



**Ready to Work,
Skilled for Work:**

Unlocking Britain's
Talent

Unlocking talent



Ready to Work, Skilled for Work: Unlocking Britain's Talent

Presented to Parliament
by the Secretaries of State of the Department for Work and Pensions
and the Department for Innovation, Universities and Skills
by command of Her Majesty

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We work closely with the devolved administrations in Northern Ireland, Scotland and Wales, recognising their particular and varying responsibilities for employment and skills. While most of the policies in this paper are specific to England, the challenges are common across the four countries. We will work with the devolved administrations to address the challenges in ways that meet the countries' own particular circumstances and needs.

In Northern Ireland, employment and skills are transferred matters. The Northern Ireland Executive will consider the most appropriate arrangements for Northern Ireland.

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Ministerial Foreword

The global economy is evolving rapidly, with falling barriers, new opportunities and emerging challenges. At the same time, our nation is also changing. We are experiencing the most significant period of economic and social change for at least a hundred years. The jobs of yesterday will not be the jobs of tomorrow, and we all – government, business and individuals – need to be prepared to respond to these new challenges.

A central part of the response lies in education. A nation that is able to unlock the talents of all its people will be able to take on new challenges and harness new opportunities with confidence. And a nation that can help more people to find work, stay in work and progress will be well equipped to succeed.

We have made great progress in supporting individuals to get into work and to progress in their jobs, and in helping employers build a workforce that allows them to compete in the changing global economy. There are 1 million fewer people on key out-of-work benefits in the UK than there were in 1997. And 1.75 million people have improved their basic literacy and numeracy skills in England since 2001.

But this is not enough. We know that we need to go further, moving from a passive to an active welfare state that helps more people find and stay in work. We also need to equip ourselves for the global skills race ahead and ensure that employers and individuals have the skills they need to succeed.

This document sets out our clear intent to work with employers to build a new employment and skills partnership for the future. We are giving employers unparalleled opportunities to shape our recruitment and skills services and to access simplified and demand-led support to recruit and train their workforce. In return, we want employers to recognise their responsibilities to fill more of their vacancies with people who are further from the labour market and step up investment in their people.

The investment that we must all make to become a world leader in skills and to generate world-leading employment rates is significant, but the cost of failure is greater – the erosion of social cohesion, the burden of unemployment and the cost to businesses and the economy of an unskilled workforce, ill-equipped to compete in a globalised economy.

Working together, we can face up to these challenges, unlock our nation's talent and secure a prosperous future for all.



John Denham



James Purnell



Section 1: Introduction

1. The past decade has witnessed the transformation of work and opportunity in Britain. A sustained period of economic stability and reform, coupled with our dynamic and flexible labour market, has enabled employment to reach record levels, and businesses have thrived.

More opportunity

- Record UK employment, with 2.9 million more people in work than in 1997.
- Fewer people on benefits in the UK, with 1 million fewer people on out-of-work benefits than in 1997.

Better skills

- More training, with employers in England investing £38.6 billion in training in 2007.
- Better basic skills, with 1.75 million adults in England having improved their basic literacy and numeracy skills since 2001.

Challenges for the future

- Still too many people without the skills they need, with 4.5 million people of working age in Britain having no qualifications.
- The employment rate for people with no qualifications is below 50%.

2. We are moving from a passive welfare state that simply pays benefits, to an active one that helps people find sustainable employment. And, with greater investment from both our public and private sectors, the nation's skills base has improved dramatically. These changes have been good for individuals, good for society and good for business.

The global skills race

3. We have made real and significant progress, but we cannot be complacent. The global economy is undergoing profound transformation. Emerging economies are growing rapidly. By 2015, China is likely to become the third-largest economy in the world.¹
4. To compete effectively in this new global context, we will need a workforce with world-class skills, from basic literacy and numeracy through to higher-level qualifications. And to reach the aspiration of an 80% employment rate, we need to ensure that everybody, including the most disadvantaged, has the skills they need to compete for the vacancies that exist in the labour market.

¹ Based on market exchange rates. See *Long-term global economic challenges and opportunities for the UK*, HM Treasury, 2004.

5. To equip our workforce for the skills race ahead will be a challenge. Our vision for the workforce of the future is of one unrivalled in its skills, its dynamism, its equity and its inclusiveness. To make this a reality, we must forge a renewed partnership between you – the employers of Britain – and the Government, based on a commitment to work together to unlock all the talents of all our people.

A new partnership to unlock our nation's talent

6. This paper sets out how the Government can work with you to build a labour force fully equipped for the challenges ahead. It concentrates on three key elements of that partnership.
 - Firstly, how employers are driving strategic change in the employment and skills infrastructure, to make sure that it provides simplified support and delivers the skills you need.
 - Secondly, how simplified and demand-led government support can help you to recruit and train staff in a way that meets your needs.
 - Thirdly, how you can come together with partners in local communities to tackle the most entrenched local problems.
7. Like all good partnerships, this will require commitment on both sides. Britain needs you to fill more of your vacancies with people who are further away from the labour market; to step up investment in your people; and to actively engage with your sectors and localities to lead on appropriate reform. In return, you can expect a central role in driving the changes you need, and unparalleled support in recruiting and training the workforce of the future.



Section 2: Employer-led reform and renewal

The Government is committed to giving you the opportunity to lead the reform and renewal of the employment and skills infrastructure to face the challenge ahead by:

- putting business leadership and challenge at the heart of the system through the new UK Commission for Employment and Skills;
- giving you a leading role in developing qualifications and in the prioritisation of public funding for skills in your sector through a reformed and empowered network of employer-led Sector Skills Councils;
- recognising your own successful in-house training programmes through a new accreditation scheme; and
- providing you with direct influence over the design and delivery of sector-specific skills training programmes through National Skills Academies and other institutions.

Employers leading the way on strategic reform of the national employment and skills infrastructure

1. We know that, if we are to adapt to meet the challenges ahead, employers have to be in the driving seat of change. The partnership between you and the Government must not only be one in which the employer voice is heard, but one in which employers actively shape the way the Government engages, the strategies it pursues and the services it designs.
2. You consistently say that you find it difficult to work with us because the complexity of the system makes it hard to find and access the support you need. Improving your experience of the system is vital, and the Government is committed to simplification. Much progress has already been made – the number of publicly funded business support schemes is being consolidated from our current estimate of 3,000 today into fewer than 100 by 2010.
3. But there is more to be done. To ensure that your voice remains at the heart of strategic reform, the new UK Commission for Employment and Skills, led by Sir Michael Rake, Chairman of BT, brings an unprecedented level of employer leadership in the strategic direction of the employment and skills infrastructure.
4. The UK Commission provides vigorous and independent challenge, advising the Government at the highest levels across the UK on our employment and skills strategy, targets and policies. It has already been asked by the Government to report on crucial issues, such as whether a statutory entitlement to training is appropriate, and whether further institutional change is required to deliver better integrated employment and skills services.

5. The UK Commission has already identified from your feedback the need for action on the core employability skills you want your employees to possess, and on how you experience government services. It will pursue these priorities, working closely with other key bodies, including the Business Council for Britain.

Sectors leading the way on skills development

6. For the employment and skills infrastructure to be made more relevant, it must be better tailored to the needs of individual business sectors. So the Government is reforming and empowering Sector Skills Councils (SSCs) – employer-led, independent organisations, covering each of the major sectors of the UK economy.
7. SSCs will have a new remit that is sharply focused on articulating the future skills needs of their sector, ensuring that the supply of skills and qualifications is driven by employer needs, and raising employer ambition and investment in skills.
8. One of the ways in which we are making this happen is by giving SSCs the leading role in the reform and development of vocational qualifications for their sector. In future, they will be responsible for:
 - developing the strategy that sets out current and future learning and qualification needs for their sector;
 - developing the occupational standards against which relevant learning programmes and qualifications will be accredited;
 - approving all vocational qualifications to ensure that they meet your needs; and
 - advising on which qualifications should be the priorities for public funding in their sectors.

Sector Skills Councils working with Jobcentre Plus

Working with SSCs and the Learning and Skills Council (LSC), Jobcentre Plus has developed nine industry-focused pre-employment training courses. The Sector Employability Toolkit for the retail sector is one example. It features:

- an employability checklist to identify the attitude, basic skills and behaviour expected at the point of entry;
- advice on selection processes, including interviews, open days and assessments; and
- a Routeway programme consisting of two weeks' pre-employment training and/or a work trial of up to three weeks, equipping individuals with the skills required to enter employment.

9. We are also reforming the national framework for qualifications by creating the Qualifications and Credit Framework. Subject to final approval, from August 2008 the new system will allow learners to combine modular units of learning relevant to their work and interests and to build these up over time towards a qualification. This new framework will give individuals and employers much greater flexibility to pursue a programme of sector-relevant training that delivers the combination of skills that they most need.

Recognising the best of employers' own training

10. Many of you are already investing a great deal in your people. The Government needs to recognise the best existing in-house training in our drive to extend training across the workforce.
11. So employers in England now have the opportunity to have their training programmes nationally recognised and accredited. To date, 24 employers, including the De Vere Group, Fitness First and Microsoft, have had their programmes accredited. And three – Network Rail, McDonald's and Flybe – have been recognised by the Qualifications and Curriculum Authority (QCA) to award their own qualifications.

McDonald's

McDonald's has been working with the QCA to become a recognised awarding body. This will allow the company to develop externally recognised qualifications for its management training. From spring 2008, a Basic Shift Managers course, broken into credits, will be developed by McDonald's for piloting with its employees.

David Fairhurst, Senior Vice President and Chief People Officer from McDonald's, says: 'Receiving official awarding body status is an important and exciting step for McDonald's. As a progressive employer, we are committed to taking a leadership position on training and skills. We want to ensure that our approach to recruitment, training and development continues to create real opportunities for social mobility.'

Driving employer input to the design and delivery of training

12. In England, through National Skills Academies (NSAs) and other initiatives, the Government is working with you to design and deliver training programmes that are tailored directly to your needs.

Rolling out National Skills Academies

To date, six NSAs have been approved, covering construction; manufacturing; financial services; food and drink manufacture; nuclear; and process industries.

A further six NSAs are now in development, in hospitality; creative and cultural; sport and active leisure; retail; glass manufacture, coatings, print and building products; and fashion, textiles and jewellery. Our long-term ambition is to have at least one NSA for each major sector, as resources allow.

13. NSAs are centres of excellence in the development of training programmes for their sector. They work with national networks of providers who specialise in training for that sector to embed best practice and innovation across the provider network. They aim to set world-class benchmarks for the delivery of employer-responsive training, in industry-standard learning environments.
14. You can work with your SSC to sponsor an NSA, determining its vision and priorities and working in partnership to deliver that vision. This is a unique and powerful opportunity to directly shape all aspects of the design and delivery of skills training for your sector.
15. Other training provision also needs to be more responsive to your needs, so:
 - there will be increased specialisation in the further education sector, with new standards and benchmarks to help you identify excellent provision for your sector;
 - universities are being encouraged to work more closely with employers to develop and deliver higher-level skills training; and
 - new Diplomas have been developed by employers to equip young people with the skills and knowledge they need to get on in work.

Liverpool John Moores University

Liverpool John Moores University (LJMU) has re-engineered all of its 421 degree programmes to include work-related learning and specific, measured skills to ensure that its graduates leave the institution prepared for careers. Uniquely, in addition to their degree, undergraduates are also expected to develop high-level World of Work (WoW™) skills that have been specified by business leaders and that lead to a valuable high-level skills certificate.

This is setting a new standard for higher education. As Ian Smith, Senior Vice President of Oracle Europe, says: 'I am behind LJMU 100% – this will have a profound effect on what we in industry expect from UK higher education and will be the standard by which others are judged.'



Section 3: Demand-led recruitment and skills support

We are committed to helping employers meet their skills and recruitment challenges, by:

- providing free, simple and straightforward recruitment services, with access to a large pool of job-ready candidates, through the nationwide network of 800 Jobcentre Plus offices;
- giving assurance to you that everyone turning up to interview already has the necessary skills to work, doing this through Local Employment Partnerships which can include tailored pre-employment training and work trials; and
- offering an enhanced Apprenticeship programme, with a major expansion of the number of places and funding available, and a new National Apprenticeship Service.

An established partnership to recruit the right people to the right jobs

1. To get ahead in the global skills race and meet our 80% employment aspiration, Britain needs to unlock the talent of everyone. That means ensuring that you are able to recruit staff with ready-to-work skills and ready-to-work attitudes; that the right people are recruited into the right jobs; and that, once in work, they get the support they need to realise their potential.
2. Jobcentre Plus already offers a free and straightforward way to advertise vacancies. And it allows you to tap into a wide pool of potential recruits. Every working day, Jobcentre Plus helps around 6,200 people to find work, and receives over 10,000 vacancies from employers. Jobcentre Plus also helps people to overcome a wide range of barriers to work (for example, childcare needs) through employment programmes such as New Deal for Lone Parents.

Going further towards demand-led recruitment with Local Employment Partnerships

3. But we now need to go further. To ensure that employers can recruit the people they need, and to continue to move people into work, we must work harder to identify and tackle the skills needs of benefit claimants. And in order to accelerate the move from a passive to an active welfare state, we need better integration of employment and skills services.
4. Local Employment Partnerships (LEPs) are an important way to meet these shared objectives and are a deal between employers and Jobcentre Plus. Jobcentre Plus provides

employment and skills support tailored to employers' needs. In return, employers commit to considering potential recruits from the least advantaged backgrounds. Through LEPs, participating employers have the right to advise Jobcentre Plus on the kind of pre-employment support and training that will work for them – and to let the system know when it isn't working.

5. The Government's objective through LEPs is to help 250,000 people into work by the end of 2010. We have made a good start, with over 400 major private and public employers already confirming that they will use LEPs to fill significant numbers of vacancies.
6. Through LEPs, you are able to select Jobcentre Plus support from a menu designed to increase the effectiveness of your recruitment methods and processes, including:
 - tailored pre-recruitment training to meet your needs;
 - wider use of work trials to enable individuals to demonstrate their suitability for a job;
 - mentoring arrangements from within your existing workforce to help people quickly settle into work; and
 - reviewing your recruitment practices, so that capable candidates are not inadvertently excluded.

'The work trial is the crucial part of it. The important thing is seeing how the individual gets on. Many employers are sceptical about the long-term unemployed. However, when you see the individual in the flesh it can be different. That's why I am seeing more and more benefits all the time flowing from our involvement in the programme.'

Mark Leet, Process Manager, Randstad Inhouse Services

'A diverse workforce is critical to B&Q, and I am certain that being part of the Local Employment Partnerships gives us the best chance of securing the people we need now and in the future. Working with Jobcentre Plus is proving to be a very practical step towards this aim.'

Ian Cheshire, Chief Executive, B&Q

HSBC, Coventry

Jobcentre Plus introduced local training provider Henley College to HSBC in order to facilitate a pre-employment training course tailored to the specifications of HSBC. That course consists of customer service, team work, communication skills, interview techniques and application form completion. Not only has HSBC contributed to the course content, but it has also been in attendance at several events. Guaranteed job interviews await those who complete the course.

The LEP model used in the recruitment drive for the HSBC Processing Centre in Coventry has been a great success so far, and has helped six people to start work there. What is most significant is that it is local people quite distant from the labour market that have been able to prosper.

From recruitment to progression: raising skills across the entire workforce

7. If we are to meet the challenges of globalisation, a renewed partnership between employers and the Government needs to go further than recruitment. We also need to ensure that employers get the support they need to develop the skills of their existing workforce.
8. The Skills Pledge embodies this commitment. The Pledge is a voluntary, public commitment by employers in England to support their employees to improve their skills and gain new qualifications. More than 950 employers, employing more than 2.7 million people, have already made the Skills Pledge.
9. In signing the Pledge, employers commit – as a minimum – to support all employees who need them to gain literacy and numeracy qualifications, and work towards their first full Level 2 qualifications.² In addition to the core commitment, employers with specific, higher-level skills needs can shape their Pledge commitment around those needs.
10. However, we also know that some people face particular challenges entering, remaining in, and progressing in work, and that is why the Employment Retention and Advancement project (ERA) was launched in 2003 in six Jobcentre Plus districts to test the effectiveness of a package of post-employment support. ERA has been particularly effective for lone parents, and so we remain committed to rolling out nationally for lone parents:
 - in-work advisory support from Jobcentre Plus: to help customers with the transition into work, and to help them advance to positions of greater job security and better pay and conditions; and

2 Equivalent to 5 GCSEs Grade A* to C, or an NVQ Level 2.

- an emergency discretion fund: lone parents moving into work of 16 or more hours per week could receive discretionary payments of up to £300 to avert minor financial emergencies that could prevent them from continuing in work.

Train to Gain: flexible training delivered in the workplace

Train to Gain

Train to Gain is the Government's flagship service to support employers in England, of all sizes and in all sectors, to improve the skills of their employees, unlock talent and drive improved business performance.

Since it was fully rolled out in the autumn of 2006, nearly 70,000 employers have engaged with Train to Gain, enabling more than 150,000 employees to gain new qualifications. Employer satisfaction with the service also continues to be high. But we need to go further still. We recently set out how we will continue to expand and improve Train to Gain, with government funding routed through the service rising to over £1 billion by 2010–11.

11. In return, the Government's commitment to employers is to provide unparalleled support in raising the skills of their employees. Through Train to Gain, you can now access:
 - government funding, to sit alongside your own financial contribution, including a subsidy of up to 100% for certain training;³
 - quality-assured, impartial advice from skills brokers with expertise in your business areas to help you identify your skills needs at all levels;
 - help in identifying and sourcing the training and qualifications that will best address those needs;
 - advice on wider business needs, provided by the Business Link network, into which the Train to Gain brokerage service will be integrated from April 2009; and
 - high-quality, vocational skills training, delivered at a time and place to suit you, from a wide range of further education and other providers.

³ Funding available includes: fully funded literacy, numeracy and first full Level 2 qualification training for employees who need it; fully funded second full Level 2 qualification training for new employees recruited from priority unemployed groups by employers signed up to a Local Employment Partnership; part funding for English for speakers of other languages; and, in the case of employers with fewer than 50 employees, a contribution to help meet the costs of releasing employees to undertake agreed training.

'Training keeps our staff motivated and we have seen a tangible link between retention and training. We are already committed to developing our people and currently have around 150 employees working towards a Level 2 qualification.'

Judi Leavor, Human Resources Manager, Center Parcs

'The business benefits of training are evident. Indeed, we are set to double economic productivity through "up-skilling" our staff, and our reputation for training has helped make us the optical employer of choice.'

Wendy Albutt, Learning and Development Manager, Dollond & Aitchison

12. To help ensure that the Train to Gain offer meets the needs of every sector, we are developing new skills compacts with each sector, through SSCs. The compacts will set out the 'something for something' deal between government and employers in each sector.
13. In return for employer commitment to the compacts, we will tailor Train to Gain to the specific needs and circumstances of the sector. The first nine compacts should be agreed by the end of February 2008.

Skills in the automotive industry

Nissan Motor Manufacturing employs around 4,300 people and is the first employer in the North East to sign up to the Skills Pledge. All employees starting in the car manufacturing plant go through NVQ Level 2 training in Performing Managing Operations, as well as a basic skills assessment. Training to GCSE equivalent is provided if further training is needed. Through Train to Gain, Nissan is also able to identify and target employees without a first full Level 2 qualification, helping to ensure consistent, high standards among the workforce.

As Steve Pallas, Training and Development Manager, Nissan Motor Manufacturing UK, comments: '...at Nissan we see a direct correlation between training and improvements in productivity. If we measure key performance indicators before and after training, we always see an improvement. We are proud to take the Skills Pledge.'

Tailoring employment and skills services to meet specific employer needs

14. Employers of different sizes have different requirements from recruitment and training support. We are working hard to tailor our services to meet the specific needs of all employers.

15. While small employers have fewer vacancies, they still provide valuable opportunities for those looking for work. Jobcentre Plus is increasingly grouping employers by sector and type, to provide the services and training needed for smaller businesses. This means that small businesses can access LEP recruitment support on projects such as new retail developments, or business parks, where a number of employers have similar recruitment needs.
16. And for larger employers, specialist support for skills and recruitment needs is available. The Jobcentre Plus National Sales Team (NST) provides an account management service to help major national employers develop and agree their recruitment strategies. In England, through the National Employer Service (NES), large employers can also get help in identifying skills needs and in sourcing the right solutions. This service, which has already helped 100 large employers with 150,000 employees, is being expanded to help 300 of the largest employers in the country. Large employers will be able to discuss their needs with either NST or the NES team and get a professional referral to the expert who can best help them.

Aiming for 'no wrong door': joining up recruitment and skills services pre-work and in work

17. For employers of all sizes, we are seeking to join up our services to ensure a 'no wrong door' approach to employment and skills support. In future, all entry points to all services should provide access to the full range of support on offer.
18. With this in mind, the Train to Gain offer is being further integrated with Local Employment Partnerships. When they sign up to an LEP, employers will access a service that supports their pre-recruitment needs and ensures that their staff continue to develop skills of value to their business, once in work. An employer who accesses either service will automatically be able to access the full range of support available through both Train to Gain and LEPs.

Our ambition: LEPs and Train to Gain working together in practice

When a Train to Gain skills broker identifies that an employer they are working with has recruitment needs, they will pass the lead to their LEP contact. The broker will also be able to arrange access to tailored training for individuals who need it.

To make this system as responsive as possible, employers will now be able to access seamless support from out-of-work to in-work training programmes. So if you offer an individual a job, they can continue the training course they began while out of work when they join your organisation.

Where appropriate, public funding will seamlessly cover the cost of all this training.

An enhanced Apprenticeship programme

19. Apprenticeships are already popular, with some of the country's leading employers offering substantial Apprenticeship schemes. They are an important and successful way of joining up recruitment and training to the benefit of both the individual and the employer. For hundreds of thousands of young people and adults, Apprenticeships combine the theoretical and applied knowledge, technical competence and wider employability skills that they and their employer need.
20. Around 130,000 employers in all parts of the country have signed up for Apprenticeships, and there are now over 180 different Apprenticeship frameworks – covering everything from customer service to aviation – to meet the needs of every sector.
21. In response to the success of the Apprenticeship programme, we have set ourselves the ambitious goal of expanding the number of apprentices in learning in England to some 400,000 a year by 2020. Following an extensive review of the Apprenticeship programme, our aspirations are even more stretching.⁴
22. The Government proposes that the enhanced Apprenticeship programme should include:
 - continued high levels of government funding to support your own contribution of time and money, with increased incentive payments available in certain cases;⁵
 - a range of up-to-date, simplified and relevant Apprenticeship frameworks, regularly and quickly updated – and the opportunity for you to easily create your own framework if there is not a relevant one already available;
 - help with recruitment through a National Apprenticeship Service, giving you a wider and more diverse pool of talent to recruit from, and making the whole process easier;
 - a field force, completely dedicated to helping you with the process of hiring and training your apprentices;
 - continued quality control over Apprenticeship training providers, to ensure that the best can expand; and
 - a much clearer statement of employers' and apprentices' mutual responsibilities, as set out in Apprenticeship Agreements.
23. The enhanced Apprenticeship programme proposes objectives to make Apprenticeships a mainstream option for 16- to 18-year-olds, alongside other routes, and to ensure that an apprenticeship place is available for all qualified young people by 2013, with a significant growth in Apprenticeships for older learners.

4 *World-class Apprenticeships: Unlocking Talent, Building Skills for All*, DCSF, DIUS, 2008.

5 This includes support for the apprentice's off-the-job training costs; extra funding for large employers in certain sectors who are prepared to train extra apprentices above and beyond their own needs; a contribution to help meet the costs of releasing employees to undertake agreed training for employers from particular sectors with fewer than 50 employees; an expanded funding programme for apprentices aged 25+; and raising of the funding age ceiling for those sectors that cannot employ 16- to 18-year-old apprentices for safety or regulatory reasons.

24. As we grow a high-quality programme on this scale, taking up an Apprenticeship may become attractive to even more young people. We will maintain our commitment to meeting the demand from suitably qualified young people, so that if more come forward we will work with employers to expand the programme further. On this basis, we anticipate that around one in five of all young people will be undertaking an Apprenticeship within the next decade.

Apprenticeships in action

The Dinnington and High Green dental practice believes that Apprenticeships training is the oxygen that energises all aspects of its organisation. The practice employs 37 members of staff, eight of whom are apprentices. Significantly, all the managers and deputy managers began their careers as apprentices. A dedicated nursing manager supports new apprentices and ensures regular co-operation and feedback between the practice and Sheffield College.

The impact of the Apprenticeship programme also extends beyond the actual training – many staff have used their Advanced Apprenticeships as a springboard and have gone on to achieve further diplomas or degrees in the NHS.

The Dinnington dental practice was highly commended in the Small Employer of the Year category at the National Apprenticeship Awards 2007.

Principal dentist Margaret Naylor says: 'Dental healthcare is evolving, and change can be difficult for staff. We believe that good training raises the standard of the service we offer our patients and increases the effectiveness of our workforce. Motivated and trained staff are more reliable, will take less sick leave and will be willing to take on more responsibility.'

Tackling skills needs through the procurement process

25. In the interdependent economy of today, one business's skills need is another business's skills need. Consequently, the Government is also encouraging employers to assess and tackle the skills needs of their supply chain through the procurement process. Employers who are already doing this are seeing benefits in terms of better employee skills and bottom-line business benefits, with reduced staff turnover, improved customer service and better health and safety.
26. This is becoming increasingly important in public procurement, as purchasers take into account skills-related criteria in evaluating tenders, where relevant to the subject matter of the contract. For example, Transport for London's tender for tube repairs specifically scores potential contractors' recruitment arrangements, where these are relevant to their technical or professional ability to deliver the contract.

27. We are committed to clarifying our expectations of suppliers and their supply chains in the procurement process, and are currently sharpening the Government's guidance on the use of these recruitment and skills conditions as part of our contracting arrangements.

Responding to specific challenges and events

28. Government programmes and services, while good at meeting the demands of individual employers, need to respond differently and more creatively in order to effectively meet the needs of multiple employers who collectively face skills and recruitment challenges. Major new public sector projects and programmes such as Crossrail or London 2012 are good examples.

The skills to prepare for the Olympics and Paralympics

The London 2012 Olympic Games and Paralympic Games provide a huge opportunity for the nation to build a lasting skills and employment legacy.

Building on the Employer Accord in London, the LSC and Jobcentre Plus are working with Olympic partners to ensure that recruitment services, in collaboration with Train to Gain brokerage, can give tailored support to help employers who have won Olympic contracts. This will help them access local labour markets for the skilled workers they need to recruit, and offer specialist local training for their current workforce.

29. In response to these challenges, we need to take a more proactive approach to meeting strategic demand. Where strategic demand triggers are identified, we will call on the LSC to focus its resources on the most effective approach to tackling these issues, working with relevant national, regional and local partners, including Jobcentre Plus.
30. The LSC will work to identify a list of strategic national projects and programmes that are in the early stages of the development process and would particularly benefit from support in evaluating and tackling future recruitment and skills challenges. Initially, this approach will be focused on projects and programmes in sectors where there is strong evidence of sector skills gaps and shortages, but we will aim to expand it as resources allow.



Section 4: Working with employers in their communities

We are committed to helping employers respond to local conditions and the needs of their communities by:

- allowing greater local flexibility, so that delivery can match local need, backed by greater targeted funding to help areas with the greatest issues; and
- involving employers in the development of plans for the future economic development of their area and giving them influence over the delivery of the employment and skills services at the local level.

1. Local businesses are key to the growth of local economies. Growing local businesses creates more jobs and develops local supply chains. Local businesses are best placed to articulate the skills they need from the local workforce and to work with Jobcentre Plus, the LSC and local authorities to ensure a supply of well trained people able to seize the opportunities offered by local jobs growth.

Local flexibility in employment and skills

2. Different places require different solutions to enable their local areas to prosper. To provide a focus for designing these solutions, Local Strategic Partnerships are responsible for working with a range of local partners to develop a shared vision and sense of priorities for their local area. This will be set out in their Sustainable Community Strategy.
3. Local businesses are a vital partner and need to play a full and active part in developing the social, economic and environmental goals that contribute to sustainable development. To support this, the Government intends to consult on plans to introduce a new statutory duty for local authorities to assess their local economies either individually or jointly across a functional economic area.
4. But while many policies are best dealt with at the local level, others, especially those aimed at improving economic development, may be best tackled by groups of local authorities and their partners (including local businesses) collaborating at a sub-regional level.

Multi-area Agreements

Multi-area Agreements (MAAs) allow local areas to come together to respond more effectively than they could on their own, for example around large-scale infrastructure projects. The Government is working with a number of sub-regions on the development of MAAs, with the first wave of agreements due to be signed in June 2008.

5. Some areas, particularly the most deprived, will need additional support. Through the Working Neighbourhoods Fund, the Government is providing £1.5 billion in funding to areas that face the greatest employment and skills challenges. This additional funding will enable them to take a fresh look at the problem within their area and to work with local partners to find proactive and innovative solutions to tackle the local barriers that employers and individuals face.

Employers influencing delivery of employment and skills infrastructure

6. The Government is committed to employers having a strong voice in the development of places. Involvement in the Sustainable Community Strategy will be one of the most important mechanisms through which employers can influence their local communities and work with public sector partners to help create local environments in which businesses can thrive and improve the community in which they operate.
7. Locally led initiatives, such as Employment and Skills Boards (ESBs), have also been established in a number of major cities to ensure closer integration of local employment and skills services and, in many cases, to make it easier for employers to engage with local partners, by rationalising and simplifying the landscape.

London Skills and Employment Board

London faces particular challenges, including high levels of worklessness. It has the lowest employment rate of any region in the UK. The London Skills and Employment Board, led by key London employers, works with local partners to ensure that recruitment and skills support meets the specific needs of the capital.

8. The Government is working with communities to see how services can be combined in new and imaginative ways. So at the sub-regional level, City Strategy pathfinders offer the opportunity for local public sector partners and employers to work together to combine and align efforts to deliver a real improvement in the employment rate of those who are most disadvantaged in the labour market and support employers in tackling their recruitment needs.
9. The message to employers is clear: the Government does not want to dictate a one-size-fits-all approach. We want to let local partners decide what is best for their community and their local businesses.

Local employers taking the lead on employment and skills

West Midlands City Strategy Pathfinder has put in place employer-led boards to lead its strategic development. This builds on the existing Employer Coalition and Fair Cities structures, simplifying the local landscape.



Section 5: Conclusion

1. We have made great progress over the past 10 years. We are moving from a passive welfare state that simply pays benefits, to an active one that helps people find sustainable employment. We have helped millions of individuals to get into work and progress. And, working with employers, we have significantly increased the skills of the workforce.
2. Despite this real and significant progress, big challenges remain: 4.5 million people of working age in Britain possess no qualifications; 5.2 million are not functionally literate; and 6.8 million cannot understand simple graphical and numerical information.
3. To catch up and get ahead in the global skills race, we need to go further. With more than 70% of the 2020 workforce having already left compulsory school education, we need to increase our effort and invest in their skills.
4. This document sets out how the Government wants to work with you to build a new employment and skills partnership for the future. We are giving you unparalleled opportunities to shape our recruitment and skills services and access simplified and demand-led support to recruit and train your workforce. In return, we want you to invest in your employees, and open up your job opportunities to a wider pool of potential recruits.
5. Together, we can unlock our nation's talent and make sure we have the skills we need to succeed in the 21st century.



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