
COMMENCEMENT OF THE 2010 REVIEW OF THE INTEGRATION OF EMPLOYMENT AND SKILLS

SUMMARY

The UK Commission has been charged by Government, to review in 2010, the progress that is being made in integrating employment and skills systems in Great Britain. The scope we have been given is “focus on integrating employment and skills systems in Great Britain, including higher education”.

The Review will look at the whole of the publicly funded employment and skills system, including higher education and considers job seekers, those entering the labour market and those who have been in employment for many years but have not had the opportunity to develop their skills and progression within the workplace. The overall approach we propose is to:

1. In July and August, work **collaboratively** with our co-sponsors and key stakeholders to agree the review approach and the headline success criteria for what a successfully integrated employment and skills system is, which is one that:
 - is ambitious in its aspirations for employers and individuals as customers.
 - has aligned goals, behaviours and resources.
 - is agile to respond to the needs of individuals, communities and employers.
 - is accountable to its users as customers.
 - is an affordable one over the full economic cycle.
2. With the criteria and broad approach as **boundaries**, from September to December, we will work with policy-makers, providers, employers and individuals as well as other key regional and local bodies, through facilitated working sessions in areas across England, Scotland and Wales, to **co-construct**:
 - the indicators and measures for the headline success criteria described above.
 - the details of the process by which we will jointly collect, assess and report evidence on progress towards integration.
3. We will publish, in agreement with our co-sponsors, the final headline success criteria, indicators and measures as well as the detailed approach for collecting, assessing and reporting in December 2009. Throughout 2010, in quarterly cycles, we will work with stakeholders listed above to collaboratively collect, assess and publish evidence on progress towards integration - of the system as a whole as well as individual organisations within it. This part of the process will happen through facilitated and informal working sessions and periods of field research.
4. The UK Commission will serve as a **catalyst**, a guide and a source of support to key stakeholders. From January 2011, we will work with these key stakeholders to formally produce the final 2010 Review Report, with recommendations to Government, for publication in March 2011, in line with the expectations of our grant in aid letter for 09/10.

1 INTRODUCTION

This spring, the UK Commission published *Ambition 2020: World Class Skills and Jobs for the UK*. The report sets out the policies, strategies, targets and measures that will be needed if Britain is to rank amongst the top countries – in jobs, productivity and skills – by 2020. It makes clear that to achieve this goal, we must build an employment and skills system that matches the best of our competitors.

Realising this ambition is a formidable challenge. In each nation, we need to build a system that secures the high skill, knowledge-driven economy of the future. We need systems that respond well to business need while opening opportunity for all people. We must raise the ambition and aspiration of individuals to gain new skills – not just once, but throughout their working lives. We must improve the way that employers invest in their workforce and use the skills of their employees. We must invest in our providers to ensure both high performance and high quality service delivery. And, we must achieve this radical change in a way that delivers higher performance at lower cost. Ultimately, we need to transform our employment and skills systems.

Over the past few years, Government has taken important steps to improve the effectiveness of our employment and skills systems. First and foremost the integration of employment and skills services has been made a high priority in England, Scotland and Wales, though each nation has taken a different approach reflecting their distinctive needs and institutions. At its core, integration refers to skills services and employment services which are mutually supportive and geared towards the twin objectives of sustained employment with career advancement for individuals, and increased productivity and profitability for businesses.

The UK Commission has been charged by Government to review, in 2010, the progress that has been made in integrating the publicly funded employment and skills systems in Great Britain¹. This document is a statement of intent, which sets our proposed approach to undertaking the 2010 Review (**Section Four**) and the headline success criteria against which we propose to collectively assess progress towards integration (**Section Five**).

Over the coming months, we will work alongside those closest to and with a vested interest in the design and delivery of employment and skills services in England, Scotland and Wales to collaboratively develop and finalise the details of the approach and criteria to be published in December 2009. The process will involve policy-makers, providers, employers and individuals as well as other key regional and local bodies. Together, we will undertake the review in 2010 and report our collective findings and recommendations in March of 2011.

¹ Our remit letter states that the review is for England, Wales and Scotland though the invitation to comment on our approach has been extended to Northern Ireland.

The overall structure to this paper is to first set out the background to the review (**section two**) and policy context (**section three**), then to set out the proposed approach (**section four**) and headline success criteria (**section five**)

2 BACKGROUND TO THE 2010 REVIEW

In December 2006, Lord Leitch published his report *Prosperity for all in the Global Economy – World Class Skills*. One of the major recommendations of this report was the establishment of a “new integrated employment and skills service to help people meet the challenges of the modern labour market.” The report recommended further that: “The UK Commission for Employment and Skills report in 2010 on whether more radical structural change is required to deliver an integrated service.”

Following from this, Ministers’ remit to Commissioners in the UK Commission’s 2009-10 Grant-in-Aid requires:

“The commencement of the 2010 review that will have as its focus progress on integrating employment and skills systems in Great Britain (including higher education)”.

The fuller remit, as stipulated in the Grant in Aid letter, requires the UK Commission to:

- Review progress on Government’s vision for the integration of employment and skills;
- Agree with co-sponsors² the success criteria against which progress will be measured in the review scheduled for 2010/11;
- Take a holistic view of the employment and skills systems (including HE), and how they might be better organised to meet the needs of employers and individuals;
- Develop a programme of work, in consultation with each of the nations, to enable the UK Commission to advise Ministers on incentives, policies and operational measures to better bring together those services;
- From the review, provide advice on whether more radical change is needed to integrate employment and skills services in England, Wales and Scotland.

The UK Commission welcomes this remit and sees the 2010 Review as more than an analysis of the current state of play in each nation. Rather, we believe it provides a significant opportunity to build consensus and momentum towards the fundamental changes that will be needed in employment and skills if we are to rank amongst the top countries – in jobs, productivity and skills – by 2020.

² UK Government (Departments for Business, Innovation and Skills, and Work and Pensions) and Devolved Administrations in Scotland and Wales.

3 POLICY CONTEXT

"We can only succeed and prosper in the global economy if we have world class levels of skills. That is why we need a major drive to upskill our workforce, investing in training to boost the employability of millions of adults, help employers harness the skills they need to build successful British businesses, and create a more prosperous society." Rt. Hon. Gordon Brown, Prime Minister (Launch of World Class Skills 2007)

"...working together is not simply about getting unemployed people a job, it is about investing in the skills and talents that both employers and employees need to compete sustainably in the global marketplace of the future". Rt. Hon. Gordon Brown, Prime Minister: The Employment Summit 12 January 2009

Integrating employment and skills systems and services has been identified as a Government priority in England, Scotland and Wales and is a rapidly evolving agenda. *World Class Skills*, the Government response to the Leitch Review in England, welcomed the Leitch Review recommendation for an integrated employment and skills service and set out ways in which the challenge could be met. It also outlined that the UK Commission for Employment and Skills would have responsibility for reporting in 2010 on whether further institutional change is required to deliver a better integrated employment and skills system. Since then, Department for Work and Pensions (DWP) and the former Department for Innovation, Universities and Skills (DIUS)³ have published a number of policy papers setting out how the delivery of employment and skills services will be integrated. These include:

Opportunity, Employment and Progression: making skills work (DIUS and DWP 2007) set out the core principles for welfare and skills reform:

- A stronger framework of rights and responsibilities
- A personalised, responsive and more effective approach
- Not just jobs, but jobs that pay and offer retention and progression
- Partnership – the private, public and third sectors working together
- Targeting areas of high worklessness by devolving and empowering communities

The document also outlined some of the challenges for integrating employment and skills, such as a seamless customer journey with flexibility to respond to individual needs.

Ready for Work: Skilled for Work (DIUS and DWP 2008) set out how an integrated employment and skills service/system would work with and for employers with a proposal to link pre-employment and skills support with employers and to integrate the system to provide a better service.

Work Skills (DIUS and DWP 2008) explored ways in which responsibility for integrating employment and skills would be developed to best meet the needs of local communities

³ Now part of the Department for Business, Innovation and Skills

for example through multi area agreements (MAAs) in England and Local Employment Partnerships in Great Britain. Other proposals included the better integration of skills with business support services by linking the Train to Gain brokerage with Business Link in England from 2009 to simplify services for employers.

Shaping the Future (DIUS 2008) set out the Government's vision for the Adult Advancement and Careers Service for England; an advice service available to any adult that needs information and advice about finding or progressing in work. Careers information and advice services will therefore become more universal to support the integration of employment and skills.

Integrating Employment and Skills Trials have commenced and are testing different approaches to integrating services to inform the overall approach to integrating employment and skills. The trials are looking at how to transform the way in which employment and skills support is delivered to ensure a seamless service of advice, support and training tailored to local labour markets and to the needs of individuals seeking work and in conjunction with local employers.

The current economic downturn has placed additional pressure on the need for and ability to implement an integrated employment and skills system. Despite these challenging times Government has set a goal that in 2010/11 over 100,000 people will be helped to gain sustainable employment and to achieve a recognised qualification through an integrated sustainable employment and skills system.

Skills for Scotland, the Scottish Government's Skills Strategy (Scottish Government 2007), contains an explicit commitment to encourage the integration of employment and skills services with a view to promoting sustained employment and in-work progression for individuals. This objective focuses on improving and making the service more responsive to:

- individuals seeking employment, ensuring that they have access to the most effective range of services possible, irrespective of which service they first engage with; and
- employers looking for new staff or advice, guidance and support on up-skilling and re-skilling of existing staff.

In February 2009 the first integrating employment and skills pilots for Scotland were launched. A key aim of the pilots was to test the value of Skills Development Scotland staff working in Jobcentre Plus (JCP) offices alongside JCP personal advisers.

The Welsh Skills Strategy, *Skills that Work for Wales* (Welsh Assembly Government 2008) identified integration as a key principle. It set out that by working with the DWP, Careers Ladders Wales would integrate employment and skills packages for people who are not working. The strategy also identified a key role of the Wales Employment and Skill Board to identify how skills and employment services could be better integrated.

The 2010 Review will draw on key lessons learned from all the various initiatives and activities that are being taken forward in England, Wales and Scotland around creating an integrated employment and skills system, including the Integrating Employment and Skills trials. The review will look at the whole of the publicly funded employment and skills system, including Higher Education. It will consider job seekers, those entering the labour market and those who are employed but have not focused on developing their skills and progressing within the workplace. The review will report its findings and recommendations to Government in 2011.

4 APPROACH TO UNDERTAKING THE 2010 REVIEW

4.1 THREE UNDERPINNING PRINCIPLES

Our intended approach for undertaking the 2010 Review is grounded in established theory and practice of how individuals, organisations and systems function and how to get the best out of them. Specifically, we have drawn on thinking in the fields of organisational development, system theory and action research and have based our approach on three principles:

1. A goal is most likely to be accomplished when individuals and organisations are involved in co-constructing the goal, assessing the current state of affairs, and defining the route map to move from the current state to the desired goal.
2. The collaborative process described in 1, is best enabled by defining what is 'non-negotiable', or what the boundaries of an exercise are, and then sharing leadership power within these constraints.
3. Individuals are part of organisations and both are components of systems. Systems are dynamic with multiple driving and restraining forces influencing the behaviour of the individuals and organisations within them. As such, a robust understanding of any situation – by individuals in or outside the situation - must be based on a system-wide analysis.

The practical implications of these in our approach to undertaking the 2010 Review are that:

- We will design a **collaborative process**, which involves 'the whole system' or those closest to and with a vested interest in the design and delivery of employment and skills services in England, Scotland and Wales – policy-makers, providers, employers and individuals as well as other key regional and local bodies.
- The UK Commission and its co-sponsors will **define the boundaries** of the Review. Specifically, we will seek to agree the headline success criteria, described in the following section, and broad approach and timeline for the Review.

- Through this collaborative process and within these boundaries, we will **co-construct** the appropriate indicators and measures for the headline success criteria, the assessment of progress towards integration and an articulation of the way forward. The process for assessing progress towards integration will draw on self and/or peer assessment models.
- While doing this work, the UK Commission will serve as a **catalyst**, a guide and a source of support to those closest to and with a vested interest in the design and delivery of employment and skills services.

This approach, will take advantage of the opportunity the 2010 Review poses to build consensus and momentum towards the fundamental changes that will be needed in employment and skills if we are to rank amongst the top countries – in jobs, productivity and skills – by 2020.

4.2 SCOPE OF THE REVIEW

The 2010 Review will draw on key lessons learned from the various initiatives and activities that are being taken forward in England, Wales and Scotland around creating an integrated employment and skills system, including the Integrating Employment and Skills trials. The review will look at the whole of the publicly funded employment and skills system, including higher education. It will consider those who have been unemployed for a long time, job seekers, new entrants to the labour market and those who are in employment but have not focused on developing their skills and progressing within the workplace.

The scope within our remit letter is for Great Britain, but we will in this consultation phase engage with stakeholders in Northern Ireland to determine what lessons can be learned and potential ongoing interest.

4.3 FOUR PHASE WORK PLAN

We are intending to undertake the 2010 Review in four phases described below and depicted in **Figure 1.0**.

1. COLLABORATIVE PLANNING

From now through to the end of August 2009, we will work with our co-sponsors and key strategic stakeholders to define the boundaries of the Review. Specifically, we will seek to agree the headline success criteria for assessing progress towards integration and the broad approach for the Review.

In early September we will revise this paper and publish an overall project plan with a fuller set of milestones, being specifically mindful of forthcoming Government white papers and strategies on welfare reform and skills.

We will also at the end of this stage set in place the overall governance arrangements for the project, inviting co-sponsors and practitioners with expertise in this area to provide overall project oversight.

2. DEFINING SUCCESS AND REVIEW PROCESS

From September through to the end of December, we will work with those closest to and with a vested interest in the design and delivery of employment and skills services in England, Scotland and Wales, to co-construct:

- The appropriate indicators and measures for the headline success criteria described in the next section of this paper. These will form the framework against which we collectively assess progress towards integration.
- Further details of the process by which we will jointly collect, assess and report evidence on progress towards integration. The process for assessing progress towards integration will draw on self and/or peer assessment models.

This portion of the planning process will happen through facilitated working sessions with 'the whole system' or those closest to and with a vested interest in the design and delivery of employment and skills services within a given locality. For example, in England, we would expect the process to involve Jobcentre Plus, the Learning and Skills Council, Higher Education Funding Council, local colleges and universities, training providers, learners, employers and other key local or regional bodies.

These sessions will happen in particular places across the three nations. We anticipate recruiting five or six areas to work with us in this phase. By undertaking the planning and action research described below in particular places (e.g. a rural area, a city or region), we will be able to capture the dynamics of 'places', which are sub-systems within and indicators of the larger systems.

We will publish the final headline success criteria, indicators and measures as well as the detailed approach for collecting, assessing and reporting in December 2009. This will be supplemented by an interim report of emerging findings of the areas that we have worked with followed by a launch event in January 2010 to formally launch the 2010 Review. The final headline success criteria will be reviewed and agreed with the UK Commission's co-sponsor departments.

3. ACTION RESEARCH

Throughout 2010, in quarterly cycles, we will work with those closest to and with a vested interest in the design and delivery of employment and skills services in selected places, to collaboratively collect and assess evidence on progress towards integration.

This portion of the process will happen through facilitated and informal working sessions and periods of field research. Again, it will involve ‘the whole system’ or those closest to and with a vested interest in the design and delivery of employment and skills services in particular places across the three nations.

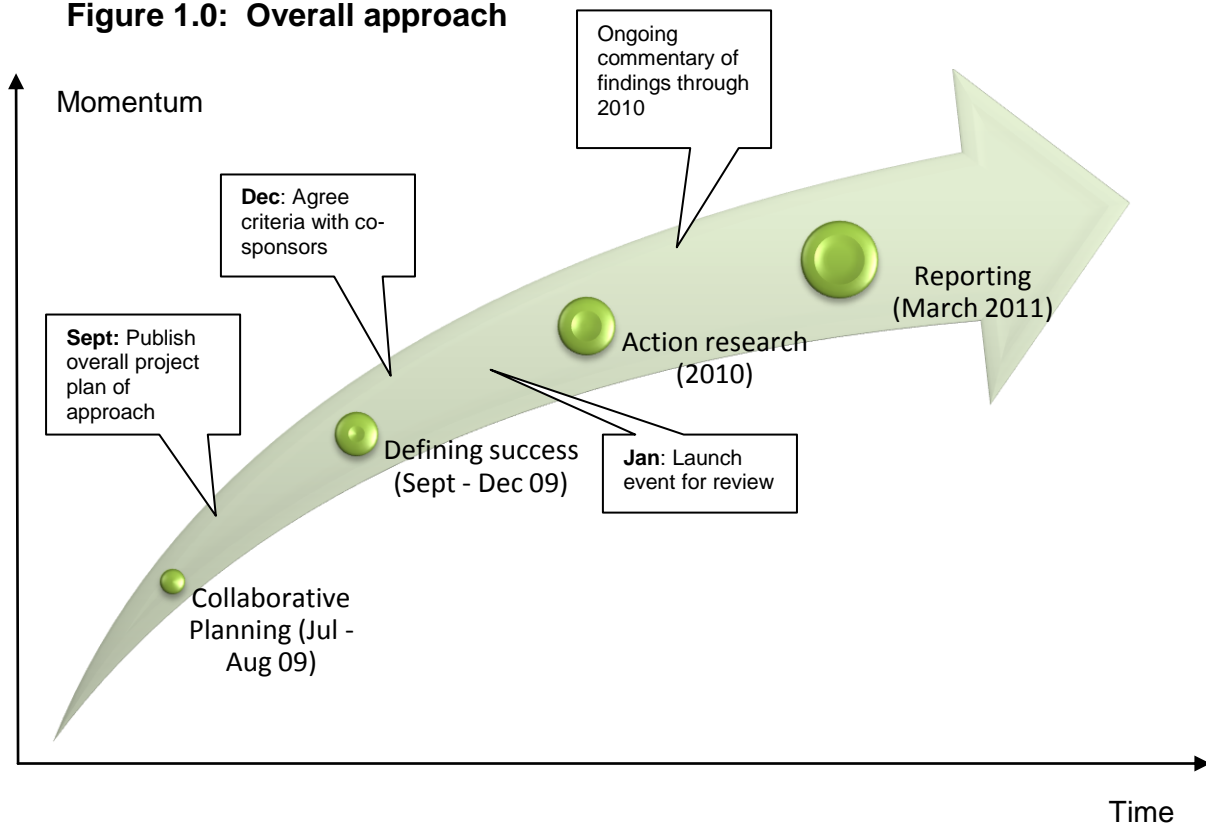
The aim is to recruit and work with as many parts of the system as we can in order to build up a really strong evidence base of progress and areas for improvement.

Throughout 2010 the aim will be provide an ongoing commentary on findings, good practice and implications for policy and strategy whilst at the same time actively seeking to provide forums for exchanging good practice between local areas.

4. REPORTING

From January 2011, we will work with the key stakeholders who have been involved in the planning and research phases, to produce the final 2010 Review Report, with recommendations to Government, for publication in March 2011, in line with the expectations of our Grant-in-Aid letter for 09/10.

Figure 1.0: Overall approach



5 HEADLINE SUCCESS CRITERIA

We propose that the headline success criteria described below be used during the action research and reporting phases as the basis for assessing each of the publicly funded employment and skills systems in England, Scotland and Wales as a whole, including HE, as well as the individual organisations within them. The development of the criteria was guided by the following three assertions:

- a. The purpose of an integrated employment and skills system is to maximise the sustainable employment and progression opportunities of individuals and the productivity and profitability of businesses. As such, the criteria feature the alignment of employment and skills and have at their core, delivering for individuals, communities and employers by giving far more focus to the actual outcomes sought.
- b. There will be inevitable pressure on public expenditure in the next public spending review and no doubt fierce competition for public funds; we must, therefore find innovative approaches to achieving more with less and work to leverage more future investment from individuals and employers. As such, the criteria incorporate sustainable affordability.
- c. We must strengthen – not diminish – the quality of our services and the performance of our providers as we pursue our ambitious goals; we cannot allow ourselves to believe that more can be achieved simply by reducing unit cost. As such, the criteria highlight accountability to customers to help sustain quality.

From this the proposed headline success criteria for an integrated employment and skills system is as follows:

- 1 An integrated system is **ambitious** for the goals productivity and progression of employers and individuals as customers
- 2 An integrated system has **aligned** goals, behaviours and resources across all service elements for employment and skills
- 3 An integrated system is **agile** enough to be able to respond to the different requirements of individuals, communities and employers in a timely manner
- 4 An integrated system is **accountable** to its users as customers as a means for driving up service standards
- 5 An integrated system is a sustainably **affordable** one over the full economic cycle

In phase two (defining success) the approach is to take these headline criteria and build up the indicators and measures that would underpin these success criteria.