

Appendix 1

DEVELOPING A FUTURE-READY EDUCATION AND SKILLS SYSTEM: A BRIEF FOR A COMPREHENSIVE REVIEW

The key purpose of the proposed review is to develop a blueprint for an education and skills system that can contribute to the delivery of the outcomes needed at local level: i.e. the achievement of local economic priorities, the fulfilment of individual potential and the promotion of inclusive growth.

BACKGROUND

An effective education and skills system should address skills needs: the skills required by individuals to maximise their career potential and meet their personal aspirations; the skills needed to drive firm competitiveness and productivity; and the skills needed to boost the performance of the wider economy, whether at a local or national level.

In meeting skills needs, the system must enable people to make effective learning and career choices; it must be inclusive, providing access for all regardless of background; and it must offer value for money, both for the individuals and organisations who use the system and for taxpayers who help to fund it.

The skills system is of key concern to West Yorkshire Combined Authority because getting the right skills locally is central to its strategy to transform the local economy and to enable people to maximise their potential.

However, evidence for Leeds City Region, along with other local areas, suggests that the current skills system is not delivering:

- There is an overall deficit, relative to other parts of the UK, of the qualifications and skills needed to attract investment, support individual participation in the labour market and drive the development of the local economy. This gap is not closing fast enough.
- Employers in key parts of the economy face difficulties in recruiting the skilled people that they need to drive business growth and to raise productivity.
- At the same time many individuals are over-qualified or over-skilled for the job that they do, which represents a waste of investment and human potential.
- Outcomes for participants in the skills system, with regard to entry into employment and levels of pay post-learning, vary markedly between institutions and subjects of study.
- Participation in lifelong learning is low in spite of clear challenges arising from shifting skills requirements in the labour market. The level of job-related training sponsored by employers is in prolonged decline and much of the activity that does take place, particularly in low-paid sectors, relates to mandatory health and

safety, job-specific training etc rather than development of skills that have wider value for individuals.

- People from disadvantaged backgrounds are less likely to gain access to apprenticeships or higher education, severely restricting opportunities for social mobility. Similarly, low-skilled workers are less likely to participate in job-related training than their higher skilled counterparts.

There are a number of issues pertaining to the design and operation of the skills system which may help to explain these problems.

- The system remains centralised in terms of policy development and direction of funding – local actors have little opportunity to shape provision to ensure that it is aligned with local economic strategy and local needs.
- At the same time the system is fragmented at local level with a need for a more joined up approach between key areas like employment support and the skills system itself to provide a more coherent offer to local people and businesses.
- The funding system incentivises delivery of learning that is low cost and presents a low risk for providers but is less likely to generate economic value, in terms of driving productivity, career progression and pay.
- The publicly-funded skills offer is relatively inflexible in the face of the needs of individuals and employers and the rapidly changing requirements of the labour market. Planning horizons extend over several years whilst the rate of change in the economy is accelerating.
- Undue emphasis, in terms of esteem and resources, is given within the system to the academic pathway and the university option for skills that can best be developed via a technical / work-based route. This means that skills are not being delivered effectively or are being delivered in a way that is not cost-effective for individuals or for the public purse.

The wider context for these problems is one in which the value of public funding for some elements of the skills system, particularly adult learning via the further education system, has reduced significantly in recent years.

Part of the rationale for the devolution of powers, funding and responsibilities to local areas is to enable them to take account of the specific nature of local needs in the design of skills and other interventions. However, experience to date indicates that areas with a devolution deal have seen very limited devolution of powers, responsibilities and funding around skills and have effectively become project managers for national programmes, rather than being given the powers to design and operate a strategic approach to local skills needs.

But what kind of powers are needed by local areas and how can they best be used to address the challenges they face? How should differing local approaches be co-ordinated to avoid fragmentation and a patchwork quilt of local systems? What powers need to be retained at national level for the overall system to operate effectively?

In considering these questions it is important to bear in mind that skills policy is a shifting landscape. The government's Review of Post-18 Education and Funding is just one development that could have a significant influence on the shape of the

future skills system, whilst the development of local industrial strategies will have an important influence on skills perspectives at local level.

AIMS AND OBJECTIVES

Aim

The key purpose of the review is to develop a blueprint for an education and skills system that can contribute to the outcomes needed at local level i.e. the achievement of local economic priorities, the fulfilment of individual aspirations and the promotion of inclusive growth.

Objectives

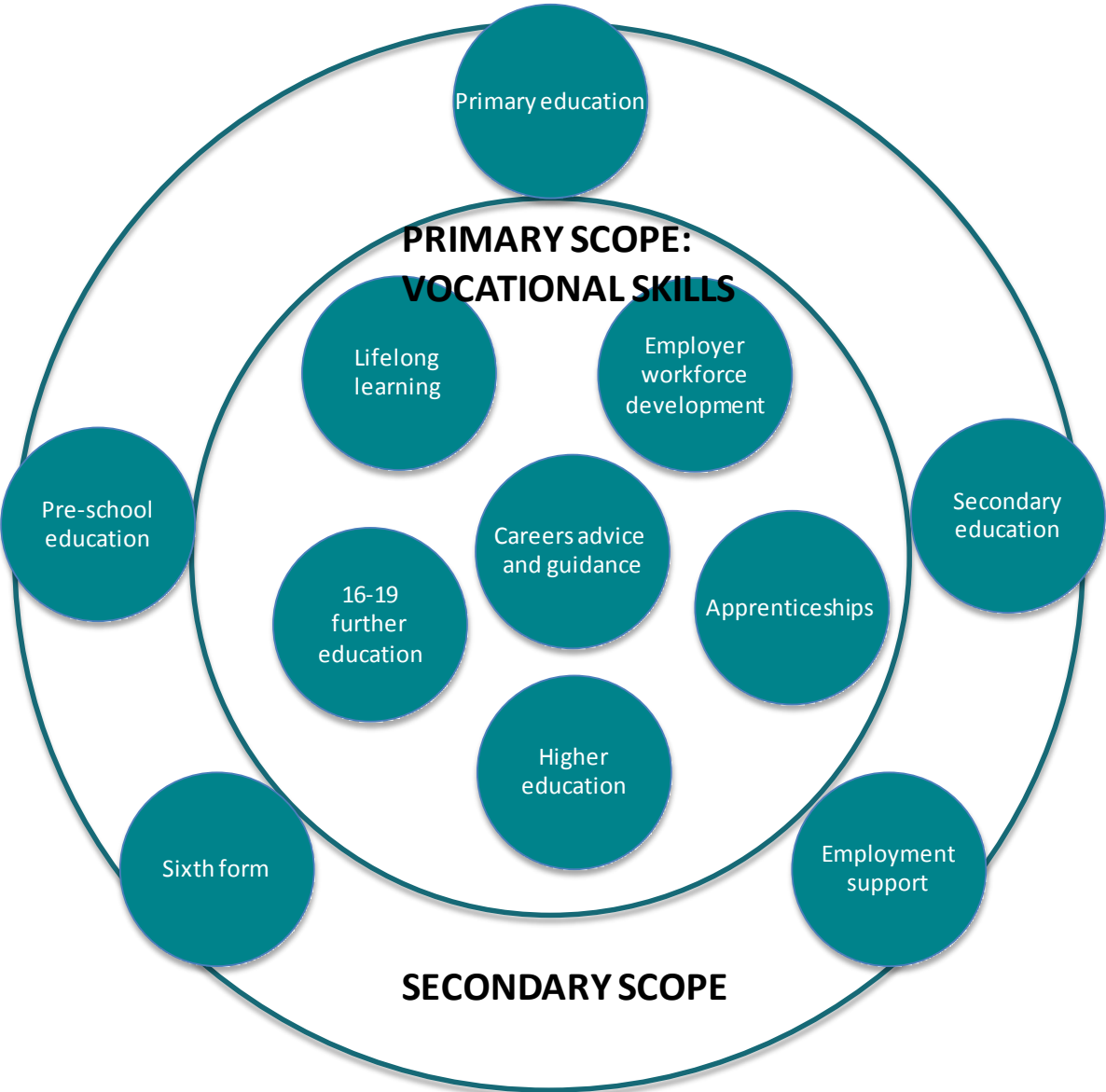
Falling out of this overall aim are several specific objectives:

- To assess how responsive / effective the education and skills system really is in terms of meeting local needs and to identify the key strengths and weaknesses of the system, including an understanding of its inclusivity, efficiency and value for money
- To set out the future economic, social and technological challenges that the system will need to respond to
- To describe the key features of a coherent and effective model for a reformed skills system that could meet needs at national and local level, now and in the future
- To achieve national profile for the review and its results with a significant impact on policy making.

SCOPE

All elements of the education and skills system are within scope of the review, insofar as they influence the supply of skills at a local level; potentially extending from early years education through to higher education and adult learning. However, the primary focus is on the elements of the system that address the skills needed for employability and the local economy i.e. vocational skills.

Figure: Scope of the review



The review needs to take a radical perspective. It should not be overly constrained by the features of the existing policy landscape but should assume that any powers necessary to implement a suitably reformed system can be made available, including through the devolution process. There is no question that a system designed from scratch today would look different to the existing system that has emerged over time. Any thinking will need to take account of the limited public resources currently available for education and skills and any recommendations that imply an increase in resources will need to be founded on a value for money case; however, flexibility can be assumed around how the available resources would be allocated in a reformed system (e.g. single pot of funding). The ability of the system to lever investment from business and individuals is also a consideration.

Our chief interest is in how the skills system plays out at a local level, with particular reference to the Leeds City Region as the key case study. However, we recognise that we cannot look at a single area in isolation, particularly since we aim to achieve

influence at national level through the review. A holistic blueprint is needed to show how local powers and responsibilities would fit within a wider national skills system, with some functions being performed at a local level and others being better suited to the national level. There is also a need for a coherent approach to localism across areas, which avoids fragmentation and inefficiency and therefore we anticipate that many aspects of a local blueprint would be transferable across local areas.

Skills at the local level cannot be divorced from wider questions around local economic strategies. Local investment in skills must be better aligned with these strategies, which incorporate objectives around attracting inward investment, supporting business growth and promoting private sector innovation and research and development. All of these areas have an important interplay with skills, potentially driving demand for particular types of skills from business, which must be met if the strategy is to succeed.

There are a number of policy areas that interlink with vocational education and skills, such as employment support, delivered primarily through DWP, and compulsory schooling. These are not within the primary scope of this review but the linkages must be considered where there are implications for the effectiveness of the skills system.

HOW THE INFORMATION WILL BE USED

Through this review we aim to develop key insights that will have an impact on thinking at both the national and local level. In more specific terms the review will be used:

- To contribute to the wider policy debate around the education and skills system in a way that involves the full range of stakeholders and influences policy thinking at national level.
- To provide a blue-print / vision for devolution of skills powers that local areas can aim towards in their negotiations with national government and in their discussions with local stakeholders. This review will provide us with a clear policy position regarding the things that can best be done locally in a wider skills system that maximises economic and social benefits and provides strong value for money.

The intention is to achieve a high profile for the review with a widespread impact on policy thinking.

KEY THEMES WITHIN THE REVIEW

This is a complex, multi-faceted brief and it is important that we take account of key themes relating to the workings of the system. Suggested themes are provided below. In addition, consideration will need to be given to the key policy components that are within scope, including careers guidance, apprenticeships, lifelong learning, higher education etc but without being constrained by existing policy demarcations.

Supporting effective choice - How can individuals of all ages be supported to make effective choices about career aspirations and then to make appropriate decisions about learning pathways and suitable learning providers based on high quality local evidence?

Responsive and dynamic provision - How can we ensure that learning is based on up to date and relevant content and rendered via flexible delivery modes in order to minimise barriers and maximise participation in the system by employers and individuals?

Making the link with local needs and local strategies

How can we ensure that local education and skills provision is tailored to local needs and contributes appropriately to local economic strategies?

Funding

How can we allocate funding in a way that prioritises the social and economic outcomes that we wish to achieve but is practical and efficient to implement and ensures the financial sustainability of providers?

Co-ordination with other local areas and with the national system

Which functions can best be undertaken at local level and which should be delivered by national bodies? What is the overall blueprint for skills devolution that will offer necessary consistency and avoid fragmentation and a “postcode lottery” of local provision?

Inclusion

How do we ensure that a balance is maintained between supporting the needs of the economy and promoting inclusion and accessibility of provision?

Efficient administration

How can administration of the system be undertaken in the most efficient way possible, minimising overheads and maximising the resources used to support learning?

Performance management

How do we monitor and evaluate the performance of the system in order to inform allocation of funding and commissioning of provision, ensuring that lessons are learnt regarding how best to achieve our economic and social objectives.

APPROACH

The proposed approach to addressing the review objectives would include:

- A formal call for evidence
- Literature review
- Data analysis
- Review of emerging practice

- Expert advice commissioned from leading experts in the field
- Key informant interviews
- Workshops to develop and test proposals for system reform.

GOVERNANCE OF THE REVIEW

It is intended that a high level commission, comprising employers, education and training providers, local authorities and thought leaders should oversee the review. The commission would be independently chaired by a high profile employer with national profile. Suggestions for a suitable chair and members are currently being evaluated. The proposed composition of the commission would be as follows:

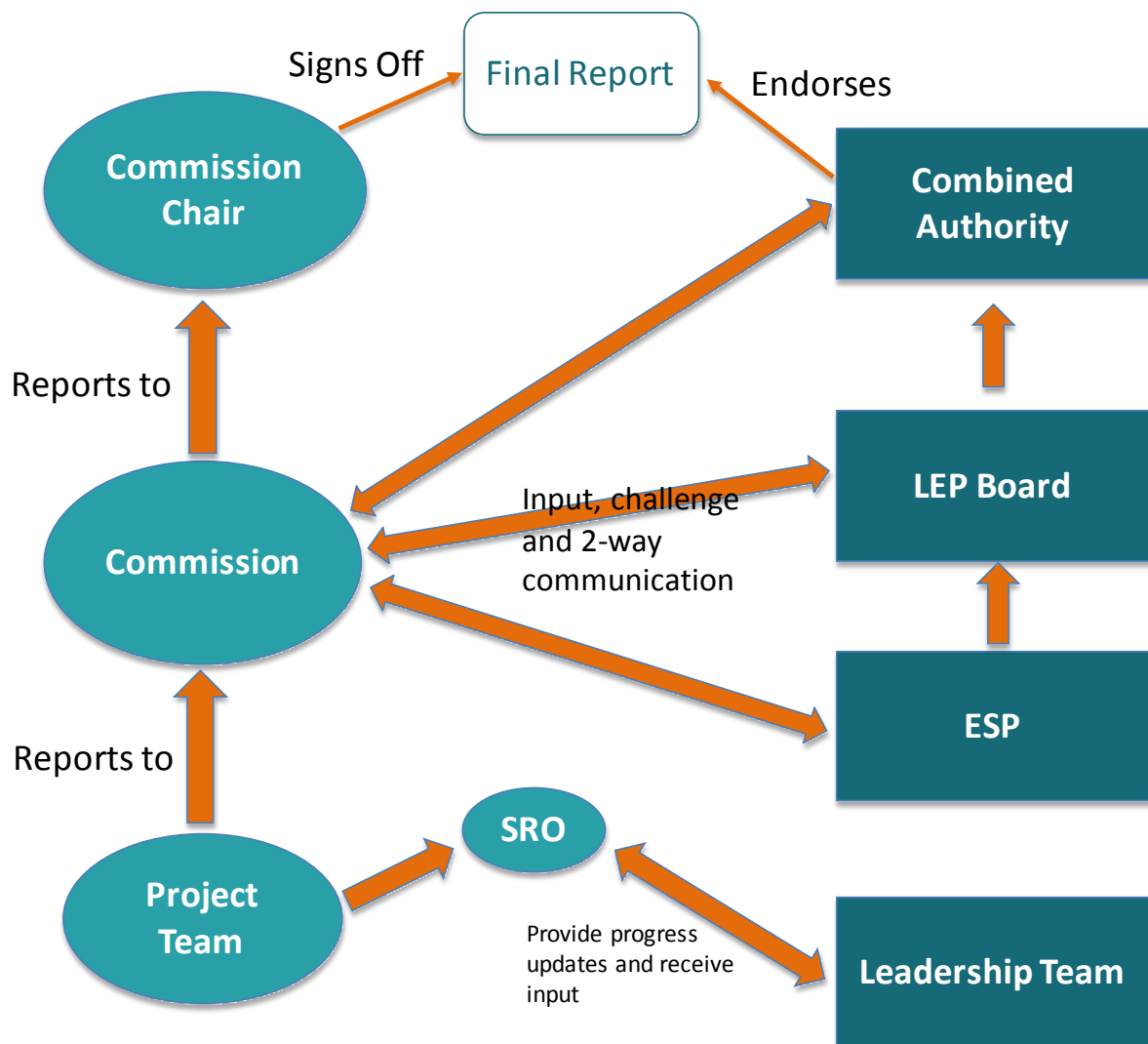
Core members:

- 3 or more employers (plus chair)
- 1 member of the Combined Authority (local authority leader)
- 1 employer representative body (such as CBI)
- 1 leading trade unionist
- 3 leaders from education and training sector
- 3 representatives of leading think tanks (acting on pro bono basis)
- 2 policy representatives from national government
- 1 learner representative
- 2 representatives from local government e.g. lead CEO & LGA
- 1 Northern Powerhouse

In addition to the core membership commission would include two to three advisory members (academics, technical experts) who would be selected through an appropriate procurement process.

Oversight of the work of the review commission would be integrated within existing governance arrangements. The chart below shows the roles of the Combined Authority, the LEP Board and the Employment and Skills Panel with regard to input and challenge and sign-off of review outputs.

Governance arrangements for the Review Commission



DELIVERABLES

This is an ambitious review which will need to be undertaken as a multi-stage project. A detailed project plan will be prepared as an initial step. Deliverables will then be produced at each stage, as follows:

- Stage 1: Mapping the existing system and assessment of its performance and strengths and weaknesses. High level vision of what we want a reformed system to provide.
- Stage 2: Lessons learnt from across the system and proposals for improvement to the skills system.
- Stage 3: Final report setting out a proposed model for a reformed skills system, with supporting evidence.

Effective dissemination and communication will be critical to achieving the desired profile and impact for the review and this will be set out in detail in the project plan. One potential deliverable that would contribute to this is a workshop / conference that

would be used to set out our proposals for a reformed system. This could aim to attract national as well as local stakeholders.