately need.

In the submissions received to date, the taskforce has found strong support for Labour's proposal to tackle these problems by giving employers more control over skills funding and standards through industry partnerships at sector level. The involvement of employers in these industrial partnerships is crucial. However learner voice is also important. The manufacturers' organisation the EEF for example stresses that "it is important for [new industrial partnerships] to work closely with unions, colleges and quality training providers to ensure that the partnership works for both the employer and the learner".[14] Similarly, Barry Nyhan, a specialist on vocational training in Ireland, argues that, "to build a strong vocational education and training system it is essential to have an industry-sponsored apprenticeship system supported by unions, employer and educational organisations."[15] Paul Ryan, Fellow in Economics at Kings College Cambridge, argues that Chambers of Commerce and trade associations could play a role in helping to set occupational licences and organise group training arrangements in their sectors, working alongside educators and where possible the relevant trade unions.[16]

Several submissions to the taskforce emphasised that the elements of such an approach already exist in the form of the UKCES, Sector Skills Councils, trade union involvement in skills, and many excellent examples of high quality training in further education colleges and private training providers. There are many highly ambitious employers, keen to help build a

new system. For example, a joint submission to the taskforce by the Sector Skills Councils Cogent, Creative Skillset, e-skills UK, People 1st and Semta[iv] supports the idea of industrial partnerships and calls for sector bodies made up of relevant employer representatives, trade unions and professional bodies to be given the funding and tools – such as the power to set levies, tax incentives, collective investment arrangements, licences to practice and appropriate human capital reporting – to set strategic objectives for their sectors and drive co-investment to support jobs and growth.[17]

These submissions highlighted that strong industry-led partnerships at sector level are crucial to the development and implementation of skills and economic development strategies that reflect the particular issues affecting different sectors. These strategies also need to be coordinated at local level. In their submission to the Taskforce, Fuller and Unwin argue that institutional relationships between the state, civic society, employers and training providers are important at local, as well as sector, level. In the northern European countries with strong vocational training systems, sector bodies design qualifications, set licences to practice and develop economic development strategies, but the delivery, assessment and quality control of training programmes all takes place at local level. This often includes group training arrangements to support small businesses to meet their skills needs.[18] Efforts to create a more joined up approach at local level through new City Deals and Local Enterprise Partnerships (LEPs) – driven in part by the Heseltine Review[19] – have created forums for this local coordination and delivery to take place.

Many elements which are needed are in place – but we need to create a new culture, based on collaboration and encouragement not coercion, which incentivises all parties to develop the new skills system we will need to build a more dynamic, innovative economy that creates more good jobs for British workers.

3. A fragmented education system

Local education and training provision is becoming increasingly fragmented across England. The focus on competition between schools, colleges and universities, rather than collaboration, and the lack of planned area-wide provision results in reduced opportunities for young people to study high quality vocational education and training alongside their core academic learning.

One of the key issues in education at local level is how to ensure better collaboration between different providers to ensure an effective combination of high quality academic and vocational provision that caters to all learners in a given area. However, this is made more challenging by the increasing institutional fragmentation in the education landscape, with

[iv] These bodies represent a wide cross-section of industries. Cogent represents the life sciences, industrial sciences and nuclear sectors. Creative Skillset represents employers in entertainment, fashion, publishing and advertising. E-skills UK represents the software, internet and computer gaming industry. People 1st represents employers in hospitality, transport, travel and tourism. Semta represents the advanced manufacturing and engineering industries including aerospace and defence, automotive, marine, metals and electronics.

schools of many different types, colleges, universities, employers and local authorities increasingly remote from each other. Competition between institutions can be a successful driver of innovation and efficiency. But poorly planned and incoherent local education is bad for the opportunities and teaching young people receive, and it is costly and wasteful.

Currently, competition in the education system, between schools, colleges and universities, is prioritised as a means to drive up standards. Competition can benefit education but it should not be at the expense of collaboration. So we need to tackle the perverse incentives, such as funding or accountability measures, which can encourage institutions to retain pupils when their interests may be better served spending time in another school or college from 14 or 16. Greater collaboration between schools and colleges - many of whom have academic or vocational specialisms - is needed to bridge that divide and offer young people the range of opportunities they need. Collaboration in education should therefore be prioritised and incentivised – currently the reverse is too often the case.

These structural divisions between different education institutions bedevil our education and training infrastructure, hampering our ability to provide the opportunities which the country - and young people themselves – need. If we are to offer all young people the chance to thrive then we need to ensure that educational provision is coherent and easily navigable across both rigorous vocational and academic opportunities.

Collaboration can be a powerful driver of change. It can also, of course, simply describe the sharing of a college sports field or some additional paperwork and box-ticking for teachers to pass between schools. But meaningful collaboration does exist in many places across the country and we need more of it to help transform the opportunities open to young people. For real collaboration to be widespread attitudes in education need to change and educators need to be incentivised to act much more radically to form real partnerships with other local institutions.

We therefore need to re-gear local co-operation so that schools, colleges, employers, universities and independent training centres are encouraged and able to work together to provide students with a full range of academic and vocational learning opportunities. Only if we do this can we provide opportunities to blend high-quality technical and vocational programmes alongside academic subjects and give learners access to specialist teachers and facilities.

Promoting shared responsibility for the outcomes of young people once they turn 18 could be one way to improve cooperation between educational institutions. This could help to ensure young people are encouraged to make the right choices for them regarding courses and destinations at 14 and 16. A greater role for a 'middle tier' in education, between the Department for Education and local schools and colleges, would also be beneficial here to help foster partnerships between institutions and help to plan education and training provision locally to ensure the maximum possible opportunities for young people.

4. The need for a new vision for Further Education

The Further Education sector presents an opportunity often over-looked by policy-makers. A reinvigorated role for FE in the local economy, centred on the delivery of quality education and training to meet the needs of local industry and employers, would provide a significant boost to our skills system. To fulfil this role however, standards of teaching and learning in FE need to be improved – there are many examples of excellent practice in FE, but this needs to be spread across the system.

Further Education (FE) colleges educate over 850,000 16-18 year olds across the country, including a third of the young people studying for A levels.[20] Yet despite their importance in the education landscape, the role they play in the education system and their local economies has not been given enough attention. England has some excellent public and private training providers that deliver world-class vocational education in partnership with some of our leading industries. But the capacity of further education colleges to design relevant content and explore innovative teaching methods has been eroded by its dependence on government funding streams, leading in many places to a lack of high quality specialist vocational education. We need an FE system with vocational excellence at its heart. Addressing this issue is likely to encompass questions of finance, governance, the relationships between colleges and their local labour markets and teaching standards.

Centralised funding streams can lead to a mismatch between the courses on offer and the needs of local learners and employers in a particular area. Ensuring that vocational education provides strong routes into work and real workplace experience for learners is made more difficult by the fact that many colleges have weak links to industry representatives or local labour markets. The submission from Landex argues that a key part of the success of land-based colleges in meeting the demands of the agricultural industry is the inclusion of industry representatives on their governing bodies and committees. They also operate industrial liaison panels that work with subject specialist staff to ensure they remain up-to-date with industry needs, take an active role in course design, and keep industry representatives informed about course content and structure.[21]

The system as a whole has some systemic problems. A common complaint from employers is that many FE colleges and training providers offer 'off-the-shelf' training packages that do not meet their needs. The current funding system, which is led by student numbers, can also mean that providers are unwilling or unable to provide tailored or specialist courses to individuals and smaller companies. There is a need to bring local industry, universities and training providers closer together in curriculum planning and delivery. In addition to arrangements to improve how training providers work with local authorities, the local and regional arrangements discussed above, such as City Deal sand LEPs, provide a structure through which this could be done.

In order for colleges to successfully take on a reinvigorated role in the local economy we need to ensure standards are high across the board in the FE sector. Ofsted has raised serious concerns about teaching standards in some FE institutions. A specific issue is the

knowledge and experience gap between college lecturers and industry, exacerbated by problems of an ageing workforce within FE. Higher quality vocational education requires FE teaching to be more closely aligned with developments in the workplace – the teaching of vocational qualifications must be rooted in the world of work and should be based on recent industry expertise.

It is therefore important that FE lecturers understand their industry and can draw on up-to-date experience of the work place and developments in their sector. The McLoughlin Commission's "teach too" proposal[22] to encourage employers to help their staff teach in the local college, and CentreForum's pilot of a programme of part-time secondments by industry professionals to teach in FE colleges, are two examples of how to bring in industry skills and experience.[23] The submission to the Taskforce by the manufacturers' organisation the EEF also contained a useful recommendation for keeping the teaching of vocational education in touch with industry needs:

> "Whilst experienced lecturers will teach vocational qualifications, it is important that those teaching any academic elements also have knowledge of the world of work. … We recommend that as part of STEM [science, technology, engineering and mathematics] teachers' continuing professional development they spend two to five working days each year within a business to gain first-hand experience of the workplace. This would help teachers to demonstrate how the skills and knowledge learnt can then be applied to the real world. It also gives employers the opportunity to demonstrate to teachers what is expected of pupils when leaving the education system."[24]

In addition to providing high quality vocational education, FE colleges have a unique opportunity to tackle the blight of poor English and Mathematics skills which prevent too many young people from progressing into and succeeding in employment. Currently, less than 50 per cent of students have English and Mathematics GCSE (grades A*-C) at the end of Key Stage 4 (age 15/16) and at age 18 the figure is still below 50 per cent. Only 4 per cent of the cohort achieve this key credential during their 16-18 education.[25] Traditional teaching of these subjects in a school setting does not get the best out of many young people. The teaching of English and Mathematics within a more vocational setting and in the context of the world of work may help many more young people to reach their potential in these crucial subjects. But this will require more teachers based in colleges who possess the skills and qualifications to teach English and Mathematics to GCSE level and beyond. As the 157 Group argues:

> "Colleges do face a challenge in having the number of appropriately qualified teachers to deliver GCSE courses to an increasing number of young people following the RPA this year, but many are developing innovative local solutions in partnership with schools and employers".[26]

This capacity gap in English and Mathematics provision needs addressing if we are to deliver the Labour goal of all young people continuing to study some English and Mathematics to 18.

Alongside continued efforts to raise standards in the basics in schools, we must do more to improve the teaching of these subjects in colleges. Currently, too many young people who have struggled at school fail to reach even basic levels throughout their time in college post-14 or 16.

5. The lack of high quality apprenticeships

There is a strong political consensus that apprenticeships play a critical role in the skills infrastructure and should be expanded. Various government reviews – most recently the Richards Review – have highlighted that the apprenticeship 'brand' is at risk from the low standard of some apprenticeships, particularly those created in recent years.

There are some excellent apprenticeship schemes, which ensure a channel of rigorously trained workers for employers and provide young people with exceptional learning opportunities and clear routes into skilled work. However, the poor quality of some apprenticeships was raised as a core issue in many of the submissions the Taskforce has received to date. Too many of the apprenticeships created recent years have offered limited training and progression opportunities. Too many have been created for existing employees in relatively low skill, low wage jobs, many of them adult workers rather than young people entering the labour market for the first time. Adult training is important, but apprenticeships are a tool to support the school to work transition. The lack of effective and high quality apprenticeships for 19 to 24 year olds is particularly important, as it exacerbates the problems this group has in securing routes into stable and well-paid work.

It is welcome that all apprenticeships for young people must now last at least a year. However this is still far less then the typical 3 year apprenticeship in other northern European countries. And two-thirds of all apprenticeships in this country are at Level 2 – a level not recognised as an apprenticeship elsewhere in Europe, where apprenticeships are Level 3 qualifications and above. As Richard Lambert has put it, too few apprenticeships "offer qualifications equivalent to A-levels rather than lower-level GCSEs".[27] Successive governments have expanded the definition of apprenticeships rather than protecting their high quality status. The Richard Review[28] is a step in the right direction towards tackling these problems.

Apprenticeships of low quality are of no proper benefit to either individuals or to employers. High quality training should improve productivity and support young people to progress. Yet in some of the service sectors where the concerns about quality are most acute less than a third of apprentices receive any off-the-job training, while one in five apprentices receive no or minimal training of any kind.[29] The fact that 20 per cent of apprentices do not receive the statutory minimum apprenticeship rate of £2.65 per hour[30] is also a clear signpost for poor quality provision and, combined with the lack of actual training taking place on some apprenticeships, suggests some abuse of the system. There is a worrying gender dynamic to these problems, with most of the higher quality apprenticeships in the male-dominated traditional occupations, while most of the newer, poorer quality apprenticeships are concentrated in female-dominated occupations in the service sector, many of which are

poorly paid. The aim must be to ensure quality is high in apprenticeships across all occupations. We should also address gender stereotypes in educational pathways, by seeking to encourage more females to enter male-dominated apprenticeship routes such as engineering and to ensure that more young men consider female dominated routes such as social care.

Apprenticeships need to be longer, more rigorous and focused on the skills that will take our economy forward. Government should provide clarity on what counts as an apprenticeship and what should not. This should include universal requirements, based on international best practice, to ensure apprenticeships last a minimum period of time and include underpinning theoretical knowledge (including relevant academic subjects) and high quality on- and off-the-job training.

Beyond these minimum standards, the content of apprenticeships should be responsive to the immediate and future skills needs of particular sectors and occupations. Employers and employees are a key source of operational knowledge and understanding in this regard. Employers, and where possible unions or other employee representatives, must have a greater role in developing the content and assessment procedures for apprenticeships. In addition to the role unions can play in the sector and local level institutions discussed above, Union Learning Representatives can promote higher standards quality on the 'shop floor'. A submission to the taskforce from the specialist agricultural sector training provider Landex cautioned against tailoring apprenticeships to the needs of individual employers or narrow aspects of specific industries, as this risks restricting future career opportunities for the learner.[31] Funding structures that give employers more control of funding, but which also incentivise them to offer young people high quality training programmes that will equip them throughout their working lives will be important here.

There is a structural question to address here. Simply subsidising employers to deliver training that would have taken place anyway is not the answer and in the past has resulted in high levels of 'deadweight' funding. We need a concerted policy framework which stimulates the supply of apprenticeships at Level 3 and above. This will require us to support employers to develop high-skill business models through which investing in high skill training and apprenticeships makes sense because it is in the interests of their business to do so. This is the true scale of the challenge, it is how a lasting increase in real, quality apprenticeships can be achieved, and it requires a fundamental shift in our approach. Procurement policy can also be used to encourage employers that wish to gain access to lucrative government contracts to train young people.

6. Poor quality advice to navigate the transition between education and work

The academic 'royal' route through education is very clear, while the vocational route from 14-18 and beyond is confusing and complex. Too many vocational qualifications do not provide clear progression routes to work or further study. Young people today are forced to contend with a challenging, shifting labour market in a tough financial climate. The need for quality, impartial advice and to equip young people with the tools to make the right choices throughout their education and into employment has therefore, arguably, never been greater.

In our education system good quality information, advice and guidance only reliably exists for those students following a conventional, 'academic', route through GCSEs and on to A-levels and then university. For the 14 year old looking to begin a technical career or aim for an apprenticeship, there is little clear or accessible advice available on how to navigate through the system, which qualifications to take and where, or how to access the labour market. In a nutshell, there is currently no 'gold standard', prestigious vocational award for young people to aim for. Labour's Technical Baccalaureate presents a good opportunity to address this problem.

By comparison with the clarity of academic routes – from GCSE through to A-level – vocational qualifications are, as Richard Lambert points out "extraordinarily complex and opaque".[32] The evidence is strong that young people are not routinely given access to information on the full range of choices available to them. The Association of Colleges conducted a survey in 2011 which found that only 7 per cent of pupils were able to name apprenticeships as a post-GCSE qualification.[33] Similarly, the Edge Foundation commissioned ResearchBods to survey 500 A level students and found three quarters said they were given no information about apprenticeships.[34]

While employers and individuals will continue to require diverse vocational programmes that respond to the variety and complexity of the world of work, signposting and progression through these programmes should be much clearer. The country needs a more coherent qualifications framework and young people need good advice on how to make the choices which are right for them. A paper submitted to the taskforce by the Education and Employers Taskforce, b-live and UKCES found that the career aspirations of young people do not reflect the reality of labour market demand, leading to poor study choices and unrealistic ambitions.[35]

On top of this, employment markets are changing rapidly – the combined impacts of technological change, global shifts in production and consumption patterns, shifting pattern of public spending and the slow and painful emergence from the global financial crisis. Young people cannot negotiate the difficult choices they need to make about their futures alone. Their families are also often unable to give them good, up-to-date advice. But without good advice, the chances are that more young people will make ill-advised choices based on too narrow an understanding of that they can do and what they might be capable of doing in the future.

Since 2010, responsibility for information, advice and guidance (IAG) has been devolved to schools. Almost without exception, those to whom we spoke believed that this is the wrong place for IAG to be located without further consideration of how to ensure the advice delivered to young people is accurate, informed and independent. In some ways, it is possible to understand the rationale for the decision to give schools responsibility for delivering IAG: schools know their students well, and have excellent data on their attainment. But in every other respect schools are ill-placed to offer independent and impartial advice and guidance. For many schools, there is a difficult conflict of interest since some of the progression routes beyond 16 are within the school itself and funding regimes encourage the retention of pupils in school.

But there is a more pressing difficulty: schools, and often those providing IAG within them, are not necessarily well-equipped to understand employment developments in local or regional labour markets – put simply, they may not know 'what is out there' in terms of job and career opportunities for their students. Schools are critical to the delivery of effective IAG, but they need to be incentivised to take responsibility for the destinations their students reach after leaving the school. Whilst head teachers recognise the value of IAG, the dynamic nature of local employment and training opportunities is such that school-level knowledge can never be sufficient and needs to be reinforced with high quality current online information and periodic expert external input.

Given the challenges facing young people, it is all the more important that they are supported and equipped to navigate the transition between education and work. Therefore, there is a need not just to improve the delivery of IAG but also to radically change its content. Traditionally, the IAG delivered to young people has been focused on simply informing them of potential education and career options. A shift in emphasis in our IAG system is necessary to reflect the markedly different and varied options available to young people today and the new ways in which our young people seek out and receive information.

Best practice in IAG points to an advice and guidance system which not only gives young people information but also has a broader objective: focused on equipping young people confidently to seek out information and opportunities for themselves - and to continue to do so long after careers lessons have finished. Young people should be supported to make the right choices for them based on an understanding of where their strengths lie, experience of different workplaces, and an informed assessment of their skills and interests.

In Germany, a successful 'Vocational Orientation System' prepares young people for the next steps in their education and training by allowing them to spend time in varied workplaces gaining an insight into different jobs. It also gives young people the opportunity to assess their aptitudes and build their capacity and confidence to make choices that best meet their needs and interests. At the end of the orientation programme each young person receives an assessment of their skills, with suggestions on courses and careers. Since implementing the Vocational Orientation System, drop-out rates from courses have significantly reduced. Similar assessment systems exist in Switzerland and Austria.

Employers can play a major role here. Giving young people a taste of their industry can be hugely beneficial to students contemplating their next steps. It can also be beneficial to employers looking to recruit the energy and new ideas young people bring to the workplace, helping to address problems such as an ageing workforce. The e-Skills submission to the Taskforce makes the strong point that often employers are unsure of what constitutes good work experience and how to go about offering it young people.

> "There are good practice examples of local collaboration between schools / colleges and employers and we believe these can be built upon. However, feedback from some employers suggests that they lack confidence to offer worthwhile work placements for young people. Employer owned partnerships, could create a guidance document for employers to make this easier for them to provide more high quality placements."[36]

The CBI's submission also contained a good example of industry proactively engaging young people – the optics sector's campaign 'New Dimensions':

> "Working together, employers, universities and professional bodies in the optics sector identified young people's lack of awareness of the sector and the careers it has to offer. Together, they formed a campaign to promote optics to young people. The programme has taken an innovative approach to inspiring young people about the career possibilities of the sector, designing a one hour interactive lesson (including a 3D film) to fit within the national curriculum. New Dimensions has also created resources that staff can use for engaging with Year 9 pupils in local schools. New Dimensions have won a number of awards for their approach, including the Innovation in Recruitment Award at last year's The Recruiter Awards."[37]

Young people need high quality guidance and help in how to make sensible decisions based on their own interests and aptitudes which will help them make the right decisions based on full information, clearly signposted routes and building the individual's capacity to take decisions. There is therefore a strong case for a sub-regional, independent information and careers guidance service with strong links to employers. In the current climate, any service will have to offer excellent value for money, so it is crucial that best practice is studied and new approaches tried and tested. It is clear though that the costs of poor or no advice are high, for the individual, society and the economy, because talent is wasted, employers miss out and the state picks up the pieces.

Meeting the skills challenge

An economy built on low skilled jobs is not a future any country would want. The spoils of the twenty-first century will be shared between those who get skills right – who, at every level of attainment and ability have a system which delivers for employers, young people, the workforce and society as a whole. At a time of constraint this means making some tough choices – redirecting investment rather than new investment; a balance between government, industry and the individual's contribution; an equitable approach to sharing the costs and the benefits; making short-term sacrifices for long-term gains. The most successful skills systems in the world – Germany, South Korea, Taiwan, Singapore, Canada – have built their success on long term planning, and involving all stakeholders in creating a responsive, flexible dynamic framework. We cannot afford to do anything else.

The debate about skills is often characterised by lofty rhetoric about their importance, easy solutions which do little more than create more low skill apprenticeships, filling skills gaps and a focus on building 'parity of esteem' between vocational and academic qualifications. All of these objectives miss the point. Vocational education will receive the status it deserves when Government takes it seriously and ends the delivery of education in silos. It is not just the acquisition of skills that drives economic and social goals, but also how they are used and developed in the workplace.

Employers will create the skilled jobs and training for young people to progress into when we have shifted the structures and incentives that shape the labour market currently, and when policymakers pay greater attention to how skills strategies link to industrial and growth strategies. These are challenges that go way beyond the traditional 'skills agenda' which is why we must approach the skills challenge intelligently and realistically, and it must form part of the Labour Party's wider policy agenda.

The Skills Taskforce will continue to consider how best to meet these significant challenges as we work towards our substantive report. Our recommendations will focus on how to foster a skills system which encourages and incentivises the talent and aspiration we know our young people, educators and employers possess – we need to unlock that potential.

Annex 1

Membership of the Skills Taskforce

- **Professor Chris Husbands (Chair):** Professor Husbands became Director of the Institute of Education in January 2011. He has directed numerous research projects, including the National Evaluation of Children's Trusts (2004-2009) and the evaluation of the leadership development programme for Directors of Children's Services (2009-2010), as well as a comparative study of high performing education systems for the UK government. Before his appointment as Director of the Institute he led large schools of education at the Universities of Warwick and East Anglia.

- **Stephen Alambritis:** Stephen is the Leader of the Council at the London Borough of Merton. Formerly Head of Public Affairs at the Federation of Small Businesses, he is currently a member having set up his own successful small business in the property sector. He is also a Commissioner at the Equality and Human Rights Commission and is also on the Board of the London Pension's Fund Authority. He was formerly a member of the Better Regulation Task Force and was also Chair of Enterprise UK.

- **Graham Cole:** In 2011 Graham became Chairman of AgustaWestland Ltd and was also appointed to the Board of the parent Company Finmeccanica UK. Graham is also Chairman of Vix UK Limited and a member of their global board. In 2012, Graham was appointed Chairman of the CBI South West and he is also President of The West of England Aerospace Forum and a member of the Ministerial Aerospace Committee.

- **Jacqui Henderson CBE:** Jacqui is Managing Director of Creative Leadership and Skills Ltd, a consultancy and project management company. She was previously Chief Executive of Tec National Council and UK Skills and Regional Director of The Learning and Skills Council in London. Jacqui was awarded the CBE in January 2001 for services to Education and Training. She is Vice Chair of Newcastle University and was until March 2012 Chair of Northumberland Care Trust.

- **Dr Ann Limb OBE DL:** A former FE College Principal, Anne is Chair of the South East Midlands Local Enterprise Partnership and she has worked in the private sector for the last 8 years. Following her successful career in the FE sector, Ann was responsible for implementation of the UK government's flagship e-learning initiative learndirect and was a member of the government's Digital Inclusion Panel. In the 2011 Queen's Birthday Honours list, Ann was appointed an OBE for her services to education.

- **Bill Thomas:** Bill is a former Senior Vice-President and General Manager of EMEA at Hewlett-Packard. He is the Proprietor of Hopton Estates, and holds nonexecutive directorships of Xchanging plc; and of GFI Software Sarl, a leading supplier of software to the SME market. He chairs the International Advisory Board at the Cranfield School of Management and sits on the Advisory Board of Leeds University Business School. He was formerly Executive Vice-President at EDS.

- **Tom Wilson:** Tom was appointed Director of unionlearn – the learning and skills organisation of the TUC - in July 2009. Prior to that, Tom had been Head of the Organisation and Services Department at the TUC. He was previously head of the

National Association of Teachers in Further and Higher Education's Universities Department for five years and Assistant General Secretary at the Association of University Teachers from 1988.

- **Tom Sherrington:** Tom is Headteacher at King Edward VI Grammar School, Chelmsford, member of the Headteachers' Roundtable and Chair of the Vision 2040 Redesigning Schooling Group for the Specialist Schools and Academies Trust.

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