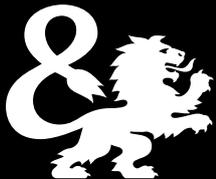


SENSE & 
INSTABILITY:

Three decades of skills and employment policy

The policy area has flipped between departments or been shared with multiple departments **10 times** since the 1980s.

Between them they produced **13 major Acts of Parliament.**

SENSE & INSTABILITY

Numerous programmes and initiatives, many of which have now been redefined or abolished altogether.

61 Secretaries of State responsible for skills policy over last 3 decades.



Foreword from Chris Jones

Chief Executive of the City & Guilds Group

Constant change is the reality for those of us who work in the world of skills. We see changes to qualifications, to policies, to funding, to Government priorities, and to Government itself. Since 1981, there have been 61 Secretaries of State with responsibility for skills policy, each with their own agenda for change. Consider the impact that each and every one of these changes has had, and how they have affected those involved in the skills and employment sector: training providers, employers, awarding bodies and, most crucially, those individuals who are seeking to develop their skills in the first place.

With a General Election on the horizon, now is the time to think about the impact of these changes and learn from our past experiences. The process of producing this report itself has been telling. What we thought would be a straightforward policy review quickly turned into something far more complex, by virtue of the fact that the evidence, quite simply, is not there.

It is astonishing that there is no central repository of past policies, reviews and evidence relating to skills and employment that policymakers can easily access.

This ‘collective amnesia’ surrounding past policy is a serious problem: how can effective policies be designed without understanding what has and has not worked in the past? Comparisons of policy reveal that while times have changed, the challenges have not. For example, the recent UKCES* recommendations for engaging employers have a lot in common with recommendations made in 1984. Clearly the past has a lot it can teach us.

Changes in Government also meant rapid changes in policy: each minister wants to leave his or her mark. While these initiatives can have positive effects, sometimes it feels like a case of change for change’s sake. When our future workforce is concerned, this is simply not acceptable. Clarity is essential and mistakes can have lasting impact on individuals and the economy. Skills and employment policies** need to be carefully designed, thoroughly tested and slowly embedded.

With this in mind, we recommend three key things:

1. We need to see stability through consensus in the skills and training sector. We support the current network of Local Enterprise

Partnerships (LEPs) and believe they should be set up on a statutory basis. From the evidence in this review, it is clear that effective partnerships between central and local administration are key if we are to see long-term, sustainable results.

2. The Department for Business Innovation and Skills Select Committee should conduct an inquiry into the skills and training system, similar to that conducted by the Children, Schools and Families Committee in 2010 (*From Baker to Balls: the foundations of the education system*). This inquiry would seek to analyse the historical policy context in the skills and training system and provide evidence-based recommendations for future approaches to policymaking in the sector.

3. The Government should establish a body with independent oversight of the skills and training sector, to ensure that changes to the system are scrutinised and tested, and that their sustainability is assured. This body should also be responsible for evaluating Government’s performance against skills and training targets, and scrutinising the costs and benefits of new policy.

It is in everyone’s best interest to support policies and initiatives that are considered with the benefit of hindsight. Policies should work to improve – not hinder – individuals’ futures and their opportunities.

Thank you to everyone who has contributed to this report. We always encourage open and transparent discussion and we hope that this review contributes to this important ongoing conversation – in the run up to the General Election and beyond.

* Please refer to the glossary on page 64 for a full explanation of all acronyms

** The term ‘skills and employment policy,’ which is used throughout this report, encompasses: vocational education and training structures and policies; policies and initiatives to help people enter the workplace; and policies and initiatives to help people develop their skills in the workplace



Foreword from Lord Andrew Adonis

Former Minister for Schools (2005- 2008)
and former Transport Secretary (2009-2010)

This review offers a valuable contribution to the debate around improving the quality of vocational education and training provision in this country. As the three main parties prepare for the forthcoming General Election, this report raises a number of important questions, not least asking why policy which is formulated in Whitehall can often fail in the implementation phase. This is a perpetual challenge and one that everyone who has worked within Whitehall or on the frontline of local delivery will have witnessed first-hand.

Reflecting on my own experiences, I welcome City & Guilds' call for greater stability in the system, with more emphasis on continuity and effective long-term planning. Without these elements, we simply cannot ensure that every employer can attract, recruit and train the best young people coming out of our schools and colleges.

As the review highlights, the transition from education to employment has been a perennial challenge for policy makers in this country and I support the call for greater cross-party working to achieve this. My own work on the Academies programme, though still viewed by some as a controversial reform of our schools, now enjoys broad cross-party support. This experience made clear to me the importance of building a coalition of support for turning around some of our most challenged schools. I want to see a

similar prioritisation and energy in reform of the vocational sphere.

Stability in the decision-making process, however, should not be at the expense of innovation and progress. It should not mean accepting the status quo at the expense of quality, rigour, and accountability. Everyone responsible for policy making and implementation must continue to challenge and improve the system so that we remain among the highest performing nations in the world. This report rightly highlights the need for better checks and balances on policy making so that where there is an intervention by Government, or a change of direction, it is grounded in a strong evidence base that takes into consideration the lessons of the recent past. I hope that this paper begins a debate that is long overdue.

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01

EXECUTIVE

SUMMARY

1.1 REPORT OVERVIEW

Over the past three decades, England has witnessed dramatic changes in the skills and employment landscape. Numerous ‘State of the Nation’ reports, skills strategies, consultations, white papers and Acts of Parliament have been introduced – all aiming to ensure the UK has a highly skilled workforce, which is equipped to meet the challenges of global competition. Debate surrounding the status and content of vocational education and skills continues today, with employers expressing concern over the perceived gap between the skills that they need and the skills that are provided by the skills and employment system.

The perceived disparity between academic and vocational routes underpins this debate. Many of the policies unveiled since the early 1980s have been intended to rectify the perception that the academic route is superior to the vocational. While the academic route has structures (schools and sixth forms), pathways (university) and qualifications (GCSEs and A levels) that are well understood, the vocational route is often more complex. It offers a broader range of qualifications and services multiple stakeholder groups, including young people, those undertaking job-specific training and the unemployed. It is also worth noting the role that policies such as New Labour’s target of 50% of young people attending university may have played in the academic/vocational divide, however unintentional.

The challenge of achieving a holistic approach, which meets the needs of a range of stakeholders, has both informed policy and contributed to the ongoing changes in and the skills and employment system. Each of the interventions in the landscape has created its own legacy. Qualifications have been both a feature and instrument of policy; many were

replaced, however, before they had even been implemented. There is little evaluation or evidence about what has and has not worked, or even a reliable repository of information about the initiatives and policies that have been tried before. It is clear that the most challenging aspects of skills policy are not simply the content, design or delivery – the lack of consistency and the failure to learn lessons are also critical factors.

This review is concerned with tracking and evaluating key changes to the skills policy landscape over the past three decades in order to identify areas of good practice and ways in which lessons can be learnt in skills development. This review aims to:

- Learn from past reviews and policy implementation by exploring what has been successful and what has stood the test of time
- Define the problems that have been most intractable over the long term and assess how they might be dealt with
- Define the structures and mechanisms that are most effective in the delivery of policy aims
- Assess which aspects of the system have been short-lived and caused instability
- Determine what we can do to create stability and to allow policy to be implemented more effectively, on the basis of evidence and experience.

This report analyses three defined areas relating to skills and employment policy:

- Young people
- Employed adults
- Unemployed adults

As a major feature of skills policy, the report also includes an overview of changes to the vocational qualifications and governance structures. It is important to note that this review

¹ http://news.bbc.co.uk/1/hi/uk_politics/460009.stm

focuses primarily on England, recognising that policies and approaches have differed in the devolved administrations of Northern Ireland, Scotland and Wales.

It is also important to note the selective focus of this review, which has only included a limited range of policies and initiatives; to include all policies and initiatives would require a significantly lengthier review. The key documents utilised in this report are outlined in the Appendix. Finally, it must be noted that the focus on shifts in the skills and employment landscape does not imply that the academic education landscape has not also been subject to the same challenges; again, to consider education policy as a whole would require a far more substantial review.

1.2 CONTEXT

A key finding of this report focuses on the sheer breadth of change that has occurred within the skills landscape over the past 40 years.

A snapshot of these changes includes²:

- **Major reports and policy papers:** Key reviews of vocational education and training include the Dearing, Beaumont, Cassels, Tomlinson, Leitch, Wolf and Richard Reviews.
- **Acts of Parliament:** Since 1981 there have been 28 major Acts related to the development, organisation and structure of vocational and further education and skills training in the UK. These Acts include the Employment and Training Act 1981; Further Education Act 1985; Education Reform Act 1988; Further and Higher Education Act 1992; Learning and Skills Act 2000; Further Education and Training Act 2007; Education and Skills Act 2008; Apprenticeships, Skills, Children and Learning Act 2009; and the Education Act 2011.
- **Machinery of Government changes:** As well as ministerial change, skills and industrial policy has changed departments or been shared with different departments in no fewer than ten instances since the 1980s. In sum, there have been six different ministerial departments with overall responsibility for education since 1981 comprising the Department for Education (since 2010); Department for Children, Schools and Families (2007-2010); Department for Education and Skills (2001-2007); Department for Education and Employment (1995-2001); Department for Education (1992-1995); and Department for Education and Science (1964-1992). In the same period, there have also been five different ministerial departments with responsibility for employment, skills and training comprising the Department for Business, Innovation and Skills (since 2009); Department for Innovation, Universities and Skills (2007-2009); Department for Business, Enterprise and Regulatory Reform (2007-2009) and Department of Trade and Industry (1970-2007); and the Department for Work and Pensions (since 2001).
- **Agencies:** In the same lifespan as the Manpower Services Commission we have seen seven successor agencies responsible for this remit (Training Commission, Training Agency, Training and Enterprise Councils, LSC, YPLA, SFA, EFA). As well as these, a number of related bodies have come and gone (for example Basic Skills Agency, LSIS). We have also seen a change from 25 statutory sectoral Industry Training Boards to mainly voluntary ITOs – Lead Bodies, Occupational Standards Councils, then NTOs, SSCs and now Industry Partnerships and other ‘employer groups’ responsible for setting national standards of occupational competence. These sectoral

² Please refer to the Glossary for explanation of acronyms

organisations were initially coordinated by the relevant government department, followed by the SSDA and currently by the UKCES. From 1998 we also saw the involvement of the Regional Development Agencies and now the LEP network. During the same period there have been three changes in inspectorate from the introduction of the Training Standards Council, the brief period of the Adult Learning Inspectorate and now Ofsted.

- **Ministerial change:** Since 1981, there have been 61 Secretaries of State with responsibility for skills and employment. This includes Secretaries of State within both education and employment ministerial departments.
- **Programmes:** There have been numerous programmes and initiatives, many of which have now been redefined or abolished altogether. Key initiatives include YTS, TOPs, YT, Apprenticeship (under various names), Traineeships, Train to Gain, E2E, Skills for Life, Adult Basic Skills, EMA and Employer Ownership of Skills.

1.3 YOUNG PEOPLE

Our report considered policies that focused on:

- Increasing participation in education and training for post 16-year-olds
- Providing learners with a choice of equally valued routes
- Qualification reform.

The types of initiatives and policies considered in this review focused on two main areas of skills development: qualifications reform, and apprenticeships and training.

Qualifications reform has been characterised over the period of this review by frequent change. The introduction of NVQs in 1986 aimed to increase participation amongst young people and also to align qualifications with occupational competence; only six years later, however, GNVQs were introduced amidst criticisms that occupation-specific qualifications would limit young people's career prospects³. GNVQs further underwent iterations as AVCEs and Applied GCEs before being phased out between 2005 and 2007⁴. Political influence on qualification reform has also been significant, as demonstrated by the shifts and confusion surrounding the introduction of Diplomas: commonly viewed as being a flagship policy of the Labour Government and ultimately rejected by the current Coalition Government⁵.

Apprenticeships have been a constant feature of skills policy regarding young people over the period of this review, from the Youth Training Scheme in 1983 (later simply Youth Training) to Modern Apprenticeships in 1994 and the upcoming changes resulting from the Richard Review in 2013. Criticisms of the apprenticeship system have focused on the lack of guaranteed employment and/or further training provided⁶; additionally, excessive bureaucracy and a lack of employer engagement were noted as failings by the Dearing Review⁷. As with qualifications reform, shifts in Government policy have been noted as having a significant negative impact on the apprenticeship system, with the House of Lords Economic Affairs Committee reporting in 2007 that the system has suffered poor leadership and a string of initiatives that have not been implemented successfully⁸.

³ *Education and Training for 21st Century* White Paper, published 1990

⁴ http://webarchive.nationalarchives.gov.uk/20081112025634/direct.gov.uk/en/EducationAndLearning/QualificationsExplained/DG_10039029

⁵ <http://news.bbc.co.uk/1/hi/education/7625483.stm>

⁶ <http://www.independent.co.uk/news/youth-training-scheme-a-failure-and-a-disgrace-labour-says-1572820.html>

⁷ HL Deb 14 November 2001 vol 628 cc618-56

⁸ House of Lords Economic Affairs Committee, Apprenticeship: a key route to skill, HL 138-I 2006-07, 20 July 2007

Key findings

- There has been significant and ongoing political tinkering in the system.
- There exists a fundamental conflict between political incentives to make quick changes and the stability required by the education and training system.
- Consistent churn in the system has created a collective amnesia and growing lack of organisational memory at political and official levels.
- There has been a preponderance of scheme and qualification name changes linked to a desire to rebrand, which has often led to confusion and frustration among employers and learners.
- The proclivity of policymakers to cherry pick from review recommendations has also led to greater confusion in skills and employment policy.
- The history of policy in this area demonstrates an unhappy compromise between two conflicting aims: training people to work in a specific occupation, and ensuring that individuals' training is broad enough so that their occupational choices are not limited.

1.4 EMPLOYED WORKFORCE

Ensuring that the UK has a strong skills base for economic growth and prosperity is at the heart of skills policy. The 'skills gap' and improving employer attitudes to training are consistent themes that occur throughout the period of this review. We have considered two specific objectives that aim to address these issues:

- Raising the skills and qualification levels of those in the workforce
- Improving employer engagement.

Initiatives to improve skills levels have included employer-driven schemes such as Investors in People, and policy-led schemes such as the Skills Pledge and Train to Gain. Investors in People, now entirely commercially funded, has had not only longevity but also a strikingly high satisfaction rate amongst employers⁹. The Skills Pledge, while still in existence, faced criticism for a lack of clarity about its objectives, and also regarding its quantitative targets, which it was feared would compromise on quality. Train to Gain, which was discontinued in 2010 after only four years of operation, was described as a '*deadweight cost*'¹⁰ and was criticised for being used to accredit current levels of competence without training or for training that employers would have done regardless of public funding.

UKCES, established in 2008, has been a successful example of employer-led infrastructure in the UK. Its 2013 recommendations for employer engagement with skills development include¹¹:

- Transferring funding for apprenticeships from provider grants to employers
- Ensuring that training providers emphasise labour market outcomes in assessments
- Collating data to create labour market information for employers
- Measuring the benefits of investment in people
- Forming industrial partnerships between groups of employers
- Ensuring that adult qualifications are relevant to industry

⁹ *Research to support the evaluation of Investors in People: Employer Survey (Year 2): Executive Summary* (2013), UK Commission for Employment and Skills

¹⁰ <http://www.telegraph.co.uk/finance/jobs/7905158/Train-to-Gain-reaches-the-end-of-the-track.html>

¹¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/305784/employer-ownership-of-skills-building-the-momentum.pdf

- Providing work experience as a central part of vocational training
- Incentivising employers to invest in training institutions.

Key findings

- Investors in People remains popular and has been a successful means of ensuring employer commitment to training and adherence to an external quality standard.
- Quantitative training targets can have adverse effects if not realistic, by encouraging misreporting of results and compromises on quality.
- Linkages between training targets and labour market needs are essential, and this requires relevant, local labour market information.
- Employers will fund training that is useful and relevant.
- Employer-led infrastructure is critical to ensure that training is relevant and that buy-in from industry is achieved.
- Occupational regulation is valuable in developing a skilled workforce and is growing steadily as a part of the UK skills infrastructure.
- Not much is new under the sun; current policies contain echoes of those developed 30 years ago.

1.5 UNEMPLOYED

The third area of skills policy this report considers relates to skills development for unemployed adults. The key focus points include:

- The distinction and tension between the skills and welfare aspects of policy
- The changing roles and responsibilities for management of funding and delivery of programmes.

Work training schemes considered for this review, such as Skillcentres and the current Work Programme scheme, illustrated the impact that insufficiently planned policies can have. Skillcentres, which offered training and training allowances that were higher than unemployment benefits, had unforeseen demand as workers proved willing to leave their jobs to access higher-level skills training. Skillcentres were privatised in 1990 but went into receivership after three years; this was due to insufficient purchasing by employers and the high costs of craft training off the job. The current Work Programme scheme aims to support the long-term unemployed into work; two of the most controversial options is training provided through work placements, and the provision of financial incentives for private contractors placing people into jobs. Criticism of the scheme has included a lack of rigour around the incentives process and errors in contracting arrangements¹².

Another criticism of the current Work Programme has been the fact that there is a false assumption that the right quantity and quality of jobs are available for the unemployed; this assumption was also evident in Labour's New Deal. Evaluation of the 1997 scheme indicated that while jobs were available, they were not jobs that were suitable for (or appealing to) young people. Some training for work initiatives had successful outcomes, however: training vouchers formed part of the Open Learning Credits pilot (1993-1994), which was distinctive in having a robust evaluation process. The pilot findings indicated that giving individuals ownership of their training was a positive benefit, and that there was also a positive impact on the quality of employment¹³.

¹² <http://www.theguardian.com/politics/2014/jul/02/work-programme-department-work-pensions-bonuses>

¹³ <http://vital.new.voced.edu.au/vital/access/services/Download/ngv:31031/SOURCE2>

Welfare to work schemes have played central roles in employment policy over the last decade; the more recent introduction of the austerity measures of the Coalition, however, may be creating unanticipated negative impact. While the most recent evaluation of the scheme has not yet been published, recent figures indicate that targets have not been met: only 3.5% of jobseekers had remained in a job for six months or more following their participation in the scheme, against a target of 5.5%¹⁴, although the Social Market Foundation queried these official figures, stating that strict 12-month analysis revealed that success rates were as low as 2.3% (as opposed to the 14-month period that official figures were based upon)¹⁵.

Key findings

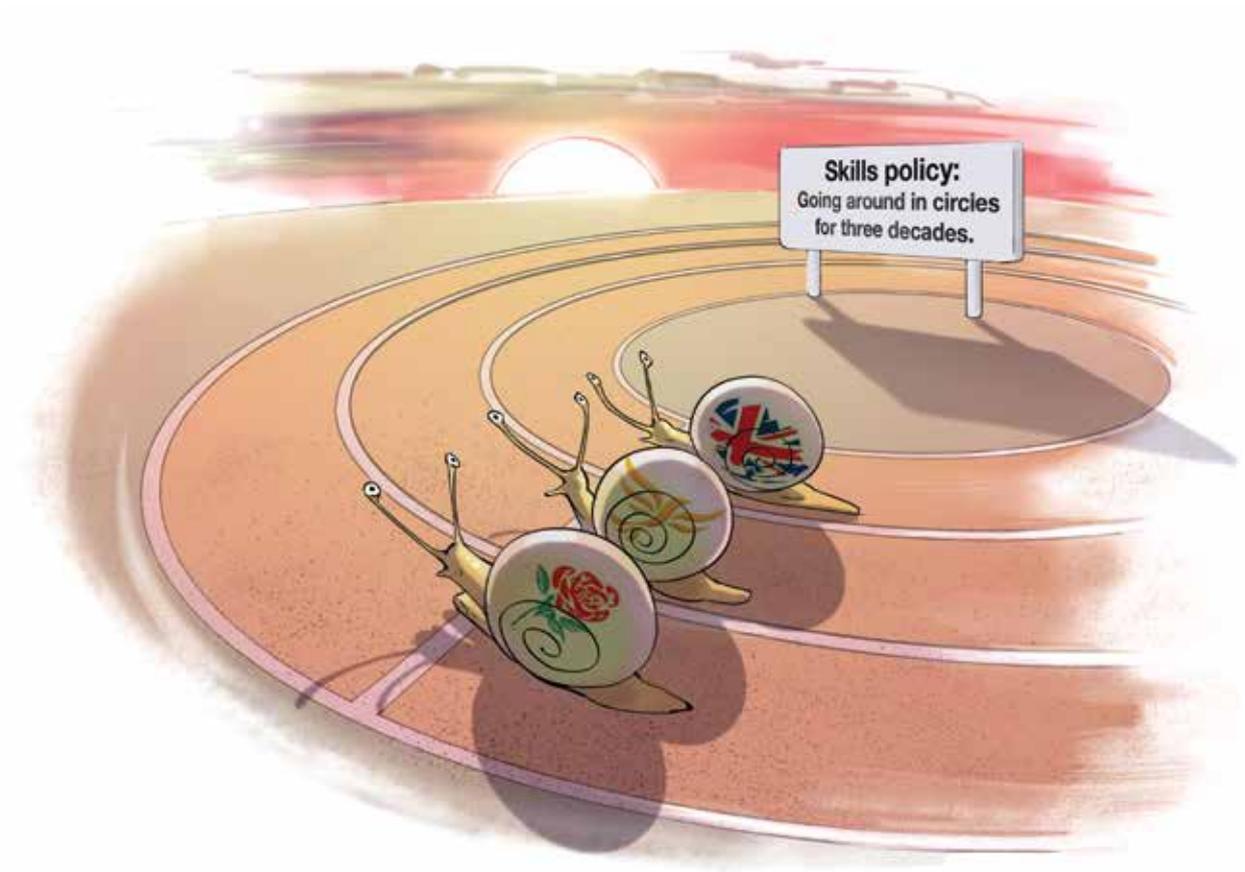
- Privatisation of training bears significant risks, with the achievement of income and training targets possibly overriding quality considerations.
- Funding is administered effectively at local levels.
- Allowing individuals to combine job seeking with training through Open Learning schemes is effective.
- The JobCentre Plus scheme has been effective in meeting targets.
- Welfare to Work schemes are not necessarily effective when the incentive to work is created by the reduction of other benefits.
- It is not enough to prepare individuals for work; ensuring that quality jobs are available is an important determinant of people seeking and accepting employment.

‘In the last four decades we’ve actually had two longish spells of stable Government. 1979–1997 gave us 18 years of a Tory administration and 1997–2010 saw Labour in power for 13 years. Government Ministers with responsibility for skills changed during that time. That’s a general feature of modern British Government, not the reason for lack of vision, ambition, construction and delivery of a clear and consistent vocational education and training system. But I believe it has been lacking and is now much needed.’

Dr Ann Limb OBE DL, Chair SEMLEP, Fellow and Councillor of the City and Guilds of London Institute

¹⁴ <http://www.bbc.co.uk/news/uk-politics-20499836>

¹⁵ <http://www.smf.co.uk/social-market-foundation-response-to-work-programme-figures/>



There is a lack of organisational memory regarding past policies and programmes in the skills landscape, resulting in an inability to learn lessons.

1.6 CONCLUSIONS AND RECOMMENDATIONS

Three decades of change have had an impact on the effectiveness of establishing a high-quality, highly valued skills and employment system. In particular, the following patterns emerge:

Departmental changes: The constant shifts in responsibility have defined the priorities and delivery of skills and employment policy. This has meant that different tracks within the system have remained in place. It has also meant that, at times, a department's wider policy remit has subsumed skills and employment policy, for example schools policy has taken priority in education departments.

The skills debate: Over the period, the issue of skills – as with education generally – has gained an increasingly significant political profile. Despite the broad political consensus in policy aims, differences emerge at the point of implementation that have contributed to the constant change. The sector has also been informed and influenced by immediate and relatively short-term priorities, such as the unemployment crisis of the 1980s and the return to a more centralised approach under New Labour.

Those working in the system have had to manage the destabilising effect of having to adjust repeatedly to new or modified structures and procedures. For the customers – employers and individuals – the changes in programmes, qualifications, funding streams and organisational structure have made the vocational route increasingly difficult to navigate. The following conclusions can be drawn:

Co-ordination is key: Cross-departmental responsibilities must be co-ordinated or led at Cabinet level if important objectives are to be achieved and 'turf wars' or inaction are to be avoided. In the early part of the period,

the separation of vocational education from training led to lack of co-ordination.

Agreed roles and responsibilities: Three decades of change have highlighted that there is a need to provide mechanisms to ensure that employers, Government, representatives of the workforce and providers can work together effectively at national and local levels.

RECOMMENDATION 1: STABILITY THROUGH CONSENSUS

City & Guilds' Skills Review has highlighted how the frequency of structural change within the system has led to a preponderance of short-term interventions that have had a disproportionate impact on the skills and training sector. Whether through machinery of Government changes in Whitehall, the establishment and abolition of non-departmental bodies over the period, or ministerial change in departments, a 'collective amnesia' about past policy has resulted. There is evidence that policy change at the centre can have unintended consequences on the ground, which can lead to a lack of clarity and coherence for those responsible for implementation. What begins as a sound policy proposal in Whitehall can often be undermined during the implementation phase through lack of planning, oversight or evaluation.

In particular, there has been a clear tension between central control and local autonomy. This is most evident from the frequency of structural change over the period (for example MSC, TECs, RDAs, LEPs, SSCs, UKCES, FEFCE, SSDA, YPLA, EFA and SFA). Major policy initiatives, such as the current Industrial Strategy, Apprenticeship Trailblazers and Employer Ownership of Skills, require a consistent local infrastructure to support delivery and implementation, and a sound monitoring and evaluation framework to measure success. The current system should be given the opportunity to manage the implementation rather than creating new structures and institutions.

With a general cross-party consensus that Local Enterprise Partnerships should be given greater responsibility for local skills and training delivery, **City & Guilds recommends that the current network of LEPs post-election should be maintained for the duration of at least one Parliament. City & Guilds also recommends that LEPs are established on a statutory basis to ensure greater accountability, and also to empower them to deliver.**

RECOMMENDATION 2: UNDERSTANDING THE HISTORICAL CONTEXT TO IMPROVE FUTURE POLICY

There have been strong policies in the past that have produced successful results, but were dropped or amended before they could reach their full potential. There have also been failures that do not need repeating. We need to move towards policy that is informed by the mistakes and successes of the past.

The Children, Schools and Families Committee conducted an inquiry towards the end of the last Labour administration¹⁶ which sought to analyse the historical policy context to better understand the present schools system and provide a guide for future policymakers. As the committee's report explained: *'It was illuminating and instructive to hear four former Secretaries of State engage in discussion with us on the principles of education policy. We encourage future select committees to take the opportunity, if and when former Ministers are willing, to hold similar evidence sessions and to gather a historical perspective.'*¹⁷

City & Guilds recommends that the BIS Select Committee conduct a parallel inquiry into the skills and employment system, reporting

before or shortly after the General Election next May, to inform the next administration's Skills and Training programme and policymaking approach in the skills sector.

RECOMMENDATION 3: COHERENCE THROUGH INDEPENDENT OVERSIGHT

The review has highlighted a potential mismatch between labour market analysis and subsequent policy interventions and funding commitments. A better understanding of these fundamental assumptions is required to create more continuity and stability within the system, and to ensure that public funding is not wasted on short-term policy measures. Policy and funding decisions should be based on a robust evidence base at all times. An independent impact analysis of future labour market assumptions is therefore required to improve long-term decision-making.

City & Guilds recommends that the Government establish an equivalent body to the Office for Budgetary Responsibility (OBR), to provide independent and authoritative analysis of the UK's skills and employment sector. This body would be responsible for the following functions:

- Independent evaluation of the Government's performance against its skills and employment targets
- Provide independent LMI forecasts in conjunction with the OBR's five-year forecasts for the economy
- Scrutiny of the costs of the Government's skills employment policies
- Assess the long-term sustainability of the skills and employment landscape.

¹⁶ <http://www.publications.parliament.uk/pa/cm200910/cmselect/cmchilsch/422/422.pdf>

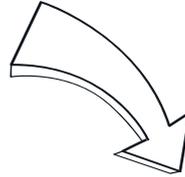
¹⁷ <http://www.publications.parliament.uk/pa/cm200910/cmselect/cmchilsch/422/422.pdf>

02

KEY

MESSAGES

The skills and employment system has been characterised over the past three decades by frequent change and unsustained initiatives.



Administering funding at local levels has proven to be effective and can take account of local employment and training needs.



There is a lack of organisational memory regarding past policies and programmes in the skills landscape, resulting in an inability to learn lessons.



Skills policies and initiatives need planning, phased implementation and monitoring to ensure success.



03

INTRODUCTION

3.1 LEARNING LESSONS

Over the past three decades, England has witnessed dramatic changes in the skills and employment landscape. Numerous ‘State of the Nation’ reports, skills strategies, consultations, white papers and Acts of Parliament have been introduced – all aiming to ensure the UK has a highly skilled workforce, which is equipped to meet the challenges of global competition. Debate surrounding the status and content of vocational education and skills continues today, with employers expressing concern over the perceived gap between the skills that they need and the skills that are provided by the skills and employment system.

The perceived disparity between academic and vocational routes underpins this debate. Many of the policies unveiled since the early 1980s have been intended to rectify the perception that the academic route is superior to the vocational. While the academic route has structures (schools and sixth forms), pathways (university) and qualifications (GCSEs and A levels) that are well understood, the vocational route is often more complex. It offers a broader range of qualifications and services multiple stakeholder groups, including young people, those undertaking job-specific training and the unemployed. It is also worth noting the role that policies such as New Labour’s target of 50% of young people attending university may have played in the academic/vocational divide, however unintentional.

The challenge of achieving a holistic approach, which meets the needs of a range of stakeholders, has both informed policy and contributed to the ongoing changes in skills and employment landscape. Each of the interventions has created its own legacy for the landscape. Qualifications have been both a feature and instrument of policy; many were

replaced, however, before they had even been implemented. There is little evaluation or evidence about what has and has not worked, or even a reliable repository of information about the initiatives and policies that have been tried before. It is clear that the most challenging aspects of skills policy are not simply the content, design or delivery – the lack of consistency and the failure to learn lessons are also critical factors.

3.2 METHODOLOGY

This review is concerned with tracking and evaluating key changes to the skills policy landscape over the past three decades in order to identify areas of good practice and ways in which lessons can be learnt in skills development. This review aims to:

- Learn from past reviews and policy implementation by exploring what has been successful and what has stood the test of time
- Define the problems that have been most intractable over the long term and assess how they might be dealt with
- Define the structures and mechanisms that are most effective in the delivery of policy aims
- Assess which aspects of the system have been short-lived and caused instability
- Determine what we can do to create stability and to allow policy to be implemented more effectively, on the basis of evidence and experience.

It analyses three defined areas of which skills and employment policy relate to:

- Young people
- Employed adults
- Unemployed adults

As a major feature of skills policy, the report also includes an overview of changes to the vocational qualifications and governance structures.

It is important to note that this review focuses primarily on England, recognising that policies and approaches have differed in the devolved administrations of Northern Ireland, Scotland and Wales.

The report focuses on the national policy landscape and as such has a lesser focus on other agencies, colleges, employers and learners. It is also important to note the selective focus of this review, which has only included a range of policies and initiatives considered to have had particular impact on the skills landscape; to include all policies and initiatives would require

a significantly lengthier review. Aspects that are important for consideration but are out of scope here include FE incorporation, University for Industry and the demise of polytechnics, as well as broader contextual issues around the values and purpose of FE.

Finally, it must be noted that the focus on shifts in the skills and employment landscape does not imply that the academic education landscape has not also been subject to the same challenges; again, to consider education policy as a whole would require a far more substantial review.

‘The elusive goal of policy has been to develop a skills system that gives opportunities for many young people and adults, as well as the skills that employers and the economy need. The main achievement of this period has been to broaden access but we still need to improve quality, make the system easy to understand and build an inseparable bond between skills and employers.’

Peter Lauener, Chief Executive and Accounting Officer of the Education Funding Agency and Fellow of the City and Guilds of London Institute

04

CONTEXT

4.1 SKILLS AND EMPLOYMENT POLICY

This review has used a framework which considers employment and skills policy in the context of three core areas: education policy, skills policy and employment policy. Overlaps and links between each of the three areas are extensive, as are the breadth and diversity of VET policy content, and the frequency of change that has occurred within the skills landscape over the past three decades. A snapshot of these changes includes:

- **Major reports and policy papers:** Key reviews of vocational education and training include the Dearing, Beaumont, Cassels Tomlinson, Leitch, Wolf and Richard Reviews.
- **Acts of Parliament:** Since 1981 there have been 28 major Acts related to the development, organisation and structure of vocational and further education and skills training. These Acts include the Employment and Training Act 1981; Further Education Act 1985; Education Reform Act 1988; Further and Higher Education Act 1992; Learning and Skills Act 2000; Further Education and Training Act 2007; Education and Skills Act 2008; Apprenticeships, Skills, Children and Learning Act 2009; and the Education Act 2011.
- **Machinery of Government changes:** As well as ministerial change, skills and industrial policy has changed departments or been shared with different departments in no fewer than ten instances since the 1980s. In sum, there have been six different ministerial departments with overall responsibility for education since 1981 comprising the Department for Education (since 2010); Department for Children, Schools and Families (2007-2010); Department for Education and Skills (2001-2007); Department for Education and Employment (1995-2001); Department for Education (1992-1995); and Department for Education and Science (1964-1992). In the same period, there have also been five different ministerial departments with responsibility for employment, skills and training comprising the Department for Business, Innovation and Skills (since 2009); Department for Innovation, Universities and Skills (2007-2009); Department for Business, Enterprise and Regulatory Reform (2007-2009) and the Department of Trade and Industry (1970-2007); and the Department for Work and Pensions (since 2001).
- **Agencies:** In the same lifespan as the Manpower Services Commission we have seen seven successor agencies responsible for this remit (Training Commission, Training Agency, Training and Enterprise Councils, LSC, YPLA, SFA, EFA). As well as these, a number of related bodies have come and gone (for example Basic Skills Agency, LSIS). We have also seen a change from 25 statutory sectoral Industry Training Boards to mainly voluntary ITOs – Lead Bodies, Occupational Standards Councils, then NTOs, SSCs and now Industry Partnerships and other ‘employer groups’ responsible for setting national standards of occupational competence. These sectoral organisations were initially coordinated by the relevant Government department, followed by the SSDA and currently by the UKCES. From 1998 we also saw the involvement of the Regional Development Agencies and now the LEP network. During the same period there have been three changes in inspectorate from the introduction of the Training Standards Council, the brief period of the Adult Learning Inspectorate and now Ofsted.
- **Ministerial change:** Since 1981, there have been 61 Secretaries of State with responsibility for and skills and employment. This includes Secretaries of State within both education and employment ministerial departments.

- **Programmes:** There have been numerous programmes and initiatives, many of which have now been redefined or abolished altogether. Key initiatives include YTS, TOPs, YT, Apprenticeship (under various names), Traineeships, Train to Gain, E2E, Skills for Life, Adult Basic Skills, EMA and Employer Ownership of Skills.

4.2 SKILLS AND EMPLOYMENT GOVERNANCE

Major structural changes in skills and employment governance since the early 1980s are highlighted below.

CONSERVATIVES UNDER THATCHER (1979 -1990)

Skills and employment policies introduced by Margaret Thatcher's Government in the 1980s were based on a highly centralised system of education and the reduction of powers at the local authority (LA) level. Industry Training Boards (ITBs) existed under statute with some oversight from the Manpower Services Commission (MSC) and overall authority of the Department of Employment (DE). Multiple Government departments, however, held responsibility for vocational education, training and skills. The DE oversaw training and employment; the Department for Education and Science (DES) held responsibility for vocational education, which was delivered through LA-run colleges with the assistance of the Rate Support Grant delivered by the Department of the Environment (DOE) to LAs.

The MSC's remit was reduced in 1988 with the rebranding of the Employment Service as the Training Commission (TC) which came under the remit of the Department of Employment.

The TC was later dissolved following a dispute between trade unions and the Government regarding the Community Programme (an initiative designed to create work for the unemployed) and its training allowances. The then Secretary of State for Employment, Norman Fowler, highlighted the need for streamlining governance in noting that the new division aimed to *'do away with wasteful divisions and complexities in the current arrangements and instead will have a simpler, more efficient and more flexible arrangement, ensuring better use of resources'*¹⁸.

In addition to agency changes under the MSC in the late 1980s, Area Manpower Boards, which had previously given a local dimension to the delivery of the national training policy, were also dissolved. In line with the market-led ethos that informed the changes to ITBs and MSC, the Government introduced Training and Enterprise Councils (TECs) in 1989, drawing on the model of Reagan's Private Industry Councils in the USA¹⁹.

CONSERVATIVES UNDER MAJOR (1990 - 1997)

The Major years were characterised by two main periods of recession and upturn. The recession of the early 1990s drove unemployment up to a peak of almost 3 million (approximately 10%)²⁰ in 1993, after which unemployment decreased gradually to a relatively low rate between the mid-1990s and 2008. The Parliamentary Under-Secretary of State for the Department of Employment reported that there would be no negative impact on training as a result of the recession: *'the Government's plans for strengthening the skills base of the country are unaffected by the economic down-turn. We are establishing training and enterprise councils with resources and influence to transform training locally.*

¹⁸ The Secretary of State for Employment (Mr. Norman Fowler) HC Deb 10 February 1988 vol 127 cc407-40

¹⁹ <http://www.dol.gov/dol/aboutdol/history/dolchp09.htm>

²⁰ Unemployment Trends since the 1970s, Debra Leaker, Office for National Statistics, in the Economic & Labour Market Review Vol 3 No 2 February 2009



Constant churn in the system has, at times, created a collective amnesia and growing lack of organisational memory at political and official levels.

We are proceeding with major reforms of education to provide a proper foundation of working skills. These, and other reforms, will provide a strong framework for training, within which it is primarily for employers to decide how and when to invest in skills²¹. Certain sectors such as construction did, however, reportedly suffer at the hands of the crisis, as noted by Henry McLeish MP at the time: ‘the crisis in the industry has now been reflected in the near-collapse of skills training in the sector²².’

Skills and employment governance was consolidated under the Major Government. The DE and the Department for Education merged into the newly formed Department for Education and Employment (DfEE) in 1995 with Gillian Shephard as the first Secretary of State. The new department then became responsible for a VET system delivered in two streams, with the Further Education Funding Council (FEFC) managing further education and TECs covering training. This was mirrored by two organisations responsible for managing qualifications: the Schools Curriculum and Assessment Authority (SCAA) for GCSEs and A levels, and the National Council for Vocational Qualifications (NCVQ) for NVQs.

LABOUR UNDER BLAIR (1997 – 2007)

The Learning and Skills Act 2000 restructured skills and employment governance with the dissolution of Training and Enterprise Councils (TECs) and the FEFC, with their remit merged into a new quango²³. The resulting body, the Learning and Skills Council, governed 47 Local Learning and Skills Councils and held responsibility for all planning and funding of further education²⁴. In addition to the Learning and Skills Council, a total of 26 Sector Skills Councils (SSCs) were

established. SSCs were intended to encourage employer engagement in vocational education and training.

A new Department for Education and Skills (DfES) was formed in 2001, introducing a comprehensive programme of change for young people. Responsibility for training programmes for the unemployed was also transferred out of the DfEE into the Department for Work and Pensions (DWP). TEC budgets for training for the unemployed were also transferred to Jobcentre Plus rather than to the LSC although FE and training providers were responsible for delivery of programmes for the unemployed via mainstream provision. It could be argued this led to a disconnect between funding and the delivery of programmes.

LABOUR UNDER BROWN (2007 – 2010)

The Department for Children School and Families (DCSF) was established in 2007 with a focus on early years, primary and secondary school policy. The responsibility for post-16 education and training was placed under the remit of Department for Innovation, Universities and Skills (DIUS). Some responsibility for post-16 skills training did, however, remain with the DCSF, including funding for diplomas. In addition to the establishment of the DCSF, the Learning and Skills Council was replaced by two distinct agencies under the Brown administration, namely the Skills Funding Agency (SFA) and the Young People's Learning Agency (YPLA). The Education Funding Agency (EFA) was subsequently also established. The Department for Business Innovation and Skills (BIS) was, finally, formed in 2009, with Peter Mandelson as its first Secretary of State.

²¹ <http://hansard.millbanksystems.com/lords/1991/jan/30/skills-training>

²² <http://www.parliament.the-stationery-office.co.uk/pa/cm199192/cmhansrd/1991-12-02/Debate-6.html>

²³ <http://www.legislation.gov.uk/ukpga/2000/21/contents>

²⁴ <http://www.ons.gov.uk/ons/guide-method/geography/beginner-s-guide/other/local-learning-and-skills-councils/index.html>

COALITION (2010 - PRESENT)

The Coalition has thus far retained the vocational education and training structure inherited from the Brown Government, with Vince Cable appointed as Secretary of State for Business, Innovation and Skills. BIS has championed a more economy focused and employer-led approach to skills training since 2012 alongside the reform of apprenticeships, identifying skills as a key component of a wider industrial strategy, and

focusing on the involvement of employers at the local level through Local Enterprise Partnership (LEPs). The Wolf Report, discussed in section five, was produced in 2011 as a major review of vocational education and training for young people²⁵. The review was critical of the multitude of qualifications that had resulted from the QCF and recommended that there should be closer alignment with employers as well as a reduction in the number of qualifications.

‘A pattern in the changes is the apparent, consistent lack of willingness of UK employers to pay for training. If employers are unwilling to engage with Government initiatives thus far, that explains why we have seen repeated failures of initiatives aimed at employer investment and engagement. This may be because they are guided by a short-term view on return on investment, rather than looking at the longer term impact on both business and society. Licenses to practise may provide a more reliable framework for employer investment.’

Martin Doel, Chief Executive, Association of Colleges

²¹ Wolf A., 2011 'Review of Vocational Education – The Wolf Report.' Department for Education London. Available at: <https://www.gov.uk/government/publications/review-of-vocational-education-the-wolf-report>

05

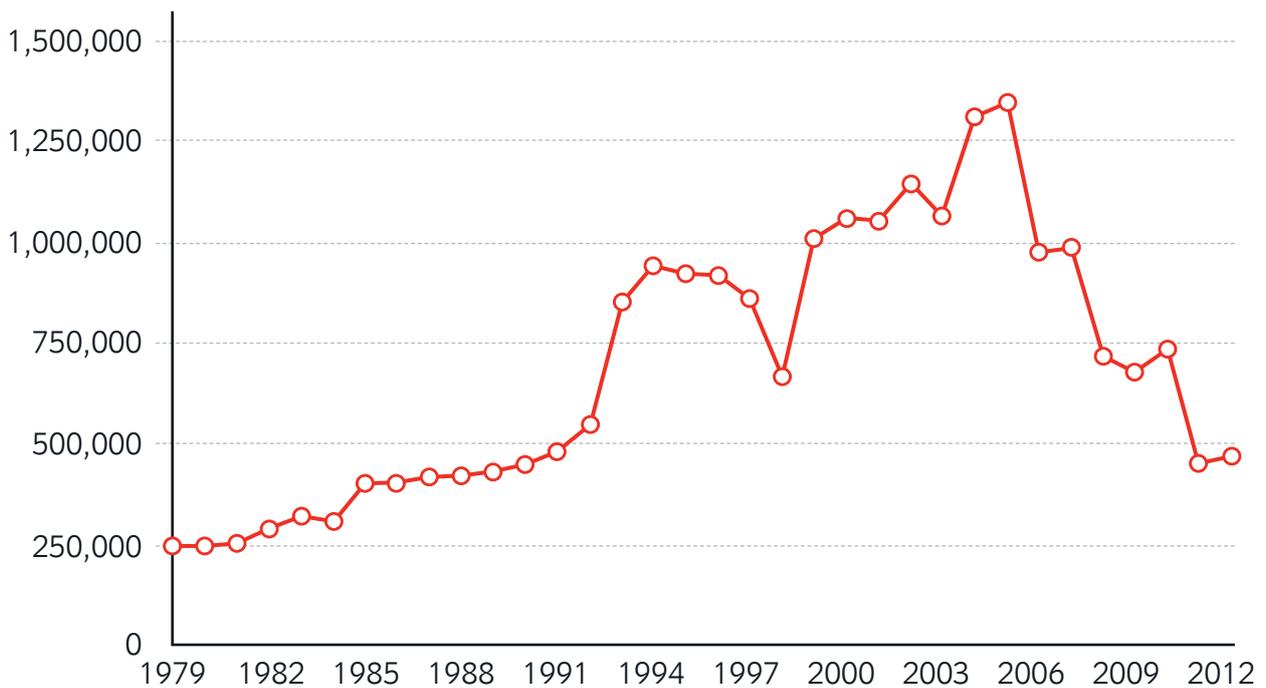
YOUNG PEOPLE

Our report considered policies that focused on:

- Qualifications reform
- Increasing participation in education and training for post 16-year-olds
- Providing learners with a choice of equally valued routes.

The types of initiatives and policies considered in this review focused on two main areas of skills development: qualifications reform, and apprenticeships and training.

5.1 PARTICIPATION IN SCHOOL-BASED VOCATIONAL EDUCATION (CONTEXT)²⁶



²⁶ Enrolment in secondary vocational education, both sexes (source: UNESCO Institute of Statistics)

5.2 QUALIFICATIONS REFORM

5.2.1 NVQs and GNVQs

Qualifications reform is an important aspect of the skills policy landscape, as it has been used by successive Governments to drive broader changes to the vocational education and training system. National Vocational Qualifications (NVQs) were first introduced following the 1986 White Paper, *Working Together: Education and Training*. The newly established National Council for Vocational Qualifications (NCVQ) worked in partnership with the Manpower Services Commission²⁷ to develop a national scheme of vocational qualifications for England, Wales and Northern Ireland²⁸. The new system of national vocational qualifications was intended to update and replace existing qualifications, including those for the construction, engineering, hospitality and catering sectors. The system further introduced NVQs for those sectors lacking formal qualifications, such as the retail and customer service sectors, and refined the model of National Occupational Standards.

NVQs aimed to ensure:

- Outcome-focused indicators of occupational competence, free of definition of mode, place or pace of learning
- Access to all, with no prescribed entry requirements or training
- Employer input to the development of standards and the assessment process.

Employers and sector bodies, including the Confederation of British Industry (CBI) and the

Trades Union Congress (TUC), were initially broadly supportive of NVQs. Concerns were raised, however, regarding quality standards and their practical applicability:

*'Although both the CBI and TUC have been supportive of the concept of NVQs, their introduction has been attended by considerable controversy. Doubts have been raised about the validity of work-based assessment; the lack of written exams; the tendency for some of the qualifications to be defined in very narrow, task-specific ways; the low levels of skill being demanded; and the ability of personnel and training systems in many workplaces to provide the support that NVQ training and assessment requires. Most importantly, despite the best efforts of the Government and NCVQ, NVQs continue to be used by only a small minority of employers.'*²⁹

GNVQs were introduced in 1992 due to concerns voiced in a 1990 Government paper that young people's professional prospects would be limited by only having occupation-specific qualifications³⁰. Policymakers additionally felt that the link to National Occupational Standards could, and should, be strengthened and made more explicit. GNVQs were, however, ultimately criticised for being overly broad and lacking in specialist training. The Business and Technology Education Council's 1995 annual report stated that an *'unacceptably high'* proportion of students failed to fulfil their job aspirations; it suggested that poor awareness of GNVQs amongst employers was partly to blame for the 17% unemployment rate³¹.

²⁷ The Manpower Services Commission (MSC), active between 1974 and 1988, was a public body established to coordinate employment and training. The MSC incurred several re-brandings following its dissolution and eventually became the Skills Funding Agency. <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0491.1989.tb00098.x/abstract>

²⁸ www.education.gov.uk/publications/eOrderingDownload/RR522.doc

²⁹ Eurofound, United Kingdom National Vocational Qualifications (NVQs), <http://www.eurofound.europa.eu/emire/UNITED%20KINGDOM/NATIONALVOCATIONALQUALIFICATIONSNVQS-EN.htm>

³⁰ *'Education and Training for 21st Century'* White Paper, published, 1990

³¹ The Times, Higher Education Firms feel GNVQs 'too broad'. <http://www.timeshighereducation.co.uk/news/firms-feel-gnvqs-too-broad/94352.article>

Advanced Vocational Certificates of Education (AVCEs) were introduced in 2000 and ran alongside GNVQs. Both were eventually phased out between 2005 and 2007 following the introduction of the Applied (GCE) A level in 2005. In 2008, the Advanced Diploma was introduced alongside the Applied A level, as an alternative, parallel qualification.

There are currently four separate frameworks under which qualifications may be accredited in the United Kingdom: the National Qualification Framework (NQF); the Qualifications and Credit Framework (QCF) England and Northern Ireland; Credit and Qualification Framework for Wales (CQFW); and the Framework for Higher Education Qualifications (FHEQ). Established in 2008, the QCF replaces the NQF for vocational qualifications. Scotland has its own distinct qualifications framework. Qualifications accredited under the NQF and QCF include³²:

- English for Speakers of Other Languages (ESOL)
- Skills for Life
- GCSEs and A levels
- International Baccalaureate
- BTEC courses
- Foundation Learning
- National Vocational Qualifications (NVQs)
- Cambridge Nationals
- Higher National Certificates (HNC)
- Higher National Diplomas (HND)

The Framework for Higher Education Qualifications (FHEQ) additionally accredits

Certificates of Higher Education, Diplomas of Higher Education, Bachelor's degrees, Master's degrees and Doctoral degrees³³.

5.2.2 Diplomas

The 2004 14-19 Curriculum and Qualifications Reform report, known as the Tomlinson Report, suggested the introduction of a '*unified framework of diplomas*' as a way to bridge the gap between academic and vocational education³⁴. Although the main proposal of a diploma framework was ultimately rejected, many of the basic assumptions made by the Tomlinson Committee were accepted by the broader education sector. The Tomlinson Report has since been described as a missed opportunity: '*Sadly, the Government's reaction seems to be driven more by electoral than educational concerns, and as a result the terms of the debate are being debased. It looks as if we shall continue with an outmoded system, irrelevant to the world into which young people are moving.*'³⁵

The 2005 14-19 Education and Skills White Paper continued the work of its predecessor and proposed the introduction of specialised diplomas offering functional English and maths³⁶. Diplomas were to cover 14 subjects and were designed to provide young people with practical vocational skills, in addition to recognised academic qualifications. Diplomas were to cover 14 subjects and were designed to provide young people with practical vocational skills, in addition to recognised academic qualifications. Diplomas were graded and included project work, functional skills elements, work experience, personal learning and additional

³² <https://www.gov.uk/what-different-qualification-levels-mean>

³³ <https://www.gov.uk/what-different-qualification-levels-mean>

³⁴ 14-19 Curriculum and Qualifications Reform Final Report of the Working Group on 14-19 Reform, October 2004 DfE-0976-2004. Available at <http://webarchive.nationalarchives.gov.uk/20130401151715/http://education.gov.uk/publications/eorderingdownload/dfe-0976-2004mig839.pdf>. (Accessed 6 July 2014).

³⁵ <http://www.theguardian.com/education/2005/feb/23/schools.uk7>

³⁶ 14-19 Education and Skills White Paper (2005) Available at: <http://webarchive.nationalarchives.gov.uk/20130401151715/http://www.education.gov.uk/publications/standard/publicationDetail/Page1/CM%206476>

learning. The first four diplomas were planned for introduction in 2008, with a further four by 2010 and the remainder by 2015. There was no requirement for schools to implement diplomas until 2013.

The system of diplomas was seen as complex due to the multiple qualifications available and the challenges of implementation. One of the main obstacles was partnerships of institutions (mainly schools and colleges), meaning that students were obliged to travel to different sites. Submissions from partnerships could only be made once demand was identified and partnerships formed; this demand was limited due to a combination of parents having insufficient confidence in the value of the qualifications, and the reluctance of pupils to travel to different educational institutions offering a particular specialism. Level 1 was additionally only equivalent to grade D at GCSE, and did not enhance a school's position in league tables. The initial pupil cohorts therefore tended to be low achievers, where the risk of damage to their GCSE success was low; achievement was also poor during the pilots.

The diploma system has been perceived as closely linked to the Labour Government as one of its flagship policies. Before coming to power, the Conservative Party pledged to cancel the final phase of the diploma framework due to be introduced in 2011: Michael Gove, in 2008, stated that the Conservatives 'wish to preserve and enhance A levels', seeing no role for the 'so-called academic diplomas'³⁷. These academic diplomas, available in humanities, languages and science, were axed by the Coalition Government in July 2010. This effectively ended the requirement of universalising diplomas, offering extended

diplomas and subjecting schools, colleges, employers and local authorities to quality checks. The Coalition Government announcement of the introduction of the English Baccalaureate (EBAC) in late 2010 signalled an end to any confidence that the diploma had a long-term currency³⁸ three main purposes were given by the Government as rationale for the EBAC's creation, including 'to ensure a core, *academic* curriculum offer for all students'.

5.2.3 The Wolf Report

The 2011 Review of Vocational Education, known as the Wolf Report, focused on the requirement for a meaningful and challenging curriculum based on students' needs³⁹. Wolf highlighted the mismatch between vocational education and the labour market, as well as the low perceived value of many existing qualifications. Wolf estimated that 350,000 young people aged between 16 and 17 (around 25% of those of the age group in full-time education) gained very little from the post-16 education system⁴⁰. The report noted that '*conventional academic study encompasses only part of what the labour market values and demands: vocational education can offer different content, different skills, different forms of teaching. Good vocational programmes are, therefore, respected, valuable and an important part of our, and any other country's, educational provision.*'⁴¹

Distinct from its predecessors, the Wolf Report made no proposals for centrally prescribed qualifications to displace existing, often well-known awards. It instead proposed greater powers for awarding bodies to develop vocational qualifications and for institutions to introduce more wide-ranging programmes

³⁷ <http://news.bbc.co.uk/1/hi/education/7625483.stm>

³⁸ The Importance of Teaching - The Schools White Paper 2010, p. 41

³⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/180504/DFE-00031-2011.pdf

⁴⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/180504/DFE-00031-2011.pdf

⁴¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/180504/DFE-00031-2011.pdf

of study⁴². The report highlighted the value of apprenticeships and cited English and maths as obligatory programme components for those learners failing to reach a certain standard at GCSE⁴³. Current policy for vocational education has been strongly influenced by the Wolf Report.

Wolf's recommendations culminated in a rationalisation of the vocational education system and the introduction of applied general qualifications and technical level qualifications⁴⁴. Applied general qualifications were introduced formally in educational institutions from September 2014 and focus on a broader vocational area, such as business or applied science, rather than a specific single occupation⁴⁵. Technical-level qualifications, again to be implemented from September 2014, will focus on preparation for a specific occupation, such as computing or accounting⁴⁶.

5.3 TRANSITION TO WORK

5.3.1 Technical and Vocational Education Initiative

The Technical and Vocational Education Initiative (TVEI), administered by the MSC, was launched in 1982 with the aim of improving technical and vocational education for 14-18-year-olds in schools and colleges. The initiative combined

general and technical and vocational education, and aimed to encourage work experience as part of courses⁴⁷. The primary motive of establishing the TVEI was *'to respond to the education system's failure to provide qualifications for over half of the school leavers'*⁴⁸. As opposed to being a centrally focused scheme, TVEI was divided into local projects, which were controlled by local co-ordinators and their steering groups, with minimal Local Education Authority (LEA) involvement. The pilot scheme involved 200 schools across 14 LEAs; many LEAs refused to bid for funding under the programme, however, *'because they perceived it to be a threat to their power and autonomy'*⁴⁹. Projects were monitored with a view to establishing good practice. Critics of the scheme felt that the *'focus on work-experience was excessive, when what was required was later entry of young people into the labour market, and far greater post-school training'*⁵⁰.

The scheme was larger and more expensive than preDoubts among LEAs, schools and colleges were largely dispelled over time, particularly as TVEI was seen to provide *'unprecedentedly large amounts of money for those involved'*⁵². TVEI continued to run for over 10 years⁵³. Although the initiative did not run beyond the early 1990s, it was widely considered to have been a success⁵⁴.

⁴³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/180504/DFE-00031-2011.pdf

⁴⁴ <https://www.gov.uk/government/policies/improving-the-quality-of-further-education-and-skills-training>

⁴⁵ <https://www.gov.uk/government/policies/improving-the-quality-of-further-education-and-skills-training/supporting-pages/applied-general-qualifications>

⁴⁶ <https://www.gov.uk/government/policies/improving-the-quality-of-further-education-and-skills-training/supporting-pages/technical-level-qualifications>

⁴⁷ <http://www.lancaster.ac.uk/staff/trowler/polupcomp.htm>

⁴⁸ Evans, B., (1992). *Politics of the Training Market*, From Manpower Services Commission to Training and Enterprise Councils. London: Routledge

⁴⁹ Evans, B., (1992). *Politics of the Training Market*, From Manpower Services Commission to Training and Enterprise Councils. London: Routledge

⁵⁰ Evans, B., (1992). *Politics of the Training Market*, From Manpower Services Commission to Training and Enterprise Councils. London: Routledge

⁵¹ <http://www.lancaster.ac.uk/staff/trowler/polupcomp.htm>

⁵² Dale, Roger. 1985. *The Background and Inception of the Technical and Vocational Education Initiative*. In: Roger Dale, ed., *Education, Training and Employment* (41-56). Oxford: Pergamon Press.

⁵³ Trowler, P. (1998) *Education Policy: a policy sociology approach*. Gildredge Press, Eastbourne.

⁵⁴ Trowler, P. (1998) *Education Policy: a policy sociology approach*. Gildredge Press, Eastbourne.

5.3.2 Youth Training Scheme

The 1980 White Paper, *A New Training Initiative: A Programme for Action*, introduced the concept of Youth Training Schemes (YTS), which were formally introduced in 1983 under the management of the MSC⁵⁵. The scheme aimed to address popular concern regarding youth unemployment following the 1981 riots and falling numbers of available apprenticeships⁵⁶. The ambitious initiative aimed to attract two-thirds of young people aged between 16 and 17⁵⁷. The Secretary of State for Employment, Lord Young, claimed that among 15% of the cohort would progress to higher education, 35% would be engaged by TVEI and approximately half of those young people would train under the YTS⁵⁸.

The YTS introduced one-year programmes, consisting of both work experience and training. The scheme focused on two main modes, namely training within the private sector and training for the public sector/voluntary organisations. Both modes aimed to equip young people with transferable vocational skills. The scheme expanded to cover two-year training programmes for school leavers aged 16 and one-year training programmes for those aged 17 in 1986. Employers were overtly encouraged to engage employees in the YTS via a policy of ‘additionality’ which therefore allowed for YTS funding to support apprenticeships.

The YTS accounted for the largest share of MSC funding; £1 billion in expenditure per year was

promised as early as 1981⁵⁹. The Government reported that over 2 million young people had benefited from the programme in 1989 and that over 85% of young people who completed the programme were employed or in further education or training, while 64% had gained a vocational qualification⁶⁰.

Critics of the scheme argued that the YTS simply enabled employers to hire cheap labour and was a conduit for the removal of existing benefits for the unemployed youth⁶¹. The speed at which the scheme was implemented (18 months from design to launch) created further challenges, including uneven standards of training⁶².

The YTS was renamed Youth Training in 1989 and placed under local Training and Enterprise Council (TEC) management. The Secretary of State for Employment, Norman Fowler, reported that the ‘YTS has been a great success, but we now need to build on that success to meet the higher level skills that the economy will need in the 1990s and to enable training and enterprise councils to make the maximum impact in developing arrangements for youth training which will lift the skills and qualifications of young people in their areas’⁶³. The central aim of the Youth Training initiative was to ensure all young people were either in full-time education or in a job undertaking training, in order to fully develop their potential, qualifications and skills. The Government aimed to reach all unemployed young people up to the age of 18 through the scheme, providing them with the minimum qualification, level two⁶⁴.

⁵⁵ <http://www.eurofound.europa.eu/emire/UNITED%20KINGDOM/YOUTHTRAININGYT-EN.htm>

⁵⁶ Evans, B., (1992). *Politics of the Training Market, From Manpower Services Commission to Training and Enterprise Councils*. London: Routledge

⁵⁷ Evans, B., (1992). *Politics of the Training Market, From Manpower Services Commission to Training and Enterprise Councils*. London: Routledge

⁵⁸ Evans, B., (1992). *Politics of the Training Market, From Manpower Services Commission to Training and Enterprise Councils*. London: Routledge

⁵⁹ Evans, B., (1992). *Politics of the Training Market, From Manpower Services Commission to Training and Enterprise Councils*. London: Routledge

⁶⁰ HC Deb 05 December 1989 vol 163 cc195-6W

⁶¹ Evans, B., (1992). *Politics of the Training Market, From Manpower Services Commission to Training and Enterprise Councils*. London: Routledge

⁶² Evans, B., (1992). *Politics of the Training Market, From Manpower Services Commission to Training and Enterprise Councils*. London: Routledge

⁶³ HC Deb 05 December 1989 vol 163 cc195-6W

⁶⁴ HC Deb 05 December 1989 vol 163 cc195-6W

5.3.3 Modern Apprenticeships

The programme of Modern Apprenticeships was introduced in 1994 based on a white paper written the previous year⁶⁵. This was the first time a large-scale training programme was funded by the Government with the fundamental purpose of supporting skills development, rather than tackling unemployment with a particular focus on developing skills in maths and science⁶⁶. Apprenticeships offered work-based training to NVQ Level 3: *'by the end of the decade there will be 150,000 new apprentices in England at any one time and over 40,000 young people each year achieving qualifications at NVQ Level 3 or above'*⁶⁷. The Government also committed to accelerated modern apprenticeships and *'to increase the number of young people training and to increase the number achieving qualifications at supervisory and technician levels'*⁶⁸.

At the time, apprenticeships were criticised for poor completion rates and for their failure to lead to employment. Labour's spokesman on training, Kevin Barron, noted that *'half of all youth trainees do not find a job at the end of their training and 58% leave early'*⁶⁹.

The Dearing Review (1996) highlighted that the Youth Training scheme may have suffered with the introduction of the Modern Apprenticeships initiative, as the initiative attracted the most able trainees. The focus on developing skills in maths and science was further seen as an advancement over the Youth Training/YTS⁷⁰. Dearing additionally noted that the Youth Training scheme had a completion rate of just 46% in the period from April 1994 to January 1995; it was also noted that 22% of learners were unemployed

six months after having completed the course, despite half of all learners obtaining a full or part qualification⁷¹. Dearing thus recommended that Youth Training be re-launched as a system of National Traineeships, available at foundation, intermediate and advanced levels, which then provided progression to Modern Apprenticeships and work-based pathways⁷². Dearing wanted a broad and flexible learning programme for young people, designed by Industry Training Organisations and TECs, and delivered in partnership with colleges⁷³. Acceptance on to the programme would also no longer be a fall-back position for all young people without a job⁷⁴.

In relation to Modern Apprenticeships, Dearing's recommendations included ensuring that employers provide not only the necessary skills, but sufficient knowledge and understanding to enable modern apprentices, with NVQ Level 3 to go on if they wish, to part-time, full-time or sandwich courses leading to diplomas and degrees⁷⁵. Dearing also stressed that progression routes should be better defined to make it easier for young people who have attained relevant GNVQs in full-time education to progress to Modern Apprenticeships and NVQs⁷⁶. The review also recommended that employers recruiting apprentices should integrate planning for their future pathways within the company⁷⁷.

The House of Lords Economic Affairs Committee, however, reported continuing challenges with the apprenticeship system in 2007: *'Successive governments, not least the present Government, have provided poor leadership in tackling these problems. They have unveiled a stream of policy initiatives. But most have failed to deliver. These failures stem from poor implementation,*

⁶⁵ Cmd 2563 Competitiveness: Helping Business to Win

⁶⁶ <http://cep.lse.ac.uk/pubs/download/pa013.pdf>

⁶⁷ Cmd 2563 Competitiveness: Helping Business to Win

⁶⁸ HC Deb 13 June 1995 vol 261 cc448-9W

⁶⁹ <http://www.independent.co.uk/news/youth-training-scheme-a-failure-and-a-disgrace-labour-says-1572820.html>

^{70 71 72 73 74 75 76 77} The Dearing Review (1996) Review of Qualifications for 16-19 year olds, Available at: <http://www.educationengland.org.uk/documents/dearing1996/dearing1996.html> Accessed 7 July 2014).

frequent reorganisations, and the absence of a single Government body to take responsibility for apprenticeships⁷⁸.

5.3.4 The Cassels Review

In 2001 the Modern Apprenticeships Advisory Committee, under the chairmanship of Sir John Cassels, recommended the establishment of a modern apprenticeship (MA) framework that included⁷⁹:

- Technical certificates to define and certificate the off-the-job education and training, and an entitlement to apprenticeships for all 16/17-year-olds who achieved A to C grade at GCSE
- A programme-led apprenticeship option with up to six months full-time training based on the Technical Certificate, to be undertaken prior to the main programme of an employed apprenticeship
- A minimum duration of one year for a Level 3 Foundation MA and two years for a Level 3 Advanced MA
- An annual target of 35% of each cohort entering MA by age 22
- The development of an infrastructure of 'agents' to support employers and apprentices.

Discussing the review in Parliament in 2001, Dearing stated: '*Attempts were made by the Government through the Youth Training Scheme and, from 1995, through the Modern*

Apprenticeship to give a new impetus to apprenticeships. The Cassels committee tells us that while the elements of a good apprenticeship scheme exist, the goods have not been delivered and there are real faults'⁸⁰. He also stressed that modern apprenticeships were '*poorly known about or understood; they are inconsistent in delivery; poorly managed; in the minds of employers they involve too much bureaucracy. I have also seen it argued that they may lack an adequate entitlement to education during the apprenticeship period [...] there should be a national framework – a highway – for those who do not continue in full-time education but want to earn and learn*'⁸¹. Dearing also made the point that the initiative had to come from the CBI, the chambers of commerce and the trades unions, and that the Government needed to rouse enthusiasm in this regard⁸².

A Modern Apprenticeships Task Force was launched in 2003 with the aim of encouraging employer input regarding MAs⁸³. The Government's 2003 *Skills Strategy* White Paper continued, however, to highlight that more learners and employers needed to be engaged in apprenticeships⁸⁴. Ivan Lewis, the then Under-Secretary of State for Skills and Vocational Education, stated in 2003 that the '*business-led Modern Apprenticeship Task Force [was] taking a key role in promoting MA to employers and thereby contributing to increased take-up; we have adopted a PSA target for 2004 of 28 per cent of young people entering a Modern Apprenticeship before the age of 22*'⁸⁵.

⁷⁸ House of Lords Economic Affairs Committee, Apprenticeship: a key route to skill, HL 138-I 2006-07, 20 July 2007

⁷⁹ Report of the Modern Apprenticeship Advisory Committee, Modern Apprenticeships – the Way to Work, September 2000. Available at: http://dera.ioe.ac.uk/6323/1/MA_The_Way_to_Work.pdf (Accessed 11 July 2014)

^{80 81 82} HL Deb 14 November 2001 vol 628 cc618-56

⁸³ HM Treasury, Modern Apprenticeships Taskforce launch, 25 February 2003; HM Treasury press release, Apprenticeships come of age to plug skills gap, 25 February 2003; 'Apprenticeship scheme goes national and aims for greater employer input', Times Higher Education, 28 February 2003

⁸⁴ DfES, 21st Century Skills, Realising Our Potential, Individuals, Employers, Nation, July 2003, Cm 5810, para 5.23

⁸⁵ <http://www.publications.parliament.uk/pa/cm200304/cmhansrd/vo031210/text/31210w07.htm>

Young Apprenticeships for 14-16 year olds were introduced in 2004, enabling students to spend up to two days a week in the workplace learning a trade, along with pre-apprenticeship offers for young people who were not yet ready or able to undertake an apprenticeship. Advanced Apprenticeships also replaced the Advanced Modern Apprenticeship⁸⁶.

A further report by the Apprenticeships Task Force, published in July 2005⁸⁷, suggested that Sector Skills Councils (SSCs) would take over responsibility for the quality assurance of apprenticeship frameworks⁸⁸. Guidance given to SSCs included that the technical certificate would now constitute the 'knowledge component', effectively rendering it optional⁸⁹. Such a move was interpreted by some as a lack of commitment on the part of the Government to maintaining acceptable minimum standards of training in apprenticeships and that a technical certificate was very much a feature of continental apprenticeships⁹⁰. The management of funding as part of the main apprenticeship programme was further seen to be poor and Train to Gain (see 6.2 below) was seen by some as a clear competitor to apprenticeships due to its cost benefit.

Programme-Led Apprenticeships (PLAs), introduced in 2009, were also criticised as constituting '*a fall-back measure when all efforts to secure an employer-led apprenticeship have been exhausted*'⁹¹. SummitSkills, which sets the standards for qualifying electricians, noted in 2012 that '*the programme delivers just 20%*

of the experience an apprentice needs'⁹². PLAs were discontinued from 2011, although colleges could continue to deliver programme-led apprenticeships by combining learner-responsive and apprenticeship funding.

Short-term apprenticeships were increasingly developed by NAS for providers and employers in low-skill sectors such as hospitality. Minimum-term apprenticeships were finally introduced in 2012, more than a decade after ministerial backing. Cassels proposals for 'Employer Agents' and 'Programme Agents' were never implemented despite their acceptance by ministers.

5.3.5 The Richard Review

The frequent changes to the definition of apprenticeships resulted in an ambiguous apprenticeship system. For example apprenticeships were simplified to cover short programmes of work-based training in certain cases, and yet highly prescriptive frameworks for apprenticeships existed that were viewed as overly complex and directed by educational inputs rather than employers' needs. The Richard Review, undertaken in 2012, sought to address these issues⁹³:

*'This is not a critique of the successes and failures of the current system, nor an attempt to improve its efficacy; rather we are attempting to redefine the shape of the system itself, thus, this is a Strategy. It asks how an apprenticeship system must work in a future economy.'*⁹⁴

⁸⁶ DfES press release, New Apprenticeships will widen opportunity and boost business – Clarke, 10 May 2004; 'Radical reforms to apprenticeships', LSC Apprenticeships News, Issue 2, May 2004; 'Clarke announces apprenticeships shake-up', The Guardian, 10 May 2004

⁸⁷ Apprenticeships Task Force, Apprenticeships Task Force: Final Report: The Business Case for Apprenticeships, July 2005

⁸⁸ DfES and LSC, Blueprint for Apprenticeships, September 2005

⁸⁹ ⁹⁰ House of Lords Select Committee on Economic Affairs Fifth Report, 3 July 2007

⁹¹ ⁹² <http://www.bbc.co.uk/news/uk-northern-ireland-19681092>

⁹³ Richard D., 2012 The Richard Review of Apprenticeships, Department for Business Innovation and Skills, London. BIS/12/1323. Available at <https://www.gov.uk/government/publications/the-richard-review-of-apprenticeships>. (Accessed X)

⁹⁴ Richard D., 2012 The Richard Review of Apprenticeships, Department for Business Innovation and Skills, London. BIS/12/1323. Available at <https://www.gov.uk/government/publications/the-richard-review-of-apprenticeships>

Proposals under the Review included:

- Establishing apprenticeships to train for new jobs or new roles, and not related to existing, largely competent employees
- Introducing a single qualification at the end of an apprenticeship based on what the apprentice should know and can do
- Forming a holistic assessment of this at the end of the apprenticeship delivered independently of training providers
- Freedom for employers and apprentices on the learning path and method to reach the end standard
- Level 2 English and maths to be achieved by the end of the apprenticeship
- A minimum for off-site learning
- Funding through employers preferably via the PAYE/NI system.

Recommendations proposed under the Review were largely accepted by the Coalition Government in April 2013, with some additions included in its October 2013 Implementation Plan⁹⁵; this was published alongside Trailblazer Guidance in order for the first sectors to develop the reformed apprenticeships⁹⁶. Significant changes are also proposed for the management of public funding for apprenticeships. The Education and Skills Director at CBI, Neil Carberry, stated shortly after the Review's publication that business would welcome the report, agreeing that apprenticeships ensure that business builds the right skills to drive economic growth⁹⁷.

5.4 ANALYSIS

Qualifications reform has been characterised over the period of this review by frequent change. The introduction of NVQs in 1986 aimed to increase participation amongst young people and also to align qualifications with occupational competence; only six years later, however, GNVQs were introduced amidst criticisms that occupation-specific qualifications would limit young people's career prospects. GNVQs further underwent iterations as AVCEs and Applied GCEs before being phased out between 2005 and 2007. Political influence on qualification reform has also been significant, as demonstrated by the shifts and confusion surrounding the introduction of Diplomas: commonly viewed as being a flagship policy of the Labour Government, and ultimately rejected by the academic preferences of the current Conservative Government.

Apprenticeships have been a constant feature of skills policy regarding young people over the period of this review, from the Youth Training Scheme in 1983 (later simply Youth Training) to Modern Apprenticeships in 1994 and the upcoming changes resulting from the Richards Review in 2013. Criticisms of the apprenticeship system have focused on the lack of pathways to employment and/or further training provided; additionally, excessive bureaucracy and a lack of employer engagement were noted as failings by the Dearing Review. As with qualifications reform, shifts in Government policy have been noted as having a significant negative impact on the apprenticeship system, with the House of Lords Economic Affairs Committee reporting in 2007 that the system has suffered poor leadership and a string of initiatives that have not been implemented successfully.

⁹⁵ The Future of Apprenticeships in England: Implementation Plan, October 2013. BIS/13/1175. Available at: <https://www.gov.uk/government/consultations/future-of-apprenticeships-in-england-richard-review-next-steps>

⁹⁶ The most recent guidance was updated on 6 March 2014. Available at: <https://www.gov.uk/government/consultations/future-of-apprenticeships-in-england-richard-review-next-steps>

⁹⁷ <http://www.cbi.org.uk/media-centre/press-releases/2012/11/cbi-response-to-the-richard-review-of-apprenticeships/>

Key findings

- A review of vocational education policies aimed at young people demonstrates the **significant – and ongoing – level of tinkering in the system**. Policies are rarely given the opportunity to embed. The short-term nature of political terms means that **education ministers have an incentive to make changes quickly**, but education is a sector in which initiatives need a long time to establish (and employers and learners benefit from clarity in the system, rather than ongoing change). This is a **fundamental conflict**.
- Proposals with the potential for important long-term improvements are sometimes not implemented, such as parts of the Cassels Review.
- Constant churn in the system has, at times, created a collective amnesia and **growing lack of organisational memory at political and official levels**. This is particularly clear at the political level, where constant reshuffles at cabinet and ministerial levels – often through political expedience – mean that policy can drift or lose focus due to lack of experience amongst the new ministerial team; or, as suggested above, their desire to leave a mark.
- Competing power bases (demonstrated, for example, by the lack of LEA support for TVEI as local decision-making was placed outside local authority control) and their respective level of influence have a clear influence on educational outcomes.
- There has been a preponderance of **name changes**, both to overarching schemes and individual qualifications. This represents a desire to **rebrand** and move away from negative perceptions of the status quo, but has often led to **confusion and frustration among employers and learners**. There has been **particular confusion around different iterations of apprenticeships** – a concept which is well recognised, but the power of whose brand has been diluted.
- Reviews in this area of policy include Dearing, Wolf, Cassels, Tomlinson and Richard. While many of the reviews have been thorough and made recommendations with broad-based sector support, the **proclivity of policymakers to cherry pick from recommendations** has led to greater confusion in vocational education policy. The Tomlinson Review, in particular, led to a rare moment of sector accord and a missed opportunity.
- The history of policy in this area demonstrates an **unhappy compromise between two conflicting aims**: training people to work in a **specific occupation**, and ensuring that individuals' **training is broad** enough so that their occupational choices are not limited.



Reviews in this area of policy include Dearing, Wolf, Cassels, Tomlinson and Richard. While many of the reviews have been thorough and made recommendations with broad-based sector support, the proclivity of policymakers to cherry pick from recommendations has led to greater confusion in skills and employment policy.

‘This report provides a helpful review of the history and repeated missed opportunities to get our system right. It shows we know the answers, but must stop the churn and turbulence.’

Andy Smyth, Accredited Programmes Development Manager at TUI UK and Trustee Board Member for the City and Guilds of London Institute

06

EMPLOYED

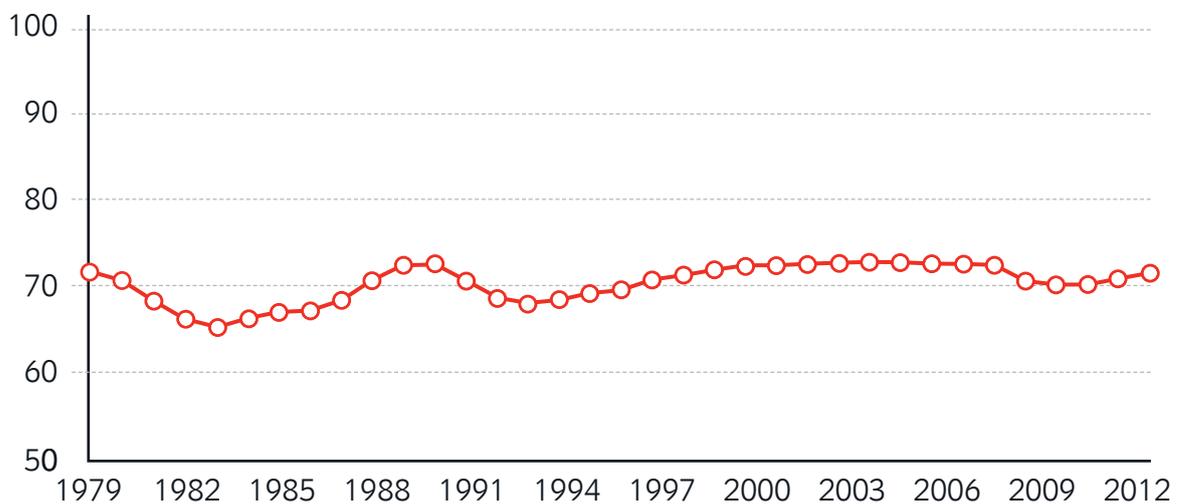
WORKFORCE

Ensuring that the UK has a strong skills base for economic growth and prosperity is at the heart of skills and employment policy. The ‘skills gap’ and improving employer attitudes to training are consistent themes that occur throughout the period of this review. We have considered two specific objectives that aim to address these issues:

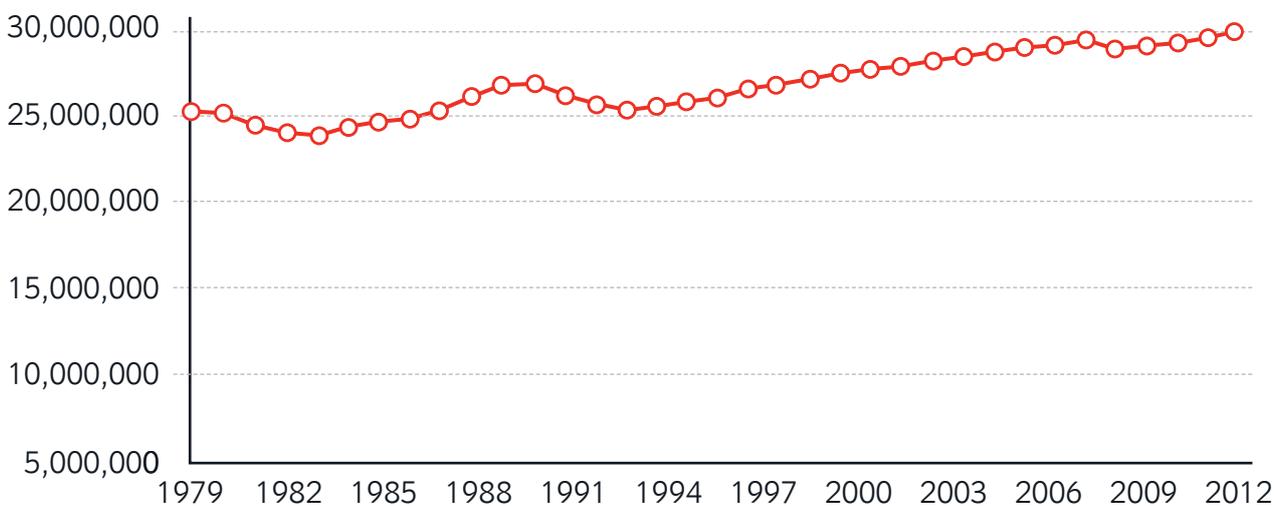
- Raising the skills and qualification levels of those in the workforce
- Improving employer engagement.

6.1 THE UK LABOUR FORCE

Employment rate⁹⁸



Employment totals⁹⁹



⁹⁸ Source: Office for National Statistics

⁹⁹ Source: Office for National Statistics

6.2 RAISING SKILLS LEVELS

Two groups of workers in the UK have attracted particular policy attention since the early 1980s in terms of skills development:

Workers with low-level qualifications: in the early 1980s the proportion of the UK workforce holding qualifications was low by international standards. Two-thirds of UK students completed compulsory schooling without obtaining the minimum standard of five A-C grades at O levels/GCSEs (Level 2 qualifications)¹⁰⁰. The skills policy aimed to address this situation and ensure that individuals within the workforce were skilled in a comparative Level 2 qualification.

Workers lacking formal recognition of skills: many employees were identified as performing competently to Level 2 but lacked formal recognition of their skills. New policy also aimed, therefore, to introduce mechanisms to enable the recognition of existing skills.

Four of the key developments that underpinned Government efforts to improve skills and qualifications levels included the 1981 New Training Initiative (NTI); Investors in People (IiP); the Leitch Review, commissioned by the Blair Government; and Train to Gain.

New Training Initiative (1981) and NVQs

The proportion of the UK workforce holding qualifications in the 1980s was low compared with international standards¹⁰¹ and the Government was particularly concerned that a

significant proportion of the workforce had not achieved a qualification to Level 2 (comparable to GCSE)¹⁰². Access to further vocational education and training was limited for individuals outside of formal apprenticeship schemes. In the mid-1980s, for example, just under 15% of 16-17-year-olds enrolled on full-time vocational education and training programmes¹⁰³. The introduction of NVQs aimed to significantly improve access to post-compulsory vocational qualifications. Public expenditure allocated for vocational education and training was, however, limited; a policy decision defended by the Treasury¹⁰⁴. There was also limited investment in further education and training by employers during the 1980s. The New Training Initiative aimed *'to open up widespread opportunities for adults, whether employed or returning to work, to acquire, increase or update their skills and knowledge during the course of their working lives'*¹⁰⁵.

Investors in People

In the early 1990s, Investors in People (IiP) was first conceived by the CBI and subsequently administered by the recently established Training and Enterprise Councils (TECs) under the direction of the Department of Employment (DE). Performance is measured according to National Learning Targets, which set thresholds for the number of small enterprises (10-49 employees) and medium/large enterprises (50+ employees) recognised as Investors in People. In 2001, Investors in People exceeded its targets with over 15,000 small enterprises recognised or committed (target figure: 10,000) and over 55% of medium/large enterprises (target figure: 45%)¹⁰⁶.

¹⁰⁰ Machin, S., and A. Vignoles (2006), *Education Policy in the UK*, Centre for the Economics of Education

¹⁰¹ OECD (2005) *Education at a Glance*, OECD: Paris

¹⁰² Machin, S., and A. Vignoles (2006), *Education Policy in the UK*, Centre for the Economics of Education

¹⁰³ Machin, S., and A. Vignoles (2006), *Education Policy in the UK*, Centre for the Economics of Education

¹⁰⁴ Hansard, HC Deb 13 February 1990, Vol. 167, Cols.141-52; HC Deb 26 February 1991, Vol. 186, Cols. 778-9

¹⁰⁵ Manpower Services Commission (1981), *A New Training Initiative: An Agenda for Action*, MSC

¹⁰⁶ *Quinquennial Review of Investors in People UK* (2002), Department for Education and Skills

Investors in People (IiP) was developed as a powerful and low-cost tool to improve employers' commitment to investing in training their workforces and was a notable success¹⁰⁷. IiP is still used, covering more than 30% of the workforce in the North of England. It is now entirely commercially funded (with the exception of the national oversight function at UKCES) and is no longer a specific instrument of policy. However, satisfaction levels remain consistently high with just under 90% of employers stating that IiP had had a net positive impact within their organisation¹⁰⁸.

The Leitch Review and the Skills Pledge (2006)

In July 2003, the Blair Government published its first National Skills Strategy, entitled *21st Century Skills: Realising Our Potential*¹⁰⁹. It followed the 2001 publication *In Demand: Adult Skills in the 21st Century*¹¹⁰. These papers set the tone for a strategy on skills training that focused on productivity-led action via employers. The strategy was consolidated through the Leitch Review in 2006. The Leitch Review advocated a demand-led system, in which priorities would be set by employers and individuals rather than by providers or funding bodies. It also proposed the establishment of a unified adult careers service¹¹¹.

In 2007, the Department for Business, Innovation and Skills (BIS) published *World Class Skills: Implementing the Leitch Review of Skills in England*¹¹². This paper set the backdrop for two key reforms: the Skills Accounts and the Skills Pledge¹¹³. The Skills Pledge was conceived as a widespread, voluntary programme in which employers committed to supporting its employees to gain Level 2 qualifications, or equivalent¹¹⁴. This was not directly connected to IiP and was delivered by the National Apprenticeship Service (NAS) with the help of providers. The Skills Pledge initiative received early criticism for delays in launching the scheme and a lack of clarity about the initiative's objectives¹¹⁵.

The Government introduced a new entitlement to free training for those aged 19-25, in order to help young people achieve their first full Level 2 qualification. The Government stated that it would 'encourage and support' companies to provide training, although not necessarily in the workplace itself and stated that it would consider introducing a legal duty on employers to provide training up to a Level 2 qualification if skills levels were not advancing quickly enough by 2010¹¹⁶. The Government further aimed to increase employer input into the formation of skills and training schemes, including plans to allow for the accreditation of employer-led

¹⁰⁷ <http://www.ons.gov.uk/ons/guide-method/geography/beginner-s-guide/other/training-and-enterprise-councils/index.html>

¹⁰⁸ *Research to support the evaluation of Investors in People: Employer Survey (Year 2): Executive Summary (2013)*, UK Commission for Employment and Skills

¹⁰⁹ *21st Century Skills. Realising Our Potential: Individuals, Employers, Nation (2003)*. Department for Education and Skills

¹¹⁰ *In Demand, Adult Skills in the 21st Century (November 2001)* <http://dera.ioe.ac.uk/4578/1/Finalrep.pdf>

¹¹¹ Leitch Review of Skills (2005), *Skills in the UK: The long-term challenge*, HM Treasury; Leitch Review of Skills (2006), *Prosperity for all in the global economy – world class skills*, HM Treasury

¹¹² Department for Education and Skills (2007), *World Class Skills: Implementing the Leitch Review of Skills in England*, London: The Stationery Office

¹¹³ *World Class Skills: Implementing the Leitch Review of Skills in England (2007)*, Department for Innovation, Universities and Skills

¹¹⁴ <http://edemocracy.barnsley.gov.uk/0xac16000b%20x0057617f>

¹¹⁵ See: <http://www.personneltoday.com/hr/skills-envoy-sir-digby-jones-slams-governments-six-month-delay-before-launching-leitch-review-skills-pledge/>

¹¹⁶ *World Class Skills: Implementing the Leitch Review of Skills in England*, July 2007: <http://www.dius.gov.uk/worldclassskills.pdf>

training programmes for qualification purposes. There was, however, widespread concern that the targets set by the review were unrealistic and may lead to compromises on quality: *'The drive to meet the targets could also result in a pressure to increase the numbers with qualifications by re-badging those who already have skills instead of adding value through training. The deadweight costs of this would be considerable'*¹¹⁷.

Train to Gain

Train to Gain (TtG), introduced in 2006, promoted apprenticeships for adults and the employed workforce. It provided publicly funded training for employees aged 19 and over to achieve Level 2 qualifications¹¹⁸. Small employers registered with TtG could be compensated for time taken by their employees away from work for training that was directly related to employees' career progression. The scheme was used primarily for accrediting existing skills rather than skills development. An early form of TtG was piloted in 2002 as regional Employer Training Pilots¹¹⁹, and then rapidly expanded following the 2005 White Paper, *Skills: Getting on in Business: Getting on at Work*, and the final Leitch Review report¹²⁰.

TtG has received considerable criticism due to the perceived disconnect between the aims of TtG and its outcomes. Criticism particularly came from the fact public funding was used for assessment without training and for training that employers would have funded irrespectively, and that much of the training was low level and

often only provided initial training¹²¹. This was compounded by the emphasis on targets for the achievement of qualifications, which were determined without sufficient consideration of the need to link programmes to labour market information (LMI) and skills gaps. As employers could receive funding when an employee was receiving training, TtG was also seen by some as a potential competitor to apprenticeships¹²², especially in relation to 19 to 24-year-olds. These same criticisms were also levelled at the management and delivery of the TtG scheme by the House of Commons Committee of Public Accounts in January 2010¹²³.

In July 2010, the Government announced the TtG scheme was to be discontinued. The Minister of State for Further Education, Skills and Lifelong Learning described the programme as a *'deadweight cost'* and declared that, in the future, the focus would be on creating apprenticeships and providing *'meaningful'* adult learning at work¹²⁴.

6.3 EMPLOYER-LED INFRASTRUCTURE

By the end of the 1980s, the tripartite statutory training system had been replaced by a voluntary approach, involving more than 140 Industry Training Organisations (ITOs). In the 1990s the ITO system was rationalised into National Training Organisations (NTOs), within which Occupational Standards Councils (OSCs) were responsible for

¹¹⁷ House of Commons Innovation, Universities, Science and Skills Committee, *Re-skilling for recovery: After Leitch, implementing skills and training policies*, First Report of Session 2008–09, Volume 1 (15 December 2008)

¹¹⁸ *Train to Gain: A Plan for Growth. November 2007 - July 2011*. Learning Skills Council

¹¹⁹ Huddleston, P. and L. Unwin (2013) *Teaching and Learning in Further Education: Diversity and Change* London: Routledge. p21

¹²⁰ *Skills: Getting on in Business: Getting on at Work* (2005), Department for Education and Skills

¹²¹ *Train to Gain: Developing the skills of the workforce* (2009), National Audit Office

¹²² <http://www.publications.parliament.uk/pa/ld200607/ldselect/ldconaf/138/13811.htm>

¹²³ House of Commons Committee of Public Accounts, *Train to Gain: Developing the skills of the workforce*, Sixth Report of Session 2009, 11 January 2010: <http://www.publications.parliament.uk/pa/cm200910/cmselect/cmpubacc/248/248.pdf>

¹²⁴ Louisa Peacock, *The Telegraph*, 22 Jul 2010 *Train to Gain reaches the end of the track* <http://www.telegraph.co.uk/finance/jobs/7905158/Train-to-Gain-reaches-the-end-of-the-track.html>

National Occupational Standards. In 2002, the current network of Sector Skills Councils (SSCs) was established.

TECs were created under the 1992 Further and Higher Education Act and generally enjoyed strong employer leadership. The Government documents during this period tended to contain many relatively small initiatives delivered by TECs, only a few of which survived for any length of time. It was the actions of TECs locally, rather than these initiatives, which actually represented the strategy for the employed workforce. TECs were involved in national policy development and so delivery flowed naturally.

In light of the significant overlap in purview shared by TECs and Chambers of Commerce, the Government positively promoted the merger of these two bodies into newly established Chambers of Commerce, Training and Enterprise (CCTEs) during the mid-1990s. An evaluation led by the DfEE, following successful early mergers, concluded that mergers would offer an integrated and enhanced provision of services with the local area¹²⁵. These mergers signalled a significant shift in terms of the policy landscape, in that Government overview of former Chambers of Commerce moved from the DTI to the DfEE. This means that merged Chambers now receiving direct Government funding through their partnership with TECs, as a result of which many within the business community felt that their independent status had been compromised¹²⁶.

Both TECs and CCTEs were abolished in 2000, however. This was in part because the DE merged with the DfE (and a delivery agency born of TECs and the FEFC was the natural outcome), and because some TECs behaved irresponsibly,

and this was not dealt with individually by the purchasers/regulator. The remit of the TECs/ CCTEs and the FEFC were brought under a single body, the Learning Skills Council (LSC), which held overall responsibility for the learning and skills sector.

The Brown Government also accepted several recommendations to increase employer input into the formation of skills and training schemes:

- The establishment of an employer-led national UK Commission for Employment and Skills (UKCES) in 2008 to monitor skills provision, advise the Government and oversee the SSCs. This would incorporate and replace the Sector Skills Development Agency, the National Employment Panel and the Skills Alliance. Sir Michael Rake, the chair of BT, was appointed to chair the commission.
- Reforms of the Sector Skills Council (SSC) so they could develop qualifications frameworks and accredit skills and employment training. Government funding would only be given to SSC-approved qualifications.

The Coalition Government introduced the Employer Ownership of Skills pilot in 2011, committing up to £250 million over the next two years. Employers were invited to develop proposals that raise skills, create jobs, and drive enterprise and economic growth, and the Government has invested in projects in which employers are also prepared to commit their own funds¹²⁷. *Employer Ownership of Skills: Building the Momentum* was published by UKCES in March 2013, detailing eight recommendations for employers to effectively engage in skills development¹²⁸.

¹²⁵ <http://webarchive.nationalarchives.gov.uk/20130401151715/http://www.education.gov.uk/publications/eOrderingDownload/RB22.pdf>

¹²⁶ Robert J. Bennett (2011), *Local Business Voice: The History of Chambers of Commerce in Britain, Ireland and Revolutionary America, 1760-2011*, Oxford: Oxford University Press

¹²⁷ Employer Ownership of Skills pilot, BIS, 2 April 2014 <https://www.gov.uk/government/publications/employer-ownership-of-skills-pilot>

¹²⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/305784/employer-ownership-of-skills-building-the-momentum.pdf

These recommendations include¹²⁹:

- Transferring funding for apprenticeships from provider grants to employers
- Ensuring that training providers emphasise labour market outcomes in assessments
- Collating data to create labour market information for employers
- Measuring the benefits of investment in people
- Forming industrial partnerships between groups of employers
- Ensuring that adult qualifications are relevant to industry
- Providing work experience as a central part of vocational training
- Incenting employers to invest in training institutions.

It may be an indication of progress in terms of employer engagement in training that these recommendations are similar, in some respects, to those outlined in a 1984 report produced by the Institute of Manpower Studies. This report suggested that effective employer engagement policy should focus on encouraging investment in training – *‘harnessing the interests of individuals as a means of bringing pressure to bear on employers’*, and ensuring transparency and relevance of the training market to employers¹³⁰.

6.4 OCCUPATIONAL STANDARDS AND REGULATION

The development of occupational standards has been relatively inconsistent in the UK, possibly due to the complexities around definition. National Occupational Standards (NOS) have been one tool used to define occupational competence; this is the most widely understood and implemented tool related to occupational standards. Licence to Practise has also been used in some sectors, for example in gas fitting, engineering and early years.

NOS to define standards of occupational competence were first developed as a consequence of New Training Initiatives (NTI, 1981) and the Review of Vocational Qualifications (1986). NOS are currently being reviewed by UKCES as a consequence of the Whitehead Review of Adult Vocational Qualifications (2013). The new Apprenticeship Standards being developed as a result of the Richard Review will also become linked to NOS: the recent publication *Reform Plan for Vocational Qualifications*¹³¹ directs UKCES to take this into account.

Occupational regulation is defined by UKCES as *‘those mechanisms, both voluntary and mandatory, through which minimum skill standards can be applied within occupations’*¹³². It has not been a feature of generic skills policy, although it has been debated and implemented within certain sectors, existing for roles including: retail investment adviser, pharmacy technician and gas Engineer¹³³. Occupational regulation is of course widespread in the professions which

¹²⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/305784/employer-ownership-of-skills-building-the-momentum.pdf

¹³⁰ <http://www.employment-studies.co.uk/pdflibrary/wp17.pdf>

¹³¹ ‘Reform Plan for Vocational Qualifications’ March 2014

¹³² UKCES Understanding Occupational Regulation, Evidence Report 67, 2013

¹³² For others, see: UKCES Understanding Occupational Regulation, Evidence Report 67, 2013

¹³³ For others, see: UKCES Understanding Occupational Regulation, Evidence Report 67, 2013

themselves account for a growing proportion of the workforce. UKCES has carried out detailed work on occupational regulation in various occupations and of its place in the development of a skilled workforce¹³⁴. Although it is not universal, occupational regulation has been growing in coverage over many years and it has been estimated that coverage of regulated occupations is from 28% to 60% of all employees¹³⁵.

6.5 ANALYSIS

Initiatives to improve skills levels have included employer-driven schemes such as Investors in People (IiP), and policy-led schemes such as the Skills Pledge and Train to Gain. IiP, now entirely commercially funded, has had not only longevity but also a strikingly high satisfaction rate amongst employers. The Skills Pledge, while still in existence, faced criticism for a lack of clarity about its objectives and also regarding its quantitative targets, which it was feared would compromise on quality. Train to Gain, which was discontinued in 2010 after only four years of operation, was described as a ‘deadweight cost’¹³⁶ and was criticised for a failure to link the qualifications attained with the needs of industry.

There has been a move within policy towards ‘employer-led’ initiatives; in practice, this has meant ensuring that employers are represented in the leadership of relevant organisations and steering groups, rather than employers placing themselves front and centre in the formation and delivery of skills policy.

Key findings

- Investors in People has been a **successful means of ensuring employer commitment to training** and adherence to an external quality standard. Its popularity has remained

high, with 90% of employers noting a positive impact.

- **Quantitative training targets can have adverse effects** if not realistic, by encouraging misreporting of results and compromises on quality. Qualitative targets, such as external benchmarks (Investors in People) may be a better solution.
- **Linkages between training targets and labour market needs are essential** to ensure that training is not being delivered needlessly. This demands the production of relevant, local labour market data that can shape local and industry-level targets. Similarly, ongoing reviews of policies and funding relating to skills development will enable lessons to be learnt continually.
- **Employers will fund training that is useful and relevant.** The primary criticism of the Train to Gain scheme was that the training outcomes did not demonstrate true impact, as employers would have delivered the training regardless.
- **Employer-led infrastructure is critical to ensure that training is relevant** and that buy-in from industry is achieved. UKCES produces evidence-based research designed to support labour market and skills development, and works with the support of employers.
- **Occupational regulation is valuable** in developing a skilled workforce and is growing steadily as a part of the UK skills infrastructure.
- **Not much is new under the sun:** recent recommendations developed by UKCES bear strong resemblance to those developed in 1984, indicating that while elements of policy and practice have worked well, consistent improvement has not yet been achieved.

¹³⁴ see UKCES Understanding Occupational Regulation, Evidence Report 67, 2013

¹³⁵ Forth and colleagues 2011

¹³⁶ Louisa Peacock, The Telegraph, 22 Jul 2010, *Train to Gain reaches the end of the track* <http://www.telegraph.co.uk/finance/jobs/7905158/Train-to-Gain-reaches-the-end-of-thetrack.html>



Not much is new under the sun: recent recommendations developed by UKCES bear strong resemblance to those developed in 1984, indicating that while elements of policy and practice have worked well, consistent improvement has not yet been achieved.

07

UNEMPLOYED

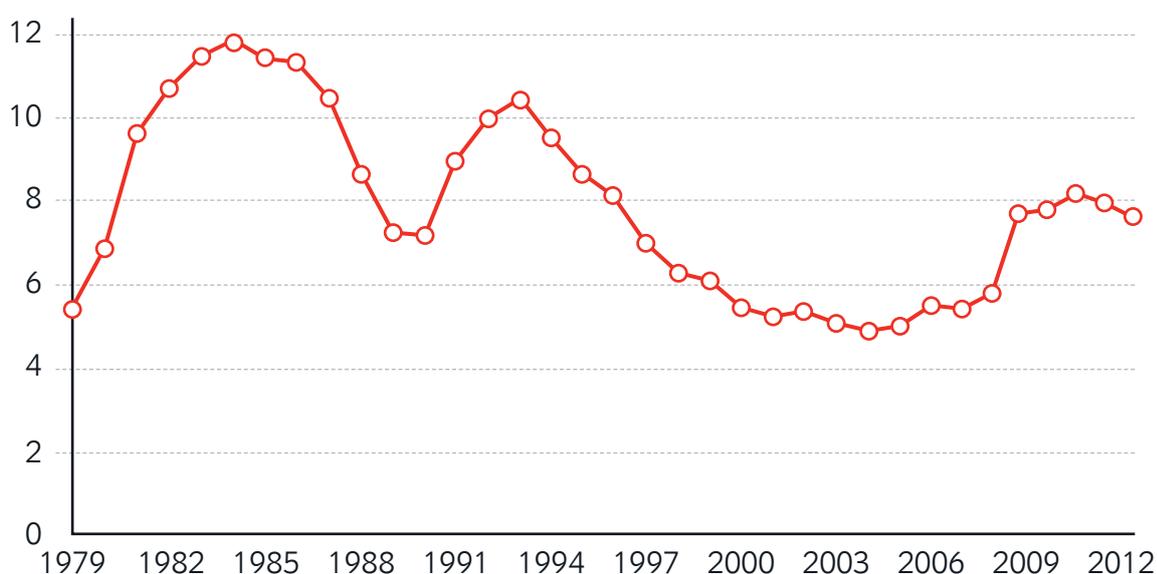
The third area of skills policy this report considers relates to skills development for unemployed adults. The key focus points include:

- The distinction between the skills and welfare aspects of policy
- The changing roles and responsibilities for management of funding and delivery of programmes.

7.1 UNEMPLOYMENT RATES (CONTEXT)

Youth unemployment had begun rising in the mid- to late-1970s and worsened in the early-1980s, peaking at 1.25 million (on the measures in place at the time) and remaining around that level for at least three years¹³⁷. Unemployment levels overall reached around 1.5 million (5%) in the late-1970s and peaked at 3 million (just under 12%) in 1984, as the effects of the manufacturing recession of 1980-1981 were felt¹³⁸, with male, full-time, unskilled labour particularly affected, and certain geographic areas being particularly affected. Changes to the structure of Britain's economy, the demise of industries that traditionally employed apprentices and the wind up of nearly all of the Industry Training Boards (ITBs) meant that this route became increasingly unavailable, in for example industries such as mining. Many young people had no chance of accessing any of the vocational education routes, with the situation particularly acute for those who previously went into low-skilled employment. In contrast, those who had graduated or left school at 18 had generally good employment prospects, in part because they were few in number. Full-time vocational programmes tended to be designed to lead directly to employment, which would then normally be accompanied by training. The economy recovered in the late-1980s, with unemployment falling to around 2 million (7%)¹³⁹.

Unemployment rate¹⁴⁰



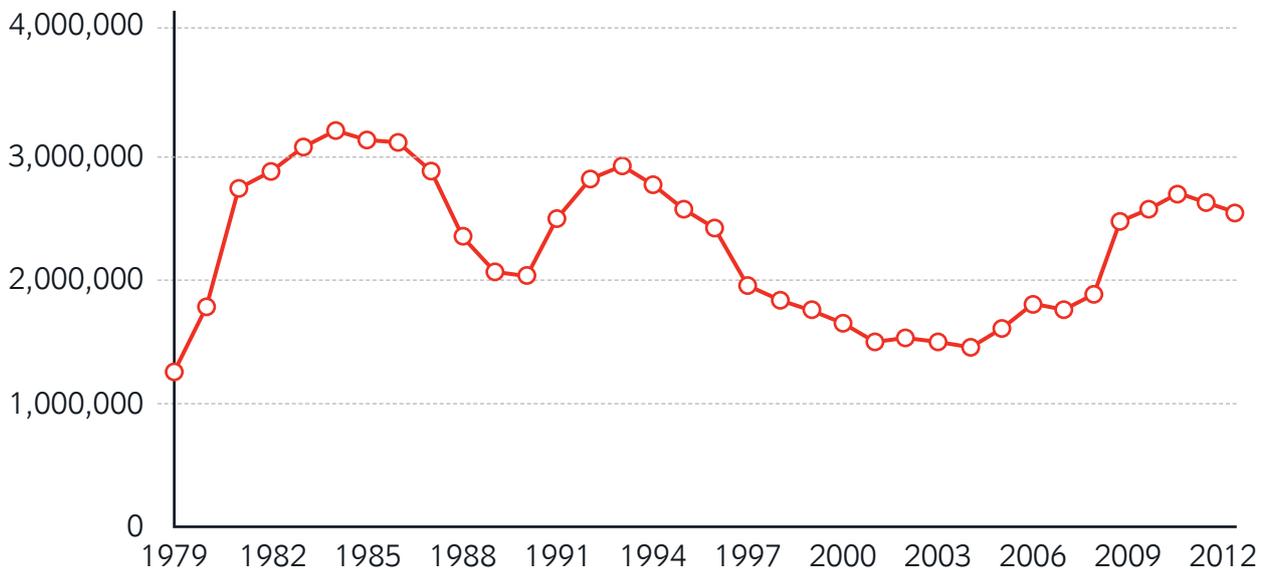
¹³⁷ http://www.cesi.org.uk/sites/default/files/publications/Young_people_and_unemployment_FINAL.pdf

¹³⁸ *Unemployment Trends since the 1970s*, Debra Leaker, Office for National Statistics, the Economic & Labour Market Review, Vol 3, No 2, February 2009

¹³⁹ *Unemployment Trends since the 1970s*, Debra Leaker, Office for National Statistics, the Economic & Labour Market Review, Vol 3, No 2, February 2009

¹⁴⁰ Source: Office of National Statistics

Unemployment rate¹⁴¹



7.2 TRAINING FOR EMPLOYMENT AND WELFARE TO WORK

7.2.1 Skillcentres

The third objective of the New Training Initiative (1981) was concerned with opening up opportunities for adults to upgrade their skills, whether employed or unemployed. The full-time Skillcentre programmes were six months long (up to a year for certain trades) and were followed by a period of around 18 months on-the-job training (whilst on lower wages). The six months of training was attached to training allowances which were higher than unemployment benefits and additional social security payments were made according to eligibility. The policy had an unexpected consequence. There are examples of cases where there were long waiting lists

for entry to Skillcentre programmes, including applicants who were in employment and were willing to leave their jobs to enter training as soon as a place became available; the opportunity to attain higher-level skills was valuable to workers.

Skillcentres were privatised in 1990 but went into receivership after only three years, after the required funding from employers failed to materialise. *'The sheer scale of the problem of a shortage of skills compared to the UK's industrial competitors suggested by the late 1990s that vocational training could not be left mostly to employers to fund, that state intervention would be necessary, and that such action would need to match government activity in other countries.'*¹⁴²

The privatisation of the Skillcentres was controversial. It occurred as part of the transition to Astra from the Skills Training Agency, with three ex-civil servants managing the operation.

¹⁴¹ Source: Office of National Statistics

¹⁴² Hobsbawm, E J (1999) *Industry and Empire: From 175 to the Present Day* London: Penguin Books

Critics noted that the transfer was accompanied by £11 million (to cover operational losses) and that the centres as a whole, including equipment, were worth £63 million¹⁴³. *'Can the Secretary of State explain how the sale of 51 Skillcentres, accompanied by a gift from the Government of £70 million, has improved the availability of training in this country when the activity of the three insider dealers who bought most of the Skillcentres has been concerned principally with sacking instructors, selling off freehold sites and selling the valuable machinery and equipment used by the Skillcentres to train people? When will the right hon and learned gentleman explain what value this audacious taxpayers rip-off is to the people who want employment training?'* (Bob Cryer MP)¹⁴⁴

The failure of privatised Skillcentres could be attributed to the recession and the reduction of training by employers. The Government was also blamed, however, with the 102 TECs reportedly granting 'wildly varying' contracts to Astra that were impossible to deliver¹⁴⁵. The quality of output from the privatised Skillcentres was also questioned, with one Astra trainer noting that after privatisation, '...we were told we should not train people too well or they would not come back for more.'¹⁴⁶

7.2.2 Training for Jobs (1984)

As unemployment increased and Government expenditure came under greater pressure, the focus shifted to dealing with longer-term unemployed people. The Training for Jobs White Paper proposed the end of the TOPs programme in favour of splitting the expenditure into the Job

Training Scheme and lower-level work preparation courses for the longer-term unemployed. In 1988 this changed to Employment Training (ET) and focused further on long-term unemployed people.

It was intended to show *'the world of education and the world of industry at last coming properly together'*¹⁴⁷ and to make training more attractive to employers. This was achieved, according to critics of the paper, by cheapening youth labour and by encouraging adults to pay for their own retraining through a loan scheme. Furthermore, employers would be given control over quality and standards¹⁴⁸.

The most controversial proposal was the proposal to transfer funding from local authority budgets to MSC for work-related non-advanced FE. The MSC was already spending £90 million per year with FE colleges through TOPs and the intention was to increase this to £200 million by the transfer of existing Rate Support Grant funding, in order to buy back provision more focused on employers' needs and achieving better results and cost-effectiveness¹⁴⁹. The paper was considered by some in Government to *'give great offence to those who work in further education [...] and dismayed local authorities'*¹⁵⁰.

7.2.3 People, Jobs and Opportunity (1992)

The 1992 White Paper, *People, Jobs and Opportunity*, focused on recognising the value of employees (current and potential) to employers and contained 18 proposals, some of which focused specifically on providing assistance to unemployed individuals through the provision of training and skill credits¹⁵¹.

¹⁴³ <http://www.independent.co.uk/news/uk/privatisation-fiasco-threatens-skill-centres-1458612.html>

¹⁴⁴ Hansard, 26 February 1991

^{145 146} <http://www.independent.co.uk/news/uk/privatisation-fiasco-threatens-skill-centres-1458612.html>

¹⁴⁷ <http://hansard.millbanksystems.com/lords/1984/mar/28/training-for-jobs>

^{148 149} http://www.amielandmelburn.org.uk/collections/mt/pdf/84_04_02c.pdf

¹⁵⁰ <http://hansard.millbanksystems.com/commons/1984/mar/06/training-for-jobs>

¹⁵¹ <http://hansard.millbanksystems.com/commons/1992/feb/11/people-jobs-and-opportunity>

Amongst the proposals was the development of a network of local Employment Service offices, with personal advisers tasked with increasing employment and training programme volumes to reach 1 million places per year. A voucher scheme was also proposed, at a cost of £2.97 million, to give unemployed people access to open learning facilities¹⁵².

The Open Learning Credits pilot (1993-1994) was reported to have had a positive outcome: *‘the individual commitment of participants was high, a good proportion of them have obtained jobs, and the cost of their courses was lower than once expected.’* The pilot objectives included testing the ways in which open learning could be delivered; testing credits as a means of giving individuals ownership over their training; and to test whether or not open learning would enable learning at the same time as searching for employment¹⁵³.

An evaluation of the pilot indicated that the open learning approach was effective. Around 85% of participants had been able to continue looking for work whilst learning, and there was also an impact on quality of employment: *‘the jobs being obtained were of a higher quality than usually found with unemployed groups in terms of occupational level, stability and earnings per hour.’*¹⁵⁴ A mixed response was received to the concept of empowering unemployed people, however, with only 65% of participants feeling that they were truly able to choose the training they received.

7.2.4 Jobseeker’s Allowance

In 1995, the Major Government brought in the Job Seekers Act, introducing a 16-hour limit for how long those qualifying for jobless benefits could work. Under the scheme, claimants were entitled to the allowance if they were actively seeking employment and fulfilled other criteria¹⁵⁵. The 1995 Act laid provisions for the Secretary of State of the relevant department (then the DEE) to require claimants, under certain sets of circumstances, to participate in work or work-related schemes¹⁵⁶.

Universal Credit, proposed in 2010 by the Coalition Government and still being piloted, will incorporate Jobseeker’s Allowance into a single benefit system, alongside other allowances. This policy did not alter the fundamental structure of the allowance, which still required recipients to be actively seeking work and to be subject to regular checks¹⁵⁷. In 2013, the Government announced the introduction of a Jobseeker’s Allowance Claimant Commitment, which clarifies the responsibilities of those receiving the benefit (particularly with reference to committing to looking for employment) and outlines penalties for breaches of the agreement¹⁵⁸. Mandatory Work Activity was also introduced as a means of preparing recipients for work; the placements last up to four weeks and are aimed at *‘helping the recipient develop the labour-market discipline associated with full-time employment’*¹⁵⁹.

An independent review of Jobseeker’s Allowance sanctions, and the support available to them through Jobcentre Plus (see following section) was due for publication in March 2014; to date, however, this report has not been released¹⁶⁰.

¹⁵² <http://hansard.millbanksystems.com/commons/1992/feb/11/people-jobs-and-opportunity>

^{153 154} <http://vital.new.voced.edu.au/vital/access/services/Download/ngv:31031/SOURCE2>

¹⁵⁵ <http://www.legislation.gov.uk/ukpga/1995/18/section/1>

¹⁵⁶ http://supremecourt.uk/decided-cases/docs/UKSC_2013_0064_PressSummary.pdf

¹⁵⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/48897/universal-credit-full-document.pdf

¹⁵⁸ <https://www.gov.uk/government/policies/simplifying-the-welfare-system-and-making-sure-work-pays/supporting-pages/introducing-the-jobseekers-allowance-claimant-commitment>

¹⁵⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/48897/universal-credit-full-document.pdf

¹⁶⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/256044/jsa-sanctions-independent-review.pdf

7.2.5 Labour's New Deals (1997)

As part of their election campaign, New Labour noted that the reductions in unemployment figures in 16-17-year-olds were matched by rises in unemployment amongst the 18-25 age group. The new Government's New Deal in 1997, therefore, focused on this age group and providing access to work and training opportunities¹⁶¹. Later assessment of this scheme for 18-25-year-olds suggested that the design of the initiative was flawed: many of the participants already had the skills and employment experience that the scheme could offer them. The issue, in actual fact, was with the quality and quantity of jobs available. *'Contrary to the knowledge economy thesis, these young people have found that low-skilled, low-paid jobs remain quite easy to obtain. Some of these jobs are official (with a contract), while others are fiddly. Irrespective of whether the jobs are officially temporary, they are not occupations that many young people would wish to retain long-term'*¹⁶².

7.2.6 JobCentre Plus (2002)

The introduction of JobCentre Plus in 2002 was a radical shift in the way public employment and benefit services were delivered; it also introduced welfare-to-work elements for people on inactive benefits (IB). According to the Government, *'as such JobCentre Plus has brought a work focus to benefit delivery for people who previously would have been able to claim benefit without simultaneously considering the opportunities for work and the assistance to get into work that might be available'*¹⁶³.

Evaluation of the scheme against the key indicators (the numbers of people moving off benefits and to employment; the impact on the employment rate overall; and the impact

on the wider economy) found that the scheme had been a success overall. *'The general picture that emerges from the empirical analysis is that Jobcentre Plus has helped to reduce the number of people on out-of-work benefits, and to increase the effective labour supply in Great Britain.'* Additionally, it was found that the design of the scheme (controlled pilot and phased roll-out) enabled better evaluation overall. The scheme was also delivered under budget (£314 million was saved)¹⁶⁴.

7.2.7 Ready for Work, Skilled for Work (2008)

The key focus of this 2008 white paper was to promote employer-led reforms and skills development; one of the central actions was the redesign of Sector Skills Councils (SSCs). A significant development in tackling unemployment was the creation of pre-employment training courses that were industry-specific; initially, these were developed in nine sectors¹⁶⁵.

Courses were created by JobCentre Plus, in conjunction with SSCs and the Learning and Skills Council (LSC), and were expected to include¹⁶⁶:

- Employability checklists at entry level
- Advice on recruitment methods (including assessments)
- A Routeway programme of two weeks' pre-employment training or work experience.

Additionally, the white paper recommended more comprehensive links between employers and JobCentre Plus, through Local Enterprise Partnerships (LEPs). As part of the white paper, the Government set a target of helping 250,000 people to find employment by the end of 2010¹⁶⁷.

¹⁶¹ <http://www.socresonline.org.uk/18/1/3.html>

¹⁶² <http://www.socresonline.org.uk/18/1/3.html>

^{163 164} https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214567/rrep781.pdf

^{164 166} http://webarchive.nationalarchives.gov.uk/+/http://www.dius.gov.uk/publications/ready_to_work.pdf

¹⁶⁷ http://webarchive.nationalarchives.gov.uk/+/http://www.dius.gov.uk/publications/ready_to_work.pdf

7.2.8 The Work Programme and Community Action Programme (2011)

The Work Programme aims to support the long-term unemployed into work, by offering them skills and experience¹⁶⁸; this includes the option to train for up to six weeks through ‘sector-based work academies¹⁶⁹’. Private contractors receive incentives for the proportion of people they place in employment for a period of six months or more¹⁷⁰.

The programme has been controversial; it has been suggested that companies involved in offering experience to jobseekers are effectively getting cheap labour, and potentially even replacing minimum-wage jobs (criticism which has led to some employers offering to pay participants)¹⁷¹. The scheme is also involuntary, to the extent that claimants risk their benefits being removed if they do not turn up ‘for good reason’ once their placement begins¹⁷². Professor Steve Fothergill, from the Centre for Regional Economic and Social Research at Sheffield Hallam University¹⁷³, has stated that the programme is ‘founded on the false assumptions that there are plenty of jobs available for the unemployed and that there are insufficient financial incentives to move into work¹⁷⁴’. Further, the National Audit Office has found that incentive payments are being given to the worst performers due to initial contracting mistakes¹⁷⁵.

A subsequent Supreme Court ruling has found that the 2011 regulations were invalid, as they did not offer sufficiently detailed prescribed definitions of the schemes¹⁷⁶.

7.2.9 Current policy

In addition to the Work Programme, as outlined above, current policy includes a new Universal Credit scheme for jobseekers and those on a low income; this brings a variety of benefits together into a single payment¹⁷⁷. A new claimant commitment for Jobseeker’s Allowance has been introduced, requiring jobseekers to develop a personal plan outlining what they will do in order to find work, for example undertaking training opportunities¹⁷⁸.

Austerity measures delivered by the Coalition Government ‘strengthen average incentives for individuals to be in work’, according to the Institute for Fiscal Studies¹⁷⁹. In addition to the criticism of the Work Programme outlined above, however, policies have been critiqued for reducing support to the most vulnerable and for missing targets: official figures from the first year of Work Programme operation showed that only 3.5% of jobseekers had remained in a job for six months or more following their participation in the scheme, against a target of 5.5%, although the Social Market Foundation queried these official figures, stating that strict 12-month analysis revealed that success rates were as low as 2.3% (as opposed to the 14-month period that official figures were based upon)¹⁸⁰.

¹⁶⁸ <http://www.ibtimes.co.uk/work-programme-uk-government-dwp-data-mark-408854>

¹⁶⁹ <https://www.gov.uk/moving-from-benefits-to-work/job-search-programmes>

¹⁷⁰ <http://www.ibtimes.co.uk/work-programme-uk-government-dwp-data-mark-408854>

¹⁷¹ ¹⁷² <http://www.bbc.co.uk/news/uk-politics-17116473>

¹⁷³ <http://www.shu.ac.uk/mediacentre/professor-steve-fothergill>

¹⁷⁴ <http://extra.shu.ac.uk/ppp-online/welfare-to-work-isnt-working/>

¹⁷⁵ <http://www.theguardian.com/politics/2014/jul/02/work-programme-department-work-pensions-bonuses>

¹⁷⁶ http://supremecourt.uk/decided-cases/docs/UKSC_2013_0064_PressSummary.pdf

¹⁷⁷ <https://www.gov.uk/government/policies/simplifying-the-welfare-system-and-making-sure-work-pays>

¹⁷⁸ <https://www.gov.uk/government/policies/simplifying-the-welfare-system-and-making-sure-work-pays/supporting-pages/introducing-the-jobseekers-allowance-claimant-commitment>

¹⁷⁹ <http://www.ifs.org.uk/wps/wp1326.pdf>

¹⁸⁰ <http://www.smf.co.uk/social-market-foundation-response-to-work-programme-figures/>

While providers continued to fall short of the required target of 27.5% in the second year of the programme's operation, the best performing providers are demonstrating success rates almost double that of the worst performing providers, suggesting that the programme itself has potential if best practice lessons can be learned and implemented across the board¹⁸¹.

7.3 ANALYSIS

Work training schemes considered for this review, such as Skillcentres and the current Work Programme scheme, illustrate the impact that insufficiently planned policies can have. Skillcentres were privatised in 1990 but went into receivership after three years; this was due to insufficient purchasing by employers. The current Work Programme scheme aims to support the long-term unemployed into work; one of the most controversial options is training provided through work placements, and the provision of financial incentives for private contractors placing people into jobs. Criticism of the scheme has included a lack of rigour around the incentives process and errors in contracting arrangements.

Another criticism of the current Work Programme has been the fact that there is a false assumption that the right quantity and quality of jobs are available for the unemployed; this assumption was also evident in Labour's New Deals.

Evaluation of the 1997 scheme indicated that while jobs were available, they were not jobs that were suitable for (or appealing to) young people. Some training for work initiatives had successful outcomes, however: training vouchers formed part of the Open Learning Credits pilot (1993-1994), which was distinctive in having a robust evaluation process. The pilot findings indicated that giving individuals ownership of their training was a positive benefit, and that there was also a positive impact on the quality of employment.

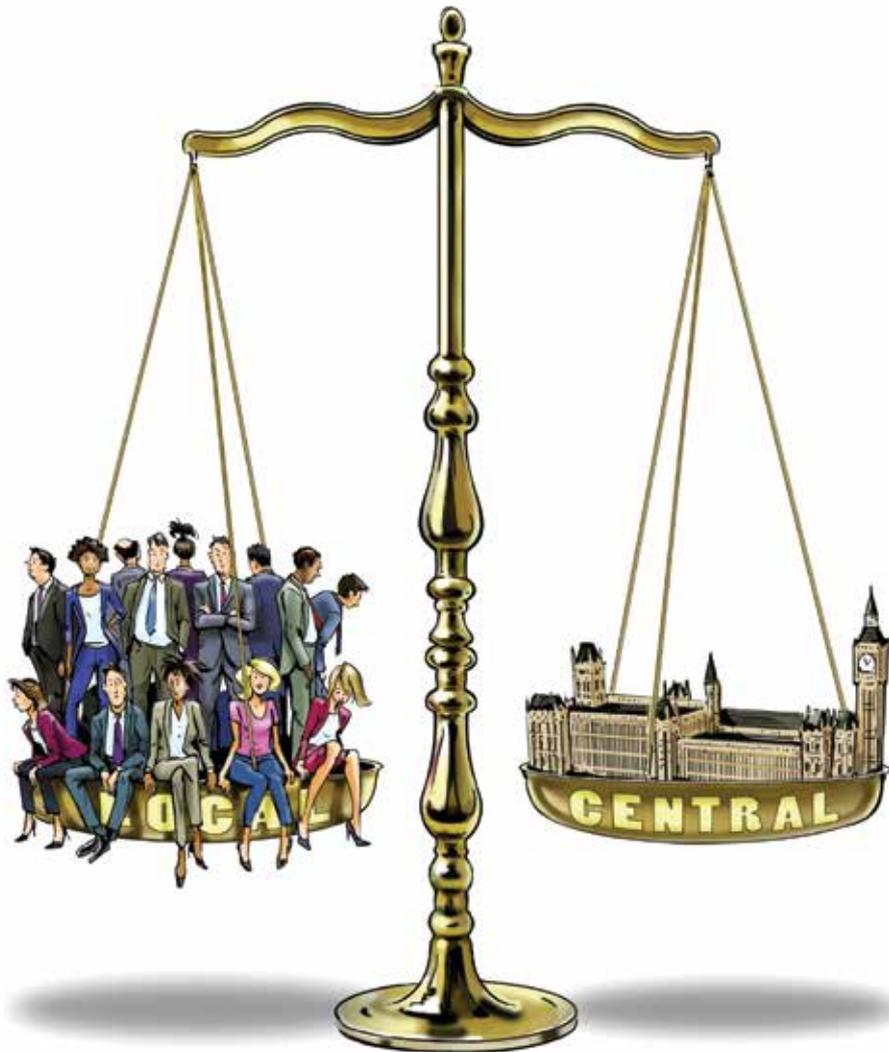
Welfare to work schemes have played central roles in employment policy over the last decade;

the more recent introduction of the austerity measures of the Coalition, however, may be creating unanticipated negative impact. While the most recent evaluation of the scheme has not yet been published, recent figures indicate that targets have not been met: only 3.5% of jobseekers had remained in a job for six months or more following their participation in the scheme, against a target of 5.5%.

Key findings

- **Privatisation of training can bear significant risks**, with the achievement of income and training targets possibly overriding concerns of quality. This has occurred with both the privatised Skillcentres and also more recently with outsourcing of the Work Programme.
- **Funding is administered effectively at local levels**, as it can take account of local labour market and employment needs, and ensure that training for work is delivered where it is needed.
- **Allowing individuals to combine job seeking with training through Open Learning schemes** is effective, with reported positive impacts on beneficiaries and the jobs they eventually obtained.
- Enabling unemployed people to use their period of unemployment constructively to retrain for a skilled new career (as in Skillcentres and TOPs) is motivating and has potential long-term gains for the skills base of the economy.
- It is not enough to prepare individuals for work; **ensuring that quality jobs are available is an important determinant of people seeking and accepting employment.**
- The **JobCentre Plus scheme has been effective in meeting targets**; its phased roll-out approach was a key factor in ensuring success and accurate evaluation.
- **Welfare to Work schemes are not necessarily effective when the incentive to work is created by the reduction of other benefits.**

¹⁸¹ <http://www.smf.co.uk/what-can-we-conclude-from-todays-work-programme-figures/>



Funding is administered effectively at local levels, as it can take account of local labour market and employment needs, and ensure that training for work is delivered where it is needed.

08

CONCLUSIONS

8.1 KEY FINDINGS

Young People

- There has been significant and ongoing political tinkering in the system.
- There exists a fundamental conflict between political incentives to make quick changes and the stability required by the education system.
- Consistent churn in the system has created a collective amnesia and growing lack of organisational memory at political and official levels.
- There has been a preponderance of scheme and qualification name changes linked to a desire to rebrand, which has often led to confusion and frustration among employers and learners.
- The proclivity of policymakers to cherry pick from review recommendations has also led to greater confusion in skills and employment policy.
- The history of policy in this area demonstrates an unhappy compromise between two conflicting aims: training people to work in a specific occupation, and ensuring that individuals' training is broad enough so that their occupational choices are not limited.

Employed workforce

- Investors in People remains popular and has been a successful means of ensuring employer commitment to training and adherence to an external quality standard.
- Quantitative training targets can have adverse effects if not realistic, by encouraging misreporting of results and compromises on quality.
- Linkages between training targets and labour market needs are essential, and this requires relevant, local labour market information.
- Employers will fund training that is useful and relevant.

- Employer-led infrastructure is critical to ensure that training is relevant and that buy-in from industry is achieved.
- Occupational regulation is valuable in developing a skilled workforce and is growing steadily as a part of the UK skills infrastructure.
- Not much is new under the sun; current policies contain echoes of those developed 30 years ago.

Unemployed

- Privatisation of training bears significant risks, with the achievement of income and training targets possibly overriding quality considerations.
- Funding is administered effectively at local levels.
- Allowing individuals to combine job seeking with training through Open Learning schemes is effective.
- The JobCentre Plus scheme has been effective in meeting targets.
- Welfare to Work schemes are not necessarily effective when the incentive to work is created by the reduction of other benefits.
- It is not enough to prepare individuals for work; ensuring that quality jobs are available is an important determinant of people seeking and accepting employment.

Conclusions

Three decades of change have had an impact on the effectiveness of establishing a high-quality, highly valued skills and employment system. In particular, the following patterns emerge:

Departmental changes: the constant shifts in responsibility have defined the priorities and delivery of skills and employment policy. This has meant that different tracks within the system have remained in place. It has also meant that, at times, a department's wider policy remit has subsumed the skills and employment policy, for example schools policy has taken priority in education departments.

These departmental changes have also been associated with changes in delivery structures which can have equally significant impact – for example, the formation of the LSC from the FEFC and TECs after they became managed by a single department or their subsequent splitting up into the SFA and YPLA/EFA when departmental responsibilities split.

The skills debate: over the period of this review, the issue of skills – as with education generally – has gained an increasingly significant political profile. Despite the broad political consensus in policy aims, differences emerge at the point of implementation that have contributed to the constant change. The sector has also been informed and influenced by immediate and relatively short-term priorities, such as the unemployment crisis of the 1980s and the return to a more centralised approach under New Labour.

Those working in the system have had to manage the destabilising effect of having to adjust

repeatedly to new or modified structures and procedures. For the customers – employers and individuals – the changes in programmes, qualifications' funding streams and organisational structure have made the vocational route increasingly difficult to navigate. The following conclusions can be drawn:

Co-ordination is key: Cross-departmental responsibilities must be coordinated or led at Cabinet level if important objectives are to be achieved and 'turf wars' or inaction are to be avoided. In the early part of the period, the separation of vocational education from training led to lack of coordination.

Agreed roles and responsibilities: Three decades of change have highlighted that there is a need to provide mechanisms to ensure that employers, Government, representatives of the workforce and providers can work together effectively at national and local levels.

‘Much of this report echoes what we are saying as 157 Group and in our own narrative on FE Colleges. It is robustly evidenced and well-written. What is needed now is a set of agreed values and outcomes for education as a whole, based on clear values, philosophies and policies that are clearly articulated and shared.’

Dr Lynne Sedgmore CBE, Executive Director of 157 Group

8.2 RECOMMENDATIONS

RECOMMENDATION 1: STABILITY THROUGH CONSENSUS

The City & Guilds' Skills Review has highlighted how the frequency of structural change within the system has led to a preponderance of short-term interventions that have had a disproportionate impact on the skills and training sector. Whether through machinery of Government changes in Whitehall, the establishment and abolition of non-departmental bodies over the period, or ministerial change in departments a 'collective amnesia' about past policy has resulted. There is evidence that policy change at the centre can have unintended consequences on the ground, which can lead to a lack of clarity and coherence for those responsible for implementation. What begins as a sound policy proposal in Whitehall can often be undermined during the implementation phase through lack of planning, oversight or evaluation.

In particular, there has been a clear tension between central control and local autonomy. This is most evident from the frequency of structural change over the period (as evidenced by MSC, TECs, RDAs, LEPs, SSCs, UKCES, FEFCE, SSDA, YPLA, EFA, and SFA). Major policy initiatives, such as the current Industrial Strategy, Apprenticeship Trailblazers and Employer Ownership of Skills, require a consistent local infrastructure to support delivery and implementation, and a sound monitoring and evaluation framework to measure success. The current system should be given the opportunity to manage the implementation rather than creating new structures and institutions.

With a general cross-party consensus that Local Enterprise Partnerships (LEPs) should be given greater responsibility for local skills and training

delivery, **City & Guilds recommends that the current network of LEPs post-election should be maintained for the duration of at least one Parliament. City & Guilds also recommends that LEPs are established on a statutory basis to ensure greater accountability, and also to empower them to deliver.**

RECOMMENDATION 2: UNDERSTANDING THE HISTORICAL CONTEXT TO IMPROVE FUTURE POLICY

There have been strong policies in the past that have reaped successful results, but were dropped or amended before they could reach their full potential. There have also been failures that do not need repeating. We need to move towards policy that is informed by the mistakes and successes of the past.

The Education Select Committee conducted an inquiry towards the end of the last Labour administration (*From Baker to Balls: the foundations of the education system*, March 2010) which sought to analyse the historical policy context to better understand the present schools system and provide a guide for future policymakers. As the committee's report explained: *'It was illuminating and instructive to hear four former Secretaries of State engage in discussion with us on the principles of education policy. We encourage future select committees to take the opportunity, if and when former Ministers are willing, to hold similar evidence sessions and to gather a historical perspective.'*

City & Guilds recommends that the BIS Select Committee conduct a parallel inquiry into the skills and employment system, reporting before or shortly after the General Election next May, to inform the next administration's Skills and Training programme and policymaking approach in the skills sector.

RECOMMENDATION 3: COHERENCE THROUGH INDEPENDENT OVERSIGHT

The review has highlighted a potential mismatch between labour market analysis and subsequent policy interventions and funding commitments. A better understanding of these fundamental assumptions is required to create more continuity and stability within the system, and to ensure that public funding is not wasted on short-term policy measures. Policy and funding decisions should be based on a robust evidence base at all times. An independent impact analysis of future labour market assumptions is therefore required to improve long-term decision-making.

City & Guilds recommends that the Government establish an equivalent body to

the Office for Budgetary Responsibility (OBR), to provide independent and authoritative analysis of the UK's skills and employment sector. This body would be responsible for the following functions:

- Independent evaluation of the Government's performance against its Skills and Training targets
- Provide independent LMI forecasts in conjunction with the OBR's five-year forecasts for the economy
- Scrutiny of the Government's Skills and Training policy costings
- Assess the long-term sustainability of the Skills and Training landscape.

‘There is still a big decision to make around whether local programmes get the budgets, or whether they are seen as influencers of policy and delivery. Do we believe in a national policy that ensures transparency and avoids reinventing the wheel or expensive contracting? Or do we believe budgets should be devolved?’

Stewart Segal, Chief Executive Officer of AELP and
Councillor of the City and Guilds of London Institute

09

GLOSSARY

ACRONYM FULL VERSION

AVCE	Advanced Vocational Certificates of Education	JC+	Jobcentre Plus
BERR	Department for Business, Enterprise and Regulatory Reform	LA	Local Authority
BIS	Department for Business Innovation and Skills	LEA	Local Education Authority
BTEC	Business and Technology Education Council	LEP	Local Enterprise Partnership
CBI	Confederation of British Industry	LMI	Labour Market Information
DCSF	Department for Children, School and Families	LSC	Learning and Skills Council
DE	Department of Employment	LSIS	Learning and Skills Improvement Service
DES	Department for Education and Science	MA	Modern Apprenticeship
DfE	Department for Education	MSC	Manpower Services Commission
DfEE	Department for Education and Employment	NAS	National Apprenticeship Service
DfES	Department for Education and Skills	NCVQ	National Council for Vocational Qualifications
DIUS	Department for Innovation, Universities and Skills	NEET	Not in Education, Employment or Training
DOE	Department of the Environment	NI	National Insurance
DWP	Department for Work and Pensions	NOS	National Occupational Standard
E2E	Entry to Employment	NTI	New Training Initiative
EBAC	English Baccalaureate	NTO	National Training Organisation
EFA	Education Funding Agency	NVQ	National Vocational Qualification
EMA	Education Maintenance Allowance	OSC	Occupational Standards Council
ESOL	English for Speakers of Other Languages	PAYE	Pay As You Earn
ET	Employment Training	PLA	Programme-Led Apprenticeship
FE	Further Education	PSA	Public Service Agreement
FEFC	Further Education Funding Council	QCF	Qualifications and Credit Framework
FHEQ	Framework for Higher Education Qualifications	SCAA	Schools Curriculum and Assessment Authority
GCE	General Certificate of Education	SFA	Skills Funding Agency
GCSE	General Certificate of Secondary Education	SSC	Sector Skills Council
GNVQ	General National Vocational Qualification	SSDA	Sector Skills Development Agency
HNC	Higher National Certificate	TC	Training Commission
HND	Higher National Diploma	TEC	Training and Enterprise Council
IB	Inactive Benefit	TtG	Train to Gain
IiP	Investors in People	TUC	Trades Union Congress
ITB	Industry Training Board	TVEI	Technical and Vocational Initiative
ITO	Industry Training Organisation	UKCES	UK Commission for Employment and Skills
		VET	Vocational Education and Training
		YPLA	Young People's Learning Agency
		YT	Youth Training
		YTS	Youth Training Scheme

‘Reading this overview of the trail of skills policies and vocational qualifications that have been introduced over the last four decades wasn’t just a career-long trip down memory lane for me; it also provided an important and palpable evidence base of the sheer size, scale and complexity of the numerous initiatives that have been visited upon the vocational and technical training system in England by successive governments over that period of time.’

Dr Ann Limb OBE DL Chair SEMLEP, Fellow and Councillor of the
City and Guilds of London Institute

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Education and Inspections Act (2006)

Further Education and Training Act (2007)

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THANK YOU

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‘This is a really valuable paper that deserves to be read by anyone concerned with making and implementing skills and vocational education policy. As anyone reading this report will see, there has been substantial tinkering in the system, and it’s the first I have personally seen the history of the changes written down in one, single place.’

Martin Doel, Chief Executive, Association of Colleges

