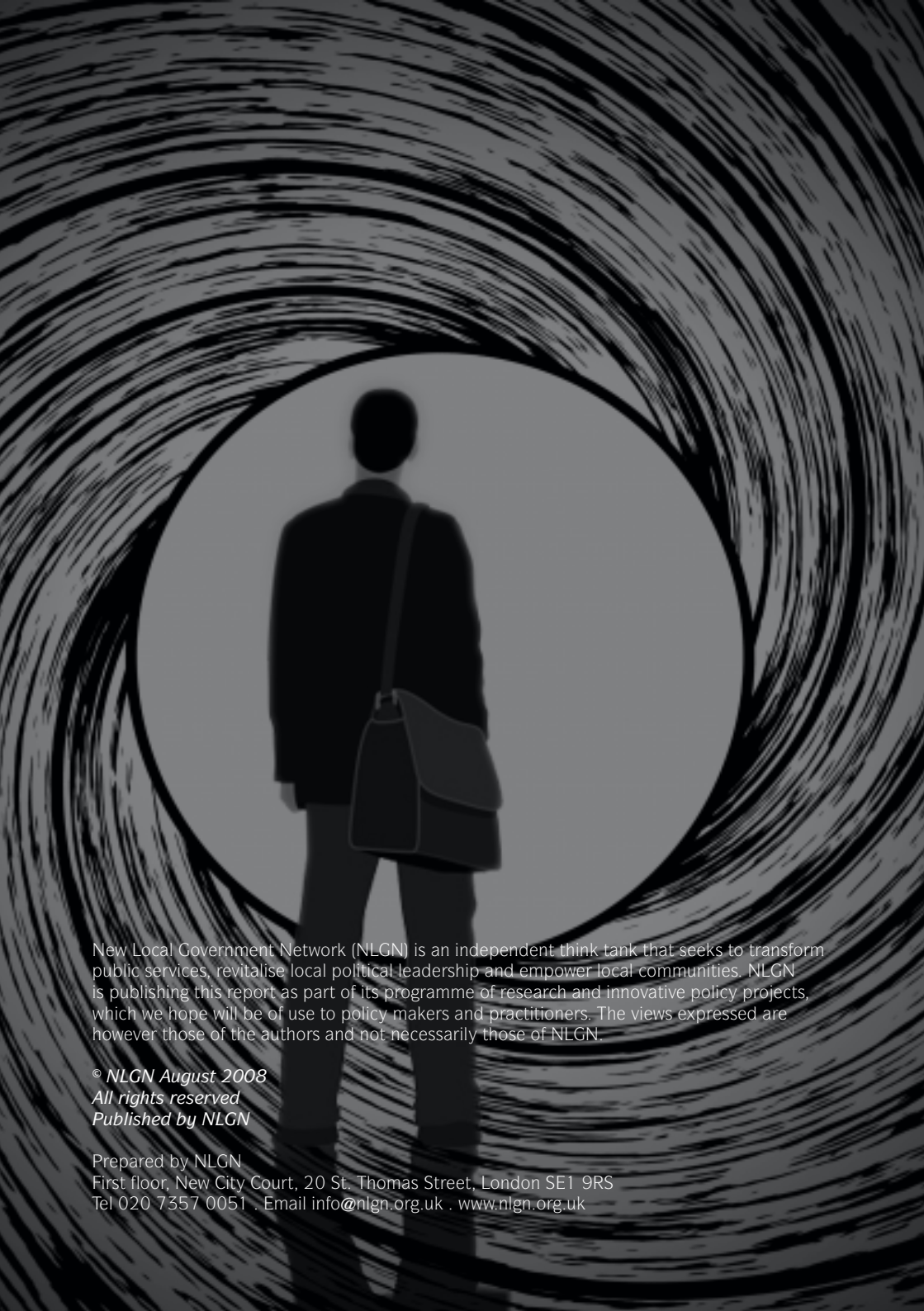




Licence to Skill

Streamlining the skills system by
devolving skills to local authorities

Nick Hope



New Local Government Network (NLGN) is an independent think tank that seeks to transform public services, revitalise local political leadership and empower local communities. NLGN is publishing this report as part of its programme of research and innovative policy projects, which we hope will be of use to policy makers and practitioners. The views expressed are however those of the authors and not necessarily those of NLGN.

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Summary

This report outlines some of the major changes that the Government has planned for the skills system over the next five years. It warns that there is a danger that some of these detailed structural reforms may only further complicate and confuse the skills system. Whilst some of the planned changes represent an important devolutionary step forward, we contend that they could and should go further.

A new, simplified and more streamlined system is proposed in this report, in which the regional tier is rationalised and more funding and greater responsibility for skills training is devolved to local authorities. Whilst a role for some skills agencies could be maintained nationally, we are not convinced that they should steer operations at a sub-national level. We argue that it should be for local authorities to choose for themselves how best to aggregate their commissioning strength sub-regionally, principally through the new Multi-Area Agreement (MAA) model.

We recognise that considerable progress has to be made by many local authorities in order for the skills system we propose to function successfully, but suggest that they are best placed to rise to the skills challenge. We propose that they will be able to provide the strategic oversight required to deliver a more unified, better integrated and locally responsive system. Importantly, the primary objective of any reforms must be to better meet the needs of young people and adults, in particular those that are at a disadvantage when it comes to participation and achievement in learning, and the needs of businesses and employers.

1 Introduction

The skills challenge is formidable. Leitch's definitive report¹ published in 2006 warned that the UK has neither the quantity nor the quality of necessary vocational skills, putting the UK's long-term prosperity at risk in an increasingly competitive global environment. Leitch found that not only does the UK face a greater skills shortage than our European counterparts but disparities between local areas within the UK are significantly larger than the European average. Narrowing the persistent skills gap between localities and regions requires targeted skills strategies and improvements.

Leitch's report stressed the importance of 'place' in integrating people into the labour market. It stated that 'for people to consider improving their skills, they... need access to good quality, impartial information and advice on local learning opportunities and their relevance in the labour market.'² Leitch was clear that good skills training must be locally available and responsive to local employer need.

Whilst the central focus of his report was on adult skills, it also stressed that in order to achieve a world class skills base the UK must first aim for world class attainment among young people. Therefore, a key recommendation of the report was a fully integrated 14-19 education phase. The need for greater co-ordination between education and skills providers and stakeholders at a local level was clear.

Whilst Lord Leitch did not state that skills funding should go to local authorities, his advocacy of national change delivered at local level propelled a wave of devolutionary reform by the Government in the sphere of education and skills. The Sub-national Review of Economic Development and Regeneration and the Prime Minister's Machinery of Government changes were the start of this latest wave of education and skills reform. At the heart of this agenda is the devolution of £7bn of funding and responsibility for 16-19 skills provision from the Learning and Skills Council (LSC) to local authorities.

1 Lord Leitch (2006), *Prosperity for all in the Global Economy: world class skills*- Final Report

2 Ibid, pg.106

Currently the LSC funds all learning for young people, aged 16–19 in colleges, schools and training providers. They are also responsible for planning and funding adult education and training for everyone in England, other than those in universities.

Initially, some hoped that responsibility and funding for post-19 education would also be devolved to local authorities, creating a unified and localised skills system. As a joint Campaign for Learning and Select Education policy pamphlet states, '19+ LSC funding was in the frame, but in the end the new Brown Government opted for 16-19 LSC Funding'.³

By 2013 local authorities will have a statutory duty to deliver full participation in education for all 17 year olds (rising to include all 18 year olds by 2015). The Government has stated that new planning and commissioning powers will allow local authorities to expand strong skills provision and cease to fund weak provision.⁴ Every young person will be entitled to a new curriculum, which includes 17 new diplomas and an apprenticeship to any student that wants one. Local authorities will also be given primary responsibility for planning and funding of provision for the education and training of young people in juvenile custody and for those with learning difficulties and/or disabilities (LLDD), who have an entitlement to education or training up to the age of 25.

To help deliver these reforms the Government plans for local authorities to work together in partnership, particularly at a sub-regional level. In the new education and skills model:

'The size and nature of groupings will of course vary – reflecting local demography, geography and travel-to-learn patterns... Where possible, we want groupings to develop from existing relationships or structures which are working well. For example, the new Multi-Area Agreements (MAAs).'

But, under the Government's planned education and skills model three new agencies will also be created to deliver the Government's skills agenda. The LSC will be divided into two new agencies; the Skills Funding Agency (SFA), which will fund skills development for those aged 19 and over, and manage the new National Apprenticeship Service (NAS), and the Young People's Learning Agency (YPLA), which will manage the programme for 14-19 year olds.

³ Corney and Fletcher (2008), Campaign for Learning and Select Education Pamphlet, *New Localism and 14-19 Funding: Putting Learner Choice First*, London: Campaign For Learning, pg.21

⁴ DCSF and DIUS (2008a), *Raising Expectations: enabling the system to deliver*, pg. 10

2 *Sounding the retreat: a u-turn on 14-19 FE College funding?*

In summer 2007 the Government made it clear that 14-19 FE College funding would be devolved to local authorities:

*'The transfer of colleges 16-19 funding to local authorities will strengthen 14-19 arrangements...the joined up funding for the 14-19 sector represents joined up government at its best.'*⁵

*'Subject to consultation... and the need to pass the necessary legislation, funding for school sixth forms, sixth form colleges and the contribution of FE colleges to the 14-19 phase will transfer to local authorities' ring fenced education budgets.'*⁶

Under these plans the YPLA would have responsibility for, amongst other things, moderation of commissioning plans and commissioning of some specialist, third sector and employment provision on behalf of local authorities at a national level. Commissioning of Sixth Form Colleges, School Sixth Forms and Work Based Learning provision will be the responsibility of local authorities. However, in one of the models proposed in the Government's White Paper 'Raising Expectations; enabling the system to deliver' the YPLA will be responsible for 14-19 FE College commissioning on behalf of local authorities (see Model A in Figure 1 on the following page).⁷

The Government states that its preferred approach is that 'there should be progressive devolution of power and authority to the sub-regional level as the collaborative arrangements become stronger and more formal'⁸. But such open statements provide no time-frames or targets and little reassurance for those who believe in education and skills devolution - especially when the Government also proposes that 'as a default the Young People's Learning Agency should have a significant role'.⁹

5 DCSF and DIUS (2008b), Briefing for FE Sector on the machinery of government changes, 30/08/07, pg. 1

6 HM Treasury, BERR and CLG (2007), Sub-national Review of Economic Development and Regeneration, pg.82 and DCSF and DIUS (2007), Machinery of Government: Departmental Organisation, pg. 30

7 DCSF and DIUS (2008a), Raising Expectations: enabling the system to deliver, pg. 32

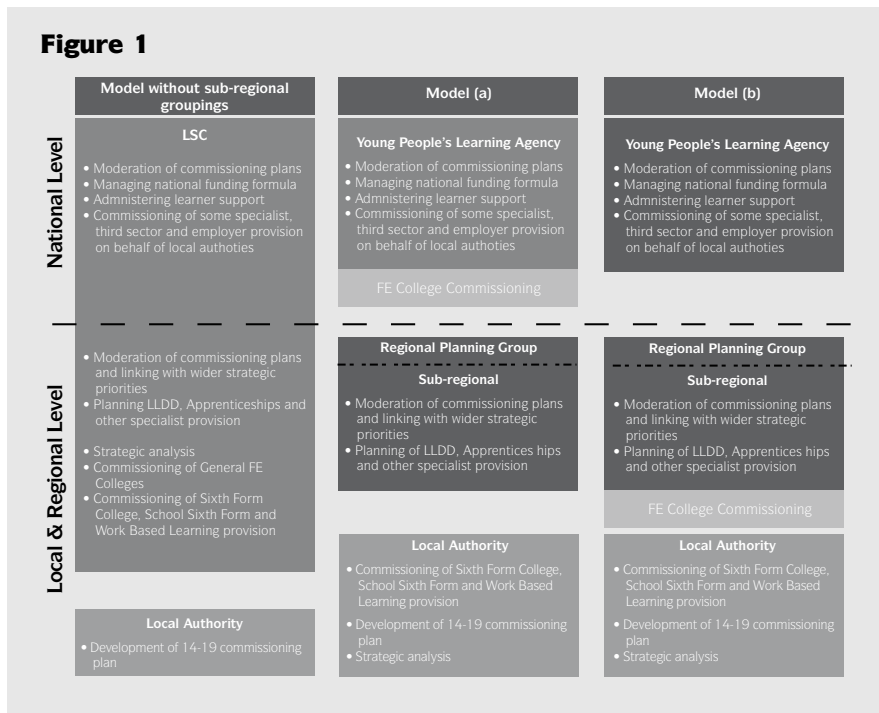
8 Ibid, pg. 26

9 Ibid pg. 31

London Councils feel that the Government is backtracking on its original commitment to devolve funding for FE colleges to local authorities and argue that ‘instead the government... proposes setting-up new quangos and planning groups to agree commissioning strategies for those in 16-19 education, which London Councils considers to be wasteful and unnecessary’.¹⁰

The Government’s White Paper also states that ‘the Young People’s Learning Agency will hold the 16-19 capital pot... (which) will be deployed to create new 16-19 places and support of commissioning decisions’.¹¹ This capital funding will be vital in developing the infrastructure needed not only to increase the participation age but in order to build the capacity to deliver the new curriculum and entitlements for young people.

Figure 1



10 London Councils (2008), Press Release 04/06/08, Boroughs - not quangos - are best placed to improve education in London

11 DCSF and DIUS (2008a), *Raising Expectations: enabling the system to deliver* pg. 50

We recommend that 14-19 FE College commissioning and the 16-19 capital funding should be devolved to local authorities. By working together through sub-regional partnerships such as MAAs this will help ensure collective plans meet the needs of young people in their area. If local authorities are to be given a statutory duty to deliver full participation and held directly accountable for delivering local education and skills it would be unreasonable not to directly give them key commissioning powers to ensure provision and the capital funding to deliver the infrastructure needed.

3 Apprenticeships

The Government plans to give every suitably qualified 16 and 17 year-old an entitlement to an Apprenticeship place by 2013¹². Under the Government's new system the SFA will manage the NAS and have end-to-end responsibility for the apprenticeships programme and the delivery of its targets¹³.

The Government's White Paper states:

*'Each local authority will establish what supply of Apprenticeship places will be needed in order to implement this entitlement. This demand will be aggregated within the region and agreed with the National Apprenticeship Service (NAS). It will then be the task of the NAS to provide the necessary Apprenticeship places... to deliver the entitlement in every part of the country.'*¹⁴

Local authorities will be required to engage learners in apprenticeships, but the NAS will have responsibility for:

- engaging employers
- matching learners and employers
- funding/commissioning
- content and qualifications
- 'co-ordinating the apprenticeship'
- management information¹⁵

The Government plans to set up a sub-regional tier of NAS staffing (the NAS field force) who will be managed and owned nationally by the NAS. The NAS field force will engage with employers locally and regionally, account manage contractual relationships with employers, manage customer relationships

12 Ibid pg. 34

13 DCSF and DIUS (2008c), *World-class Apprenticeships: unlocking talent building skills for all*, pg. 6

14 DCSF and DIUS (2008a), *Raising Expectations: enabling the system to deliver* pg. 34

15 DCSF and DIUS (2008c), *World-class Apprenticeships: unlocking talent building skills for all*, Figure 2, pg. 6

with skills brokers and Sector Skills Councils and provide careers guidance in schools and colleges¹⁶. However, if local authorities are to be given new statutory duties to ensure participation up to 19 and to ensure quality of provision it is inconsistent that they are not given some of these key responsibilities.

As Corney and Fletcher argue:

‘16-18 apprenticeships are viewed by Ed Balls, the Secretary of State for Children, Schools and Families, as the main pathway to increase participation at 17 and 18, paving the way for an increase in the learning leaving age. Yet it seems that Local Authorities will be responsible for ‘minimising truancy’ as the learning leaving age is increased without having responsibility for the key budget designed to achieve it.’¹⁷

Some responsibilities may need to remain at a national level, such as setting content and qualifications. However, we recommend that local authorities should be responsible not only for engaging learners but for engaging employers and matching the two up for an apprenticeship, working together in partnership at the appropriate spatial level. Much like the management of the Connexions service has transferred to local authorities so should the management of the NAS field force.

Funding for 14-19 apprenticeships should be devolved to local authorities. But, the Government should go further and also devolve responsibilities and funding for apprenticeships for adults to local authorities to help create a more unified, better integrated and more locally responsive education and skills system.

¹⁶ Ibid, pg. 31

¹⁷ Corney and Fletcher (2008), Campaign for Learning and Select Education Pamphlet, *New Localism and 14-19 Funding: Putting Learner Choice First*

4 *E2E*

E2E (Entry to Employment) is a form of learning for people aged 16-25. Following the scheme learners can progress to an apprenticeship, further learning or a job. Learning occurs in basic and key skills, vocational development, and personal and social development. It is aimed mainly at 16-18 year olds, but can be used up to the age of 25, providing NVQ Level 1 or 2.¹⁸

Local authorities will have responsibility for commissioning provision directly for third sector organisations and other independent training providers that operate at a local level, but the Government White Paper states:

‘Some organisations make provision for young people right across the country. These include third sector organisations...(and) some independent training providers which provide Entry to Employment... For these organisations, we propose that there should continue to be a single contract covering all these operations in a region, rather than contracts with every local authority. These contracts would be drawn up by the Young People’s Learning Agency on the basis of aggregated demand from local authorities’.¹⁹

However, given that collaborative arrangements will be formed between local authorities, there would not have to be contracts with each local authority. Each sub-regional partnership would be able to have a single contract based on aggregated demand.

18 LSC (2008), *E2E Background and Initial Development*, <http://e2e.lsc.gov.uk/background/>

19 DCSF and DIUS (2008a), *Raising Expectations: enabling the system to deliver*, Pg. 34 & 35

5 *Post-19 adult learning*

As has already been outlined, the SFA will fund 19+ skills and will control the NAS by 2010. It will also control the National Employer Service (NES), which will operate at a national level to provide a skills service and apprenticeships to companies with over 5,000 employees. The Train to Gain scheme gives employers access to a skills broker who will carry out a needs analysis of training within their business and help them assess what skills their business has now and what skills they will need in the future²⁰. Train to Gain currently operates at a regional level through the LSC and under Government plans will remain at the regional level under the SFA.

We recommend that this funding should be devolved to local authorities to provide a Train to Gain service. The NES should be a valuable resource for businesses, operating at a national level, providing advice and guidance. The employers' details should then be added to a database, which local authorities can then access through integrated ICT and data-sharing systems. In addition, businesses should also have a local resource, a 'one stop skills shop' dedicated to employers in each local authority that they can contact and speak directly to a skills broker. Of course local authority agencies and the NES should be proactive and ambitious in reaching out to businesses.

Under Government plans Learndirect will be replaced by the Adult Advancement and Careers Service.²¹ This is to be managed by the SFA and to be promoted so as to create a 'brand' that is well-known to the public.²² This service will in turn promote skills accounts and encourage skills learning to those in and out of work. We believe that local authorities should use this national branding, but also tailor it to the locality – making it more relevant and engaging for local employers and learners.

20 Train to Gain (2008), Train to Gain, <http://www.traintogain.gov.uk>

21 DCSF and DIUS (2008a), Raising Expectations: enabling the system to deliver, Pg. 78

22 *ibid*, Pg. 78

6 *Simplifying the skills system*

The reasons that the funding and responsibilities for delivering skills should be devolved to local authorities are diverse and multiple. Some have already been touched upon and others will be explored later. However, perhaps one of the most compelling arguments for this devolutionary reform is the overwhelming complexity that currently exists and that will continue to exist, and in many regards deepen, if Ministers do not act to amend the detailed implementation plans.

In 2006 Lord Leitch stated that ‘The Review has found that the complexity of the current system prevents employers and individuals from effectively investing in skills improvements.’²³

The Government recently set up another organisation, the UK Commission for Employment and Skills (UKCES), who are currently looking at how, as their Chief Executive Chris Humphries describes, they can “radically thin the employment and skills system” because it is “over-complex”, “incredibly crowded” and “very difficult for any employer to navigate”²⁴. He told the Commons Committee on Innovation, Universities, Science that “I don’t think there’s an employer in the land who understands what the new systems are” and when asked how many skills bodies there are he replied “I haven’t got the foggiest idea”²⁵.

In order to illustrate the complexity of the education and skills system it is useful to map the various agencies and the main bodies that are involved. As part of his review, Lord Leitch mapped the delivery departments and agencies in 2006²⁶ and this visual representation has loosely formed the basis of the diagrams that we have produced (See Figure 3 and Figure 4).

The National Audit Office (NAO) was given the unenviable task, by the House of Commons Education and Skills Select Committee, of mapping the functional relationships that exist between key agencies (see Figure 2 on page 16) and this has been included to illustrate the further complexity of the education and skills system. Since Lord Leitch and the NAO produced their diagrams there has been

23 Lord Leitch (2006), *Prosperity for all in the Global Economy: world class skills- Final Report*, pg.73

24 The Guardian (2008), *Time for skills to slim down*, 20th May 2008

25 The Financial Times (2008), *Executives attack state skills bodies*, 26th June 2008

26 Lord Leitch (2006), *Prosperity for all in the Global Economy: world class skills- Final Report*, pg.72

a proliferation in the number of skills agencies, and under current plans there may be even more skills agencies by 2013 (see Figure 3).

In the final diagram (see Figure 4) we have illustrated what a less crowded, simplified and more streamlined education and skills model might look like if funding and responsibility were to be devolved to a local level.

We believe that there is little rationale for the YPLA and SFA organisational presence at the regional tier if local authorities are allowed to lead their own demand aggregation arrangements sub-regionally. Given that the system will be more unified and better integrated, many of the regional partnerships currently planned will not need to be fully replicated locally or sub-regionally.

We would urge Ministers to create the YPLA as a truly slim-line national body, which only steps in when a local authority fails to meet their statutory duties or when sub-regional partnerships fail. The SFA would only be needed at a national level. The Government believes regional capacity is necessary because skills needs ‘rarely follow local authority geographies’.²⁷ However, skills needs do not always follow regional geographies either. We believe that skills needs typically follow sub-regional geographies. Evidence from the National Audit Office shows that ‘local labour markets have unique and distinct patterns of work and worklessness’ and research by the Local Government Association has found that ‘demand for skills driven by the clustering of industry follows sub-regional patterns’²⁸. Where regional matters require executive coordination, the Regional Development Agencies (RDAs) are already well placed to take such a role and therefore we see no rationale for creating separate agencies at the regional level.

Previous research has highlighted the many benefits of locally designed and delivered solutions to worklessness²⁹ and, given that functional economic areas tend to follow sub-regional geographies, we believe that it would be more appropriate for JobCentre Plus to work at a sub-regional level. Local authorities, working together sub-regionally, should receive full devolution of funding, commissioning and decision making to tackle unemployment. They should be given control of JobCentre Plus, allowing more locally tailored, better integrated and more strategic approaches to be developed for worklessness and skills policy.

27 DCSF and DIUS (2008a), *Raising Expectations: enabling the system to deliver*, Pg. 11

28 LGA (2008), *The intergration gap- developing a devolved welfare and skills system*

29 Brand, Dallison and Iacopini (2008), *NLGN, The Local Journey to Work: Localism, welfare and worklessness* (2008)

Figure 2 Organisations in Partnerships involved in the delivery of the Government's skills agenda

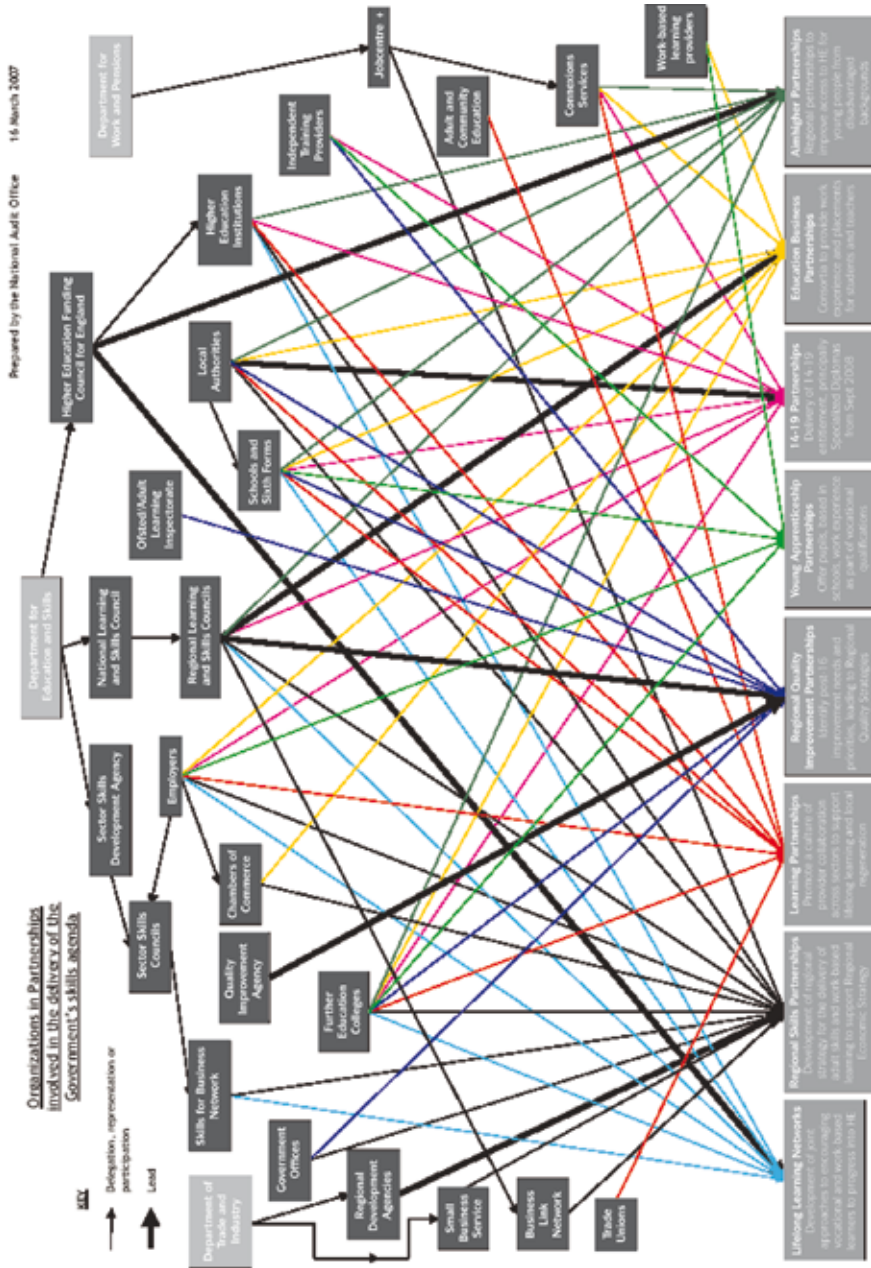


Figure 3 Departments and delivery agencies for education and skills in England from 2013

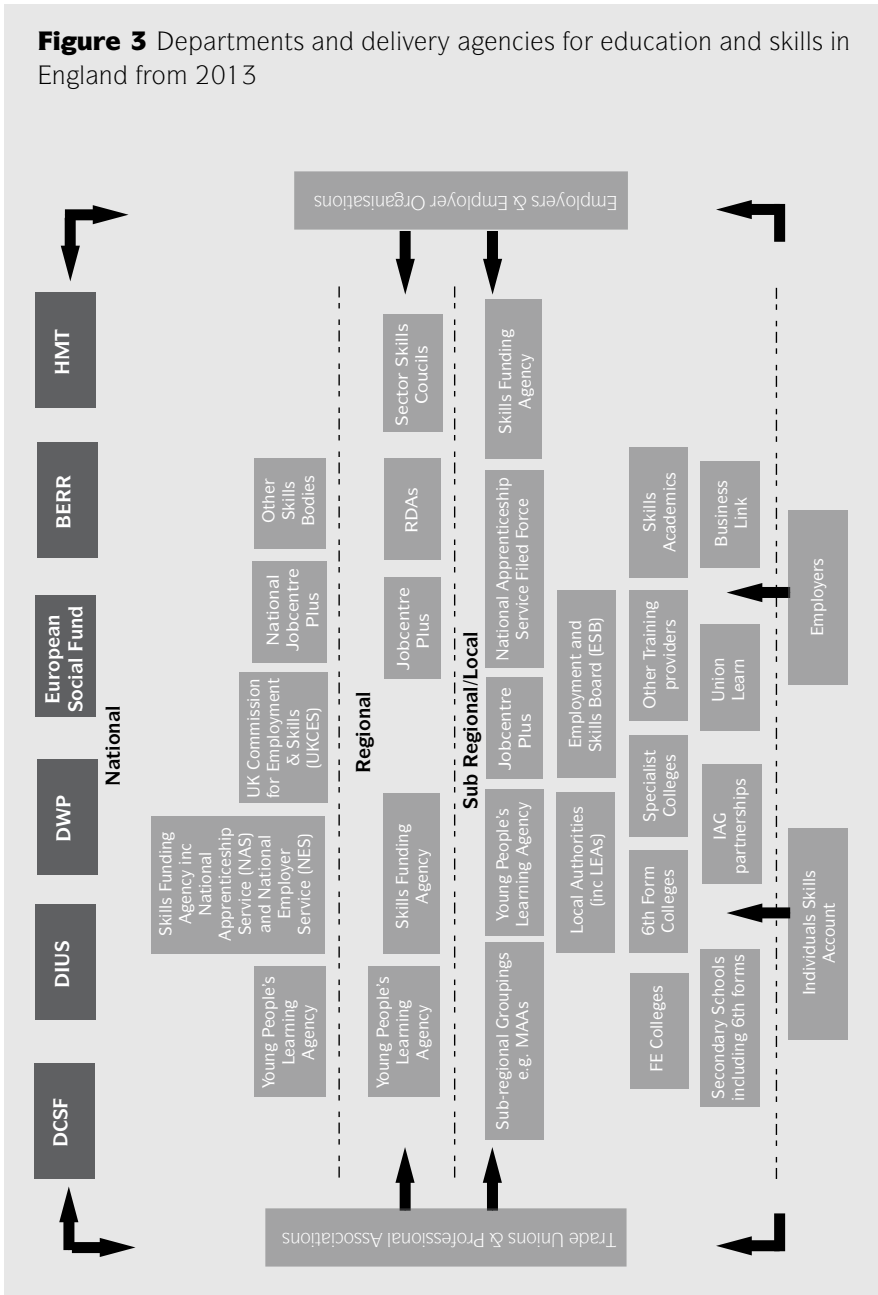
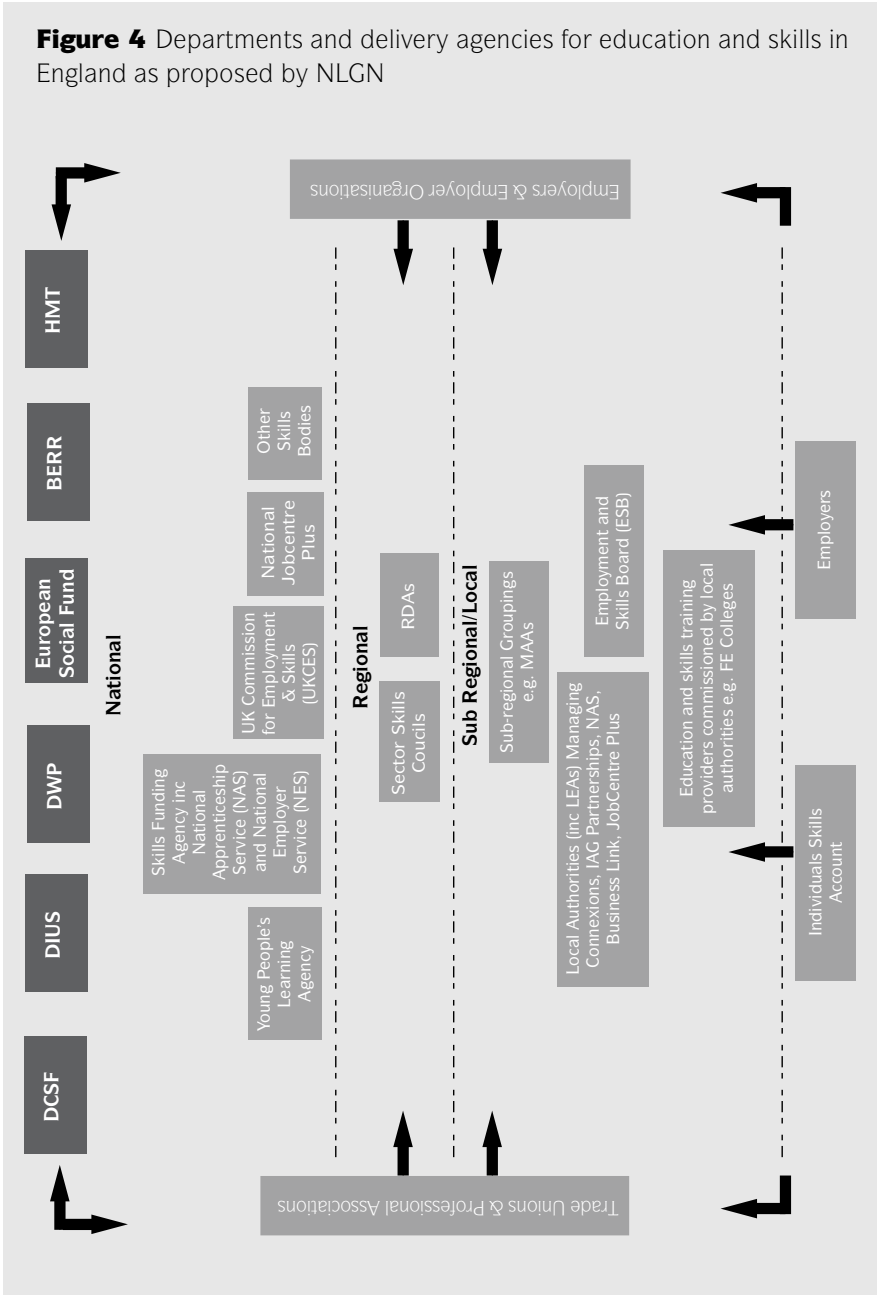


Figure 4 Departments and delivery agencies for education and skills in England as proposed by NLGN



7 *The case for devolving skills*

This paper has already argued that:

- It is unreasonable and ineffective to give local authorities new statutory duties to ensure participation up to 19 and to ensure quality of provision and yet to give someone else the funding and powers that will be vital in delivering these statutory duties.
- If the Government wants to create a unified, integrated and locally responsive 14-19 education and skills phase then responsibilities should fall to local authorities, rather than some responsibilities falling to local authorities and others being given to new regional skills agencies.
- If the Government wishes to create a fully unified, integrated and locally responsive education and skills system, 19+ skills should also be devolved to local authorities.
- The current education and skills system and the model that officials have planned is too crowded and complex and needs to be simplified and streamlined. It seems inconsistent with the broader ambitions stated by Ministers to de-clutter and decentralise the skills system.

Why are local authorities best placed to deliver world-class skills?

The primary reason that power and funding should be devolved to local authorities is to create a more unified, integrated and locally responsive education and skills system that better serve employers and learners. But, the reasons that power should be devolved from the regional tier go far beyond this.

At the regional level RDAs already show leadership in careful partnerships with councils. Additional regional bodies would lack the legitimacy and accountability provided by the democratic mandate of local government. This democratic mandate gives local government the authority to take difficult decisions and to take a strong leadership role. Local authorities should set themselves ambitious but achievable targets by which they can be measured and held to account by citizens and employers. They must also ensure that they have two-way communications networks and participatory mechanisms in place to ensure community

engagement and effective delivery. Political leadership is also important in developing a vision of collective endeavour that is shared by the whole community, giving policies and initiatives meaning by ensuring that they are rooted in values.

The strategic oversight that local authorities will have over the various elements of the education and skills system will help avoid duplication by agencies, prevent silos from forming and remove overly-complex webs of communication. A more co-ordinated and joined-up approach, with clear leadership and direction, will facilitate more effective and efficient structures.

In addition to better integrating the different elements of the education and skills system, local authorities will be able to adopt a wider strategic and joined-up approach to policy and delivery. Place-shaping requires local government to take a holistic view. Lyons defines place-shaping as ‘the creative use of powers and influence to promote the general well-being of a community and its citizens’.³⁰ As it becomes increasingly clear that social and economic problems are multi-faceted, diverse and vary between localities the case for local place shaping becomes ever-more compelling. For instance, local authorities must match up transport infrastructure and public transport with travel-to-learn patterns and link education and skills training to their strategies to tackle worklessness and to improve economic performance. Having co-ordinated strategies for planning, transport, welfare, employment, economic development, education and skills is not a choice, it is a necessity.

Rather than operating at fixed, artificial and imposed boundaries, local authorities can work together in partnership, This bottom-up approach allows local authorities to be more responsive and adaptable to the geography at which the skills shortages exist and where solutions can be found. The organic formation of collaborative arrangements between local authorities, such as through MAAs, will allow them to integrate their skills strategy far better with their economic strategy at the most appropriate spatial level. There is a growing body of evidence that suggests that ‘there is a distinct sub-regional layer of the real economy, as evidenced in markets for labour, goods and services, in industrial clusters, and in relative economic performance’.³¹

30 Lyons (2007), *Place-shaping: a shared ambition for the future of local government* , pg.3

31 LGA (2007), *Prosperous Communities II: Vive la devolution!*, pg.8

Whilst there is variation across the country, post-16 learners often do not stick to local authorities and in many places travel-to-learn patterns also follow sub-regional geographies. For example, only 20% of Newcastle College's intake comes from the City of Newcastle authority area and Manchester College of Arts and Technology recruits from every borough in Greater Manchester³².

It is unsurprising then through the MAA Forum, which NLGN facilitates, many local authorities working towards an MAA stressed the importance to them of a strong skills focus. There is a growing feeling, in local and central government, that bespoke sub-regional partnerships are an essential vehicle to enable employers to decide how to plug local skills gaps to reflect local job market needs and to co-ordinate post-16 education and skills provision. The first round of MAAs signed off in July 2008 also provides a strong indication that this is the case - Greater Manchester, Partnership for Urban South Hampshire, Leeds City Region, Bournemouth, Tyne and Wear and Dorset and Poole MAAs all have a very strong skills focus.

Devolving power to local authorities would cut out layers of bureaucracy, whilst simplifying the education and skills system by thinning out the regional tier could bring significant efficiency savings, and ensure crucial strategic oversight.

Given the compelling arguments for devolving education and skills funding, the question has to be put: What is holding a more devolved system back? It could be that civil servants are inherently wary of giving up their control over the levers of power and are resistant to doing so whatever the circumstances. But whilst there may be some degree of truth in this, such an explanation does not fit with the devolutionary steps that the Government is already taking in education and skills. Therefore, it would seem that what is stopping further devolution is a lack of trust in local government by central government.

32 Fletcher and Perry (2008), CfBT, *By Accident or design: is our system of post-16 provision fit for purpose?*, pg.12

8 *Rising to the skills challenge*

Local authorities have made significant progress in improving education and skills in recent years and they have chosen to make them a key strategic priority in future years. Cutting the number of 16-18 year-olds not in education, employment or training (NEETs) was the most popular choice of Local Area Agreement (LAA) amongst local authorities in 2008. Over three quarters of councils signed up to this performance indicator, demonstrating how committed local authorities are to the skills agenda.

Local leaders, Chief Executives and local authority staff must step up and show the drive and vision to make the changes that are needed to make the case for devolving funding and responsibility incredibly difficult for central government to refuse. For a start they must make real progress on their skills targets and ensure that they have the shadow sub-regional structures, such as MAAs, in place by 2010 to allow a transition in which FE College commissioning will be devolved. But local authorities must lead the way and go much further. A step-change is required in order to achieve greater devolution from central government and the skills agencies. Many local authorities must show a new scale of ambition and up their game.

Local authorities must practice what they preach

As large organisations local authorities are themselves well placed to upskill their workforce and to provide training opportunities through apprenticeships and other qualifications. Some local authorities have made important progress on this in recent years. For example, Lancashire County Council runs training opportunities for 16 to 18 year olds, their apprenticeship scheme has been successful in bringing in new talent, and they have built the capacity to offer internal training and work experience³³. Local authorities must practice what they preach and sign up to The Skills Pledge to ensure that their entire workforce has a full Level 2 qualification.

³³ Keohane (2008), NLGN, *Leading Lights: Recruiting the next generation in local government*, pg.35

Local authorities need to provide strong leadership within networks

In recent years local authorities have been given a greater commissioning role for a growing number of services and are increasingly having to work in partnership with each other through joint commissioning ventures. But to deliver unified and integrated skills commissioning new vision is needed.

In order to avoid simply replacing an over-complex, confusing and poorly co-ordinated system of regional skills agencies with an over-complex, confusing and poorly co-ordinated local skills system strong leadership is required. Local authorities cannot simply be part of the existing complex web of networks; they must strengthen and reform, and in many cases establish networks and manage and lead them. As Dick Sorabji argues 'local government must become the hub at the centre of local networks of partners giving direction coherence and purpose to their actions.'³⁴

Local authorities have to provide evidence of capacity to rise to the skills challenge

Local authorities must show that they have the vision to deliver world-class skills, but they also need to demonstrate the capacity. They must ensure that by 2013 there is full participation in education or training for all 17 year olds, and all 18 year olds by 2015, in their area. But they should also consider setting themselves ambitious targets, that go beyond these statutory requirements, by which progress can be measured and to which citizens can hold them to account.

Local authorities must demonstrate a sound understanding of the sub-regional economy and strengthen business and employer engagement

Local authorities must provide a robust evidence of how the geographical area covered by their sub-regional partnership operates as a functional economic and skills training area. It is essential that the skills that drive the local economy, and will do so in the future, are identified and that bespoke solutions are found to be meeting local skills needs. True to Lord Leitch's vision, skills must be demand-led. Businesses and employers will have to play

³⁴ Sorabji (2008), NLGN Pacing Lyons: A route map to localism, pg. 32

a central role in determining local skills gaps as they are the ones that reflect local job market needs. Local authorities must ensure they build and maintain strong business networks and ensure that employers get the information and support they need.

Local authorities must demonstrate a sound understanding of the sub-regional learning area and strengthen their relationships with education and skills providers

Local authorities must develop a comprehensive and detailed understanding of how their sub-regional learning area works. They must map travel-to-learn patterns and understand the different roles that education and skills providers in their area play and how they interact.

In the early 1980s local authorities were responsible for FE colleges, but reforms meant that they became independent incorporated institutions that were responsible to national funding councils and policies from the centre and Government agencies. Some FE colleges fear that devolving greater control back to local authorities will represent a step back and a return to a dated system. Local authorities must work hard to dispel this myth and earn the confidence of all education and skills providers in their area.

Local authorities must include education and skills providers in the process of building sub-regional partnerships. This will give providers an important sense of ownership and, crucially, establish early-on a dynamic of partnership rather than prescription. But the benefits go beyond taking providers on the same journey, rather than simply telling them at the end of the process the destination. Allowing the providers to steer the direction of travel will strengthen the sub-regional partnership and improve its chances of success. It is also important, once sub-regional partnerships are established, that education and skills providers are given an influential voice and local authorities maintain strong networks.

9 *Conclusions*

This paper has outlined the major reforms that the Government has planned for the skills system in the future. Whilst the devolution of some key responsibilities to local authorities is a welcome step forward, the proliferation of the number agencies at a regional level which will retain key responsibilities is not. There is a danger that the planned reforms may serve to further complicate and confuse an already over-complicated and confusing system.

The Conservative Party's recent Policy Green Paper 'Building Skills, Transforming Lives: A training and apprenticeship revolution' set out the Official Opposition's vision for the skills system. The Policy Green Paper advocates a 'streamlined funding model' in which 'there will be no need for agencies such as the new Young People's Learning Agency' and FE colleges will have greater self-regulation and freedom³⁵. It is critical of the Government's plans to give local authorities greater control of FE by devolving a 'commissioning function', stating that 'FE colleges thrived when they were given autonomy... now, they will have to deal with local authority oversight once more'.³⁶

We agree with the Conservative Policy Green Paper that a streamlined model is needed, but we disagree that local democratic oversight is somehow burdensome and believe that in order to achieve world-class skills local authorities should play a vitally important strategic role. Therefore, this paper advocates rationalising the regional tier, using the already existing capacity of RDAs and Sector Skills Councils rather than creating new regional bodies, and devolving funding and responsibilities for skills to local authorities. This will create a more unified, integrated and locally responsive skills model, which will better serve the needs of both employers and learners.

³⁵ Conservative Party (2008), *Building Skills, Transforming Lives: A training and apprenticeship revolution*, Opportunity Agenda, Policy Green Paper No.7, pg. 23.

³⁶ Conservative Party (2008), *Building Skills, Transforming Lives: A training and apprenticeship revolution*, Opportunity Agenda, Policy Green Paper No.7, pg. 12.

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The Government has major structural changes planned for the skills system over the next five years. Whilst some of these reforms represent an important step forward, others may serve to further complicate and confuse the skills system.

Licence to Skill proposes a new, simplified and more streamlined skills model, in which the regional tier is rationalised and more funding and greater responsibility for skills training is devolved to local authorities.

Whilst a role for some of the new skills agencies that the Government has planned could be maintained nationally, we are not convinced that these agencies should steer operations at a sub-national level. We argue that it should be for local authorities to choose for themselves how best to aggregate their skills commissioning strength sub-regionally, principally through the new Multi-Area Agreements.

We argue that local authorities are best placed to provide the strategic oversight required to deliver a more unified, better integrated and locally responsive skills system, better serving the needs of employers and learners.