Item 1. Employer Engagement – Jeremy Allen, DTI

1.1 Frances O'Grady welcomed members to the meeting which on the theme of ‘employer engagement’. She gave a particular welcome to Jeremy Allen, Director of Skills at the DTI, who had kindly agreed to speak to Committee members on his department’s perspectives on learning and skills.

1.2 Jeremy started his presentation by commenting that the DTI role was to raise UK productivity and therefore the Leitch report, which reinforced this message, was welcomed. The department can also play a valuable role in
taking Leitch forward helping others across Government, however it would defer to others where appropriate.

1.3 In terms of the team’s role Jeremy spoke about three areas of particular interest:

- The essential role of SSCs which is the best way to articulate employer demand. SSC performance to date has been variable however they need to move to the vision for them set out in the Leitch report. We need to look at what they need to do to step up to the mark and consider how we can help. They may need to change and evolve as a result.

- Challenging business to raise investment in skills at all levels, but in particular level 3 and above as the baseline moves in a changing economy. Want to look at what help employers need now and in the future so they can do more on a voluntary or collective basis.

- The regional dimension is also important as need to translate delivery mechanisms to action in the regions. This is a complex policy environment and the forthcoming sub-national review is trying to understand the regional architecture to deliver economic development and regeneration.

1.4 Going forward, there were a number of areas of priority for DTI:

- The creation of the Commission for Employment and Skills was supported and its advisory role to Government is important, however there is also a role to look outward to business and to challenge and lead. It has the potential to capture important issues relating to employer engagement and responsibility.

- The Skills Pledge is also important but is secondary to what action it stimulates as a result. It should be a catalyst to stimulate businesses to look at their skills needs across the piece and support business transformation and drive up productivity.

- Business support simplification is also key as businesses need to see a simple coherent business service. There is a dialogue with DfES on the RDAs work with the Train to Gain service to ensure there is ‘no wrong door’ and a seamless service is delivered based on business need.

1.5 Jeremy closed his presentation by commenting that the DTI needed to raise its game on skills and get better at articulating what is being done. There is a skills dimension to many aspects of the department’s work including innovation, enterprise and employment relations. These synergies need to be considered and their potential exploited.

1.6 The Chair thanked Jeremy and asked members for their comments and questions. In discussion the following points were raised:

- Unions have a role to play in engaging employers which should be recognised.

- When supporting their employees in gaining higher level skills, businesses have the least to gain which is of concern.

- Concern over whether SSCs will work, however they will need to change to meet Leitch’s visions for a demand led system.
• Hope the Skills Pledge will encourage employers to invest in skills as the statutory entitlement may get brought in.
• Concern that we are creating a ‘command-led system’ rather than a demand-led system.
• Leitch was silent on migration and the low carbon agenda, and how they impact on skills.

1.7 In response Jeremy made the following comments:
• The Leitch Implementation Plan signals a direction of travel and some aspects require further thought and discussion. It will be a clear indication of the Government response and a signal of where policy is going.
• Need to use the opportunity to agree how SSCS can add value. They should not get involved in delivery but let the market operate and function. They can take a strategic view of their sector and align resources. However there is a need to have more external third party assessment of their performance which would then inform the Commission.
• Qualifications are a perennial issue for employers. They do not recognise them but they use them for recruitment as well as skills and competencies. A flexible and unitised qualification system will help here.
• Migration is an issue and it is important that employers to get the skills they want to make the UK economy effective.
• It is important for businesses to understand the skills agenda and leadership and management creates awareness and gives employers tools to help them do this. Investors in People can also be used to promote the case for skills.

1.8 Frances O’Grady thanked Jeremy for attending the meeting and for his valuable input.

Item 2. Employer Engagement Strategy

2.1 Jaine Clarke presented her paper which was an initial framework for an employer engagement strategy for the LSC. This was developed using the experience of Train to Gain and the National Employer Service. There are fours key issues that are addressed in the paper. These are:
• To establish rapid and effective customer feedback on our services and use this to improve them;
• To modernise and professionalise the way we handle and track employer contacts and relationships;
• To integrate our services and those of our providers with other public sector organisations so that they make sense to customers not just to us as producers; and
• To segment our market, offering differentiated services.

2.2 Jaine also took the opportunity to highlight four other papers that were linked to this item on the following areas:
• Train to Gain;
• Higher Level Skills;
• Leadership and Management Development; and
• Public Services.

2.3 Jaine drew particular attention to the Train to Gain and Public Services items. The LSC was pleased with the latest Train to Gain performance. The review of Skills Brokerage had been completed and would feed into the Leitch Implementation Plan. She thanked Tony Chandler for his active support on the public services work.

2.4 Before opening for discussion, Paul Holme provided a regional perspective on employer engagement. The LSC had two types of strategic relationship with employers where one was through employer representative bodies such as CBI and Chambers of Commerce, as well as direct contact with employers. In terms of Skills Brokerage for the region, it was decided that one organisation would operate which was the best way to ensure an integrated brokerage service. From a provider perspective delivery is good and good numbers have been achieved. The region is also part of the Level 3 trials which aren’t going as well as hoped and work is underway to look at the reasons behind this.

2.5 The Committee welcomed the opportunity to discuss the draft strategy and the following points were made:

• Supportive of self-regulation of FE which puts providers and FE in the market-place together to support employers. However what is the role of the LSC in employer engagement – should it be to stimulate the market and act as regulator.
• Concern SSCs are putting forward products that employers are not taking up.
• Supportive of the principles of Train to Gain, however it needs to work in the market-place and go beyond Skills for Life and Level 2.
• On leadership and management, should look at beyond LSC funded delivery to get a real sense of delivery.
• The LSC has played a key role in supporting the work of the Public Services Forum learning and skills task group and driving work on public services to get everyone to the same place, and the health sector activity is a positive outcome of this work.
• The employer landscape changes daily and they will take the least line of resistance to solve problems such as skills shortages.

2.6 Jaine thanked members for their comments and responded to some of them:

• There is variable delivery of Train to Gain nationally, however the LSC is driving up quality and consistency working with QIA and other partners.
• The LSC has a strategic relationship with employers and Skills Brokers, providers and Business Links are used for this. However we recognise there are others we need to work with such as CBI and BCC. NES has the only direct relationship with employers.
• Lots of work is being done on Skills Brokerage and there will be more recognition of the provider role in the Leitch Implementation Plan.

Item 3. National Employer Service
3.1 Hilary Chadwick presented her paper which updated the Committee on how the new remit and achievements of the National Employer Service (NES) were enabling the LSC to engage successfully with large employers.
3.2 The Committee, who were supportive of the work of NES, noted the update and made the following comments:
• This is a success story and NES should increase its profile.
• Is it possible to gain more leverage from large employers in terms of funding?
• There is a philosophical debate to whether the state should fund large businesses and need to get the right answer.
• A longer term strategic relationship is the right way to go as the LSC can help employers with their skills needs. Also employers contracting with providers bring ownership.
• There are some examples of creative partnership working with unions and can use Union Learning Representatives to extend the reach within companies.
3.3 The Chair thanked Hilary for her paper and the Committee for their comments.

Item 4. Leitch Implementation Update
4.1 Jaine Clarke began the item by commenting on some areas where discussions are still ongoing with DfES:
• More clarity is needed on the LSC relationship with the Commission.
• Concern that more Employment and Skills Boards will clutter the landscape. They are only valuable where there is genuine employer engagement.
• On reform of vocational qualifications, the SSCs need to be driven by employer need.
• The Skills Pledge wording has been agreed with DFES and we want employers to commit to more than Skills for Life and Level 2.
• Integrating employment and skills will test the new relationship between DfES/ DWP and LSC/ Jobcentre Plus.
• Concern over the scale and pace of change. The ambition is sound but communications and capacity building will be important.
4.2 David Russell then spoke for the DfES and started by commenting that the Leitch Implementation Plan is a strategic high-level document that will set out what is being taken forward. However it won’t set out the finer detail of policy development and this will continue beyond publication. It is due to be published on 14 June at the launch of the Skills Pledge which Ministers will
attend. Cabinet agreement is still needed and also need to take on board the comments from partners on the drafts – some of which contradict each other.

4.3 David then drew attention to some policy areas of interest to members:
   - The Plan acknowledges the importance of migration. It is not a skills issue, but skills issue is part of migration.
   - On sustainable development, must give people skills to work and live sustainably.
   - All funding will not be through Train to Gain and Skills Accounts by 2010, as there is concern about the loss of good providers who may not be able to adapt quickly enough.
   - Will provide funding for economically valuable skills, and important that they don’t neglect generic skills. If SSCs don’t manage to take a far-sighted view on this then need to review this.
   - PSA targets will be announced in the autumn, and what matters is a range of measures not just qualifications.

4.4 In response, members made the following comments:
   - Concern over creating more intermediary organisations in the regions where remits overlap.
   - Supportive of the Skills Pledge and will push it to make it a success.
   - Concerned about the pace of change and tone of wording in the document. Need to acknowledge that it is not the end of the debate and that policy discussions can continue.

4.5 The Chair thanked everyone for their comments and wished David Russell good luck with the Implementation Plan.

**Item 5. Learning and Skills Report**

5.1 Jaine Clarke began the item by highlighting a couple of the skills aspects in the report, namely National Skills Academies, the New Standard and Skills for Jobs.

5.2 Jon Gamble then highlighted some key areas from the Learning Group, including Offender Learning and Skills, Foundation Learning Tier, Adult Careers Service and Personal and Community Development Learning.

5.3 Members responded with the following points:
   - Need to have the Foundation Learning Tier in place and the challenge is to understand where people come from.
   - Need to link in private prisons on offender learning where possible.

5.4 The Chair thanked Jaine and Jon for their papers.

**Item 6. Minutes and Matters Arising**

6.1 The minutes of the last meeting held on 26 April 2007 were agreed as a true record.

6.2 There was one action outstanding at paragraph 3.2 of the minutes which was to review the impact of the change to deliver health and safety training at full
cost. Jon Gamble gave a verbal update on the impact on the number of enrolments and what proportion was full cost activity. He offered to circulate a summary note on this. Frances O’Grady commented that there had been a commitment to involve stakeholders and that a note was needed to outline what will be put in place to meet that obligation.

Action: Jon Gamble

Item 7. Any Other Business
7.1 There was no other business.
7.2 Members were reminded that the next meeting on 11/12 July would be the last meeting of the Committee and they were encouraged to attend.

Meeting chair Frances O’Grady
Minute taker Priya Gossain
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