

# Work Skills

Unlocking talent

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 policies in this 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.



## Work Skills

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

June 2008

# Contents

Prime Ministerial foreword	2
Ministerial foreword	4
Executive summary	6
1. Introduction	12
2. Making support more responsive to individuals and employers	16
3. How we'll improve the way the system works on the ground	32

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## Prime Ministerial foreword

The world we are living in is changing fast, affecting the lives of every one of us.

In the past those who had the raw materials and the infrastructure were the ones with the competitive advantage.

Today, what matters most is who has the ideas, the insights and the creativity.

And in the future it will no longer be the shortage of jobs but the shortage of skills that will be the biggest barrier to full employment.

So Britain's long-term prosperity depends more than ever on developing the talents and potential of all our people to the full. This means that:

- when people sign on for benefits they sign up for skills as well. We want everyone with skills needs to address them as a condition of receiving out-of-work benefits, and are consulting on firm proposals to achieve this;
- everyone should have access to a personal Skills Account as well as better advice, support and information about the training they are entitled to. And we are taking the next steps to extend people's entitlements to training that boosts our economic performance; and
- we must continue to improve the way public services are delivered. We are devolving responsibilities to local areas and putting employers at the heart of our system.

Government can set the framework, but we rely on the hard work and commitment of employers and of all our delivery partners to ensure that businesses can recruit and retain the people with the skills they need to continue to compete in the workplace of tomorrow.

I urge everyone to join me in working towards a more highly-skilled Britain where the talents of each of us contribute to the well-being and prosperity of us all.

Clinton Bawa

## Ministerial foreword



In today's global economy Britain must compete through higher levels of skills. We must take advantage of new opportunities, new jobs and new industries and make sure that all the people and places across the country are able to benefit.

In a rapidly changing world, the Government is determined to unlock the talent and potential of all our people. We need to give people the skills that will be required in both today's and tomorrow's labour market. That will make British businesses more profitable and will make our society fairer and ensure everyone can gain from future prosperity.

In the past the biggest barrier to full employment was a shortage of jobs, but today and tomorrow it will be a shortage of the right skills that will lie between us and our goal of employment opportunity for all. This paper sets out how we're going to help people take control of their skills needs, both for today and in the future, and how we will support employers to get the skilled workforce they need.

We will extend the entitlement to Level 3 training for young adults aged 19-25 to the workplace and also look at how everybody can have their own personal Skills Account so that they can get the training that they need and the jobs that they want.

We are developing a new adult advancement and careers service in England, which will provide people with broader advice about how to get on in work in a way that fits in with their lives.

The right skills are crucial to getting people who are out of work into a decent job or to start their own business. And they are crucial to getting a better job too. We have set ourselves the goal of integrating our welfare and skills services so they can respond to the needs and ambitions of both employers and individual people. We will make sure that when people sign on for benefits, they sign up for skills as well. Increasingly, addressing skills needs, where they are preventing someone returning to work, will be an important part of receiving an out-of-work benefit.

At the same time, we're radically improving how our welfare and skills services are delivered. Every town, city and region has a range of different jobs and opportunities available in its local economy. The problems facing people and places also vary, with worklessness today concentrated in particular neighbourhoods.

So, to provide the best services and to get the best results, we're devolving much more responsibility to local councils and their communities. People on the ground know how best to meet the current and future needs of local people and the places in which they live. Employers must also be at the heart of this, as they are the ones best placed to identify their own skills needs as well as those in the future.

With this package of proposals we will develop the talents and skills of our people and build stronger foundations for the future success of Britain and her people.

James Purnell

John Denham



## Executive summary

Our achievement of high and stable employment over the last decade has been founded on labour market flexibility, a sound economy, and a balance of rights and responsibilities. While these remain important, they are no longer enough. In a global age, the ability to equip our people with **higher and new skills** is increasingly important.

The Government has already embraced this agenda by adopting Lord Leitch's recommendations<sup>1</sup> to provide everyone with the opportunity and encouragement to develop their skills to the maximum. We have also started the integration of our welfare and skills systems to give people the best chances to get into and on in work.

This paper sets out the next steps in this journey. It describes how we're creating integrated employment and skills services that are more responsive to the needs of **individuals** and **employers**. It also shows how we plan to ensure that our **delivery systems** work more closely together, and are driven by those who know best how to shape services to meet local needs.

We're helping individuals to get the skills they need by giving everyone the right to a personal **Skills Account**, putting them in control of their learning. And we're now extending the entitlements available through these Skills Accounts. This will mean that from age 18, depending on existing qualifications, all young adults who do not go to university will now have access to a range of entitlements up to Level 3 to spend on their vocational training, be it at a local college, training provider or in work through Train to Gain. For those not already qualified at this level, these entitlements would typically be worth some £7,000<sup>2</sup>, but the actual amount would vary depending on the courses chosen.

We will ensure that from this autumn, the first Level 3 for every 19-25 year old is free to the individual and their employer.

<sup>1</sup> HM Government (2006) Leitch Review of Skills: Prosperity for all in the global economy.

<sup>2</sup> £7,000 is the average amount an individual without any qualifications could be entitled to to enable them to gain basic skills, first full Level 2 and first full Level 3. The Level 3 entitlement applies just to those aged 19-25.



And, in addition to our major drive on Apprenticeship expansion, we're also now funding an additional 1,200 adult **Apprenticeships** in the best training companies available, to provide the skills needed for the workforce of the future.

Similarly, employers have a right to shape this skills support in return for meeting their responsibility to make sure their employees have the skills they need. We're already giving employers control of significant funding for training – over £1 billion by 2010-11 – through **Train to Gain** and are now going further, to make sure training fits with what employers want.

Employers of all sizes also need to have access to our full range of skills and recruitment services. We're therefore bringing these services closer together to make them **more coherent and simpler** to access.

We recognise that while skills are critical, people face additional barriers to getting on. It can be as hard for someone to change their job as it is to move into work in the first place, because of the wider issues that get in the way; not just a lack of skills but other potential barriers like childcare, travel and housing. To address this we're now starting trials of the new **adult advancement and careers service**, to help people tackle all the issues holding them back.

We are also looking to provide further help to adults who do not start the retraining at Level 3 that they need for the jobs of the future, because of barriers like childcare costs. We will **pilot new ways** to demonstrate how Skills Accounts could be adapted to support people in overcoming such barriers.

As Government continues to improve its skills support for both individuals and employers, expectations on people to acquire the skills they need for work are changing. We believe it is no longer acceptable for those without the necessary skills to work simply to remain on benefits. We are therefore taking the powers necessary to require unemployed people to attend training and will **consult on extending the requirement to train to the other key out-of-work groups**: lone parents with school-age children receiving Income Support and those who start to claim Employment and Support Allowance.

Achieving this step-change in support for individuals and employers will require changes to the way Department for Work and Pensions (DWP) and Department for Innovation, Universities and Skills (DIUS) work with all our partners to deliver these services.

Many local areas are already making progress to deliver just this kind of more integrated and responsive service; developing a personalised approach to individuals' and employers' circumstances. Each area is different, and a tailored approach needs to be **driven by people on the ground**. They are the ones who understand the opportunities available in the local economy, and who are close enough to the actual delivery of services to ensure these are working ever more closely together.

So we want to **make the system less top-heavy**, devolving responsibility to collaborative partnerships with employers at their centre. This is already happening through initiatives like the Working Neighbourhoods Fund, City Strategy and Multi-Area Agreements (MAA).

In the spirit of our **partnership approach**, this paper sets out our thinking on the next steps, which should be seen as part of an ongoing dialogue about the best ways to build truly responsive services. The key elements of this are:

- partnerships should reflect the geography of their local labour markets;
- the MAA process will normally be the means by which DWP and DIUS will conduct any dialogues with local areas about devolving responsibilities;
- there should be strong employer representation within an MAA before government would consider devolving particular responsibilities;
- partnerships should have strong relationships with partners at other geographical levels, such as Local Strategic Partnerships and Regional Development Agencies;
- they should be developing proposals that add value for their local areas; and
- the partners should be using discretionary funding, such as the Working Neighbourhoods Funds, to complement core programmes.



Given the success of City Strategy Pathfinders to date, the Government will make available continued support beyond April 2009 for Pathfinders who can show that they are making real progress to tackle worklessness, raise skills and reduce poverty.

We would expect the City Strategy Pathfinders to evolve into an integral part of emerging local and sub-regional governance arrangements.

Passing responsibility down to a more local level has created new opportunities to make government services **work more closely together**. Good providers and leading partnerships are making the linkages already and central government is keen to support them.

In areas with the best track records of working together, such as Manchester and the West Midlands, we are beginning to **bring together the commissioning** of core employment and skills services, such as flexible New Deal and Train to Gain. The Government is also looking at more innovative ways to bring together an even wider range of providers and local partners, including health, childcare and youth services, to support those with the most entrenched issues. And we are testing new ways of embedding closer working within the **incentives** of the system. Through groundbreaking trials we will test new success measures, to inform the future development of the flexible New Deal, Pathways to Work and Learning and Skills Council (LSC) funded provision, including Skills for Life and employability training.

We are putting in place an integrated system that will increase people's chances of getting into sustained employment with skills progression, and through which in 2010-11 over 100,000 people will be helped to gain sustainable employment and to achieve a recognised qualification. This **shared ambition** will be an incentive for all partners to deliver a system that truly helps individuals into sustainable employment and progression and supports businesses to succeed in the future.





# 1. Introduction

1.1 Significant progress has been made in getting people into work and increasing levels of skills across all of the population.

1.2 Ten years of reform and economic stability have delivered high levels of employment and consistently low levels of unemployment. There are now two million more people in work than in 1997 and those claiming unemployment benefit make up only 2.5 per cent of the labour force. The New Deal programmes have played a key role in this success, moving from a system based on the passive receipt of benefits to an active system, where people have the support they need to find work, and in return are required to take up that support.

1.3 We have also made significant progress in giving people the skills they need to work and prosper in today's world. Since 1997 over four million adults have been supported in getting the skills and qualifications they need. Through Skills for Life programmes alone, more than 1.76 million people have achieved a first qualification in literacy and numeracy skills.

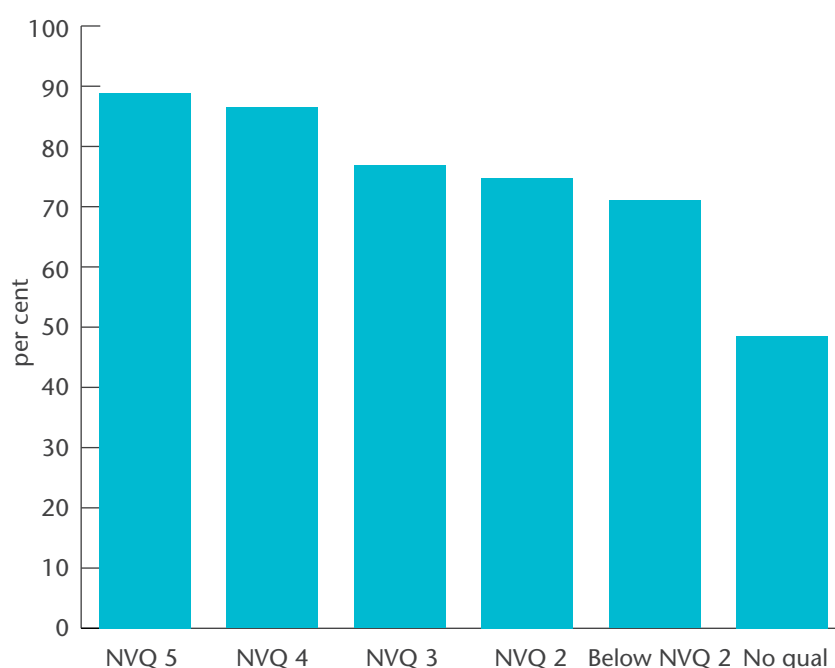
1.4 However, as set out in the Leitch Review,<sup>1</sup> the world is changing: continued prosperity and opportunity for all depends on our ability to give everyone the opportunity and encouragement to develop their skills and abilities to the maximum. Too many people claiming out-of-work benefits do not have the skills they need to find work: while 8 per cent of those in work have no formal qualifications, this rises to 29 per cent for those not in work.<sup>2</sup> Getting skills by acquiring qualifications clearly has an important role to play in moving people into work. We need to do more to help the most disadvantaged into work, ensuring that those who are in work can remain in work and get the skills they need to progress.

<sup>1</sup> HM Government (2006) Leitch Review of Skills: Prosperity for all in the global economy.

<sup>2</sup> Data taken from Labour Force Survey, Q4 2007, working age people, UK, excludes inactive students.



Employment rate by level of highest qualification



Source: LFS, Quarter 4 2007, UK, Working-age (16-59/64)<sup>3</sup>

1.5 The Leitch Review set out the challenge and we have adopted its recommendations and targets<sup>4</sup>, as detailed in World Class Skills<sup>5</sup>.

1.6 Since the publication of World Class Skills we have:

- set up the independent and employer-led UK Commission for Employment and Skills to advise the governments of the four UK countries on the effectiveness and integration of employment and skills systems, and on updating of targets;
- launched an ambitious expansion of Train to Gain, rising to a budget of over £1 billion by 2010-2011;
- set out proposals for a new Skills Funding Agency to replace the post-19 function of the LSC from 2010; while
- more than 3,000 employers have made the Skills Pledge covering nearly four million employees.

1.7 The Government has also made significant progress on reform of the education system for young people.

We have focused on developing learning routes that are right for every young person including:

- the development and delivery of Diplomas;
- increased numbers of Apprenticeships, reforms to A levels and GCSEs;
- the creation of the Foundation Learning Tier;
- underpinning all these with new functional skills qualifications in English, mathematics and ICT for both young people and adults.

1.8 And, perhaps most importantly, we have plans in place to raise the age of participation to 18 by 2013.

1.9 There has been much progress with the adults of tomorrow but for the adults of today we have also started to integrate our skills and employment services to best meet the needs of those out of work.

1.10 In November 2007 we jointly published Opportunity, Employment and Progression: making skills work<sup>6</sup>. This paper set out further details of how DWP, DIUS and our partners will work together to ensure that those people out of work get the skills they need to move into work and progress.

1.11 This was followed in January 2008 by Ready to Work, Skilled for Work<sup>7</sup>, which set out our plans to build the employment and skills partnerships for the future with employers.

1.12 This document builds on both these publications and sets out how we're moving forward.

1.13 **Chapter 2** illustrates how we're making the skills system more responsive to the needs of both individuals and employers. We also set out how we're extending the principle of rights and responsibilities to those with skills needs that are preventing them from finding work.

1.14 **Chapter 3** shows how we will deliver these changes on the ground: ensuring our delivery systems work more closely together, and that they are driven by those who know best how to shape services to meet local needs.

<sup>3</sup> National Vocational Qualifications (NVQs) are work-related, competence-based qualifications. The NVQ levels allow for a comparison of both academic and vocational qualifications. For instance, a full Level 2 qualification is achieved by attaining 5 good GCSEs (grades A\*-C) or equivalent qualifications. A-levels are generally classified as Level 3; a first degree is classified at Level 4, and higher degrees at Level 5.

<sup>4</sup> Details of the objectives for 2020 proposed by the Leitch Review, and the interim targets that the Government has established can be found in Public Service Agreement Delivery Agreement 2, available at [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk).

<sup>5</sup> HM Government (2007) World Class Skills: Implementing the Leitch Review of Skills in England.

<sup>6</sup> HM Government (2007) 'Opportunity, Employment and Progression: making skills work'.

<sup>7</sup> HM Government (2008) 'Ready to Work, Skilled for Work: Unlocking Britain's Talent'.







## 2. Making support more responsive to individuals and employers

2.1 While our employment rate is one of the highest of the world's major economies, significant challenges remain. If we are to meet our ambitious goal of an 80 per cent employment rate and our target to eradicate child poverty we need to go beyond just getting people into work.<sup>1</sup>

2.2 Government now needs to help people to move into sustainable jobs and to get on when they are in work. Support which puts everyone in charge of their skills will be crucial for this.

2.3 Employers also have an important role to play in helping their employees get the skills they need for now and the future, and in return they have a right to shape skills support.

2.4 We recognise that getting new skills is only part of the solution. It can be as hard for someone to change their job as it is to move into work in the first place because of the wider issues that get in the way: not just a lack of skills but other potential barriers like childcare, travel and housing. So our support services must be easy to find and comprehensive enough to address these needs.

2.5 Employers of all sizes also need to have access to our full range of skills and recruitment services. Our support for employers must become more responsive and flexible to the needs of individual businesses including easier access to recruitment and skills support.

2.6 As Government continues to improve its skills support for both individuals and employers, expectations on individuals to acquire the skills they need for work are changing. We believe it is no longer acceptable for those without the necessary skills to work simply to remain on benefits. We will therefore take the powers necessary to require unemployed people to attend training. We will also consult on whether lone parents claiming Income Support, and people starting a claim for Employment and Support Allowance, should be required to attend training to help them get a job, if they lack the skills to work.

<sup>1</sup> As noted at the start of this document, while most of the policies are specific to England, the challenges are common across four countries. DWP operates across Great Britain and works closely with the Devolved Administrations in Scotland, Wales and Northern Ireland. While structures and policies differ, each has a commitment to a more integrated employment and skills service. City Strategy Pathfinders exist in both Scotland and Wales and we will work closely with the Devolved Administrations and their local partnerships to identify how we can develop approaches there which are similar to those set out in this chapter.

2.7 This chapter sets out how we're:

- making the system more responsive to **help all individuals and employers get the skills they need** to get on in life;
- **joining up our services** to reflect the wider needs of individuals and employers, which go beyond skills; and
- focusing on the particular needs of those out of work by making **skills an integral part of support to get them into sustainable employment**.

### Helping individuals and employers to get the skills they need

2.8 We're improving how we help individuals and employers to get the skills they need. This means:

- *a skills system that puts individuals in charge*, where everyone has the right to a **Skills Account**; and
- *a skills system that is shaped by employers*, where all employers have access to support, through **Train to Gain**, to choose the training provision that best meets their needs.

2.9 We will give people more control over the skills they gain by making it far easier to find out what training they're entitled to, and to be in control of their learning throughout their lives. Everyone will have access to a **personal Skills Account** which will provide them with a range of services. A Skills Account will:

- provide simple access, online and elsewhere, to information on courses and actual job opportunities;
- tell people what financial support they will get and how they can use it to buy training from approved colleges and training providers;
- provide a record of the skills they have and track the skills they gain; and
- enable people to get careers advice, or take advantage of face-to-face and telephone careers guidance sessions where necessary.

2.10 The service will be tested and refined in the South East and East Midlands from autumn 2008. In these regions learners will be able to register for an Account

online, through careers advice services or through partner colleges. And from autumn 2010 the full service will be made available to everyone in England.

2.11 There is already lots of information about skills services online and elsewhere, but it can sometimes be difficult for people to find the bits that are relevant to them. As well as allowing users to manage their personal account, the **Skills Account website** will act as a single portal to the full range of services available. This will include information about courses and providers, and the types of jobs available locally and nationally; and access to advice on careers, including the facility to book a face to face appointment with a careers adviser.

2.12 A Skills Account will also make it easier for individuals to understand the full range of support they are entitled to. As well as entitlement to free and part-subsidised provision, we already offer a wide range of support to help individuals overcome financial barriers to learning, and to promote further access. This is either in the form of grants, loans or entitlement to free provision, but the variety in itself can often seem confusing.

2.13 Skills Accounts will give users a **personalised 'voucher'**, representing the estimated value of the funding they can access. An individual can then 'spend' the voucher with an accredited provider of their choice. People can also use their Accounts to help access training at work through Train to Gain or an Apprenticeship. For those out of work, Jobcentre Plus advisers and careers advisers will have access to the same information about funding and courses to help identify the best training for the individual.

2.14 We already guarantee a university place to all qualified young people at age 18. We also want young people to know that they are entitled to funding for future training should they choose not to go to university. As a first step we are making sure that from age 18, depending on existing qualifications, all young adults who do not go to university will now have access to a range of entitlements up to Level 3 to spend on their vocational training, be it at a local college, training provider or in work through Train to Gain. For those not already qualified at this level, these entitlements would typically be worth some £7,000,<sup>2</sup>

<sup>2</sup> £7,000 is the average amount an individual without any qualifications could be entitled to to enable them to gain basic skills, first full Level 2 and first full Level 3. The Level 3 entitlement applies just to those aged 19-25.





but the actual amount would vary depending on the courses chosen.

2.15 And we are extending the entitlements that will be available through Skills Accounts for young adults aged 19-25 in work. From this Autumn, we will ensure that a young person's first Level 3 training is free to the individual and their employer. This support can help young adults gain valuable vocational qualifications in technician, associate professional and advanced craft skills, to equip them for the job opportunities of the future, particularly in the sectors of the economy where these skills will be at a premium.

2.16 We are looking to provide further help to adults who need to train at Level 3, particularly in the skills needed for our economic future, but who find a range of barriers in their way. For example, this could help women seeking to change career, progress in work or retrain before returning to work. As part of the trials in the South East and East Midlands, we will test ways of using Skills Accounts to enable adults to gain access to Level 3 programmes and to provide associated financial support, for example to help with childcare costs.

## Case Study

**Name** Andrew Richardson  
**Occupation** Bakery Apprentice  
**Company** Sainsbury's



Since joining Sainsbury's on an Apprenticeship scheme two years ago, Andrew Richardson has changed his life. "Before I applied for the Apprenticeship, I'd been doing warehouse work and stuff like that – for not much money and with no prospects. Now I'm qualified as a baker and about to start management training."

Paul Mackintosh, duty manager of the Stockton store where Andrew works, is equally positive. "Through the scheme, we've got a skilled baker, who is qualified in his profession and now acts as a mentor to other trainees. We've really noticed the way Andrew's confidence has grown with experience."

## Case Study

**Name** Casey Tallieleu  
**Occupation** Foundation Engineer Trainee  
**Company** National Grid



The opportunity to gain engineering qualifications in a working environment was exactly what Casey Tallieleu wanted. When she left school, she joined National Grid's training programme and by the time she's 22, Casey will be a qualified foundation engineer. "I get training, loads of experience and a great start to my career – and I get paid for doing it."

National Grid Transmission Technical Training Manager John Tyler is equally pleased. "We benefit because we get trained individuals, who not only have the qualifications we are looking for but also – as in Casey's situation – the behaviours and professional skills that make them valuable staff. Recruiting in this way is also an investment in our long-term future: over 40 per cent of our workforce reach retirement age within 10 years, so gaining younger staff is vital."

2.17 From 2010, Skills Accounts will also ensure that Apprentices from age 18 receive an Apprenticeship Credit towards the costs. This will help to ensure that all eligible young people are able to take up their entitlement to an Apprenticeship. The credit will make clearer, for both the employer and the Apprentice, the substantial funding we are investing. This is currently some £900 million, rising to £1,100 million per annum in 2010-11, to support expansion of Apprenticeship numbers from 180,000 starts in 2006/07 to 250,000 in 2019/20. This is sufficient to meet our Leitch ambition of 400,000 Apprentices in England. And we're now funding an additional 1,200 adult Apprenticeships in the best training programmes available, to provide the **skills needed for the jobs of the future.**

2.18 All employers, from the public, private and third sectors, have much to gain from these reforms, with their clear focus on the needs of their business. And we are channelling substantial sums for skills training through Train to Gain, where employers will control the spending of over £1 billion of training provision by 2010-11. Since national roll-out began in April 2006, Train to Gain has

engaged nearly 90,000 employers, enabling over 450,000 employees to begin learning programmes. Over 210,000 people have already gained new qualifications, ranging from the basic skills of literacy and numeracy through to Level 3 and leadership and management training.

2.19 Recent evaluations of the service show that both employer and learner satisfaction with the service is high. Seventy-eight per cent of employers who had taken up training through the service would recommend it to other employers, and 82 per cent gave an overall satisfaction score of eight or more out of ten. Seventy-seven per cent of Train to Gain learners were 'extremely satisfied' or 'very satisfied' with their Train to Gain experience, and 69 per cent of those who had completed their training wanted to do some further learning.

2.20 Employers also reported positive impacts on business performance: 51 per cent reported some increase in staff productivity, 42 per cent reported an impact on the bottom line, 25 per cent said that the training had supported the introduction of new products or services, and 22 per cent said absenteeism had reduced.

2.21 We're also going further to make sure training fits with what employers want. We're reforming vocational qualifications to make them more flexible in their content, size and delivery. Responding to earlier feedback, bespoke training delivered by an employer can now be accredited and nationally recognised and in some cases may attract public funding.

2.22 For example, Network Rail is now officially accredited to award successful learners accredited qualifications designed specifically for its business needs, from mandatory safety and technical competencies, to management and leadership skills. In addition to involving the whole Network Rail workforce of 33,000 people, Network Rail plans to offer bespoke training for contractors and other stakeholders within the rail sector.

2.23 We're also encouraging more employers, including local authorities and public sector employers like NHS trusts and colleges, as well as third sector organisations, to make the Skills Pledge; a voluntary public commitment

to support their employees to improve their skills and gain new qualifications. Train to Gain can provide support and advice to enable organisations making the Pledge to meet their commitment. To date over 3000 employers have made the Skills Pledge covering nearly four million workers.

2.24 At a national level we have set up the new UK Commission for Employment and Skills. The UK Commission is led by business people and will advise the Government on how the employment and skills system can be simpler, better integrated and can deliver the skills and jobs needed to succeed in the 21st Century global economy. It will also oversee the reform and relicensing of an empowered network of Sector Skills Councils that will help deliver the skills employers need now and for a changing economy.

2.25 Part of simplification is ensuring we have a direct way of intervening to meet skills needs including pressures and bottlenecks in particular sectors. We will work with employers in key sectors to understand and meet their future skill needs better.

2.26 Through Sector Compacts we are tailoring the Train to Gain offer to ensure that it meets the skills needs of the employers in each sector. We ask employers for a renewed commitment to workforce development by increasing the number of people with the skills to succeed in the jobs of the future. We have agreed the first Compact and are currently negotiating several more for announcement shortly with sectors that will contribute to a high skill, modern economy, driven by talent and innovation. During this process we will also consider how we should direct longer-term capital investment in skills infrastructure to meet future need.

2.27 The introduction of demand-led funding for training and skills provision has placed genuine purchasing power in the hands of customers – the learner and employer – giving them the choice to determine what training they want, and where. Colleges and providers will therefore be increasingly responsive to employers and learners, delivering the range of skills and qualifications they need, both now and in the future.

### The Skills Pledge Leisure Connection



'I get to learn while I'm working, see how other staff do their jobs and improve my customer service skills at the same time'

**Hannah Davies**  
Fitness Manager  
Leisure Connection

'Using Train to Gain and the advice we get on qualifications means we can ensure there's a validity to the training we provide'

**Chris White**  
Apprenticeship  
Coordinator  
Leisure Connection

### The Skills Pledge Dolland & Aitchison



'Getting this kind of training makes you feel really valued as an individual'

**John Baran**  
Retail Planning  
Assistant  
Dollond and  
Aitchison



'Currently we fill some 85 per cent of our management posts internally; through the Skills Pledge, we aim to increase that'

**Andy Cole**  
Head of Learning  
and Development  
Dollond and  
Aitchison



## SECTOR COMPACTS – FOR THE SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGY SKILLS OF THE FUTURE

It is estimated that between 2004 and 2014 there will be a need for an additional 324,000 skilled workers in science, engineering and manufacturing technologies. To help employers and individuals prepare for these jobs of the future, we have negotiated an agreement with Semta – the Sector Skills Council for this sector in the UK – to invest in the skills of the sector’s workforce with support tailored to meet employers’ specific skills needs.

£65 million of Government funding will be available to train employees, including some who already hold GCSE or A-level equivalent qualifications (Level 2 and Level 3) but who need more specific, or up-to-date, business qualifications. In return, Semta will work with Train to Gain skills brokers and employers in their sector to ensure their staff are given the opportunity to gain relevant qualifications and training.

‘10 per cent of our current workforce has come through Local Employment Partnerships. What happens is that you get a diverse workforce who are absolutely committed to coming to work for you.’

**Kari Rodgers**  
Store Manager  
Debenhams

2.28 Meeting the skills needs of the future also requires a genuinely strategic approach to major developments like Crossrail, the Olympics and the Thames Gateway. On the 2012 Games, we have published “Springboard for Success”, a brief guide for employers on how to (i) bid for Olympics contracts through CompeteFor; (ii) access Government help to recruit new staff through Jobcentre Plus; and (iii) access brokerage advice and training funds to train their workforce through Train to Gain.

### Comprehensive support which addresses all the needs of individuals and employers

2.29 People face a large range of potential barriers to getting on in life. To address this, we are providing more comprehensive support that addresses a wider range of needs than ever, and gives individuals and employers help that makes sense in their own circumstances.

2.30 It can be as hard for an individual to change their job as it can be to get into a job or to become self employed in the first place. Therefore, our support needs to be available to everyone.

2.31 And because everyone is different, people have the right to access advice and support that fits with their lives. We are therefore developing a new **adult advancement and careers service** to help people address all the issues that are holding them back. The new service will provide:

- joined up advice on career options, actual job opportunities, including self-employment and setting-up a business, and the training available to achieve these;
- wider advice covering other barriers to progression such as employment, health, childcare and housing, recognising the multiple issues some people face;
- an online service, also accessible through the Skills Accounts website, where users can access information and assess their skills needs;
- a **skills health check** to assess individual skill needs against job requirements and personal aspirations; accessible one-to-one for those who need more in-depth support.

2.32 The adult advancement and careers service can connect customers directly to the help available, including training, funding and other support. Advisers will be fully informed about what local jobs are available and the best ways to get them, and will work with Jobcentre Plus to make that information available to those out of work.

2.33 The new service will be tested and refined from autumn 2008 and will be available to everyone in England from autumn 2010. Skills health checks and co-location between careers advisers and Jobcentre Plus advisers will initially be tested in the West Midlands, expanding to other regions through 2008-09. Meanwhile, the interface between careers advice and Skills Accounts will be tested in the South East and East Midlands. And we have already begun to reshape the core nextstep service, which will deliver face-to-face careers advice, through the recontracting of that service this year.

2.34 A key feature of the new service will be to widen access to skills advice to better fit with people’s lives. We are exploring ways in which an individual can access advice on skills however they first connect with our services, and for whatever reason, be that for help with housing, childcare or employment. We will be running trials of new ways of joining up the services that provide help and advice to individuals. Findings from these trials will be built into the operation of the new advancement and careers service from 2010.

## The Skills Pledge London 2012 Olympic Park Construction Site



‘By getting access courses for the qualifications that I needed to get onto the building site I’ve got more of a bright future.’

**Anthony Adams,**  
Banksman Slinger,  
London 2012  
Olympic Park  
Construction Site



‘The benefit of Anthony is that he’s a local man, he lives local, he’s been trained local, he will work local, and the benefit for our company is that he’s trained to the right degree and qualification that we need.’

**Conrad Allen, Site  
Supervisor, London  
2012 Olympic Park  
Construction Site**

2.35 Some employees can find it hard to balance the time needed to train with demands of work. From September 2008, it will be easier to study for vocational qualifications in a way that suits learners and their employers. Learners will receive credit for completing units and their achievements will be recorded and transferable.

2.36 We also recognise that too many employees are in organisations that lack a commitment to train their workforce. We will consult on giving employees the right to ask their employer for **time to train**. This would operate in a similar way to the current right to request flexible working. It would work on the basis of a win-win for employers and employees, by requiring the training to make some contribution to the improved performance of the employing organisation. Subject to the outcome of the consultation, provisions will be included in a Bill later this year, for implementation in spring 2010.

2.37 Employers also want to be able to get help easily with their skills and recruitment needs. From April 2009 the Train to Gain skills brokerage service will be integrated with Business Link, to provide simplified access to a wide

#### EXAMPLE: WHAT IS CHANGING FOR A MOTHER LOOKING TO MOVE JOBS?

**Old world:** Ms Jones had a child 8 years ago, and decided to stay at home when her child was born. However, when she separated from her partner, Ms Jones decided to get a job and started working at the local convenience store, which enabled her to fit in her shifts around the school drop-off times. Ms Jones was also able to claim tax credits, which enabled her to pay for her child to go to an after-school club while she was at work. Before having a child, Ms Jones used to do some book-keeping and since returning to employment wanted to take up accountancy, but she didn't know how to go about this in a way that fits with her family commitments.

**New world:** Ms Jones talks to her employer about her previous experience. She uses the **Skills Account portal** and finds out she's entitled to funding for an accountancy qualification. She contacts the **adult advancement and careers service** and an adviser provides information on the opportunities available to her. Ms Jones will learn that her local convenience store chain has made a **Skills Pledge** and is an active participant in **Train to Gain**. This means that she will be able to get advice on childcare options to support her through her training. Ms Jones, through her employer, enrolls on their accredited internal accounts training program and begins her journey to becoming an accountant.

#### Case Study

**Name** Antony Brown

**Occupation** Steelwork Adult Trainee

**Company** VT Shipbuilding



Lone parent Antony Brown is back in work and back learning, thanks to a partnership programme between Jobcentre Plus and shipbuilders VT. "I'm learning new skills all the time, which I didn't think would be possible at my age. The programme has given me the chance of a career, and," Antony adds, "it's given me my self-confidence back."

For VT, the programme was led by training manager Geoff Price as a means of tackling skills shortages within the shipbuilding industry. "The pre-employment training programme developed by Jobcentre Plus means we can recruit adult trainees locally, and then help them progress up to tradesmen status. It helps us overcome our skills shortage, and also means we're valued by the local community."

range of business support and skills, including links to recruitment support through Jobcentre Plus.

2.38 Employers will be able to access the kind of skills support currently available through the Train to Gain brokerage service as part of the Business Link's information, diagnostic and brokerage service. This provides help, including referral to specialist support, across the range of issues important to business, from start-up and recruitment to international trade and taxation.

2.39 Larger multi-site employers need a similar service, but one which gives them a national point of contact for all the employment and skills services nationally. This enables them to agree a national framework, which can then be customised through relationships at site level. Therefore from autumn 2008 we will offer a joined-up service through account managers from the Jobcentre Plus National Sales Team and Learning and Skills Council National Employer Service. This will mean that a large national employer can develop and deliver an integrated recruitment and training plan for their business, with funding support as appropriate, whether they commit to developing the skills of all their workforce, or sign up to a Local Employment Partnership.





### Skills support for those who are out of work

2.40 This package of support extends to people **both in work and out of work**. However we recognise that **those out of work may need additional help to get into long-term employment**. Employers are playing an increasingly important role in preparing people to enter work.

2.41 Recognising the vital role skills can play in helping people move into work, we are already working towards making skills a key part of the welfare system. When someone is on benefit, Jobcentre Plus will automatically check whether a discussion about how to improve their skills is relevant, and will signpost people to the support on offer, or make the appropriate appointment with the adult advancement and careers service for those needing extra help. If necessary, an adviser at the service will then undertake a full face-to-face skills health check and design a personal action plan setting out the training and wider support the individual needs to get them into sustained employment.

2.42 We will also consider how we might refresh key training provision. Many people already combine part-time training to improve their skills with their efforts to find a job, and the LSC funds a wide range of training courses for adults. Around £1.5 billion is spent each year on courses below Level 2, of the kind that would help those who are low-skilled and out of work to gain the skills they need, especially the basics of being able to read and add up. Our aim through the reforms announced today is to make more use of existing flexibilities, both in the rules governing receipt of benefits and in what training is offered and how.

2.43 As we move into the new phase of Skills for Life, working towards the targets set out in World Class Skills, we will refresh the Skills for Life Strategy to ensure that its focus and implementation best support those with the greatest need to progress, with Jobcentre Plus customers a priority group. We will refocus mainstream Skills for Life provision by designing delivery around what people need and what fits in with their lives. Employability skills and numeracy will be among the priorities for the refresh. The Employability Skills Programme<sup>3</sup> is a good example of how

provision can be targeted at the needs of Jobcentre Plus customers. Since August last year, over 8,000 Jobcentre Plus customers have signed up to developing their basic and employability skills. It is timely to consider how, perhaps through even greater flexibility, the programme might better support more workless people in developing their skills and securing sustainable employment.

2.44 For most people, the improved support will be a welcome aid to getting into and on in work. In exchange for this additional help, our **expectations of people claiming benefits are changing**. It is not acceptable that a lack of skills should prevent someone claiming Jobseekers Allowance (JSA) from getting sustainable employment; nor that someone starting to claim Incapacity Benefit should expect to stay on that benefit instead of retraining and getting a job that reflects their abilities. Nor is it acceptable that a lone parent should wait until their youngest child turns 16 before they get ready to return to work.

2.45 We will take the legislative powers needed to require JSA customers to address their skills needs as part of the conditions of receiving benefits. We have already committed to skills screening for jobseekers making a new JSA claim. From autumn 2008 we will begin to test requiring jobseekers to attend a full skills health check where the screening has identified a need. **Where a need for training is identified, attendance at an appropriate course will also be required.**

2.46 We want to encourage everyone on out-of-work benefits to take advantage of the support that is available to address their skills screenings. Over the summer, we will consult on taking the legislative powers needed to make addressing skills needs a condition of benefit receipt for those on inactive benefits, where skills needs are a significant barrier to finding employment. This will include lone parents claiming Income Support and those individuals starting a claim for Employment and Support Allowance.

<sup>3</sup> The Employability Skills Programme helps people back into work by improving their skills. The programme has been developed to meet the needs of Jobcentre Plus customers and will enable them to gain an employability award that is based on the skills, behaviours and attitudes that employers want to see in someone they recruit.

## EXAMPLE: WHAT IS CHANGING FOR SOMEONE ON OUT OF WORK BENEFITS?

**Old world:** Mr Smith had problems with reading and writing so found it hard to get the jobs he wanted. Mr Smith found temporary work, but he quickly moved back onto benefits as he couldn't get a longer-term job with prospects, because of his lack of basic skills.

**New world:** Mr Smith signs up for Jobseekers Allowance and is automatically screened by a Jobcentre Plus personal adviser to assess if he has a skills need. He is then referred to the new advancement and careers service for a skills health check to understand the options available to him and to address his skills needs. If his personal adviser believes that training can help him find a job, they will sign him up for the relevant training.

Mr Smith does not start the course. As he has been claiming for more than six months, he is advised by his personal adviser that he will **have to attend** in order to receive all of his benefit. After attending the course Mr Smith's reading and writing improve and he is able to move into a job with real prospects, as he now has the skills to succeed. Moreover, through **Train to Gain** he will now have access to additional in-work training which will help him to progress further.

2.47 Depending on the results of that consultation, we'll start pilots in 2010-11 to establish what works for these groups.

2.48 Employers are already playing an important part in helping people back to work. In return for agreeing to provide opportunities for people out of work – by signing up to a **Local Employment Partnership with Jobcentre Plus** – we work with employers to identify the skills they need for their workforce. We then work with local colleges and training providers to develop the skills of local people who are looking for employment. This ensures there's a pool of job-ready candidates, from the local area, who have the core skills they need to fill vacancies. Through LEPs, over 1,000 employers have already recruited 10,000 people from the groups often overlooked in local labour markets.

## EXAMPLE: WHAT IS CHANGING FOR AN EMPLOYER WITH RECRUITMENT NEEDS?

**Old world:** Company A had around 50 vacancies a year. The company had a haulage fleet and a distribution centre and was finding it increasingly difficult to recruit and retain suitable candidates locally. The HR manager advertised widely in the local press and on internet notice boards to fill a variety of vacancies from stock controllers to LGV drivers. They had limited responses and they were disappointed with the level of basic and job-specific skills of the candidates. When they did recruit LGV drivers they found they would move onto other jobs as soon as they got their licences. They were keen to maintain a diverse workforce and were starting to worry about their future recruitment and skills needs, which they could predict would be increasing as the business expanded year-on-year.

**New world:** Company A's Chief Executive signs up to a **Local Employment Partnership** and the **Skills Pledge** and commits to providing opportunities to help Jobcentre Plus customers back into, and on at work. The company's HR manager now works directly with the local Jobcentre Plus local account manager to define skill requirements and any training needed to enable customers to match the agreed recruitment process.

Jobcentre Plus, in collaboration with the LSC, identifies and organises the right pre-work training for the customers who need it. This is delivered by the local college or training provider. In return Company A guarantees interviews and, in some cases, work trials. For their newly recruited LGV drivers loyalty and progression is achieved through an adult Apprenticeship programme, again delivered through the local college or training provider. Company A now has applicants with the right skills, can employ the right mix of people to take their business forward and has reduced driver turnover by 50 per cent. They are also able to plan for the future – they work with colleges and training providers to identify their future training and recruitment needs and, through **Train to Gain**, continue to up-skill their new recruits alongside the rest of their workforce.





### 3. How we'll improve the way the system works on the ground

#### Introduction

3.1 Chapter 2 has set out how, in the light of the skills challenge facing the UK, we will deliver our ambition to create integrated employment and skills services that are more responsive to the needs of individuals and employers. This chapter focuses on how DWP and DIUS will work with all our partners to deliver these services.<sup>1</sup>

3.2 Many local areas are already making progress to deliver just this kind of responsive service, developing a personalised approach to individuals' and employers' circumstances. Each area is different, and a tailored approach needs to be driven by people on the ground. They are the ones who understand the opportunities available in the local economy, and who are close enough to the actual delivery of services to ensure that these are working ever more closely together. Employers have a critical role to play as they are best placed to identify the support that will meet the business needs of today and of the future. And third sector organisations have a unique contribution to make; as employers themselves, as service providers to disadvantaged communities, and as trusted intermediaries.

3.3 The problems facing each local area will vary. The last ten years have seen significant progress towards full employment in all the regions and nations of the UK. Despite these improvements, there are too many local communities, particularly in our major cities, where worklessness and deprivation remain higher than we believe is acceptable. A key focus of our policies is to drive further improvement in employment and prosperity by ensuring that individuals living in these areas are just as able to take advantage of opportunities to find and progress in work as those living in other parts of the country. The challenge here is two-fold: to connect the people in areas of high worklessness with the opportunities available in their wider local economy; and to bring together the full range of support that can help

<sup>1</sup> As noted at the start of this document, while most of the policies are specific to England, the challenges are common across four countries. DWP operates across Great Britain and works closely with the Devolved Administrations in Scotland, Wales and Northern Ireland. While structures and policies differ, each has a commitment to a more integrated employment and skills service. City Strategy Pathfinders exist in both Scotland and Wales and we will work closely with the Devolved Administrations and their local partnerships to identify how we can develop approaches there which are similar to those set out in this chapter.



those with multiple disadvantage move forward in their lives. This may include help to manage a health condition, to arrange childcare, to find a job or to gain the skills that will allow them to move on. Again, developing the truly local solutions that build on the national successes of the last decade will involve devolving some powers to local communities.

3.4 So we want to:

- make the system **less top-heavy**, devolving responsibility to collaborative partnerships with employers at their centre;
- pursue the new opportunities for **working more closely together** at a local level that this devolution presents; and
- commit ourselves to a **clear ambition** about how our services will have changed and improved by 2010-11.

#### Making our systems less top-heavy

3.5 The Government has progressively made the employment and skills system less top-heavy, devolving responsibility to those much closer to the ground. This includes:

- creating the **Working Neighbourhood Fund** which has passed financial resources directly to local areas;
- progressing DWP's **City Strategy Pathfinders**, which have been developing new and innovative ways of bringing together the work of government agencies, local government and the private and third sectors; and
- introducing the new **Multi-Area Agreement (MAA)** process that, building on City Strategy, is allowing local areas to develop their own solutions and allows central government to devolve greater responsibility.

3.6 The Government has been asked for greater clarity about how it sees these initiatives developing and supporting each other in the future. In the spirit of our partnership approach, this paper sets out our thinking, which should be seen as part of an on-going dialogue about the best ways to build truly responsive services.

#### Working Neighbourhoods Fund

3.7 Through the **Working Neighbourhoods Fund** the Government is providing £1.5 billion over three years to support local authorities to do more to tackle worklessness and low levels of skills and enterprise in their communities. Allocated to local authorities with high levels of worklessness and deprivation, the Fund is not ringfenced and provides maximum flexibility. We are looking to local authorities and their partners to decide where best to invest the funds in the most effective and efficient routes to bring about change needed locally.

3.8 We have also set aside £50 million to reward Working Neighbourhoods areas that make good progress. This reward funding will be paid to local authorities and communities that are most successful in tackling worklessness and increasing skills and enterprise levels.

3.9 Communities and Local Government (CLG) has recently announced a review to report in the autumn to consider how the Working Neighbourhoods Fund can make a real and lasting difference on the ground. Alongside this, CLG are developing a learning network to enable partnerships to identify and share good, innovative practices and to develop their capacity through the National Improvement and Efficiency Strategy.

#### City Strategy

3.10 Through the City Strategy we are passing more responsibility locally. We are beginning to see employers and partnerships thinking creatively about how to meet local needs. We have invested in key urban areas with high worklessness, giving control to local partners to test how to combine the work of government agencies, local government and the private and third sectors together in a local partnership. We particularly want to see whether local partners can deliver more by combining and aligning their efforts behind shared priorities and tailor services to respond to local needs. Flexible funding over the past two years has been used to develop partnerships and test the best ways of bringing services together for individuals and employers.





3.11 Given the success of these pathfinders to date, the Government will make available continued support beyond April 2009 for Pathfinders that can show they are making real progress to tackle worklessness, raise skills and reduce poverty.

#### Multi-area agreements

3.12 The Multi-Area Agreement (MAA) process is providing a new framework for successful partnerships at a local level. An MAA brings together local authorities and other partners together with central government to agree new approaches for their local economy, in return for a commitment to deliver progress on the ground. There will not be one single approach to devolve responsibilities for delivery but MAAs will be a preferred route to empower local partners as they offer an effective framework for all levels of government to address the complex challenges facing areas that experience high levels of worklessness.

#### CITY STRATEGY: PROGRESS SO FAR IN DELIVERING INTEGRATED SERVICES FOR INDIVIDUALS

The City Strategy is at the heart of Government's agenda to tackle worklessness, skills and reduce child poverty. Through strong local leaderships, engaging a mix of partners in both the private and third sectors and agreeing a clear vision they are shaping local activity. For example:

- **West Midlands.** In the West Midlands providers have been contracted to engage people who have been out of work for 12 months, to offer a skills assessment and develop an action plan. Separate providers offer specific training designed to meet individuals' and employer needs. In one year there was a net reduction of 5,630 people on benefit, a 25 per cent increase in enrolments for courses at first Level 2 and almost 15,000 people joining Skills for Life programmes.
- **Glasgow.** Glasgow has achieved a step change in employment and skills development using their business plan to strengthen local leadership, bring employers in, and provide a 'whole needs' approach to the issues and barriers experienced by workless and low-skilled people. They are creating a route to a job and closer working with local employers to make more vacancies available to the most disadvantaged people.

#### THE ROLE OF LEADING MULTI-AREA AGREEMENTS IN DRIVING THE DELIVERY OF EMPLOYMENT AND SKILLS SERVICES

Local authorities are currently negotiating a ground-breaking Multi-Area Agreement to transform the services offered to individuals and employers in the Greater Manchester City Region. This is likely to include:

- Producing an employment and skills implementation plan for the city region, and committing to ambitious reductions in the numbers of workless people on inactive benefits;
- Ensuring that employers are at the heart of shaping new approaches through a strong employer-dominated commission giving strategic direction to investment in skills in the city;
- Developing employment and skills targets with Jobcentre Plus and LSC partners to incentivise collaboration at the frontline towards a common goal;
- Making Manchester a test-bed for developing all of the key aspects of an integrated employment and skills system. This will include trialling:
  - the new adult advancement and careers service;
  - Skills Accounts and how these will integrate with the support provided by Jobcentre Plus;
  - the new referral and skills health check system for Jobcentre Plus customers.

Other proposed MAA areas, including Leeds, and Portsmouth and Urban South Hampshire, are bringing forward approaches on employment and skills including proposals to ensure that individuals get the support they need to enter sustainable employment and progress, and employers have access to a skilled workforce.

#### Future direction on devolving responsibilities

3.13 We know that the different roles and responsibilities at each level can make the whole system difficult to understand, and its **complexity can get in the way** of the very collaborative approach we need. We are also clear that labour market areas are the best level to organise effective and relevant services for individuals and employers.

3.14 Partnerships are now emerging that have the capacity and commitment to make a real difference to how services are delivered. Where that is the case in future we will increasingly look to pass control to them. Given the diversity of approaches across the country, we would not want to over-prescribe what a partnership should look like



or be called, or how it may develop. But for the sake of clarity, the Government believes the following elements are important:

- partnerships should reflect the geography of their local labour markets. They will therefore usually be smaller than regions, which contain several labour markets. And they will usually be larger than local authorities, as labour markets generally cut across local government boundaries;
- the MAA process will normally be the means by which DWP and DIUS will conduct any dialogues with local areas about devolving responsibilities;
- the Government would expect to see a strong employer representation, including an employer-dominated body, within an MAA before considering devolving particular responsibilities;
- partnerships should have strong relationships with partners at other geographical levels, such as Regional Development Agencies and Local Strategic Partnerships;
- they should be developing value-adding proposals for their local areas that are evidence-based and set in the context of the wider economy; and
- the partners should be using discretionary funding, such as the Working Neighbourhoods Fund, in approaches that complement core employment and skills programmes.

3.15 Where these elements are in place we expect partnerships to have a meaningful say in the services funded by DIUS and DWP in their area, to ensure that these services truly meet the needs of the local area now and in the future. In return these partnerships will be challenged to set out the outcomes they will strive to achieve in their locality.

3.16 The White Paper “Raising expectations; enabling the system to deliver”, published on 17 March 2008, proposes to create a new streamlined Skills Funding Agency, close to Government and assuming post-19 functions from the LSC in 2010. It will empower customers so that demand can lead supply and give a strengthened focus to delivering integrated employment and skills services in new ways

to meet the needs of those both in and out of work. The proposed new Skills Funding Agency will therefore further support the approaches that we are setting out in this document. Proposals referring to the Learning and Skills Council in this document will be taken into account in its development.

## The central role of employers

3.17 To make a success of devolving responsibilities we have to put employers at the heart of our employment and skills system. They are best-placed to identify the needs for the future development of our workforce and we are committed to providing real opportunities to shape the support available to them and to individuals. In return we will expect them to get involved, and help us to identify the skills needs of the future. This includes at national level, for example, helping to influence the kinds of qualifications that will be funded. But also locally, getting involved with colleges and providers in their area, engaging them in delivering the kind of training provision that will meet their current and future skills needs.

3.18 In 2007 we deliberately adopted a light touch approach to Lord Leitch’s proposals on employment and skills boards to allow partners to develop models that suited them. We still believe there is no one-size-fits-all approach. It is important that employers are involved in decision making at different levels and in a way that best meets local needs.

3.19 Nonetheless we recognise that for the future we will need greater clarity on the opportunities for employer-dominated bodies to influence the system. We will encourage all MAA areas with an employment and skills element to include an employer-dominated body. The London Skills and Employment Board has statutory powers to set the strategy for the LSC in London. Some proposed MAA areas have expressed an interest in having a similar responsibility. We will consider these requests from MAA areas only where it is clear that a strong employer-dominated body is embedded within the partnership.

‘The Navy’s going to get from Skills Pledge I think two things: there’s going to be the investment in the individual, and the through-life learning that we’re offering to the individual from joining’

**Commodore Campbell Christie R.N.**  
Assistant Chief of Training Staff  
Royal Navy

‘All our customer services staff completed a Level 2 NVQ in customer services, and since the completion of the course we’ve seen a continuous decline in customer complaints.’

**Ian Brookes**  
Operations Director  
Serco





'I would highly recommend the NVQ, it's there in black and white, they've done their work, they've studied hard and they've achieved what they need to do their job.'

**Katrina Treacey**  
Customer Service Host  
Serco

3.20 It is essential that employers have a prominent role in helping to increase the employment, skills and productivity of their areas and in local decision-making. We need to make them a credible offer to get involved. In part this will be down to the partnerships that develop on the ground but we will look at ways to share best practice. We would also welcome and consider proposals from employers or other partners that will help us transform the system. We will ask the UK Commission for Employment and Skills in its 2010 review of the integrated employment and skills system to consider whether more needs to be done to put employers at its core.

#### Integrating with other initiatives

3.21 It will be essential that these new partnerships work constructively with Local Strategic Partnerships operating at local authority level. Whilst sub-regional working offers an efficient scale at which to manage overall delivery, it is also essential to design and develop specific services that meet more localised needs. Similarly, provision through Local Strategic Partnerships should complement core employment and skills programmes, with alignment where appropriate through the new sub-regional partnerships.

3.22 These partnerships will need to engage with the Regional Development Agency to ensure consideration of the fit of work in the sub-region with the strategy for the region. In areas with strong sub-regional partnerships, and reflecting the focus on labour market areas for influencing delivery, we will consider how the role of Regional Skills Partnerships will need to evolve.

3.23 We would expect the City Strategy Pathfinders to evolve into an integral part of emerging local and sub-regional governance arrangements.

#### Making our delivery systems work more closely together

3.24 Passing responsibility down to a more local level has created new opportunities to make government services work more closely together. Good providers and leading partnerships are making the linkages already and central government is keen to support them:

- in areas with the best track records of working together, we are beginning to bring together the commissioning of core employment and skills services, such as flexible New Deal and Train to Gain;
- the Government is also looking at more innovative ways to bring together an even wider range of providers and local partners, including health, childcare and youth services, to support those with the most entrenched issues; and
- we are testing new ways of embedding closer working within the incentives of the system, so this is something that happens automatically throughout the country.

3.25 The measures set out here represent only the start of the process of building truly responsive services for individuals and employers. There is a real opportunity to provide more complete services and avoid any duplication: half of providers delivering employment programmes for DWP in England are also offering training or other services through the LSC. We will continue to work constructively with all local areas and partners to make our services work more closely together.

#### Bringing together core employment and skills services for jobseekers

3.26 DWP and DIUS have already begun bringing together core elements of the employment and skills systems. Devolving responsibility opens up opportunities to go further, with exciting developments occurring in many of our major urban areas.

- **Manchester.** In Manchester DWP and DIUS will work with the new MAA to enhance the services provided to around 30,000 longer term jobseekers, offering deeper support to overcome skills and other barriers that people face. This will involve innovative co-commissioning bringing together LSC, DWP's flexible New Deal and local authority resources, including discretionary funding. Additional provision to enhance Jobcentre Plus support will start to be commissioned from September 2008, with customers accessing provision from April 2009. As part of this, DWP will



involve local partners in the commissioning and performance management of the flexible New Deal contract and in the process of developing a competitive market of providers.

- **West Midlands.** In the West Midlands, we will build on the existing City Strategy Pathfinder and the forthcoming Integrated Employment and Skills trials to develop a co-commissioning approach. This will bring LSC funding, including Train to Gain, together with the flexible New Deal, and link employment and skills with wider services, such as health. Approximately 75,000 customers who remain unemployed for more than six months will be able to benefit progressively from enhanced and tailored provision at all stages of the flexible New Deal, starting from April 2009. This initiative will have at its core a focus on the effective delivery of mainstream provision, and the partners will mutually develop contract specifications that focus all services on the shared outcome of sustained employment and progression.
- **London.** In London there are nearly 1.5 million people who are not working – they are economically inactive or unemployed. This represents 29 per cent of the working age population in London. The Government is working with the employer-led London Skills and Employment Board to tackle the challenge. The Board is publishing its strategy shortly, to set out a clear vision and ambition for integrated, customer-focused skills and employment services to deliver significantly improved skills and employment outcomes for Londoners and London employers. The London Board has helped build a strong commitment between the LSC, London Development Agency (LDA) and DWP to utilise resources more effectively through co-commissioning skills and employment services. LSC and the LDA have begun work on a joint commissioning plan to be published in the autumn of 2008. The changes will mean many more Londoners will be able to access the capital's significant employment opportunities, including those offered by major projects such as Crossrail.



### Bringing together employment and skills with a wider range of services, particularly for lone parents or people on Incapacity Benefit

3.27 The Government is also looking at more innovative ways to bring together an even wider range of providers and local partners; to create truly integrated packages of support involving health, childcare, and other relevant services. Again, many leading areas are at the forefront of these efforts. We will work with the **Glasgow City Strategy Partnership**, which has developed a wider strategy for tackling inactivity, bringing together skills, employment and health services into a single package of support, to explore what further flexibilities may be needed for the hardest to reach individuals. The **Greater Manchester MAA Partnership** will work with departments to develop a pilot programme for increasing support for longer-term inactive benefit customers. The project aims to engage all Incapacity Benefit customers who are not currently receiving Pathways to Work support with a range of local services.

3.28 Other examples of local initiatives will test incentives towards ever closer working. For example, the **Liverpool City Employment Strategy Partnership** will be testing out the 'duty to cooperate' principles. This will explore the joint roles of LSC and DWP and other partners in shaping and managing the strategic decision-making on employment and skills priorities. We will also work with the **South Yorkshire City Strategy Partnership** to develop joint performance management and provider capability arrangements for programmes that align funds from a number of sources.

3.29 CLG, DWP and DIUS will work together through learning networks to extend existing and future good practice identified in these and other local areas on joining-up commissioning to the whole of the country.

### Embedding closer working within the incentives of the system

3.30 The current incentive regimes still tend to drive delivery organisations in one of two directions: either getting people into jobs or getting them qualifications. The government is committed to bringing these two worlds together, so all our services are lined up behind the combined objective of getting people into sustained employment with skills progression.



3.31 The Government will be introducing a series of **groundbreaking commissioning trials** that will have at their heart shared outcomes and goals. These will develop and test new success measures with providers, building on approaches in the integrated employment and skills trials. In particular, we will explore the scope for moving beyond the current measure of sustainable employment (that someone is employed for six months) to one that looks over a longer time period, say 18 months, and includes some measure on how they have shown skills progression. This work will inform future contract discussions, including around the flexible New Deal, Pathways and LSC-funded skills provision, such as Skills for Life.

3.32 As set out in Budget 2008, the Government will also explore using a new funding mechanism to reward private and third sector specialist providers for investing in helping long-term Incapacity Benefits claimants to return to work.

#### Clear ambitions for how the service will have changed and improved by 2010-11

3.33 We have set out an ambitious agenda in this chapter. Over the next few years this will involve DWP and DIUS, as well as providers and delivery partners, developing new ways of working together to achieve our shared objectives. This represents a substantial change for many parts of the public sector, including Jobcentre Plus, the LSC, further education colleges and other providers. The new Skills Funding Agency will also have a key role in ensuring the delivery of an integrated employment and skills agenda; making sure the Further Education sector is aware of and encouraged to deliver against this.

3.34 We need a clear ambition to ensure that we make progress, given the range of new developments. These include skills screening and skills health checks, the adult and advancement and careers services, Skills Accounts, local devolution and the integration of the employment and skills systems.

3.35 We are putting in place an integrated system that will increase people's chances of getting into sustained employment with skills progression, and through which in 2010-11 over 100,000 people will be helped to gain sustainable employment and to achieve a recognised qualification. We hope this **shared ambition** will be an incentive for all partners to deliver a system that truly helps individuals into sustainable employment and progression and supports businesses to succeed in the future.









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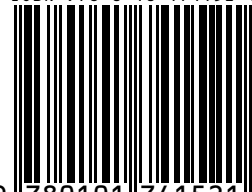
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