

Education Skills and Employability Board

14 December 2021

Skills and Post-16 Education Bill – progress and implications

Is the paper exempt from the press and public?	No
Purpose of this report:	Discussion
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Yes

Director Approving Submission of the Report:

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Executive Summary

The Skills and Post-16 Education Bill passed its third reading in the House of Lords on 25th October and was introduced in the House of Commons on 26 October 2021. The Bill forms the legislative underpinning for reforms set out earlier this year in the Department for Education (DfE) White Paper, Skills for Jobs: Lifelong Learning for Opportunity and Growth (January 2021) as well as measures to following the Augar Review of Post-18 Education and Funding, published in May 2019. The focus for this paper are the clauses in the Bill that relate to skills and education for work with a particular focus on provisions which aim to tailor education and training to meet local needs through the creation of local skills improvement plans and the involvement of employer bodies.

What does this mean for businesses, people and places in South Yorkshire?

The Bill has implications for residents across South Yorkshire accessing post 18 skills and education provision and for businesses who are seeking to improve skills in the workforce. Its provisions put on a statutory footing the proposals set out in the Government's Skills for Jobs White Paper, published in January 2021.

The first part of the Bill sets out provisions to involve employer bodies in the tailoring of skills improvement plans to local skills needs. This will build on the experience of a number of Trailblazers including the Chamber-led Skills Accelerator pilot currently operating in South

Yorkshire. The second part of the Bill addresses the skills shortage at higher technical levels in many sectors through the provision of technical qualifications and improve careers advice, a key need for South Yorkshire. The third part of the Bill set outs provisions to support lifelong learning through the introduction of the Lifetime Skills Guarantee. As part of the Adult Education Budget commissioning exercise for k 2021-22, SYMCA commissioned £2.7m Level 3 provision from our FE Colleges with funding made available as part of this Guarantee.

Recommendations

Board members are invited to consider the purpose and content of the Bill and its implications.

Consideration by any other Board, Committee, Assurance or Advisory Panel

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1. Background

- 1.1 The post-16 education and training system can be complicated for employers to navigate and this can negatively impact on employer activity on skills, both as shapers of the system and as users (purchasers of training). While there are some excellent examples of businesses who engage in and value training, the bigger picture story is one of limited demand for formal training, reduced spend on skills (with the exception of the apprenticeship levy) and low levels of forward planning for skills needed for growth and to meet challenges such as automation and low carbon. When combined with our skills base, low levels of training constrain our productivity levels and our ability to grow the South Yorkshire economy.
- 1.2 The Government has introduced the Skills and Post 18 Education Bill (the Bill) to address these challenges at a national level. The approach being put on a statutory footing through the Bill is based on the development of a German-style system in which employer representative bodies (the broad equivalent of Chambers of Commerce) have a leading role in shaping local skills plans and securing an appropriate response from skills providers. The Bill also covers how FE providers should respond to those local plans. The Skills Accelerator in South Yorkshire is one of only Trailblazers across England piloting this new approach.
- 1.3 The Bill also addresses a longstanding problem with the comparatively low take up of higher-level technical qualifications (level 4 and 5 courses) in England. Around 10% of all adults aged 18-65 hold a level 4-5 qualification as their highest, compared to around 20% in Germany and 34% in Canada and only 4% of 25 year olds in England hold a Level 4 or 5 technical qualification as their highest qualification, compared to nearly 30% for both Level 3 (e.g. A Levels) and Level 6 (e.g. undergraduate degree). This is reflected in South Yorkshire where participation at Level 4 and above makes up only 3% of post-18 skills training activity and it has led to skills gaps in some critical sectors that affect growth potential. The Bill contains provisions to enhance the role of the Institute for Apprenticeships and Technical Education in approving and regulating technical qualifications to help drive take up.
- 1.4 Bill provisions also tackle the issue of parity between academic and vocational routes post 16. Provisions will require schools in England to allow a range of education and training providers (including, where reasonably practicable, a university technical college) to inform pupils directly about technical education

qualifications or apprenticeships. This access to pupils must be on at least three occasions between the ages of 13 and 18-years-old.

- 1.5 The Bill also includes provisions to help adults to improve their skills throughout their lives with the aim of increasing their earning power and increasing opportunities for them to access better jobs. This is in line with the Government's Industrial Strategy ambitions to address long term productivity differentials between the UK and competitor nations and was announced as part of the Lifetime Skills Guarantee. The Guarantee includes funding to allow adults to access their first Level 3 qualifications; SYMCA commissioned £2.7m provision through the AEB commissioning exercise. It also includes bootcamp style provision to tackle eg digital skills and a commitment to introduce loan funding for Higher Technical courses.
- 1.6 The Bill met with some controversy as it progressed through the Lords. One of the key amendments agreed at report stage will prevent the Institute for Apprenticeships and Technical Education (IfATE) from withdrawing approval of established level 3 courses, including BTECs, for four years. Another amendment was also agreed that would prevent a student being deprived of the right to take two BTECs, Applied General Qualifications, or a Diploma or an extended Diploma. These amendments address directly to concerns raised across South Yorkshire about the removal of BTEC provision in particular.

2. Key Issues

- 2.1 The purpose of this paper is to ensure Board members are aware of the wider developments and implications of the Skills Bill provisions and the risks and opportunities arising. The key area for consideration is the chapter in the Bill relating to education and training for local needs.
- 2.2 The Bill puts into statute a framework to facilitate stronger employer and provider involvement in local skills systems. It aims to create a system that can be influenced by employers and which assists providers to respond to employers' needs.
- 2.3 The first part of the Bill provides for the designation by the Secretary of State for Education of an employer representative body within each local area to develop Local Skills Improvement Plans. Designated bodies will need the capacity to be effective and impartial and they should be reasonably representative of the employers within a specified area. The Secretary of State is responsible for informing bodies of their designation and for withdrawing designated status.
- 2.4 Local Skills Improvement Plans will be developed by employer representative bodies in consultation with employers and taking into account evidence from Skills Advisory Panels (the SAN in South Yorkshire) and will provide a framework to help colleges and other providers reshape provision to ensure they are responding to local labour market skills needs. The South Yorkshire 'Skills Accelerator' is one of the first eight trailblazers for this approach.
- 2.5 The Bill places duties on local providers to cooperate with designated employer representative bodies to develop LSIPs and to have regard to these plans once they have been made. FE colleges, sixth form colleges, and designated institutions

will also have a duty to keep under review how well their education and training provision meets local needs. To support these changes, the Government is setting up a new Strategic Development Fund (SDF) to facilitate changes to provision that have been endorsed by local employers. The Fund will offer capital and revenue funding to help colleges respond to locally agreed priorities. A limited amount of SDF funding has been secured by the South Yorkshire Colleges Group to develop a response to the trailblazer activity.

- 2.6 A Government amendment to the Bill provides that LSIPs will only be approved if, during development, they gave sufficient consideration to the skills, capabilities, or expertise required for jobs related to combatting climate change and supporting other environmental goals.
- 2.7 DfE Secretary of State Nadhim Zahawi has recently written to Dan Jarvis and other Mayors on a point of potential tension whereby LSIPs could have been developed without due reference to local plans developed by Mayoral Combined Authorities / the Greater London Authority (GLA). The letter acknowledges the role that MCAs / GLA are playing in 'supporting local communities, developing local economies and strengthening local skills systems' and recognises 'the importance of their work as convenors and commissioners in your areas with devolved responsibilities including the Adult Education Budget.' The letter confirms that a Government amendment has been introduced which will ensure the Secretary of State will only approve and publish a local skills improvement plan for a specified area if satisfied that in the development of the plan, due consideration has been given to the views of the relevant MCA or GLA.
- 2.8 The letter also sets out that LSIP engagement with MCAs is critical to the success of the current Trailblazers, including the Skills Accelerator in South Yorkshire. The Secretary of State welcomes the engagement of SYMCA to date in the Skills Accelerator and confirms that the Authority will be invited to contribute to the evaluation exercise.
- 2.9 A number of other issues remain to be tested through the Trailblazer that are important for the longer-term effectiveness and positioning of LSIPs. These include:
 - The extent to which we can expect the development of LSIPs to reflect the full range of skills needs within the resident population. Employers should be able to articulate demand for skills. However, this doesn't represent the totality of skills development needed to ensure that South Yorkshire residents can attain the skills and benefit from the opportunities. Vocational and technical skills are only part of the picture and a local skills plan for South Yorkshire needed a substantial commitment to development of English, maths and digital skills as well as softer skills needed for the workplace.
 - There are challenges for employers in articulating their current and future skills needs without being constrained by the framework for skills delivery that underpins the current system. For example, we are used to thinking about skills development programmes in terms of the qualifications that learners will achieve and link our skills funding to the accreditation and level of those qualifications. But sometimes, what matters to employers is shorter learning programmes based on units of qualifications or on courses that are too new to have been through the accreditation process. The role of the

Chambers in helping employers to articulate these needs in a consistent way is critically important.

- There are potential implications and challenges for the way in which we might allocate use of devolved Adult Education Budget funding. We would expect LSIPs to identify the full range of funding options to support delivery of priority skills, including apprenticeships, loan funded activity and National Skills Fund. However, there are likely to be demands on the AEB to fund LSIP related training where that is the most appropriate funding stream. This might include either proposals to commission particular qualifications or to consider funding learning that is currently outside the scope of AEB eligibility. Further advice will be provided to the Board if and when that situation arises.

2.10 Board members will also want to note that the Bill also includes a clause which will give the Secretary of State a new power to make regulations to establish and maintain a single national list of relevant FE and training providers. Providers on the list would have to meet conditions considered necessary to mitigate the risk and fallout of a disorderly exit from the sector. The regulations would prohibit providers not on the list from receiving funding from central or local authorities, and from agreeing sub-contracting arrangements with other providers. There are implications for South Yorkshire's devolved AEB should future commissioning involve allocating funding to new providers who are not currently on the list. MCAs are currently making representations to DfE to ensure there is scope to influence the national list and add providers where / when necessary.

3. Options Considered and Recommended Proposal

3.1 Option 1

Board members are invited to note the contents of the Skills Bill and issues arising from its progress into legislation.

3.2 Option 2

This is an update paper. Additional options are not required.

3.3 Recommended Option

Option 1

4. Consultation on Proposal

4.1 This is an update paper on Government legislation. Consultation is not required by SYMCA.

5. Timetable and Accountability for Implementing this Decision

5.1 This is an update paper on government legislation. The Bill was introduced in the House of Lords and is currently passing through the House of Commons. A long lead in time is expected with provisions coming into force between 2022 and 2025.

6. Financial and Procurement Implications and Advice

6.1 This is an update paper. No financial implications.

7. Legal Implications and Advice

7.1 This is an update paper on draft legislation and does not at present directly raise any legal implications.

8. Human Resources Implications and Advice

8.1 This is an update paper on government legislation. No HR implications.

9. Equality and Diversity Implications and Advice

9.1 This is an update paper on legislation for which the Government holds responsibility for equality and diversity.

10. Climate Change Implications and Advice

10.1 This is an update paper on government legislation. No climate change implications.

11. Information and Communication Technology Implications and Advice

11.1 This is an update paper on government legislation. No ICT implications

12. Communications and Marketing Implications and Advice

12.1 This is an update paper on government legislation. No communications and marketing implications.

List of Appendices Included

None

Background Papers

<https://researchbriefings.files.parliament.uk/documents/CBP-9220/CBP-9220.pdf>