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# Future-Ready Skills Commission

A Blueprint for a Future-Ready Skills System

September 2020

# Rethinking skills for the 21st century

**This report is the culmination of two years of research and analysis by the Future-Ready Skills Commission. In that time the world has changed.**

Our primary scope was to design a blueprint for a devolved skills system, from post-16 education through to adult skills and career development, that better meets the needs of local economies, and is able to respond to future challenges and opportunities in the workplace.

Then there was COVID-19, the economic impact of which is being felt hardest by those already least able to cope.

Without efforts to support these groups with jobs, skills and training in a way that fits with the reality on the ground in local labour markets, we risk damaging the life chances of a whole generation and setting back our ambitions to build a fairer and more inclusive economy.

Unless we radically change our attitude towards skills and training and embrace the UK becoming a higher skills labour market, we cannot meaningfully change living standards for the better.

We have to say goodbye to an era when many of us used to leave formal education after school, college or university and feel that our time of learning was done, and what we knew by our late teens or early 20s should be enough to last us a lifetime of work. Training and learning must be a life-long process to make sure our skills and knowledge remain relevant and our job prospects positive

Equally, we have to overturn the attitude whereby too many employers fail to see the value of training. Too often, they treat it as a tick-box exercise in meeting statutory requirements in areas like health and safety, rather than developing the potential of their workforce.

As this report argues, we need a skills entitlement from school to retirement and every major point of a working life in between, backed up with independent careers advice and information so people can understand how an investment in skills will be of benefit, and support from employers and the state.

Employers need to be able to find people with the right skills, and individuals must have a right to careers advice and training that helps them make informed choices that will help them get on in life.

For this to be effective, it needs to be delivered at a local level, informed by labour market information and backed up with structures and funding to address an area's current and future skills needs.

Local areas and regions are best placed to understand the dynamics of their own labour market and what skills, industries and sectors are most in demand, guiding learners in a way that best suits the needs of local businesses and the economy.

As we emerge from COVID-19, addressing health inequalities has never been more important. We need to build a resilient economy, creating a forward-looking skills system, based on the needs of the people, businesses and local economies it is intended to serve.



**Councillor Susan Hinchcliffe**

Chair, Future-Ready Skills Commission  
Chair, West Yorkshire Combined Authority  
Leader, Bradford Council

# Introduction

**The Future-Ready Skills Commission was launched in 2019 to undertake a review of the post-16 landscape in England as one of the most centralised systems in the UK and indeed the world. This review differs from the many that have preceded it with an explicit focus on designing a blueprint for a devolved skills system.**

The Commission was concerned with evidence presented from a range of stakeholders and leading thinkers on improving the existing system so that it better able to respond to local labour market needs. The blueprint and recommendations in this report exemplify the power of policy experts, employers, training providers and trade unions working collegiately to improve the skills systems for learners from all backgrounds and social standing.

The ability of local areas and regions to have the powers and funding to respond to what is needed in the local labour market is critical for the economic prosperity for all. This is even more acutely needed in times of economic crisis where local leadership from business, skills providers, trade unions and government is more pivotal to being agile and better placed to respond the labour market need. Never has this been demonstrated more sharply than during the COVID-19 pandemic which has deepened inequalities in communities and challenged the funding structures employed by the Education and Skills Funding Agency (ESFA).

The Commission would like to thank everyone who has been involved to challenge and shape the thinking for the blueprint, in particular, our critical friends, elected Mayors and colleagues at MCAs and the GLA.

In November 2019, we published our interim report<sup>1</sup> that set out the evidence that had been considered to date and presented ‘10 things that need to change in the skills system’. We now present in this final report the blueprint of *how* the system should change.

<sup>1</sup> <http://futurereadyskillscommission.com/wp-content/uploads/2019/11/Future-Ready-Skills-Commission-Interim-Report-2019.pdf>

# 10 things that need to change



**1** **Careers information** needs to be relevant to the local labour market and empower individuals to make informed decisions



**2** Employment and skills should be **integrated within local housing, transport and environment** strategies



**3** The local approach to **skills, employment and health needs to be joined** up to support progression to work



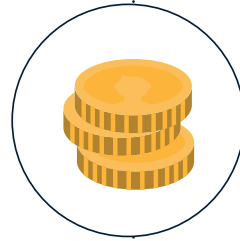
**4** The **skills offer for businesses needs to be simplified** through coordination at the level of functional economic areas



**5** **Investment in technical education** and skills should be increased to sustainable levels



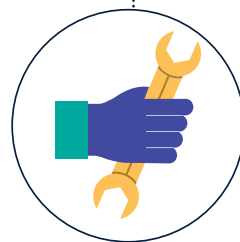
**6** **Greater collaboration is needed** in order to spread good workplace practices to improve business performance and productivity



**7** The learning **offer should be simplified and made more affordable**, with the right level of finance that removes barriers to access and supports progression in learning



**8** **Employers need to be motivated** to train and re-train staff and support progression at all levels, including those in lower paid work to gain higher level skills



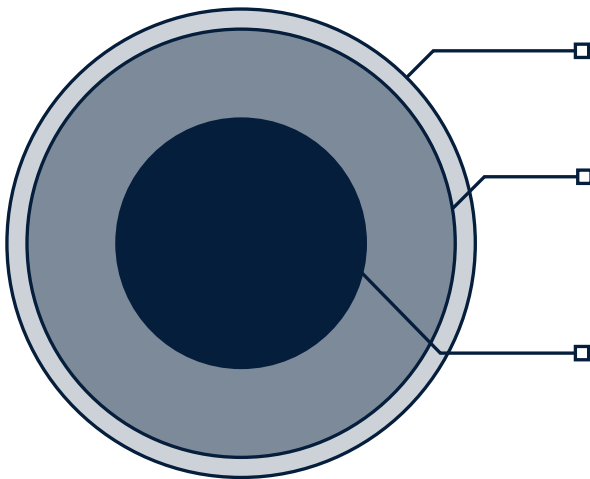
**9** Local areas should have **strengthened responsibilities for planning the provision of technical education** and training so that it is responsive to local economic priorities



**10** **Employers need greater influence** over the design and delivery of technical training to ensure it is responsive to local economic priorities

# Our blueprint for a future-ready skills system

The current national skills system is complex, highly centralised and does not meet the needs of all the people, businesses and local economies it is intended to serve



## Local

- Delivers adult skills programmes and neighbourhood-level services
- Has strong relationships with employers

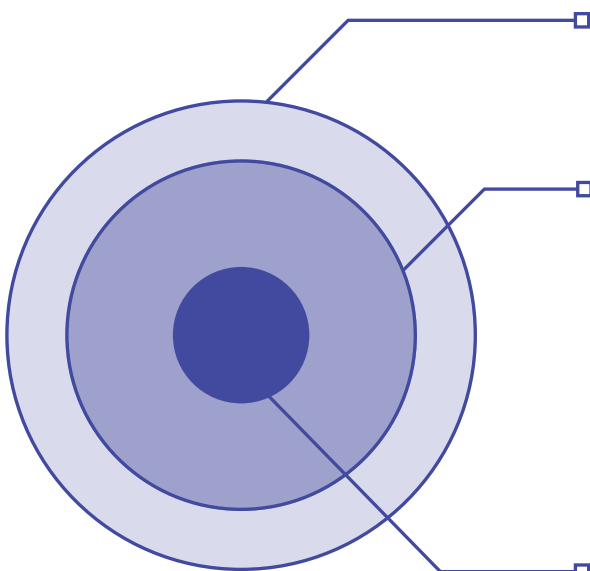
## Regional

- Manages delivery of short-term skills and training funding – often received through competitive bidding process and with specific contract outputs
- Has strategic relationships with providers and strong relationships with employers through Growth Hubs

## National

- Highly centralised, with 'one size fits all' commissioning of skills programmes and campaigns
- Delivery of Adult Education Budget devolved to Mayoral Combined Authorities and Greater London Assembly, with some specific, limited further responsibilities devolved on a case-by-case basis

We propose a devolved system that is responsive to the needs of local labour markets and able to meet future challenges and opportunities in the workplace



## Local

- Designs and delivers services to individuals and employers, including all-ages careers provision
- Delivers integrated work, health and social provision
- Integrates skills with other services that can provide wraparound services

## Regional

- Skills and employment embedded within regional economic strategies
- Devolved responsibilities and funding for skills-related budgets over a five-year timeframe
- Retains additional funds to support the skills needs of regional labour markets where large-scale publicly-funded infrastructure projects are delivered
- Provides holistic skills support for individuals and businesses – commissions and delivers all-ages careers support, providing support for adults to re-train and a recognised leadership role working with employers
- Strategic role working with learning providers, with formal delivery agreements and a recognised relationship with FE Commissioner
- Has strategic relationships with providers and strong relationships with employers through Growth Hubs

## National

- Sets key principles, policy frameworks, guidance, high-level priorities, and nationally-recognised qualifications, allowing flexibility in how these are achieved at a regional level
- Establishes frameworks, quality standards and monitoring agencies to ensure consistency, best practice and improvement across all regions – includes scrutiny and the ability to intervene with providers where necessary

# We propose a devolved skills system that is responsive to the needs of local labour markets and able to meet future challenges and opportunities in the workplace



## Responsibility for delivery



## Our recommendations



Ensure the funding system offers fair access regardless of age, level of attainment, background and learning route alongside reversing the long-term decline in adult training



Empower areas to design services around the individual to address complex and interrelated health, employment and skills issues



Everyone should have right to quality information about jobs and careers, no matter what their stage in life



Employers should take greater ownership of their talent management and skills development, aided by a joined-up approach to business support that means they can find the help they need, regardless of the route they take to find it



In order that people can gain the right skills needed for good quality work in their area, all adult skills and careers funding needs to be devolved



Recognise that areas are best placed to understand their own skills requirements and implement statutory five-year strategic skills plans to make it happen



Ensure that training meets the current and future skills needs of regional labour markets, delivery agreements with skills providers should be put in place, supported by investment funding



Large-scale public infrastructure projects designed to level up areas should include an additional skills premium of up to 5% of the total budget to maximise their economic potential

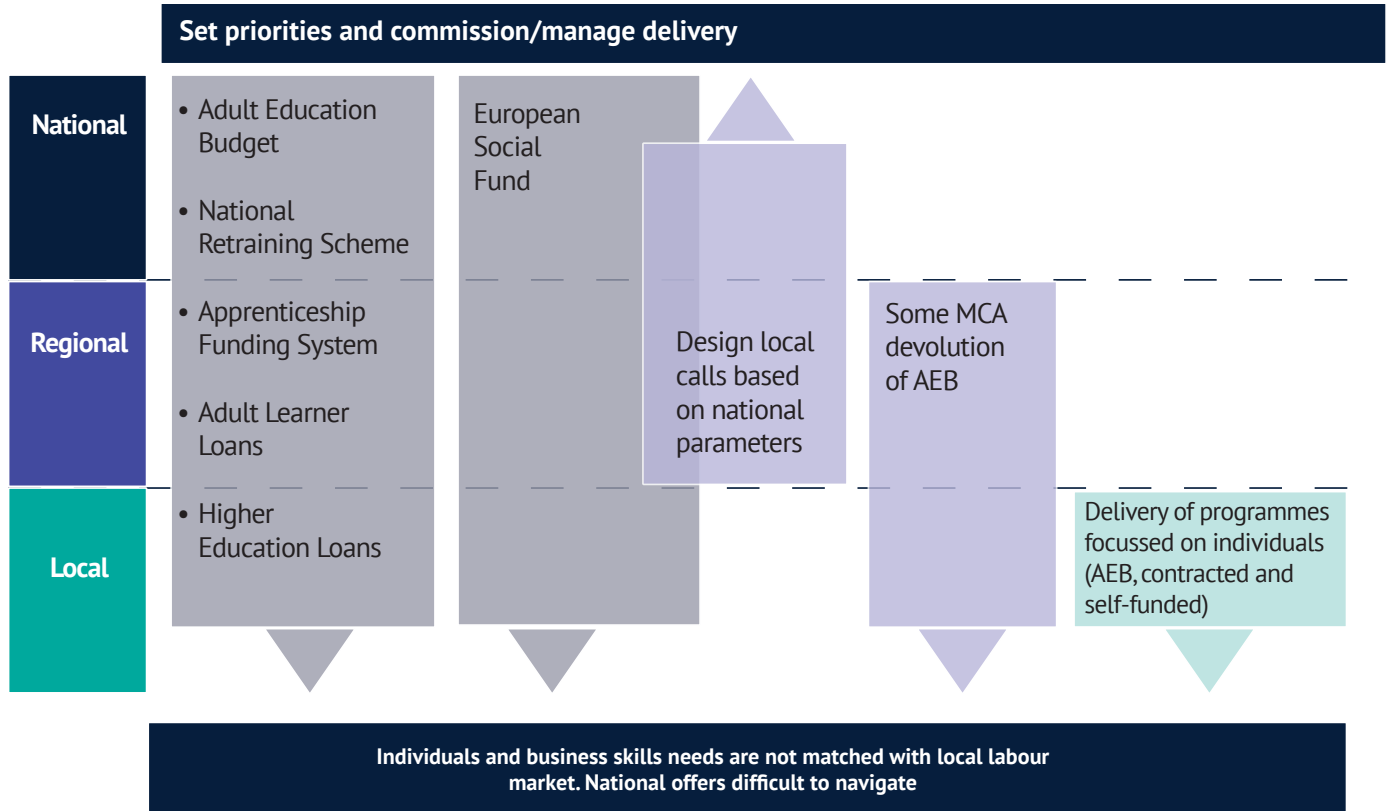


The Apprenticeship system needs national review to make it work more effectively, and this should include recognising and resourcing areas as the key route to employers and individuals

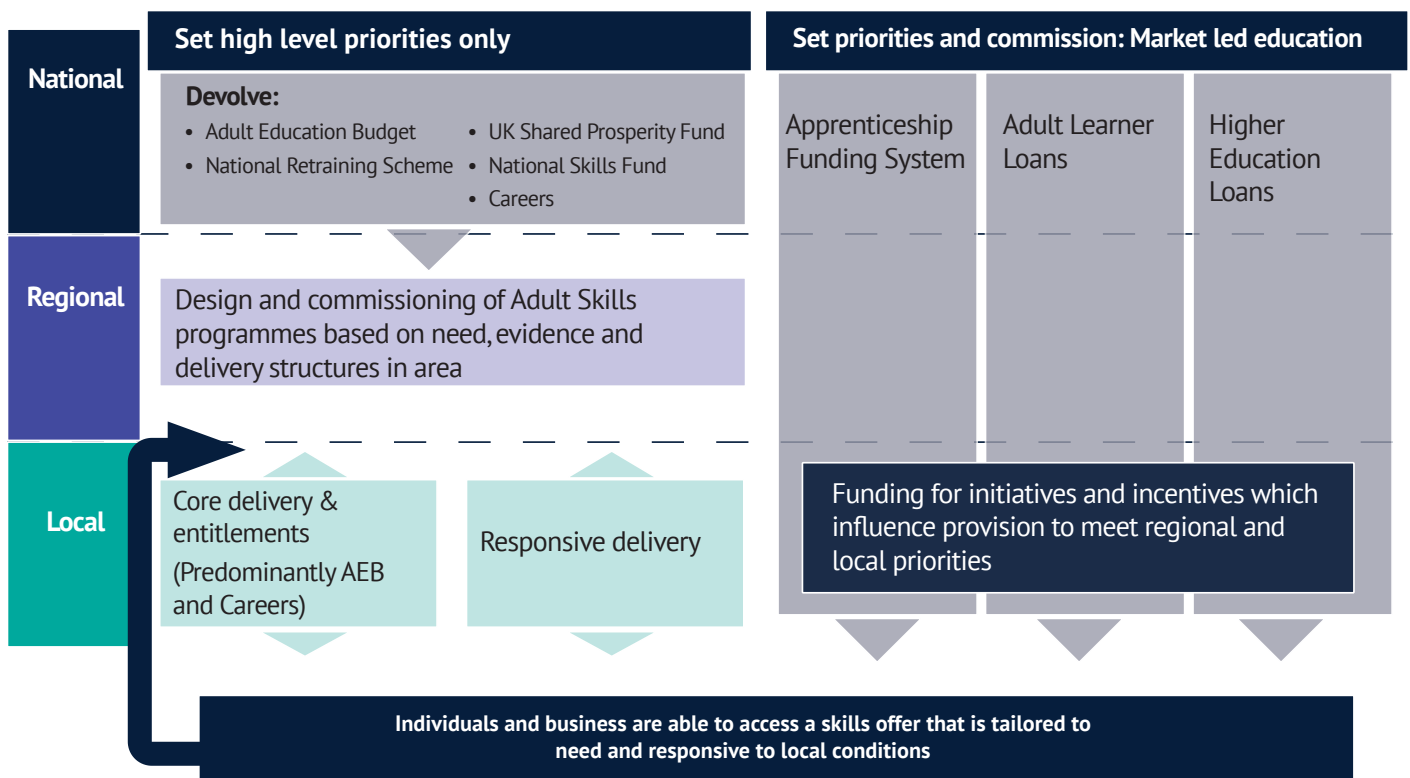
The current skills and training system is made up of many disparate sources of funding, with responsibility led by different government departments and shared between various bodies, resulting in a fragmented system that lacks a coherence and complementarity.

A radical shift of funding and local leadership is required to respond to the needs of the local labour market. This will create opportunities for employers, colleges and training providers to collaborate in a strong and accountable regional skills system that can meet labour needs and is able to respond to economic shocks.

## Adult Skills System - Current



## Adult Skills System - Proposed



A fully devolved adult skills system with responsibility for funding and delivery at a local or regional level will create benefits for education and training institutions, employers, individuals, and the economy as a whole. Critically it will equalize opportunities for different labour market groups and accelerate inclusive growth with local leadership accountable for ensuring that economic investment builds social capital for communities.

### **Institutions will be more resilient and benefit from:**

- Greater financial stability in a reformed system
- Enhanced community role
- Bigger market for learning among individuals and employers
- Delivery of more flexible and innovative delivery models
- Stable funding and investment opportunities, delivered through strategic plans to meet the needs of the regional labour market
- Increased relationships with employers
- A holistic and strategic skills system that meets local labour market needs
- Augmented recognition of the value of skills
- Opportunity to influence the shape of skills provision in regional areas

### **Employers investing in their workforce can benefit from:**

- A better skilled workforce that contributes to improved business performance and profitability.
- A more responsive system that provides employers with the skills they need
- A system that is easier to engage with – simpler and more flexible
- Closer involvement and strategic relationships with education
- Strengthened business leadership and management
- Reduced costs for staff recruitment through improved talent management and retention

### **Individuals investing in their learning can benefit from:**

- Better employment and career prospects
- Better pay
- Easier and more flexible access to learning across a range of settings
- Greater opportunities to re-train
- Improved career management skills, with a clear understanding of the value of learning and training
- Enhanced understanding of the opportunities in the local labour market

### **The Economy will be more resilient and benefit from:**

- Greater economic resilience linked to a more skilled workforce
- Better alignment between the skills that people have and the skills the economy needs, leading to increased productivity
- A more flexible and dynamic labour market reflecting better career adaptability of individuals
- More of the high-level skills needed to drive innovation
- More people active in the labour market
- Less inequality between regions of the country and different labour market groups
- A better return from the investment in skills for all parties
- Better quality of work