



# Opportunity, Employment and Progression: making skills work

Department for  
**Innovation,  
Universities &  
Skills**

**DWP** Department for  
Work and Pensions





# Opportunity, Employment and Progression: making skills work

Presented to Parliament  
by the Secretaries of State of the Department for Work and Pensions  
and the Department for Innovation, Universities and Skills  
by Command of Her Majesty  
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We work closely with the Devolved Administrations in Northern Ireland, Scotland and Wales, recognising their particular and varying responsibilities for employment and skills. While most of the proposals in the Paper are specific to England, the challenges are common across the four countries. We will work with the Devolved Administrations to address them in ways that meet their own particular circumstances and needs.

In Northern Ireland, employment and skills are transferred matters. The Northern Ireland Executive will consider the most appropriate arrangements for Northern Ireland.

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# Ministerial Foreword

The greatest challenge we face in the global economy is education. We are experiencing the most far-reaching changes in our economic and occupational structures for at least a century. As a result of these changes, many of the jobs that we do now are becoming redundant and many of our people are unprepared for the challenges that lie ahead.

But to succeed in the emerging world economy we must use the skills, talents and aspirations of all of our people. We must help people get into work and to get on at work. We must help employers to build workforces that allow them to compete in the changing world. We must help people to get on in life and to help their families too.

To succeed as a country we will need to build our skills levels like never before. To prosper as individuals in a flexible, constantly changing labour market, we must each do our utmost to work and to learn. The countries that bring out the best in all their people will enjoy the greatest success in the global age.

We start from a position of undoubted strength. There are one million fewer people on key out-of-work benefits than there were in 1997. This is not just a number; it represents real lives improved, real aspirations fulfilled and real opportunities seized. The introduction of the New Deal, the Minimum Wage and tax credits have made work a reality for many who were effectively written off in the past and ensured that work pays.

However, we can be more ambitious still. Ten years ago unemployment was our biggest challenge and the New Deal was launched to move people from welfare to work. Now the biggest barrier to full employment is the employability and skills of our people. There are still too many people in our country who are not able to share in the rising prosperity of the country because they are out of work or they are without the skills that they need to progress in work.

This document sets out how the DWP and DIUS will work together to ensure that an ever increasing number of people are able to gain the training and support they

need to move from benefits to work and then the ongoing training they need to progress in work.

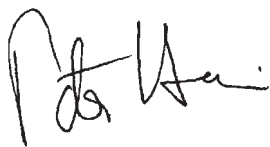
In the future the welfare state will be more than simply a floor underneath, instead it will be a ladder of opportunity to ensure that all can learn, earn and fulfil their potential.

Running through all of this is the contract between the citizen and the state. In return for providing greater support and opportunity for people it will also be right that we expect more of them. When skills needs are identified we will expect people to undertake the training necessary to meet them and when job opportunities are available we will expect people to take them.

It is time for a new and historic change in policy. It is vital that we use the welfare and skills systems to mobilise the talents of everybody and to make Britain the great success story of the 21st century with the industries, jobs and skills of the future.

The investment needed to become a world leader in skills and to generate world leading employment rates is significant, but the cost of failing would be higher still – the erosion of social cohesion, the burden of unemployment and the economic cost of an unskilled workforce ill-equipped to compete in a globalised world.

All parts of our society need to respond to this challenge and to make the most of the opportunities that now exist. Government, employers and individuals must all play their part. We must do so if Britain is to get on as a nation and if our people are to get on in their lives.



Peter Hain



John Denham

# Section 1: Principles of Welfare and Skills Reform

Ten years of reform and economic stability have transformed work and opportunity in Britain. In the past, Britain has suffered from periods of high unemployment, but unemployment has been consistently low over the last decade. Britain's dynamic and flexible labour market means that compared with 1997 we now have historically high levels of employment, 1 million fewer people on out-of-work benefits and 2.8 million more people in work. The lone parent employment rate has increased by over 12 percentage points to 57% and the proportion of people aged 50 and over in employment is at the highest level for 20 years. Based on the success of policies like the New Deal we can realistically aim for the historic goal of full employment.

Economists have, in the past, defined full employment in relation to low unemployment. The Government has been hugely successful in this regard, but now we can be more ambitious. Our ambition is clear – employment opportunity for all – moving to an 80 per cent employment rate with everyone possessing the skills they need to compete. We want to give another chance to those who were effectively written off in the past ensuring that everyone is able to share in the rising prosperity of the nation.

Work transforms the lives of individuals, families and communities. Sustainable work is the route out of poverty for most groups in society. Those in work are not only better off financially, but also better off in terms of their health and wellbeing, their self-esteem and the future prospects for them and their families. So we have a duty to act, to help individuals fulfil their potential and to ensure continuing prosperity in Britain.

At the heart of our reform programme are five core principles:

- **A stronger framework of rights and responsibilities**
- **A personalised, responsive and more effective approach**

- **Not just jobs, but jobs that pay and offer retention and progression**
- **Partnership – the private, public and third sectors working together**
- **Targeting areas of high worklessness by devolving and empowering communities**

Some of these principles have shaped existing policy.

A stronger framework of **rights and responsibilities** means benefit claimants having access to the necessary support, but also a clear responsibility to seize the opportunities that exist, to find a job and gain skills. That is why we will for the first time legislate, to create a legal right for everyone to training that helps them achieve basic and intermediate skills and qualifications. It is why we are implementing Pathways to Work and the Employment and Support Allowance nationally. And why we have been consulting on proposals for intervening earlier, strengthening obligations and increasing the intensity of support as claims proceed by moving jobseekers onto a Flexible New Deal and by supporting lone parents to actively seek work once their children are older. We will be announcing our response to the consultation shortly.

Because we want a **more effective, personalised** welfare system we are giving more flexibility to Jobcentre Plus staff and private and third sector providers. We have consulted on a flexible New Deal which would provide more tailored and more intensive support throughout the jobseeking process. Through the Local Employment Partnerships we are already tailoring employment and skills support locally to better meet the needs of employers and individuals.

Because of our commitment to **partnership**, our future commissioning strategy will maximise innovation in all sectors, driving improvements and leading to better and more sustainable outcomes. A strong emphasis on performance, using outcome based payments and active market stewardship, where appropriate, will be key in this new strategy.

These five principles also need to inform us as we respond to new challenges and take our reforms further still. We need to build on these successful principles and go further to master the new challenges. Welfare to work is no longer just about placing people in jobs but more and more about education and training to make Britain's workforce benefit from the challenges and opportunities of a globalised world.

Hence, we need a new emphasis on skills as the key to sustainable employment, so that there is a focus on **retention and progression** not just job entry. With an emphasis on sustaining work we will create a seamless journey from benefits into work and the into in-work training, career progression and more rewarding lives.

The next section sets out in more detail why we must not just drive forward our welfare to work agenda, but also fully integrate skills and learning into our welfare state. We will help people unlock their talents by identifying their skill needs and providing the training they need to be work ready. And we will go further to ensure that **work pays**.

But in return for more rights to training and help to succeed in work, we will also demand more by way of personal responsibility. Life-long learning will be the norm and we will expect those on benefits who can to take up training and skills offers to do so.

Finally, as well as needing to personalise the welfare system to individual needs, we also need to do more to **empower local communities** by putting employment at the heart of neighbourhood renewal to find local solutions to local challenges. That is why we will help areas with the greatest employment and skills needs by funding and supporting communities to find innovative local solutions to local problems and by rewarding success. Local Area Agreements (LAAs) and Local Strategic Partnerships will focus the energies of local communities and key local partners in the voluntary, private and public sector on increasing sustainable employment. CLG and DWP will set out details of this work separately.



## Section 2: The Challenge – Integrating Employment and Skills

Section 1 set out the progress we have made on employment. Excellent progress has also been made on ensuring individuals have the skills they need to move into and thrive in our flexible labour market. In England, more than 1.7 million adults have improved their employability through gaining literacy and numeracy qualifications through Skills for Life. And over a million adults have gained level 2 qualifications, a firm basis for gaining employment and engaging in further learning. The proportion of people with skills and qualifications is rising year by year, and our reforms of further education have secured major improvements in success rates.

We cannot, however, afford to stand still. The global economy is undergoing a profound transformation, fundamental changes in technology, production and trading patterns are having far-reaching effects on our economy and our society. Emerging economies are growing dramatically. By 2015, China is likely to have become the third largest economy in the world after the USA and Japan<sup>1</sup>. At the same time, the UK population is ageing and global migration increasing.

As the UK economy adapts to increasing global competition, individuals will need to be able to adapt too – learning new skills and being able to move between firms and sectors. Skills such as IT, that were once treated as higher level skills, are increasingly commonplace requirements for employability. Forecasts indicate that there are likely to be significantly fewer job opportunities for those with low levels of skills and there will be a much greater demand for intermediate and higher level skills and qualifications.

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<sup>1</sup> Based on market exchange rates. See *Long-term global economic challenges and opportunities for the UK*, HM Treasury, 2004.

Yet there are currently 4.6 million people of working age without qualifications, of whom 2.2 million are inactive and 280,000 are unemployed. While the UK's employment rate is high, and has improved in recent years for all disadvantaged groups, it has fallen for those with no qualifications. Those with poor literacy skills have an employment rate of 55% compared with around 75% for those with good literacy skills. Within three months of moving into employment from Jobseeker's Allowance, 21% return to benefits. A degree of churn is a normal feature of a modern labour market, but for too many people cycling on and off benefit is the norm. Enhancing the skill levels of this group will play a large part in ensuring they remain in work.

The challenge is considerable. The UK is 18th out of 30 OECD countries in terms of the working age population with low skills. In addition, 70% of the 2020 workforce is already beyond the age of compulsory education and around 50% of the adult population in 2020 are already over 25 – beyond the age when they are most likely to participate in traditional education and training.

Despite the success of our Welfare to Work programmes, stubborn barriers to full employment remain. There are three million people of working age who have been on benefit for more than a year, many on Incapacity Benefits. Despite the significant progress we have made in increasing lone parent employment, our target to get 70% of lone parents into work remains ambitious. In Britain there are 1.7 million children growing up in households where no adults are in work. Too many of those who move into work return to benefits relatively quickly and too many remain in low paid jobs, and in many cases do not earn enough to lift their families out of poverty. And while over the last ten years, youth unemployment has been significantly reduced, we must do more to address unemployment amongst young adults: in the global economy we cannot afford to waste anyone's talent.

Meeting the challenges of increasing skills across the whole population and making further progress on getting people into sustainable work and helping them to progress demands that we create a truly integrated employment and skills system. A system that builds on the success of Welfare to Work and ensures that all have the skills they need not just to survive, but to prosper in today's labour market. If such a system is to work, to deliver a truly seamless journey for those moving from benefit to training and on to sustainable employment, it needs to be based on the principles set out in the previous section and will require:

- a major culture change, boosting individual and employer commitment to, and investment in, learning and higher skills. Not just helping people into jobs, but helping to break the cycle of low skills, short term jobs and low wages;
- services that are modern, responsive and personalised, so that the customer is not just a benefit claimant who needs to be slotted into a job, or someone who

can be signed up to a course that happens to have a place. Instead customers get the right advice at the right time and in the right way about skills and jobs, whether in or out of work;

- a system that can identify those for whom a lack of skills or qualifications is a barrier preventing them from moving into sustainable employment and can supply the training needed, with financial support depending on circumstances, through accounts that reinforce commitment to higher skills;
- benefit claimants to get rapid access to help with measures to engage the lowest skilled to improve their skills, including the expectation that people will take up the help on offer where it can overcome barriers to jobs;
- a system where everyone is able to tap in easily to information and advice to help them progress in their careers, and tackle issues – such as caring responsibilities and lack of finance – that can get in the way; and
- a system that is flexible and responsive to a greater variety of demands, driven by the training needs of employers and learners, with a qualifications framework which better reflects that skills gained are relevant to employer needs.

At the heart of the new approach is a strong focus on identifying the barriers to sustainable employment and progression, and organising welfare and skills systems around tackling them. A commitment to helping individuals in work to continue to train and gain new qualifications so that they can progress to better paid and rewarded employment and achieve more for themselves and their families. The new adult advancement and careers service and an expansion of Train to Gain will be crucial to achieving our ambition.

Meeting our 80 per cent employment and world class skills aspirations is a huge challenge. But if we are to transform the lives of individuals, families and communities we must rise to that challenge. It means providing individuals with the tailored skills and employment support they need in a dynamic economy. And it means transforming the way in which we deliver that support so that we maximise the expertise of all sectors, both nationally and locally.

## Skills and Qualifications

Skills are capabilities and expertise in a particular occupation or activity. There are a large number of different types of skills and they can be split into a number of different categories. Basic skills, such as literacy and numeracy, and generic skills, such as team working and communication, are applicable in most jobs. Specific skills tend to be less transferable between occupations, but most occupations use a mix of different types of skills. On the job training in the workplace is both a vital source of skills development and career progression. We recognise the importance of looking at these wider definitions of skills.

The most common measures of skills are qualifications. For individuals, they provide portability in the labour market, allowing them to demonstrate the skills they have acquired. For employers, they provide valuable signals when recruiting new workers and also motivate employees to complete their training. Qualifications form a major part of employer recruitment strategies, especially screening candidates prior to interview. As a result, the majority of individuals prefer studying towards a qualification<sup>a</sup> and over one half of employers say they would like to support their employees to gain qualifications through staff training.<sup>b</sup>

Qualifications can be grouped into five different levels: full level 2 equates to 5 good GCSEs or their vocational equivalents, full level 3 to two or more A Levels, and level 4 and above to degree level qualifications. Levels of literacy and numeracy tend to be based on surveys or on the proportion of the workforce with English or Maths qualifications.

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a *National Adult Learning Survey, 2002.*

b *The market for qualifications in the UK, PWC, 2005.*

## Section 3: Increased support with skills – Getting into work and beyond

Getting people into work is at the heart of our welfare system. Our New Deals have been key to the success in reducing unemployment and inactivity over the last decade. But as the previous section made clear, given the intensification of competition driven by the forces of globalisation, to secure full employment in Britain on a sustained basis we need now to go further in developing our approach – by putting education, training and the acquisition of skills for all at the centre of our welfare reform agenda. And so we will:

- help those on benefits identify skills needs and available support;
- ensure that the training people need to upgrade their skills is available when they need it;
- and go further to ensure that work pays.

In return we will expect people to take up the opportunities provided. This ‘something for something’ approach will help people unlock their full potential and help them not only to get a job but also sustain and progress in employment.

What does this mean in practice? In future, when people sign on at the Jobcentre Plus, we want to see them signing up too for the training opportunities available to them. The new adult careers service will be an advancement service, with the potential to help every member of society get on in learning, work and careers. Every customer on benefits will in future be signposted to the full range of universal services that the new adult advancement and careers service will provide, including advice on their legal right to train. They will receive a systematic “skills screen” to identify any basic literacy, numeracy or language needs. For those unable to return quickly to work, this initial screen will be complemented by an

in-depth Skills Health Check to fully assess the skills and learning requirements needed to support a return to work. We will ensure that Jobcentre Plus personal advisors have the training they need and access to sophisticated screening tools to effectively identify those who need the most help with skills early in their claim.

All the evidence suggests that work is the best form of welfare. But work must pay. So we will go further to ensure that the long term unemployed, lone parents and those on incapacity benefits are better off in work even after reasonable transport costs.

In return, it is right, in line with our principle that employment support is based on rights and responsibilities, that those on out of work benefits should at appropriate points in their claim be expected to engage with the advancement service if they have skills needs preventing them from finding work and we will enforce this where necessary and appropriate.

## How will this work for the different benefit groups?

### **Jobseekers**

1.7 million people make a claim for Jobseekers Allowance (JSA) each year. And while 80% leave within 6 months, 8% stay on this benefit for over a year. Too often skills needs act as a barrier to sustainable work. It is estimated that 15% of claimants have basic skills needs and 50% have qualification levels under level 2.<sup>2</sup>

All new claimants will be signposted to the adult advancement and careers service. But it is also crucial that those with basic skills needs are identified as early as possible so all new JSA claimants will be subject to a skills screen when they start their claim. This will identify those with obvious basic skills needs. Where skill gaps could be a major barrier to finding employment customers will be encouraged to attend a full Skills Health Check.

The results of the Skills Health Check will inform personal advisors' decisions about whether the claimant needs to be referred to work-focused training in order to enhance their prospects of finding work. For most this will be part-time training alongside jobsearch as the evidence suggests that this is the most effective way of increasing the benefits from skills training.

Those customers still on JSA after six months and with basic skills needs who have not previously engaged with the adult advancement and careers service, will be mandated to attend a Skills Health Check. We are exploring fast-tracking repeat claimants with skills needs to this point. If this reveals that the customer needs to improve his or her skills to improve their chances of getting a job the personal

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<sup>2</sup> Figure for Great Britain

advisor will encourage their attendance at job-focused training courses, and we will pilot options for mandating training where necessary.

### **Employment and Support Allowance Claimants**

From 2008, for new claimants Incapacity Benefits (IB) will be replaced by the Employment and Support Allowance (ESA). It is estimated that around 16% of ESA claimants will have basic skills needs.

ESA claimants will be subject to a similar screening regime to JSA claimants with a screen soon after the start of their claim and, where appropriate, a mandatory skills health check at a later point in their claim. However, we recognise that their skills needs will need to be addressed in a way that supports measures taken to overcome health problems which in many cases may be the critical barrier preventing the claimant from returning to work. So alongside an intensified focus on skills, we will also test improved support for those with mental health problems.

We also have strong evidence that our Pathways to Work programme is effective at moving IB customers back to work, through a series of work-focused interviews and other support. Building on this success, we will start by moving existing young customers under the age of 25 onto Pathways to Work, and make them subject to the new medical assessment from 2009. There are good reasons to start with young people given the recent increase in new IB claims by this group and evidence that youth unemployment is particularly scarring and reduces life-chances significantly.

### **Lone Parents on Income Support**

Lone Parents who claim Income Support are a diverse group; some have high levels of qualifications and recent employment experience while others have very low levels or no formal qualifications. While 39% move off Income Support (IS) within the first year, 37% remain claimants for five years or more. Our skills interventions for lone parents take account of this and ensure that the right support is provided at the right time and our expectations of lone parents reflect their circumstances.

All will be signposted to the adult advancement and careers service who will advise them of their entitlements to training. In addition, lone parent IS claimants will undergo a skills screen when they start their claim. This will identify those with obvious basic skills needs, who will be encouraged to take up support offered by the new adult advancement and careers service or the local Children's Centre.

At present, lone parents lose eligibility for Income Support and move on to the job-focused JSA regime when their youngest child turns 16. However, we have proposed, subject to consultation, that this age should be lowered to 12 in 2008

and 7 by 2010. To ensure that all lone parents are making the preparations needed to engage with mandatory jobsearch at this point, all will be encouraged to attend a full Skills Health Check two years before they are due to lose eligibility for IS. We will consult on whether these Skills Health Checks should be made mandatory.

### **Skills and education for all parents – supporting a learning home environment**

We want to offer all parents on benefits the opportunity to improve and develop the skills they need for sustainable employment. Helping parents into work will contribute to our aim of reducing child poverty. Improving basic skills will also enable parents to play an active part in supporting their children's learning and development, and so lead to better educational outcomes. Early intervention is the most effective way of building strong partnerships with parents, and Sure Start Children's Centres working closely with Jobcentre Plus can provide a range of services and support for parents with children under five. We will take steps to make sure that all women in receipt of maternity grants are given information about their local children's centre, so that they can take advantage of the maternity, child health and parenting support services on offer. Working with the Learning and Skills Council (LSC) and FE colleges, we will aim to ensure that Children's Centres are able to signpost people to appropriate help from the new advancement and careers service.

### **What barriers are preventing people from getting the help they need?**

While many people on out of work benefits currently take part in both part-time and full-time training, it is not always the case that those who need support get it. Barriers to addressing skills needs have included benefit rules designed to ensure availability for work, the availability of suitable training, variable knowledge of benefits of training among personal advisors and a lack of motivation or understanding from the customer themselves.

It is important that Jobcentre Plus remains focused on getting people back into work. But we are committed to ensuring that all customers, regardless of the benefit they receive are able to attend part-time or full-time training if the personal adviser believes that this will significantly improve a claimant's ability to secure sustainable employment.

Benefit rules allow JSA customers to study for up to 16 guided learning hours per week, and full time for up to two weeks a year. To date, a limited number of JSA customers who need full-time training for longer than two weeks have been moved from JSA to a training allowance for the duration of their training. We will

put in place the funding arrangements to ensure that all longer term JSA customers who have been through a Skills Health Check and would benefit from intensive training of up to 8 weeks, clearly designed to meet employers needs, would have the opportunity to do so by moving to a training allowance. We will ensure that Personal Advisors have the guidance they need to make an informed decision and to ensure that getting the customer back into work remains the priority.

We will also remove the '16 hour rule' in Housing Benefit completely for short-term recipients of Incapacity Benefit, so that they, like long-term IB claimants, will always be able to take up the training they need to enable them to return to work.

And because we recognise the particular challenges faced by some vulnerable groups who require Housing Benefit whilst undertaking necessary full-time training, we will consider whether it might be practicable to define limited exemptions from the '16 hour rule' for specific groups – such as young people living in supported accommodation.

Some jobseekers see the availability of affordable childcare as a barrier to moving into work or training. The new duty placed on Local Authorities to secure sufficient childcare for working parents, or those looking to work will provide a systematic assessment of childcare needs and a partnership approach – including childcare providers, Jobcentre Plus and local training providers – to closing any gaps in provision.

The Working Tax Credit provides payments for up to 80% of childcare costs for those in work and the Department for Children, Schools and Families, in collaboration with DWP and DIUS are developing a programme to support childcare costs for 50,000 workless families, operating alongside existing funds administered by Jobcentre Plus and the Learning and Skills Council.

## Moving into work as a starting point

Moving into work is not the end point, but a starting point. Sustainable work and progression is a key principle underlying welfare reform and DWP and DIUS have a shared objective to drive progress on this, as set out in "World Class Skills" (July 2007). For those taking part in the Local Employment Partnerships (LEPs) programme, post employment skills training will be linked to the pre-employment help they receive. For others, continuing engagement with the advancement and careers service will allow them to continue to build on their skills.

Getting smarter at identifying people who need help to improve their skills and employability is an important step. But it needs to be matched by support for workless people to gain access to the learning that will equip them for sustained employment and progression. We have invested heavily in ensuring provision is

available for people to improve their skills. Now we need to do more to support people in taking up these opportunities. Locally, Jobcentre Plus, the LSC and providers will increasingly need to show how they will bring existing services together to ensure that a seamless service of advice, support and training is offered, tailored to local labour market needs, in conjunction with local employers, and to the needs of individuals seeking work.

Claimants will be helped to become job ready and gain the core skills for job entry (including literacy, numeracy and English language where needed), funded through either Jobcentre Plus funds for the statutory New Deal or LSC funding. The LSC has developed a 'Skills for Jobs' programme, which is a collection of services and programmes which will better integrate skills and employment for individuals not currently in work.

In order to give people the platform of skills for employability, with a wide range of access routes to enter and progress in training, we will target public investment in the Foundation Learning Tier, Skills for Life and Level 2 provision on people who are on benefits or seeking work. This is in line with our priority to concentrate public funding on those who need it most, including low skilled people and those who are disadvantaged in the labour market. We have made clear in the recent annual grant letter to the LSC that colleges and providers will need to ensure that the opportunities offered to adults are tailored to meet personal circumstances, and that learning is used to help people on the journey to sustainable employment.

We want to make the transition from welfare to skills and employment as simple, straightforward and transparent as possible. And we want to ensure that entry to work is the first step on the ladder of sustainable employment and progression.

# Section 4: Sustainable employment, progression and life long skills development

Helping people into work is a key challenge. But it is only the beginning. To enable the British economy to thrive, and to enable individuals to realise their aspirations in the face of new challenges and opportunities, we must unlock the skills and talents of each of us, throughout our lives. And so we will strive to enable people to acquire the skills that they need to get into work that is sustainable and rewarding, to progress and take advantage of new opportunities, and to adapt and respond to economic change by upskilling and retraining.

We believe everyone has the right to increase and update their skill levels, the right to a second and a third chance to progress in their careers. And we believe everyone has a responsibility to develop the talents and skills that they will need to succeed in the new economy. And so, we will invest in new universal services to offer everyone, both those in work and those seeking work, the opportunities to learn and improve their skills, and information and support to help them identify and successfully complete the training that will most help them achieve their goals. Recognising the vital role played by employers in investing in their employees' skills, we will work with employers to drive a culture of skills development throughout our workforce. And because we understand that some people need extra tailored support to remain and progress in work, we will provide additional support to those who would benefit from it most.

A right to develop your skills – throughout your life

## **A new legal right to basic and intermediate skills and qualifications**

We will shortly publish an Education and Skills Bill which is intended to raise the participation age in education and training for young people. But it will also

propose the first ever legal right to basic and intermediate skills and qualifications for adults.

Under the legislation, all adults will be entitled to free provision to let them master the basics of literacy and numeracy and to move on to their first full level 2 qualifications which are so critical to employability (equivalent to 5 GCSEs at Grade A\*–C).

These provisions will be backed by new instructions to the Learning and Skills Council to ensure there is sufficient quality, quantity and variety of provision in all areas of the country to make a reality of these entitlements. No-one who needs these programmes should have difficulty getting a place. We will ensure, through the Education and Skills Bill, that individuals can seek redress if appropriate provision is not made. They will be supported in finding the right programme by the new advancement and careers service or Jobcentre Plus where appropriate. And all young adults aged 19-25 will be entitled to free tuition for a first full Level 3 qualification (equivalent to 2 A levels), to include Advanced Apprenticeships. And new Skills Accounts will give them the purchasing power to go to the accredited provider of their choice.

We will underpin these entitlements with financial support for those who need it. Adult Learning Grants will support 30,000 learners each year on related programmes with up to £30 a week to help those on low incomes meet extra costs. Career Development Loans have helped some 250,000 people pay for over £1 billion of skills development.

And we will strive to ensure that the supply of training is high quality, responsive, and driven by the needs of employers and learners. Through our reform of vocational qualifications, we are ensuring that all programmes add economic value through focusing on skills that employers want. We will invest in providing modern facilities for FE colleges and in supporting colleges in further moves to specialise. As we take forward our programme of reforms to further education, we will review our policy for ensuring that colleges offer specialist vocational excellence. Our goal is a further education system that provides specialist vocational excellence in key areas of teaching and learning, both at a national level through National Skills Academies, and at regional and local levels. We want businesses and students to be able to access high-quality education and training in state of the art facilities at colleges that have real expertise and reputation for specialist excellence in different areas of provision.

## Moving on – supporting advancement for all

### **The new adult advancement and careers service**

Individuals can find it as hard to move from a low paying job to a sustainable and better paid job, as to move from welfare into work. And for many, stuck in a job with little prospect of progression, it can be very difficult to find ways to move on and move up. The new careers service for adults in England will be an advancement service with the potential to help every member of society get on in learning and work.

The new service will be trialled over the next two years and be fully operational from 2010-11. As part of this, we will build on the knowledge and expertise that already exists, including in colleges and the voluntary sector. We will invite a range of advice organisations in up to 10 localities to work closely with us in developing a joined-up advice service, covering issues such as housing, employment rights and childcare as well as skills and jobs. We will set aside £2m in 2008/09 for this purpose. And more intensive support will be available to those who need it most, including benefit recipients and the low skilled.

The service will bring together the existing Learndirect advice and Nextstep services within a new organisation. It will work closely in partnership with Jobcentre Plus, and a range of statutory and voluntary advice services, to deliver a seamless customer journey, with a 'no wrong door' approach: contact with Jobcentre Plus, a learning provider or the adult advancement and careers service itself will quickly lead to access to the full range of services and support. This will draw together a range of advice and support on jobs, skills, financial issues, childcare, housing and personal issues to address the broad needs of its customers.

Our aim is for the full service in England from 2010-11 to deliver Skills Health Checks and action plans for up to half a million workless people and a further half a million adults in work, targeting those with low skills or who need to retrain to progress. Support will be available in many forms, including online, on the telephone and face to face. This truly personalised service will treat every individual according to their specific circumstances and needs.

In order to take forward our plans for an integrated employment and skills service through the creation of the advancement and careers service and Skills Accounts, we have set aside new funding rising to at least £50m a year by 2010/11. Supported by this budget, we will set out the policy framework for the development of the new adult advancement and careers service early in the new year.

### **New Skills Accounts**

Alongside the adult advancement and careers service, new Skills Accounts will enable individuals to take control of their learning, helping them to develop and improve their skills to support job entry and progression. Skills Accounts will last a lifetime and will be offered to all adults – in or out of work, whatever their skills level. Skills Accounts will put purchasing power into an individual's hands, offering a virtual voucher of state funding, according to your entitlement, to purchase relevant learning at an accredited, quality assured provider of their choice.

As we expand the accounts, they will give learners more power to choose where they want to study, taking their funding entitlements to whichever recognised college or provider can best meet their needs. The advancement service will help learners and potential learners identify the range of opportunities available locally; will advise them of their entitlements; and what they can do if their preferred training programme is not available at a particular provider.

### **Employers – investing in skills, partners in success**

Better skills mean increased productivity and profitability and a better chance of thriving in the competitive global economy. Employers, in all sectors, must therefore lead the way towards a high skilled workforce and a workplace culture of lifelong skills development. Employers have a responsibility to invest in the skills of their employees, and we will in return support employers to access high quality training that meets their needs.

### **Supporting employers with workplace training**

To enable employers to offer training that effectively meet their needs and those of their employees, we will help employers in the following ways:

- by putting them in charge of the skills system as it affects employee training. That is why we have established the employer-led Commission for Employment and Skills under Sir Michael Rake; and why employers' Sector Skills Councils will lead the development and approval of all vocational qualifications, including deciding which can attract LSC funding;
- by ensuring that our flagship Train to Gain service is rapidly expanded and made more flexible. The Train to Gain budget will more than double from £440m this year to over £1billion by 2010;
- by ensuring that Train to Gain is properly linked up with Jobcentre Plus employment services and provides funding to help people develop the skills they need to move off benefits and into sustainable employment, linking up pre-work and in-work training;

- by ensuring new flexibilities for providers, cutting out bureaucracy and enabling successful providers to expand; and
- by improving the quality of training provision, including through the new Framework for Excellence, a new standard for working with employers, and through over £2 billion for sustainable and state of the art buildings and facilities. We will also launch a fourth round of employer-led National Skills Academies as part of the drive to improve specialist excellence.

Train to Gain will also be extended to offenders where learning is linked to employers offering jobs before release, and also to the voluntary sector.

### **Local Employment Partnerships**

Local Employment Partnerships (LEPs) are a commitment between an employer and the Government to match up job opportunities with those people most disadvantaged in the labour market. To ensure that individuals within an LEP move into sustainable employment and are able to progress once in work, the LSC and Jobcentre Plus are ensuring that there is a joined up offer that supports both employers and individuals. This will be done by aligning Train to Gain with LEPs to ensure that individuals receive both pre-employment and in-employment support, which will help employers be confident that their employees have the skills they need to do their job, and help employees remain and progress in employment, with ongoing skills development to ensure sustainable career progression. We are also piloting new ways of accrediting the in-house training that LEP employers offer on a fast-track basis, and we expect the first schemes to be accredited by the end of 2007.

### **Apprenticeships**

Apprenticeships are a key mechanism through which employers can invest in the skills of their employees and then reap the benefits of a skilled and productive workforce. Apprenticeships give people the opportunity to work for an employer, learn on the job and build up knowledge and transferable skills, and gain nationally recognised qualifications that will be needed throughout a working life.

We are reviewing our policies and current arrangements for the delivery of the apprenticeship programme to ensure that we have an expanded, high quality and effective system available to young people and employers wanting apprenticeship places. We are developing plans to give young people a credit of at least £3000 to show employers the value of the training they would bring, and for a new UCAS-style national matching services for businesses offering apprenticeships and individuals applying for places. We are increasing the number of apprenticeships, including for those aged 25 and over. Funding for apprenticeships will increase by almost a quarter between 2007/08 and 2010/11 to support an 18 per cent

increase in funded apprenticeship places to 400,000 in 2010/11. Achieving this expansion is critically dependent on higher employer demand and the offer from employers of many more high quality places. Next year we will publish draft legislation on apprenticeships, setting out how we will expand and reform the apprenticeship system, so that it offers a mainstream, high standard and respected route from school into skilled work and beyond.

### Targeted support for those who need it most

Some people face particular challenges entering, remaining in, and progressing in work. We are working to provide additional tailored support for those who need it, and to build up our evidence base on how to support retention and advancement.

The *Employment Retention and Advancement project* (ERA) was launched in 2003 in six Jobcentre Plus districts to test the effectiveness of a package of post-employment support and financial incentives, in helping customers sustain and progress in employment. Evidence of the impact on progression has been encouraging.

ERA has been particularly effective for lone parents. Based on the evidence we think that now is the time to roll-out nationally two elements of the ERA package for all lone parents moving off benefits and into work:

- *In-work advisory support from Jobcentre Plus*: to help customers with the transition into work, and to help them advance to positions of greater job security and better pay and conditions.
- *Emergency Discretion Fund*: Lone parents moving into work of 16 or more hours per week could receive discretionary payments up to £300 to divert minor financial emergencies that could prevent them continuing in work.

Evaluation will allow us to learn whether this support may be valuable to other groups. We will also roll-out In Work Credit (IWC) to lone parents, which provides payments of £40 per week, and £60 in London, for twelve months, to ease the transition into work and encourage retention. We will also pilot a new approach to IWC, which will offer retention bonuses after a period of time in work, tied to retention and progression interviews at which lone parents will be able to receive advice on issues such as childcare and explore options for training and progression. We will explore how learning gained from IWC may inform future support for others who may benefit.

## Delivering a seamless approach to employment and skills

In delivering the commitments set out above, our commitment is to develop an integrated and coherent service, available in a wide variety of locations, that will support the needs of those seeking work and those in work to gain sustainable employment and to progress in their careers.

Partnership is crucial to achieving this. We will build on the existing collaboration between Jobcentre Plus and LSC to increasingly integrate their services for employment and skills, underpinned by a shared objective to move people into sustainable employment and progression. And we will draw upon the skills and expertise of partners across the public, private and voluntary sectors to deliver high quality, innovative services that are sensitive to local needs and are demand-led.

We also need to ensure that the integration of employment and skills services is supported by alignment of the commissioning processes for both Departments and the Learning and Skills Councils. On 27th November DWP will be publishing emerging findings following consultation on a new commissioning strategy, with the final strategy being published in late February 2008. There is a commitment in that publication to greater convergence with LSC funding and we will jointly explore the scope for progressively joining up processes to underpin the integration of employment and skill services and ensure efficiency and value for money in the system.

A seamless service will mean that individuals are enabled and encouraged to continue the training that they begin out of work once they start work; and that they continue to develop their skills and train throughout their working lives. Support for the customer will be personalised and tailored to the needs of the individual, adaptable as their needs and circumstances change, and accessible through multiple avenues.

In all that we do, we will ensure that our system of training and employment support is demand-led and responsive to the needs of individuals and employers. This means making employers and customers part of the solution. Local Employment Partnerships and City Strategy offer flexibility to tailor support and provision to individual and local needs. And at the employer and individual level, Train to Gain and Skills Accounts offer employers and individuals the opportunity to take control of their learning and exercise choice and voice.

In this way, we will aim to deliver a personalised and effective service, that is tailored and responsive, driven by the needs of learners and employers, and offers everyone the opportunities and the support that they need to thrive in the global economy.



# Conclusion

This document has set out how we will respond to the challenges and opportunities that Britain faces as it strives to succeed in the global economy. The world is changing, and our approach to learning, training, welfare and work must change as well to ensure that our workforce is prepared and ready for the challenges ahead and able to make the most of new opportunities.

In the global economy, the skills and talents of each of us will be key to the wellbeing of us all. And if we are to seek to share the benefits from rising prosperity more widely, to enable British business and industry to lead on a world stage, and enable each of us to achieve more for ourselves and our families, we must ensure that everyone has the opportunity to work, to learn and to progress.

If we achieve the aspirations set out in this document, the benefits will be far reaching. We know more clearly than ever before that work and skills are vital for fairness and opportunity – ensuring more equal access to skills and employment opportunity for all will have important effects on equality and child poverty. We know how vital parent's skills are to children's development, and the importance of enabling all parents to support and engage in their children's learning. And we know that the knock-on effects of rising skills, more equal access to learning and increased participation in the workforce can affect a wide range of social outcomes – from health to crime, from financial inclusion to social cohesion.

And so, skills must not simply be the next step in our pursuit of a more effective welfare to work system, or an additional workplace responsibility of employer and employee. Lifelong learning must become the culture that informs our schools and colleges, our workplaces and our communities. We must each take responsibility for our own skills and development throughout our lives, and seek to create opportunities for others to realise their abilities.

Skills are now a key driver to achieving economic success and social justice in the new global economy. This is not simply a task for Government. It is a call to employers and employees, to teachers and parents, to partners in the private sector and in the voluntary sector, to individuals and communities. It is a call to create a world class workforce built upon skills and advancement for all.









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