

2015/19

17 July 2015

Pocket Watch – New skills agenda

Introduction

We've had over 200 pages of official economic and skills planning documents over the last couple of weeks in the shape of the **Summer Budget** and the government's **Productivity Plan**.

If you pitch in some of the accompanying reports like the OBR's (Office for Budget Responsibility) latest **economic outlook** let alone our two Pearson sponsored reports this week, one with the CBI on **employers' views on education and skills** and the other with the HE Policy Institute on **higher-level technical skills**, it's more like 500 pages. We're not unknown in this country for the quantity of our skills reports and the government has come in promising to prioritise this area and so is likely to add to this total but where does this all leave the education and skills agenda?

The current picture

Four points stand out here

1. We've been here before of course in terms of skills policy reports and announcements but there is a sense that things may be different this time because different conditions are in place. An improving economy, a pragmatic government keen to make its mark, a man with a plan in the shape of the Chancellor, a legislative framework for local growth planning, a healthy employer appetite for a stronger talent pipeline...it's not all positives of course, real concerns persist about adult skills funding for a start, let alone about local infrastructures, employer engagement and it's no surprise that the Productivity Plan is called 'Fixing the foundations' but the opportunity is there.
2. A shift towards higher-level technical and professional skills. Again not new and subject to various incursions over the years from Lord Mandelson's skills activism to Vince Cable's bridging the FE/HE divide and where various initiatives have been tried to fill what Ministers have often referred to as the '*membrane between FE and HE*' but where the case for action has now become almost imperative. As the CBI/Pearson employers' survey reported just this week: "*the balance of firms expecting to need more employees with higher skills stands at +65% in 2015 and has been close to or above +60% each year since 2010.*" In another Pearson sponsored report this week, the HE Policy Institute has set out three principles needed to sort out this critical transition phase including: dedicated institutions, recognised work-related qualifications and simplifying barriers to employer engagement. Both pre and post-election, policy is moving in this direction.
3. The apprenticeship levy. A surprising announcement to some although it's been on the table for some time and has an historical base to it. Operating details about the levy remain limited at this time although we have the bones of a likely digital transfer scheme. There are strong views, both for and against, about the effectiveness or otherwise of a levy. Both employers and training providers for example have their own reservations largely about whether cost compunction changes the nature of the employer – employee relationship. We'll have to wait until the autumn for further details but in the interim, an excellent summary of the whole levy issue can be found on the Association of Colleges website.
4. As indicated above, although we've had a buzz of activity and a number of announcements recently, we're still very much at broad brush stage. There are two reasons for this. One is that so much hinges on the forthcoming Spending Review later this year as this will set out dept spending details for the core part of this government and is thus the critical piece of the jigsaw. And the other is that the government has promised consultations on a number of the features and these will not be complete until later in the year. It's building up to being a busy second half of the year.

What's been said for schools, FE and HE

This is a summary of the key pointers from both the recent Budget and Productivity Plan for schools, FE and HE respectively.

Schools

- Overview. No great change. The main disappointments are that there's little on school funding where 16-19 is under particular pressure and not much on skills provision in the curriculum for young people.
- Specifics
 - Trialling of the new Jobcentre Plus Employment Adviser role working with schools and sixth-form colleges on building understanding of local labour market opportunities (Budget)
 - Pay, 1% per year for next four years (Budget)
 - Support for qual reform, the EBacc core and STEM subjects (Productivity Plan)
 - Support for school system reform and tackling 'coasting' (Productivity Plan)

FE

- Overview. Notable pointers about apprenticeships, higher-level skills, local growth and some potential system change as a result.
- Specifics
 - Support for current approach to apprenticeships including the push on Degree Apprenticeships and the targets for public sector bodies (Productivity Plan)
 - Support for the levy system and a promise of further engagement with business on it (Productivity Plan)
 - The introduction of a Youth Obligation for 18-21 yr olds (Budget)
 - A pledge to develop a system of employer sponsored Institutes of Technology "to deliver high standard provision at L3/4/5" (Productivity Plan)
 - More rationalisation of qualifications and a shift towards locally determined provision (Productivity Plan)
 - A big push on a re-designated skills system, built around local planning and commissioning with more regions encouraged (Budget and Productivity Plan)
 - Continuing work on developing destination data, earnings returns and other accountability measures (Productivity Plan)
 - Introduction of a National Living Wage (Budget and Productivity Plan)

HE

- Overview. Some significant changes proposed for fees and grants, commitment to the Teaching Excellence Framework (TEF) and further opening of the door to alternative providers.
- Specifics.
 - Changes to maintenance grants from 2016/17 (Budget and Productivity Plan)
 - Consultation on freezing the fee repayment threshold and review of the discount rate applied to loans (Budget and Productivity Plan)
 - Consultation on criteria to be used for allowing an increase in tuition fees in line with inflation (Budget and Productivity Plan)
 - Commitment to consult and introduce a TEF (Budget and Productivity Plan)
 - Further opening up of the market to new and alternative providers including a new pool of places and faster route to DAP (Budget and Productivity Plan)
 - Development of science and innovation audits (Productivity Plan)



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New skills agenda July 2015