

PARTIAL REGULATORY IMPACT ASSESSMENT

LEITCH IMPLEMENTATION PLAN: World Class skills: Implementing the Leitch Review of skills in England

1. PURPOSE AND INTENDED EFFECT

Objective

1.1 This document makes a partial assessment of the impact of the policies set out in the document '*World Class Skills: Implementing the Leitch Review of Skills in England*'. It is a partial assessment because the document sets out policy at a strategic level; more detailed assessment of each policy area will be a vital part of on-going policy development and implementation.

1.2 The key strands are:

- **Our World-class ambition:** our ambition and the proposed progress we will make to ensure that the workforce in England has the world-class skills to help the UK be a leader in the global economy in 2020.
- **Supporting individuals to improve their skills and progress in work:** how we will transform individual learners' experience and support them in securing sustainable employment and career progression through closer integration between employment and skills services.
- **Employers leading the way on skills:** our proposals to give employers greater leadership of the skills and qualifications system, to improve their relevance to employer needs; how we are improving the supply of skills training, improving its responsiveness to employer and individual needs; and what we expect of employers in terms of improved investment.
- **A new partnership to support skills in the workplace:** how we will invest in the improvement of economically valuable skills in the workplace, particularly with those employers that make a public commitment to upskill their workforce.
- **Equipping young people with the skills they need for work and life:** how we will ensure that young people are equipped with the skills they need to further their learning, find sustained employment and progress once they enter the workforce.

1.3 The Implementation Plan sets out how, in England, working with our partners, we will take forward Lord Leitch's recommendations and deliver our ambition. Some aspects of skills policy in England will be taken forward within a UK framework and with agreement from the Devolved Administrations; and where that is the case it is signalled clearly in the Plan.

Background

1.4 In 2004, Lord Leitch was asked by Government to identify what the UK's optimal skills mix would need to be in 2020 in order to maximise economic growth, productivity and social inclusion, and to consider the policy implications of achieving the level of change required. The Government welcomed the report in December 2006 and accepted the analysis and the ambitions for 2020.

1.5 Building on the 2003 and 2005 Skills Strategies and the FE reform programme, policy has been developed within a framework of guiding principles of (a) putting customers – employers and individuals – in the driving seat and (b) ensuring that public money is targeting where there is market failure and where it is most needed to promote social justice.

1.6 Government will give employers the opportunity to exert real leverage over both the content and delivery of skills and employment programmes through the new Commission for Employment and Skills and their Sector Skills Councils. In return, we need employers to increase their investment in skills at all levels, including by making the Skills Pledge; and take up the opportunity to shape the skills and employment systems to meet their needs.

1.7 Government will continue to invest public funding to ensure that all adults have the chance to gain the literacy, numeracy and employability skills they need to secure sustained employment and progression. In return we need adults to take responsibility for addressing their own skills needs, and accessing the support available.

1.8 The recommendations will be delivered through a programme of new and existing initiatives, set out below, each of which will be fully assessed, including the range of equalities impact assessments. The Skills Strategy Equality Impact Assessment was published on 5 June 2007, and commits to further assessment as policy evolves.

1.9 Government has already introduced the first major steps in implementing the Leitch agenda through launching the Skills Pledge, announcing the appointment of the Chair of the UK Commission for Employment and Skills, announcing four new National Skills Academies, and launching the new long-term Skills Campaign.

Rationale for Government Intervention

1.10 The Skills Strategies, published in 2003 and 2005, made a clear case for intervention to improve the UK's poor skills profile, which is mainly due to a relatively long tail of low-skilled adults. In addition, Lord Leitch's review identified that, despite recent improvements, a strong and stable economy, and a record employment rate, the UK performs relatively poorly on

productivity, which is partly a result of the relatively poorer skills of workers in the UK.

- Output per hour worked is:
 - 19 per cent higher in France;
 - 16 per cent higher in the US; and
 - 15 per cent higher in Germany
- Within the OECD, the UK ranks:
 - 18th for low skills;
 - 20th for intermediate skills; and
 - 11th for high skills.
- 35% of the working age population do not have a full Level 2 qualification and only 36% are qualified to intermediate (level 2-3), compared to over 50% in Germany and New Zealand;
- 7 million adults lack functional numeracy and 5 million lack functional literacy;

1.11 The UK skills profile has remained relatively poor despite the huge potential benefits to individuals and firms from improving skills. This may reflect barriers or “market failures” which prevent individuals and firms from investing more in skills. If targeted correctly, government intervention can address market failures and raise investment in skills.

1.12 The main types of market failure include:

- a. Information failure: Businesses and individuals may be unaware of the potential benefits of skills improvement or the quality and content of provision. They may also be unaware of the potential benefits from a more skilled worker raising the productivity of their co-workersⁱ.
- b. Credit market failure: Individuals and firms may under-invest because they cannot obtain credit to meet up-front costs
- c. Externalities: Businesses and individuals are unlikely to take full account of any wider benefits to society or spill over effects to other firms.
- d. Time preference and risk. These are short-termist and uncertain attitudes to investment in skills and their future returns by employers or individuals.

These market failures are more likely to impact at the lower end, meaning that government intervention is most justified in low skills. However, market failures, particularly externalities, also occur at the higher skills end.

1.13 However, Government action alone will not be enough for us to realise our world class ambition. We need to form a new partnership between

Government, employers and individuals, with each taking responsibility for increasing their action and investment. Currently, there is clearly room to improve the levels of investment in skills by individuals and employers. For example:

- The National Employer Skills Survey (NESS) 2005 showed that around a third of employers provided no training for their employees in the past 12 months. This figure was higher for the smallest establishments (with 2-4 employees) at 60% and significantly lower at 9% for the largest (with 500 or more employees).
- Comparisons of employer-provided continuing training show that in terms of spend per trainee, the UK ranks second lowest in Europe. This reflects a combination of a relatively high proportion of employees trained in the UK but low average hours of training; furthermore
- NESS 2005 found that by far the most common reason for not funding or arranging training was a perceived lack of need, with around 7 in 10 non-training employers saying they had not provided training because all their staff were fully proficient.

1.14 At the heart of the new partnership approach are several major areas for implementing delivery of the objectives which, in prioritising areas of market failure, will better integrate employment and skills and improve access to provision for learners, whether or not they are in work.

1.15 By setting up a new UK Commission for Employment and Skills we will be able to set and monitor shared targets for employment and progression. The Commission will operate through a shared, integrated objective for employment and skills services leading to sustainable employment and progression, focussing on people's long-term prospects as well as their immediate needs.

1.16 Taking on and streamlining the responsibilities of the Sector Skills Development Agency (SSDA) and the National Employment Panel (NEP) and the Skills Alliance in England, in operational terms, the Commission will have a dual role as a key voice for employers, whilst reporting on progress towards the skills ambitions and making recommendations for structural and institutional change if necessary. It will scrutinise the objectives driving the employment and skills systems, monitor performance across the sectors, providing advice on delivery targets and measuring their success. Its role is primarily advisory, with the exception of performance managing the SSCs.

1.16 Within the new partnership between Government and employers, we encourage employers to make a Skills Pledge which will enable access to public support to help all employees gain their first basic skills and level 2 qualifications. The Pledge is public and voluntary. The Train to Gain brokerage service will be extended to give funding and brokerage support to employers, covering all skill levels. Employers will be able to work through their Sector Skills Council to set the framework of qualifications and skills they need and Government will direct public funding on a demand-led basis in support of priority qualifications. Employers are also invited to invest in

National Skills Academies to create innovative world class provision in every skills sector. We are also initiating a fundamental review of Investors in People to consider how best it can support achieving our ambition.

1.17 As part of the reform and empowerment of Sector Skills Councils, we will also carry out research to establish whether are any circumstances in which an extended use of 'licence to practise' schemes could drive up skills and productivity, without creating competitive barriers and with advantages that outweigh the drawbacks. We will also consider how SSCs might adopt targets for increasing employer investment in skills in their sector. Full assessment of these proposals will take place in due course.

1.18 Coherent support with demonstrable benefits will be available to all learners. New Skills Accounts will be available to all through a new joined up adult careers service. They will give individuals greater ownership and choice over their learning, motivating them to gain skills and achieve qualifications, enter work and progress in employment. Through Skills Accounts individual learners, including the workless, will have access to a wide range of support and advice that will help them to navigate their way through the system and help them to access the right training. In addition, there will be support for training before or after job entry to help people get and stay in work. This will be further supported by the creation of a new universal adult careers service, which will help adults access the learning and employment opportunities they need to find and sustain employment with progression opportunities.

1.19 To encourage low-skilled adults to take up learning, we propose to introduce a new legal entitlement for adults to access basic literacy and numeracy programmes and training leading to their first full level 2 qualification. This would give statutory backing to the existing entitlements which have been created administratively since 2003. Such an entitlement would not create any new obligations on employers, since the case for new legislation around workplace training will be reviewed in 2010.

1.20 Making the curriculum more engaging is key to equipping young people with the skills they need for work and life. New Diplomas will equip young people with the skills they need for work and higher level study. Basic skills will be the cornerstone of young people's education, integrating functional skills into the Diplomas, Apprenticeships and GCSE English, maths and ICT and creating a standalone qualification. An entitlement to apprenticeships will be introduced, and the effectiveness of work-related learning, including integrating work experience will be improved. Consultation on raising the participation age to 18 is also taking place.

1.21 Full details on all of these proposals can be found in the Plan.

2. CONSULTATION

2.1 Lord Leitch's review worked with key stakeholders including those in Government, the Departments, agencies and education and training providers with a remit to improve skills, businesses and trade unions. The Review also

took evidence from a wide variety of sources. Over 250 organisations were invited to submit responses, including employers, their representative bodies, unions and providers of education and training.

2.2 In addition, following publication of Lord Leitch's report in December 2006, the DfES facilitated a series of events with partners to engage employers, providers and learners to discuss working together to make Lord Leitch's vision a reality. The events raised awareness of the recommendations, and discussed the challenges around implementation within a framework of shared responsibility between Government, employers and individuals. The key outcomes of the events have been considered in the policy development process and the thinking behind the Implementation Plan.

2.3 As an ongoing process, the key Whitehall Departments involved have worked together closely to develop policy, which has been cleared across Government. Given the UK-wide scope of some of the proposals, the Devolved Administrations have made a significant input into the policy. Regular discussion has also taken place with the partners impacted by the policy.

2.4 Specific consultation has also taken place on demand-led funding, and is ongoing in other developing areas such as raising the compulsory participation age.

3. OPTIONS

3.1 The options for delivering Lord Leitch's recommendations are:

- a) Do nothing
- b) Adopt a voluntary approach
- c) Legislate

3.2 The Skills Strategy White Paper and the FE Reform White Paper, *Raising Skills, Improving Life Chances*, both give a firm foundation to improving our skills profile. There has already been a step change in employers engaging with the skills agenda, and the way in which providers have begun to deliver a more responsive product. **In doing nothing**, we would continue to make steady, but slow progress towards meeting our original skills targets.

3.3 Delivering the new ambition as articulated by Lord Leitch would, however, drive increased productivity, prosperity and social inclusion. We simply need to move faster and reach higher. Although progress has been made in recent years, some aspects of our skills base remain weak and the UK still lags behind key competitor nations on skills measures. The effects of globalisation and new technologies will continue to shape the economic landscape, and we cannot afford to stand still. Current trajectories, even if sustained, will not deliver the 2020 ambitions which the Chancellor accepted on behalf of Government in his pre-budget report.

3.4 To achieve our ambition we must forge a new partnership between Government and employers, giving employers greater leadership of the skills and qualifications systems, and creating a framework in which they can act **on a voluntary basis** to improve the skills of the workforce. We will continue to reform and build the capacity of the FE sector to increase its responsiveness to employer and learner needs, whilst also setting a clear expectation for the improved investment we must see from employers.

3.5 We agree with Lord Leitch that if we do not make sufficient progress towards our ambition, we should consider creating an entitlement to workplace training for employees lacking a Level 2 qualification **through legislation**. The UK Commission for Employment and Skills will maintain an overview of our progress towards the ambition. In 2010 Government will review whether the entitlement is necessary. Until the review has been completed, we will retain an open mind on whether legislation for a workplace entitlement will be necessary.

3.6 More specifically, where professional accreditation is critical to business delivery, we see potential merit in introducing enabling legislation to make it easier for SSCs and employers to introduce levy and licence measures where they feel that these would help towards tackling their sector's skills needs, and where there is majority employer support to do so. We will engage actively with stakeholders to establish the appetite for these measures and the scope to change the existing framework so that it would support such measures more effectively. Any such introduction would be subject to a discrete impact assessment.

4. COSTS AND BENEFITS

Sectors and groups affected

4.1 The skills agenda covers all sectors and segments of the business community, and also the public and voluntary sectors. However, there is evidence that employer investment in skills is variable and some sectors or types of business stand to gain more than others.

COSTS

Costs of meeting the Leitch Ambition

4.2 It is difficult to accurately model skills profiles 15 years ahead, which leaves uncertainty over the precise figures. However, the Leitch Review projections, as summarised below, give a sense of the scale of the change required between 2007 and 2020 to be a world leader in skills.

4.3 The level of ambition will require additional investment by the State, employers and individuals. The Review recognised that greater efficiency in delivery, economies of scale and rationalisation in the skills landscape should reduce these costs. In examining the optimal level of skills in the economy, the Review estimated that additional annual investment in skills up to Level 3 will need to rise to around £1.5-£2 billion by 2020 if the UK is to achieve world

class status at basic and intermediate levels. In addition, increased investment is required in higher education (HE) to achieve world class status.

4.4 The Leitch Review illustrated the total cost of a full Level 2 qualification. The training takes on average 9 hours per month for 8 months. The public subsidy would cover the course and brokerage costs, as well as any wage compensation. On average this amounts to around £1,600 per learner.

4.5 It is, however, extremely difficult to estimate the cost of achieving this change. The overall additional cost will depend on factors including: whether current government targets are met; how accurate the Review's projections for the likely path of skills improvements prove to be; and the unit cost of delivering each qualification. For example, qualifications delivered through Train to Gain and online tend to be cheaper than those delivered in further education colleges. The mix of delivery channels will change over time, and be dependent on demand. In addition, uncertainties over higher education participation data and unstable trends across much of the OECD make it problematic to provide accurate costings for world class levels. There will be a review of funding arrangements for higher education in 2009.

Costs in the CSR period 2008-2011

4.6 The costs of meeting Government's milestone targets for England in the period up to 2011 will be set out in conclusion of the Comprehensive Spending Review to be published later in the year.

4.7 We expect to significantly increase the proportion of public funding for adult vocational skills training that is delivered through the demand-led funding routes such as Train to Gain and Skills Accounts. However, we believe that routing all public funding through these mechanisms by 2010 would bring too high a risk of destabilising the FE sector in a negative way, and of damaging policy outcomes through intended consequences of rushed reform. The employer-demand-led budget will be around £750 million in 2007/08, and over £1bn in 2008/09. We project that it will rise to around £1.3 billion by 2010/11.

4.8 This rate of growth in the proportion of demand-led funding is extremely ambitious. Lord Leitch recommended going even further, with all adult vocational funding going through demand-led routes by 2010. We want to get to this 100 per cent demand-led position as soon as possible. However, given budget constraints, we believe doing so by 2010 would create unacceptable risks to the performance and stability of colleges and training providers, which in turn would damage the quality of education and training offered to learners. So we will review progress each year, to judge the most ambitious rate of change that is consistent with sustaining service quality.

Costs for a typical business

4.9 There will be no additional costs for a typical business in the sense that they will be compelled to pay for something they do not pay for now. We will be encouraging business, as well as individuals, to make a greater contribution to the cost of learning in areas which are not a priority for public funding. So any additional costs will be voluntary for businesses of any size including small businesses. The National Employer Skills Survey (NESS) 2005 found that employer spend on training totalled some £33 billion a year.

4.9 The costs of this engagement will vary between businesses and need to be balanced with the opportunities they create. The mode of engagement is voluntary.

4.10 However if we do not make sufficient progress towards our ambition, we would consider creating an entitlement to workplace training as set out below.

BENEFITS

4.11 The Leitch Review estimated that achieving a world class skills base as set out in the ambition would deliver a possible net benefit to the UK economy of at least £80 billion over 30 years, through increased productivity and employment. It would also lead to reduced inequality and poverty and increased social mobility. These benefits will be shared by individuals, employers and society.

The Leitch Ambition

4.12 Given the progress we expect our key comparator countries to make over the period to 2020, reaching this ambition is the minimum we must achieve to sustain and improve our position in the global economy. Delivering the new, world class ambition will require a step-change in the number of adults in England improving their skills and gaining qualifications.

4.13 Lord Leitch's analyses shows that achieving world class skills will require the UK to commit to achieve the following by 2020:

- **95 per cent of adults to have functional literacy and numeracy** (basic skills) up from 85 per cent literacy and 79 per cent numeracy in 2005. This would more than treble projected rates of improvement to achieve a total of **7.4 million adult attainments** over the period compared to the current Skills for Life target of 2.25 million attainments between 2001 and 2010;
- **Exceeding 90 per cent of the adult population qualified to at least Level 2**, with a commitment to achieving world class levels as soon as feasible, currently projected to be 95 per cent. An increase from 69 per cent in 2005; a total of **1.6 million additional achievements** over the period compared to current projections;

- **Shifting the balance of intermediate skills from Level 2 to Level 3.** Improving the esteem, quantity and quality of intermediate skills. Boosting the number of Apprentices to 500,000 by 2020; a total of **1.9 million adult Level 3 attainments** over the period compared to current projections; and
- **Exceeding 40 per cent of the adult population qualified to Level 4 and above**, up from 29 per cent in 2005, with a commitment to continue progression. Widening the drive to improve the UK's high skills to encompass the whole working-age population, including 18-30 year olds; **a total of 5.5 million attainments** over the period. Increase focus on Level 5 and above skills.

The Value of World-Class Skills

4.14 Achieving a world-class skills base will deliver massive benefits to the UK economy, through higher productivity and employment. It will also lead to reduced inequality and poverty and increased social mobility. These benefits will be shared by individuals, employers and society. High skills drive innovation and leadership, but these gains cannot be realised unless the workforce has the platform of skills and flexibility to adapt and change.

4.15 Lord Leitch developed a cost-benefit analysis model to analyse the scale of the potential impacts of achieving the world-class skills base by 2020. Achieving that will deliver a possible overall net benefit of at least £80 billion over 30 years, equivalent to an average of £2.5 billion each year, even taking into account the significant costs of delivering it and on the basis of cautious assumptions.

4.16 These benefits would come from a combination of increased productivity growth and higher employment. The Review's analysis suggests that the annual rate of productivity growth would rise by around 0.1 percentage points from its current underlying trend of 2 per cent. This is a rise in the underlying growth rate of productivity of 5-10 per cent, equivalent to an average of £1 to 2 billion of output per year.

4.17 The Review's model makes cautious assumptions which are likely to mean the estimated net benefit could be higher. For example:

- A person's productivity is equal to the wages that they earn. The review estimates that productivity growth could accelerate by up to 15 per cent, equivalent to an average of up to £2.5 billion each year. As a result of increased productivity, output per worker, the key measure of productivity and prosperity, would be around 4 per cent higher in 2020 than it would otherwise be, equivalent to £1,800 to £2,200 per worker today.
- The qualifications are valued in the labour market at the same level as they are today. All other things being equal, the economic value of a qualification to its holder will be determined by both supply and

demand and this could go up or down over time. However we judge that the demand for skills is likely to only increase, rather decrease over time. In addition the reform of the UK vocational qualification system giving employers, through Sector Skills Councils, the lead role in approving qualifications should ensure they generate economically valuable skills. Low-level vocational qualifications, for example, show little wage return on average, although the evidence is clear that when we get vocational qualifications right they do deliver good economic benefits.

5. SMALL FIRMS IMPACT TEST

5.1 The Small Business Service and other employer representative partners and stakeholders have been consulted on the proposals in the Implementation Plan. The Plan stresses the need to forge a new partnership between Government and employers, giving employers greater leadership of the skills and qualifications. As small businesses generally participate in less training, they have most to gain from the proposals through, for example, engaging with skills brokers to determine the most effective provision for their circumstances.

5.2 We do not intend to impose any direct legislation on small businesses through the Implementation Plan. We will, however, consider whether it would be beneficial to introduce new enabling legislation that would make it easier for SSCs, working employers, to introduce levy schemes where they could demonstrably drive up skill levels. There are also other mechanisms, not requiring legislation, such as membership schemes and skills passports, which we will encourage sectors to consider and adopt if appropriate to their needs. We will also carry out research to establish whether there are any circumstance in which an extended use of 'license to practise' schemes could drive up skills and productivity. A full impact analysis of any intervention would be undertaken to determine whether the benefits outweigh the costs.

5.3 Making the Skills Pledge provides employers with an opportunity to publicly demonstrate their commitment to the skills of their employees, whilst also supporting the productivity and profitability of their business. It encapsulates the new partnership we need to forge between employers and Government to drive up skills in the workplace.

5.4 Since its launch in September 2006, Train to Gain has been very effective in targeting key employer groups, with more than 95% of those engaged being small companies with fewer than 50 employees, and more than two thirds of employers classified as 'hard to reach', i.e. that is to say they have no record of training staff to a qualification over the last 12 months and no accreditation through Investors in People. We know that employers recognise the value of the service as satisfaction ratings remain high at around 90% overall.

6. COMPETITION ASSESSMENT

6.1 When considering the competition assessment, the following are key factors:

- No provider or college has a 10% or greater market share, and the measures will affect all those in the market.
- The market structure is changing and these measures are likely to change the market by bringing in more private providers and more brokers as a result of the Train to Gain rollout.
- New firms will not have higher set up costs or ongoing costs as a result of these measures, the measures will not affect the ability of firms to choose the price, range or location.

6.2 As Lord Leitch recommended, we want to put purchasing power in the hands of employers and learners by significantly increasing the proportion of funding for adult vocational skills training that is delivered through demand-led routes like Train to Gain and Learner Accounts. The corollary of this is that providers do not receive funding unless they are responsive to the needs of employers and learners. Competition will increase - provision would be open to competition through planned expansion and tendering. From 2008/09 we propose that all provision that is currently delivered on employer premises and funded through the current FE funding mechanism will shift to the new demand-led funding model, alongside Train to Gain and adult apprenticeships. Providers demonstrating high quality provision will be able to expand, and new entrants to the market will be encouraged. Suppliers of unwanted or lower quality provision will not be protected from the resulting loss of income

6.3 The LSC's Statement of Priorities, to be published in October 2007, will set out in detail what the demand-led funding system will look like and how we will implement it, taking into account the responses to the consultation. The Statement of Priorities will also set out the LSC's priorities for public investment in the FE sector over the period up to and including 2010-11.

7. ENFORCEMENT, SANCTIONS AND MONITORING

Enforcement

7.1 None.

Sanctions

7.2 None.

Monitoring

7.3 The Commission for Employment and Skills will be responsible for assessing progress towards our world class ambition for the workforce in England and manage the performance of Sector Skills Councils.

7.4 In terms of monitoring progress towards the skills PSA targets, measurement will take place through monitoring publicly funded (LSC) achievements at L2 and L3, with annual Labour Force Survey reports measuring progress towards the proportion of the economically active population & working age population qualified at these levels. This latter measure includes those young people coming into the workforce through flows of skilled migrant labour. We are also developing indicators for publicly-funded achievements at each level.

7.5 Following the publication of the Implementation Plan, we will carry out an impact assessment on anything not already covered by the Skills Strategy Equality Impact Assessment. We will then publish a consolidated Action Plan encompassing all current adult skills policies by the end of 2007. The Leitch Implementation Group will monitor commitments made in this EQIA and take stock of the performance of individual policies against the baseline figures it. We will carry out a full review, stocktake and rolling forward of equality and diversity impact assessment across current adult skills policies by autumn 2010.

8. IMPLEMENTATION AND DELIVERY PLAN

8.1 A detailed summary of who will do what by when is set out in the final chapter of the Implementation Plan. It lists a summary of what specific action will be taken in the short-to-medium term by Departments and partners to implement the reforms that are set out, and action that will be taken to deliver the full ambition by 2020.

9. POST-IMPLEMENTATION REVIEW

9.1 DIUS will published a one-year-on report on the FE Reform White Paper alongside the Implementation Plan. We will review on an annual basis our progress in reshaping publicly funded provision towards skills-related funding priorities, and the impact on colleges and training providers, to sustain an ambitious but achievable rate of change this plan will be thoroughly reviewed to assess its impact, and to ensure we maximise its impact on those groups who are experiencing the largest skills gaps. Policies will be kept under review and monitored internally by the DIUS, as well as through existing progress reporting mechanisms with delivery partners. We have also undertaken comprehensive impact assessment of the equality aspects of the FE White Paper.

9.2 In addition, the policy itself has the following specific evaluative elements:

- The Commission for Employment and Skills will maintain an overview of progress towards our ambition, and in 2010 review whether an entitlement to learning is necessary. The Commission will over see the performance of SSCs and report to Government in 2010 whether

further institutional change is required to deliver a better integrated employment and skills service.

- The DIUS will, with the Devolved Administrations, institute a fundamental review of Investors in People to consider how it and its products, including the Standard itself and the new 'profile' tool, should be reshaped to support delivery of our world class ambition.
- We will also review the set of data DIUS publishes on participation and attainment, to ensure that we are leading the public debate on equality and social inclusion.
- A review of the National Improvement Strategy will be undertaken.
- We will review, in 2010, whether Government should introduce an entitlement to workplace training for employees lacking a full level 2 qualification.
- We will work closely with the LSC to review the funding and accountability framework in the light of recent changes.
- The LSC will review all Train to Gain communications and marketing activity.
- We will review the minimum standards and flexibilities in apprenticeship frameworks, so that they remains fit for purpose and do not act as a barrier to employer involvement in the programme.

10. SUMMARY AND RECOMMENDATIONS

10.1 The Implementation Plan builds on the successful interventions developed through existing policy initiatives. These are proving effective in addressing both economic productivity and social inclusion, but we are clear that there need to be further initiatives to galvanise progress and push towards achieving more challenging targets.

10.2 We recommend the policy set out in the implementation plan and the initial voluntary approach to engage employers, with legislation to follow.

10.3 We are clear that this is a partial impact assessment, and that full impact assessments, including on equalities, will be undertaken for each policy stand as we move forwards.

11. DECLARATION AND PUBLICATION

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

Signed

Date

[John Denham/David Lammy]

ⁱ Battu, H. Belfield, C. Sloane, P. (2003) Human Capital Spillovers within the Workplace: Evidence for Great Britain