



Close the gap

The roadmap for technical and vocational skills



September 2019

“Skills drive the economy and are vital for our country to invest in now and in the future.”



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Preface

In the spring of 2019, City & Guilds and NOCN agreed to carry out joint research and prepare a discussion paper. This was to cover the skills gap facing the UK economy over the next five years and how we might build upon the Westminster government's reforms of the last six years, to establish a single, simple, integrated, agile and economy-led technical and skills development system (or 'TVET system', as it is called internationally).

Our detailed research paper is titled, 'Close the Gap, proposing a map for Technical & Skills Education to 2024 and beyond'.

To enable a wider audience to engage with our suggestions, we have written this paper which we trust will start a serious debate on how we shift thinking on skills development to avoid the cyclical policy failures of the last few decades.

We also think that, as a country, we must buy into the fact that education and skills are not exactly the same thing. Whilst education can enrich lives in the wider sense, it is skills that drive a productive and prosperous economy.

For those of you who wish to understand the detailed research that rests behind this, we hope you will find the time to read the detailed paper as well. You can find this at <https://www.cityandguilds.com/news/research>
<https://www.nocn.org.uk/close-the-gap/>



Close the gap

Business case for skills investment

We live in extremely turbulent times, with major risks and uncertainty for the country's future and economy.

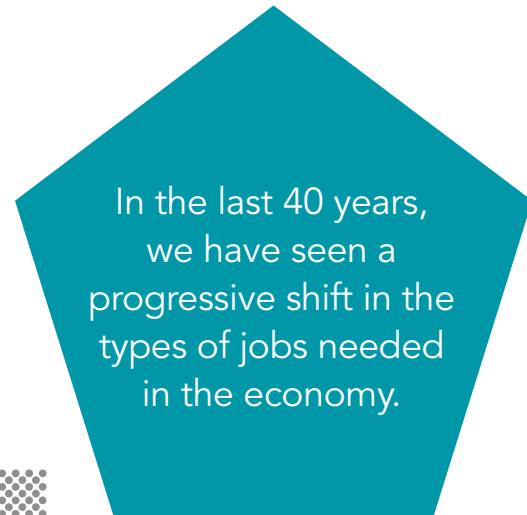
Uncertainty is not just brought about by Brexit, with its challenges of having to put in place international trade deals as well as dealing with the growing likelihood of a recession. The 'Fourth Industrial Revolution', arising from AI and digital technologies, will also create an era when rapid change will be the only constant. And we are just not ready for this.

We need to face up to the fact that we are in for a tough five years and act accordingly. Skills provide the way to react quickly in an innovative way and will be crucial for our future prosperity and protection of living standards.

In the last 40 years, we have seen a progressive shift in the types of jobs needed in the economy. This change is going to speed up over the next five years. We are starting to see that in the retail sector, which is at the front end of the digital impact. Unfortunately, against this backdrop the UK has an historic productivity gap, with a workforce which is not as skilled or qualified as those of comparable countries.

Over the next five years, there will be significantly fewer jobs in the economy for people with no qualifications or limited skills, and many more job opportunities that demand higher skills and educational standards, such as in the management, professions, associate professional, science and technical roles¹. Our detailed analysis shows that we are not in a position at present to match the skills needs of the economy in 2024.

We have too many adults in the workforce with no or limited skills (no qualifications or only Level 1 qualifications), raising a risk of an increase in the



numbers who are not employable or productive. Whilst at the same time, we will have insufficient people with skills to fill the increased opportunities in management, professions, associate professional, science and technical roles. As such, we will have to upskill some three to four million people in the workforce to match the needs of the 2024 economy – moving them up a skills ladder from limited skills, through Levels 2 and 3 up to Levels 4 to 6 (see illustration 1 on page 4).

The cohort of young people coming through the formal education system only represents around 2.1% of the workforce. So, if we purely concentrate investment on this age group, as is the current focus, it could take nearly 50 years to make the impact we must achieve over just five. This is hopelessly inadequate. We must speed up!

Add to this the fact that people will be working for longer and many will have numerous career changes, the case for investment in adult workforce skills is undisputable and critical.

1. 'Working Futures', UK Commission for Employment and Skills, 2016

Ladder of Success



Illustration 1

The business case is clear and simple. We must create sustainable investment in skills to:

- Upskill people who are already in the workforce to match the needs of the economy in 2024 and the specific requirements of their sectors;
- Make people more productive over the next five years, with the skills for the digital/AI economy;
- Improve the skills of young people coming out of the education system so that they are work ready, whilst matching the needs of the sectors they plan to work in; and

- Create greater equality of access for people to improve their skills and share in the benefits of economic prosperity and social mobility.

Of necessity, this will mean government progressively starting to reverse the funding reductions in skills and, particularly, adult education over the last 10 years. We can then further increase investment to match the ongoing sector requirements of a constantly changing digital/AI economy.

Current position

In addition to low productivity, too many people with few skills and not enough with higher skills, we start with some significant 'legacy correction' challenges:

- Nine million people in the workforce have inadequate levels of English and maths;

- Only 2/3rds of 16-year-olds achieve a Level 2 in English and maths at 16 and 5/6ths by 19 – an inherent workforce problem that is not getting better;
- A lack of basic digital skills across many sectors of the economy;
- Declining numbers of adults participating in learning ², as well as stark and growing inequalities in participation by socioeconomic group and region;
- Progress has stalled over the last 10 years in improving skills, meaning the UK is on track to slip even further down the international league tables by 2030.

There has been progress on establishing the needs of the economy as well as building the profile for apprenticeships. The government's overarching industrial strategy, together with the various industry focused sector deals, demonstrate that the skills needs of differing sectors vary significantly. One size does not fit all!

It has been recognised that reform of the skills system is needed. The government in England has embarked on a programme of policy change over the last six years. This has included new apprenticeship standards, the introduction of the Apprenticeship Levy, staged introduction of new T Levels at Level 3, reformed Functional Skills, a plan to improve digital skills, delegation of the Adult Education Budget (AEB) and the pending launch of the National Retraining Scheme (NRS). Separate consultations have also started on technical education for below Level 3 and Levels 4 and 5.



² Learning and Work Institute's adult participation in learning survey, September 2019



It has also set up the Institute for Apprenticeships and Technical Education (the Institute) to improve quality. This is intended to be independent, but the jury is still out.

Whilst recognising there has been progress in some areas, there are fundamental issues with the implementation of the reform programme:

- It is predominantly focused on 16-19-year-old people, with only limited investment going into upskilling adults in the workforce, outside management apprenticeships. However, it is this workforce upskilling that is the greatest economic priority for the next five years;
- Each element of reform tends to be a separate policy initiative that is not well integrated with the other parts – pulling at times in different directions. They do

not provide the basis for optimising outcomes for the scale of government expenditure being committed;

- After six years, we have still not finished the reforms. It is taking far too long. Reform implementation must be rapid, agile and adaptable to changes in technology.

As a result, the present system is still seen as too complex and there has been considerable frustration over progress and the bureaucratic nature of many of the processes that have been put in place.

We know that the separate initiatives are generally not very well linked to each other. Therefore, as part of the work to 'Close the Gap' we will need to modify some of what has already been achieved via progressive and managed maintenance of the system.

Career Pathway

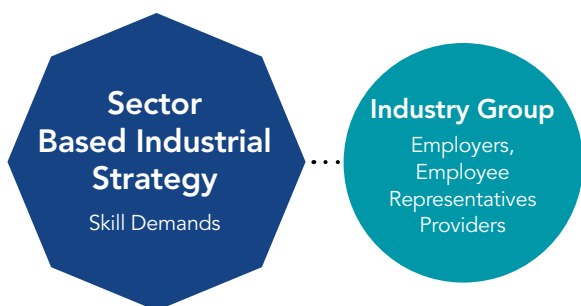


Illustration 2

Career Routes for the whole sector	
Starting your career	Job specialisation & skills development
Example Career: Technician	
Foundation 14-18 years L2 Qualification L3 Qualification English Maths IT	Apprentice L4 General Technician > Rail Technician> Nuclear Technician> Road Technician> Management Trainee
Formal Training & Apprenticeships	During Employment

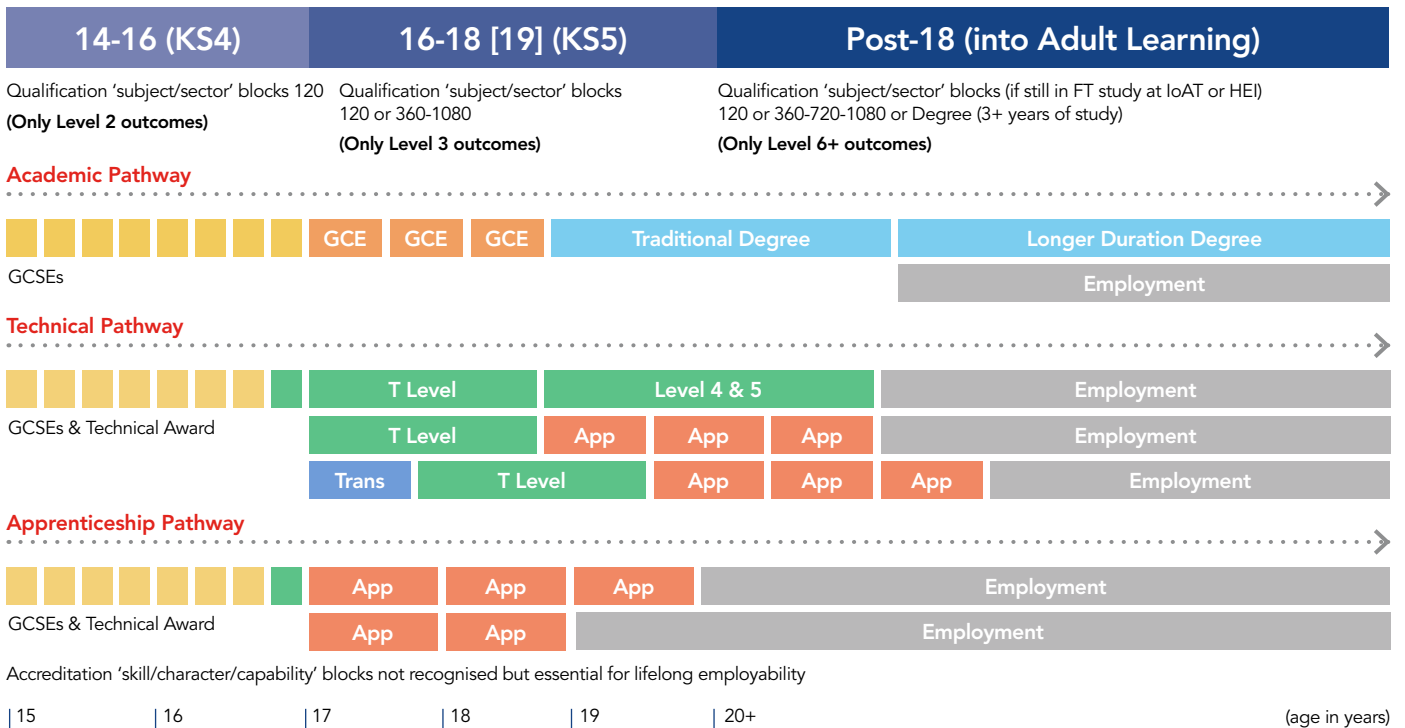
Recommendations

Presenting our proposals, the authors wish to make it clear that we are not recommending starting again. Quite the opposite; we propose building upon the progress to date – adding to it and refining what we have to create a complete skills ecosystem.

We make the following 13 proposals to contribute to the debate on the way forward for the government for skills in England.

1. Establish a single national vision and strategy for skills at all ages;
2. Adopt measures of success for the implementation of the strategy that relate directly to progress towards better matching the skills of the workforce with those of the economy;
3. Improve outcomes in the education system for young people, making them work ready and aligned to the needs of the future economy;
4. Invest in adult skills to deal with the legacy correction for English, maths, digital and employability skills;
5. Establish a simple, integrated, stable, trusted and agile skills development system as the vehicle to implement the national strategy. This should be based upon international best practice (worldwide, such systems are referred to as technical and vocational education and training [TVET] systems);
6. Retain broader provision for young people aged 16-to-19 years, in addition to A and T Levels. Foundation qualifications or awards at Level 1 should be presented in a single coherent offer, to build 'work readiness' and a platform for further learning. In addition progression qualifications at Level 2 should represent a legitimate goal for some sectors and a potential step into employment/apprenticeships for a number of occupational routes.
7. Establish a full set of sector-based 'national skills curriculum and standards', building on the work to date, which match the economy's ongoing requirements, as set out in the sector strategies and based on easy to understand career pathways (see *illustration 2 on page 6*) which do not put specialisation too early. In this respect we must recognise that Level 2 is a crucial stepping stone;
8. Establish component-based apprenticeships and technical qualifications structured as modularised learning and accreditation, which will facilitate easy adult upskilling and technological updating (see *Illustration 3 on page 8*);
9. Badge all qualifications that are not academic as T Levels or Higher T Levels above Level 3. Then stick to this brand;
10. Coherently manage the capacity and number of organisations that support the TVET system, such as independent training providers, further education colleges, awarding organisations and end-point assessment organisations. This must include facilitating investment in tutors, assessors and new equipment;
11. Increase state investment in skills above the rate of inflation (possibly 20% per annum) to bring FE and HE expenditure into line over a sustainable and manageable period of time. This extra government money would cover the needed legacy correction, basic digital skills, qualifications and apprenticeships for 16–19-year-olds and the first Level 3 qualification. As part of this we must significantly increase funding rates including those for Functional Skills. For adult upskilling above Level 3, we propose that the government rations the Apprenticeship Levy along economic priorities. In addition, it should introduce, as either a separate pot or an extension of the existing levy, an 'upskilling levy fund', which would be similar in size. We should also streamline the operation of the Levy and make it much more flexible;
12. Delegate the delivery to the local level, where there should be freedom to match funding against the priorities of the area and the sectors that operate within it. All parts of England should have the same delivery powers and access to funding;
13. Rationalise the number of regulatory and quality control organisations to create a single 'champion' for the TVET system – initially within the existing legislative framework. This can be based on adapting the role of the Institute for Apprenticeship and Technical Education. It should be done in a way that establishes clear 'ownership' by employers, employees and their representatives – as well as engaging the contributions from the providers in each sector – whilst ensuring accountability for any state funding.

Current Policy thinking 'Career Framework' and 'Accreditation Map'



Proposed Policy thinking 'Career Framework' and 'Accreditation Map'

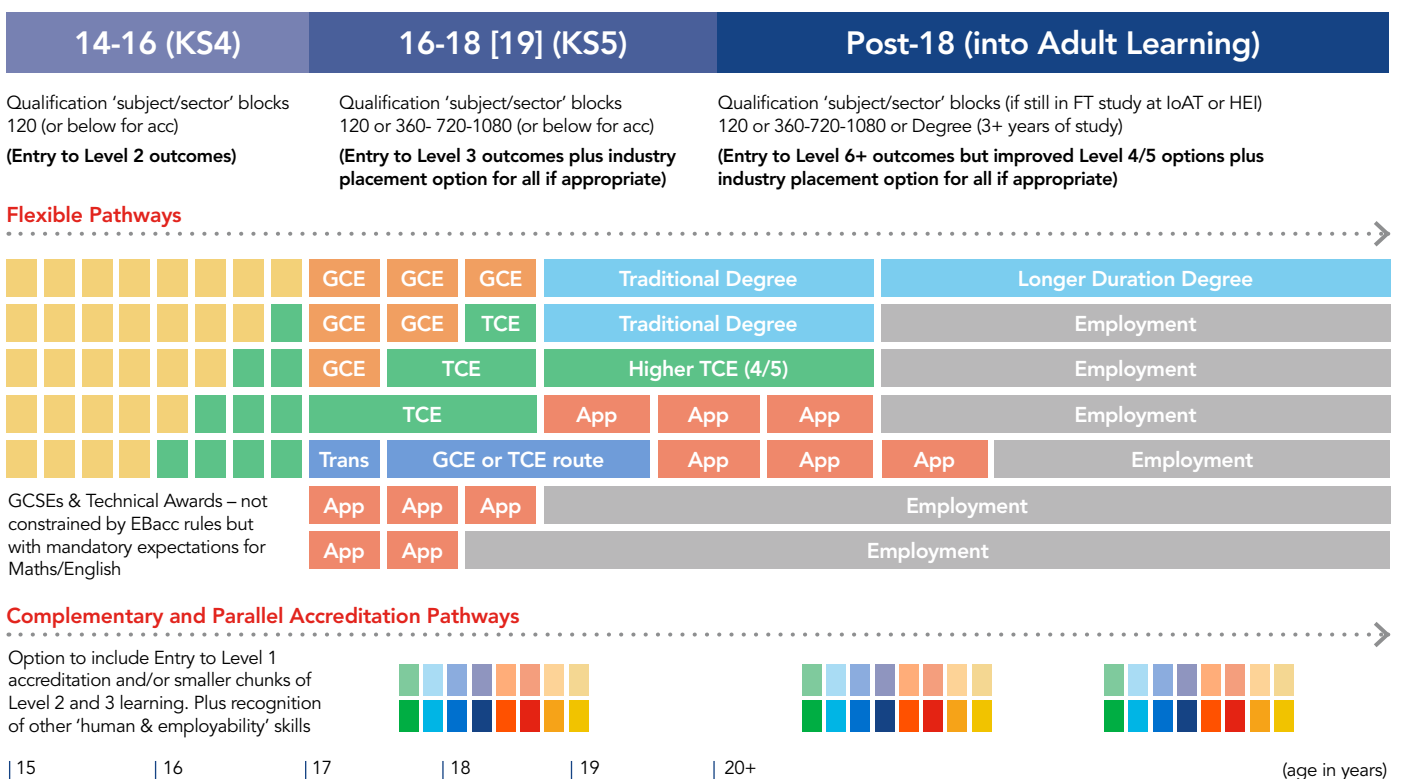


Illustration 3



Roadmap

Clearly, there is an urgency needed to match the economic imperatives over the next five years. However, one has to reflect on the old adage ‘when in a hole the best thing to do is to stop digging’! In that respect, the government should not introduce any further new changes for at least a year.

We must establish a proper ‘Roadmap’ for completing the reform programme, which is not longer than two years’ duration. The next 12 months should be about:

- Stabilising what we have;
- Setting the national vision and strategy, i.e. agreeing what success looks like;
- Putting in place the TVET system and design how it will work. This should include agile updating for technological changes, as well as how to manage the provider market;

- Finalising the sector career pathways;
- Completing the national sector curriculum and standards;
- Prioritising future changes to match economic priorities;
- Adapting the Institute to become the single ‘champion’ organisation;
- Setting out how local ‘uniform’ delegation will work across the whole of England;
- Revised levy and other funding arrangements, e.g. NRS and AEB;
- Starting investment in capacity and capability building in the provider base; and
- Beginning investment in legacy correction.

The second year will be used to implement the first priority changes and test the arrangements. Subsequent years would see the system operating in an agile and responsive way

Roadmap

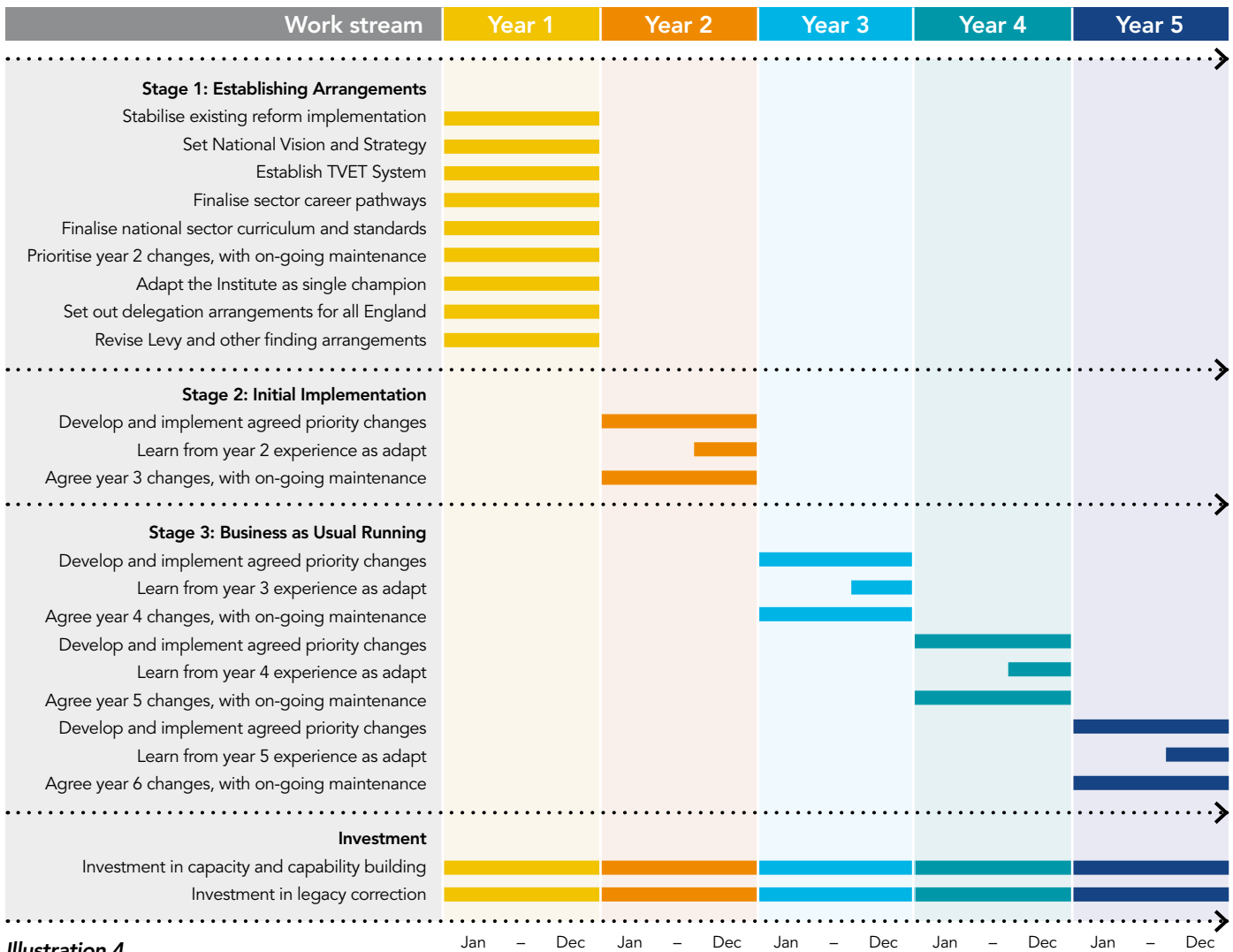


Illustration 4

Improve outcomes in the education system for young people, making them work ready and aligned to the needs of the future economy.





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