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What have the years 1998, 2000, 2001, 2002, 2005, 2006, 2007 and 2009 got in common? The answer is they were all years when the last administration produced major skills reports. There were plenty of other skills papers launched during this time of course, notably by the LSC, CBI and more latterly the UKCES to name but three powerful purveyors of such reports but it was these big government reports that acted as the signposts.

Now just three months into the new administration we have another skills paper, dealing with adult skills and launched as part of a brace of consultations at the end of last month. How different will things be this time? We shan't know properly until the autumn when the consultation completes, the Spending Review pronounces and a new Skills Investment Strategy confirms but already there are some signs that things might be different. Four stand out.

First and most obviously is the fact that this is a consultation that takes place within a very different set of circumstances, one where money needs saving, bodies reducing, systems simplifying and a new climate establishing. This means there's an emphasis on practicalities. There's no grand vision, at least not yet, no Machinery of Government upheaval, instead it's a case of 'make do and mend;' *"the training system must be easier to navigate and should be held to account by its customers rather than by Government."*

The [30 questions](#) asked tend to be functional and fundamental with an emphasis on turning the system round rather than turning it upside down. Question 12 captures what the new system is to be like: *'efficient, effective, economic, responsive, accountable and delivering value for money.'* Some familiar challenges lurk within this such as *" what more might be needed to make the system responsive to employer needs"* as well as some new ones, *"should government continue with an entitlements based approach?"* But running throughout are some strong hints as to the answers the government is looking for, including: better advice and information both for learners as well as employers; greater freedom for providers to enable them to respond more effectively; learning and training that adds value to employers and individuals rather than government targets; a more central role for employers but equally greater expectation that they will contribute more as well; improved apprenticeship progression; and a streamlined but more efficient training system generally.

Second is the fact that this is a paper that joins up funding reform with skills reform, ensuring in advance that any future skills strategy operates within agreed limits. The government clearly sees skills reform and funding reform as two parts of the same question, developed within the same constraints, speaking the same language, supporting the same priorities. It's therefore important to view the two consultations together.

As a paper, [the funding consultation](#) builds on announcements already made notably about simplifying the budget lines, stripping out some of the bureaucracy and focusing on front-line delivery. It also incorporates some of the 'Banks' Independent Fees Review proposals about optimising co-investment; *" where co-investment from individuals and employers is not secured, the assumption would*

be that the college or training organisation did not require the investment.” But it builds on this to make a strong case for shifting funding so that it supports outputs rather than inputs. The mechanism needed for this would involve a system of pricing “where the rate or price set would be determined by the value attached to the outcome for example a qualification or moving someone into employment rather than the number of hours it took to deliver it.” And in terms of managing such a system, although funding body reform is not high on the agenda at present, government preferences seem clear at least in the type of body preferred, namely the “lean and fit” HEFCE model with its “minimal interventionist role for government” built in.

This emphasis on targeting funding at outcomes is clearly part of the way in which the government wants to sharpen up the skills system but does of course run the risk of simply substituting a concentration on targets with one on outcomes with the same potential dangers around a narrowing of purpose. It also runs the danger of encouraging cherry picking of profitable learning lines at a time when the Big Society model of “citizens, communities and local government coming together to build the Britain they want” is being heavily promoted in this paper and elsewhere. The QCF with its emphasis on outcomes offers a ready made vehicle for a price driven system although how far the rates should be set on the basis of qualification size and how far on learner type is a question the consultation seeks views on.

Third, this paper sees the government adopting a delicate balancing act between making savings on the one hand while building in levers for growth on the other. It’s a line that Vince Cable has been arguing for some time, regularly referring to his dept as “the dept for growth” and he’s clearly keen to see a commitment to growth ingrained as widely as possible before the Spending Review bites. In a dept paper released on the eve of the skills consultation entitled ‘[A Strategy for Sustainable Growth](#),’ he sets out clearly the context for this high wire act, arguing strongly for focusing scarce resources on helping to develop technician level skills with “incentives to encourage provision and take-up of training in priority areas including a growth and innovation fund to support sector-based joint investment.” It is a difficult balance to maintain at present but as Vince Cable explained to the Select Committee recently, it provides an important context for BIS policy.

Fourth, there may be no grand vision as yet but there are some clear principles emerging which will guide the government as it goes about developing this latest skills strategy. They include the need “to think again about the current methods for prioritising government money for particular learners,” the need to see skills development as “a joint enterprise with employers” where joint enterprise also stands for joint investment, a belief that training should lead to “real gains in skills, knowledge and training” where real means new and higher level, and the need to balance freedom and flexibility for providers with accountability and performance. The sense of a balancing act is never far away at present.

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