

**SKILLS FOR SUSTAINABLE
GROWTH**

Consultation response form

JULY 2010



Skills for Sustainable Growth response form

If you are unable to use the online comments boxes to record your responses, please complete the questionnaire below and send it to:

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The Department may, in accordance with the Code of Practice on Access to Government Information, make individual responses available on public request.

The closing date for this consultation is 14 October 2010.

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Please tick the option below which best describes on whose behalf you are responding:

<input type="checkbox"/>	General Further Education College
<input type="checkbox"/>	Sixth Form College
<input type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Training Organisation
<input type="checkbox"/>	Local Government
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Large employer (250+)
<input type="checkbox"/>	Medium employer (50 to 250 staff)
<input type="checkbox"/>	Small employer (10 to 49 staff)
<input type="checkbox"/>	Micro employer (up to 9 staff)
<input type="checkbox"/>	Trade union or staff association
<input checked="" type="checkbox"/>	Other (please describe): Professional Body

Principles for a skills strategy

1. We welcome views on these principles and whether there are others we should consider.

The Chartered Insurance Institute, the world's largest professional body for insurance and financial services, is a committed supporter of skills development with a long history of involvement in the sector. We believe in the importance of investing in skills training, even during tough economic times. As the UK undergoes economic and political change there is an opportunity to reassess the approach to the skills question and we welcome the Coalition's consultation on the skills system. In our view there are several points that are vital to creating a system that meets the needs of individuals, employers and the country as a whole:

- **Simplification** – It is key that the skills system is streamlined. This will lead to cost reductions and an improved and easier to engage with network. At present too many individuals and employers are put off from engaging because of the level of bureaucracy and proliferation of bodies.
- **Stable policy framework** - There needs to be an end to constant policy changes – the shifting sands help no one. A stable skills agenda is vital.
- **Long term goals** – All interested parties (Government, employers etc) have to remain focused on long term goals, whilst responding to some short term needs.
- **Professional bodies** – The new government needs to make better use of professional bodies. We have the experience, expertise and employer relationships. Crucially this is at no cost to the public purse.
- **Education** – Those entering the skills system from pre-16 education need a strong grounding in the basics (e.g. literacy and numeracy). This will enable employers in particular to concentrate on developing technical skills.
- **Careers advice** – Underpinning the skills system there needs to be an improved system of careers advice. This is not simply the responsibility of the state – employers and other interested organisations need to be involved in order to provide potential recruits with quality information.
- **Parity of esteem** – There needs to be a drive to promote the benefits of vocational learning. Creating a parity of esteem between academic and vocational learning has to be at the heart of the skills system.

A fuller explanation of this 'call to action' is included within our skills prospectus – *Investing in tomorrow's skills, today* (published July 2010).

www.cii.co.uk/skills

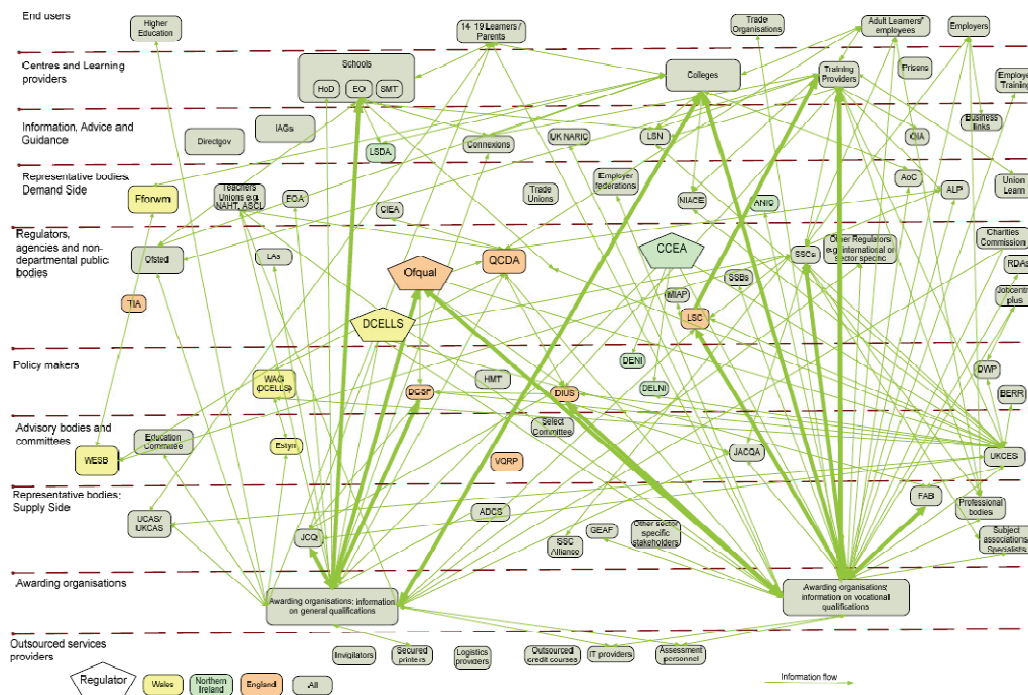
We believe that it is important to invest in training and development in order to ensure economic recovery. This view is supported by the vast majority of MPs (94%) surveyed by ComRes on behalf of the CII (June/July 2010). In addition more than eight out of ten MPs (86%) believe that cutting investment in

training and development would reduce the UK's international competitiveness in the long-term.

The international point is an important one, especially for financial services which draws heavily from the global labour market. It is to these international standards that the UK must aspire if we are to remain competitive.

2. How can we further simplify the skills system, including the number, roles and responsibilities of the many organisations working in the system?

Figure 6 – Information flows for the whole system



The skills landscape in 2009 – a bewildering web of bodies Source: High Level Mapping of the Regulated Qualifications System in England, Wales and Northern Ireland. PWC on behalf of Ofqual. 2009

The UK's skills system is complicated (see above diagram). And to many of those looking to engage with it, it is simply impenetrable. There is a bewildering proliferation of bodies at government, national, regional and local levels all offering services, advice and funding. Employers find it difficult to know where to begin.

To make matters worse the system is in a constant state of change – from Whitehall down. Since 2007 three different government departments have held lead responsibility for the skills agenda. This is exacerbated by redundant bodies rarely dying. Instead they morph in to something new. These shifting sands have to be stopped. Stability is what is needed. As well as dissuading employers from utilising the system, such a tangled web inevitably leads to bureaucracy, duplication, waste and confusion. At a time

where money is tight this has to be addressed. Simplification is a key component of creating a skills system that meets the needs of all concerned – if individuals and employers are unable to find a “way in” then they will not bother engaging. We welcome the Coalition Government’s work to look at cutting the vast number of quangos and hope that it builds on the important work that the UK Commission for Employment and Skills has already done in this area. Doing so will not only provide cost savings but also mean less waste and ensure a better return on investment.

In addition there is the problem of the transient nature of schemes and funding. Recently we saw funding for adult Apprenticeships disappear almost overnight, after a big push to increase take up. This left employers questioning their involvement in such schemes.

Over the coming years public finances will inevitably be squeezed and skills funding will be no exception. Savings are there to be made from the current system though. The question facing decision makers will be how to make money work more intelligently.

One way of doing this is making much better use of organisations and expertise that already exists within the skills landscape. Professional bodies play an important role in the development of skills and have done so for many years. The Chartered Insurance Institute, for instance, has a proud tradition in the field of skills development – supporting 95,000 across over 150 countries. Around 100,000 students sit our exams every year and we have delivered education and examinations to over one million students worldwide over the last 10 years.

In launching its plans for a “Big Society” the Coalition Government acknowledged that it cannot fix every issue and that it will draw on the expertise of others. Professional bodies are a natural fit for this model – and in some cases, like insurance, they operate successfully without drawing on public funding.

The unique nature of professional bodies means that we are close to both our members and employers, and as a result able to marshal the opinion of large parts of our industry. Indeed the excellent employer relations enjoyed by professional bodies are a distinct advantage over a number of publically funded bodies. We at the CII find that many of our members are sceptical of engaging with what they see as quangos – believing they are serving the government’s agenda and not that of employers.

Professional bodies’ specialisation enables us to offer detailed knowledge and insight in to specific areas that others cannot. We have an intimate knowledge of our sector and our people have extensive experience of working in insurance. This enables us to be able to develop skills services and solutions that employers want, as well as offer information, advice and guidance on careers and pathways.

And it is not just in the UK that bodies like the CII are well respected. There is a demand through Africa, the Middle East and Asia for us to help shape their skills agenda and deliver training solutions.

Of most importance in tough financial times, professional bodies exist at no expense to the public purse. We are funded by our members and this support has been sustained over many years. If we were not doing our job customers would simply go elsewhere.

The issue of funding is of particular interest when it comes to replication. A report by the think tank Reform found that publicly funded bodies were duplicating work undertaken by professional bodies. Surely that public money would be better spent elsewhere? (See: Reform, *The Mobile Economy* (November 2008) pg 19).

Despite the valuable job done by professional bodies in developing the skills of the workforce they are often overlooked by decision makers. Indeed mentions of professional bodies in government papers and consultations are the exception rather than the rule (the list of organisations asked to respond to this particular consultation is a case in point). Professional bodies have a lot to give in terms of experience and expertise and also offer the tax payer fantastic value for money as well as being in many ways the constant within a landscape that is forever changing. Policy makers need to draw upon our know-how. Only then will they begin to make savings whilst at the same time providing a good level of service and support.

It is worth remembering that professional bodies are by the profession, for the profession; by the industry, for the industry – making us highly relevant.

Further strengthening the links between employers and established professional bodies and qualification bodies through the reduction of the number of intermediary organisations should be a central component of any new skills strategy. Without a simplified framework it will be a struggle to meet the wider goals of any skills strategy.

3. In view of the current fiscal deficit, what areas of public investment in skills could be reduced and where could private investment be increased? What are the main constraints on changing the balance between public and private investment and how could these be overcome?

In simplifying the system by getting rid of unnecessary standard setting bodies and reducing the number of intermediaries within it, the Government will realise cost savings. As outlined above there are already organisations, like professional bodies, that support the system and that do not draw from the public purse.

In some sectors, including insurance, there is not a dependence on state funding for skills development. There is a long established culture of employer

funded training, as employers realise the benefits this brings. They know the value of both professional qualifications and continuing professional development and so are willing to pay. Fostering this appreciation of the value of training and development needs to happen in those sectors where employers are less willing to allocate resources to fund it. Where this exists we see it as a potentially more successful and flexible model than a training levy model, which could penalise those companies who already substantially invest in training and development.

A respected and credible training offer

4. How could the Apprenticeship programme be improved? What can be done to increase the proportion of apprentices progressing to Level 3 and beyond? What and how should employers contribute to Apprenticeships?

One improvement would be the removal of the the requirement for guided learning. This creates an unnecessary and prohibitive barrier for employers wishing to get involved, and adds a large additional cost.

In addition Apprenticeship funding should continue to be ring-fenced for 16-18 year olds, with a continuation of the sliding scale of employer contribution beyond that. A standard funding level per Apprenticeship provider would clarify matters for employers. We also call for consistency in the funding of adult Apprenticeships – in 2009 we had seen a rise in the numbers of employers engaging with the adult Apprentices, but a sudden withdrawal of funding shook employer confidence and willingness to take part in the scheme.

The CII feels strongly about the promotion of the professional qualification that sits within Apprenticeships. We firmly believe that this will help to increase numbers take up as professional qualifications enhance employment prospects. In our recent membership skills survey, 86% of employers said that the demand for such qualifications will rise over the next five years. In financial services higher level qualifications are of extreme importance, with Level 4 representing the minimum qualification for many disciplines.

We would also welcome a medium-term commitment to stability in the funding regime.

5. We welcome views on how best to support people who might in time benefit from an Apprenticeship but who do not currently have the skills to begin one.

Apprenticeships should be aimed squarely at those leaving education who have opted not to go to university. This has to be part of the drive to create parity between vocational and academic routes of learning.

6. We welcome views about progression from Level 3 Apprenticeships into higher education, including whether there is demand for Higher Apprenticeships at Levels 4 and 5.

There is a clear demand in the financial services sector for Level 4 Apprenticeships, given a recent FSA review which makes the licence to practise qualification sit at Level 4 (from the end of 2012). The current Level 3 Apprenticeship in financial advice will, as a result of this “raising the bar”, become redundant. Therefore there is a need and want for Higher Apprenticeships. And the direction of travel is such, both within insurance and financial services, for higher standards that the needs for higher level qualification and skills will only increase.

7. How should we ensure that training leads to real gains in skills, knowledge and competence and not just the accreditation of existing skills?

A culture of lifelong learning has to be nurtured, stressing that learning does not stop with the awarding of a qualification. Learning is lifelong and consists not just the acquisition of qualifications but also CPD, on-the-job learning, regular skills audits and gap filling.

Professional bodies have a role to play here. Our ethos of qualifications, CPD and ethics provide an excellent structure to promote lifelong learning within or particular sectors/industries.

8. How can we incentivise colleges and training organisations to offer a flexible and cost-effective ‘needs-led’ offer for people who are out of work or at risk of becoming unemployed?

N/A

9. How can we encourage colleges and training organisations to make the transition from learning to work as smooth as possible, enabling progression in the workplace, as well as to further learning?

Promote working with Professional Bodies. The CII’s *Discover Risk* campaign helps people understand what working in the insurance institute entails and what qualifications are needed. In a time when government is looking to reduce spending it is important to draw on the skills and expertise of those bodies already in existence – and certainly not create any new ones.

10. How can we better promote enterprise education in further education colleges and throughout the training system?

N/A

Funding and entitlements

11. Should Government continue with an entitlements based approach? How can we ensure that Government money is targeted where it is needed most and where it will achieve most value?

Key priorities have to be identified and funded appropriately. This will require establishing the needs of employers, finding where skills shortages exist within key sectors and ensuring strong levels of basic skills which can be built upon.

Helping individuals and employers choose the learning they want

12. How can the learning market be made to work more efficiently, effectively and economically and to be more responsive and accountable to demand by individuals and employers, while also delivering value for money?

Simplifying the system would be more cost-effective as it would remove layers of intermediary organisations which are there to translate the complications of the current system.

High quality information, advice and guidance will also play a role in improving the responsiveness of the skills system – as individuals develop a greater understanding of what they want and what they need. This would lead to greater clarity in terms of the needs of individuals, thus reducing costs that would otherwise have been spent on establishing these requirements.

13. We welcome views on how best to ensure employers are able to shape the skills system to meet their needs.

Empowering employers to be able to deliver the appropriate training and competence will enable them to better meet their needs.

A more competitive education system would create increased demand from employers too. This would be welcome in the HE sector which, at present, is poor at engaging with employers and working together to meet skills needs. There are pockets of good practice but not enough.

Any input or influence from employers also has to be acted upon much quicker.

14. We are interested in views on what more might be needed to make the system responsive to employer needs.

As discussed earlier in our response, a simplified system that is shorn of the clutter of intermediary bodies would create a system which employers are better able to engage and get their needs heard and supported. The UK Commission for Employment and Skills has made a strong start on this issue. After all quangos are an impediment to a proper and clear needs driven system.

Links between education establishments and employers have to improve in order to develop courses and qualifications that meet the needs of the UK economy. There is good practice out there, for example the University of Bradford and local finance professionals have created a degree course in financial advice that prepares students for the world of work and provides them with a professional qualification.

15. Which qualifications have most value for employers and learners? Which do not have value? How do we evolve the Qualifications and Credit Framework so that it focuses on the former and removes the latter?

We believe that the market takes care of itself. However professional qualifications will always have prime value to employers, especially as they are involved in their development and in ensuring they meet the needs of the industry. There are some qualifications and designations, such as Chartered, which are readily recognised by the public as signs of excellence and trust.

In addition, the policing of the QCF could be improved, increasing its value to employers and learners. A greater focus on the assessment methodologies of regulated qualifications could help this.

16. How can we improve the accessibility and quality of careers information, advice and guidance services for adults?

We welcome the Coalition Government's willingness to consider addressing the issue of careers guidance, including that of adults, and hope that this important component of the skills debate is not neglected as a result of the constraints on public finances. Improvements would lead to individuals making better informed choices about courses, qualifications and career paths – all of which would benefit employers and the country as a whole.

Yet the provision of good quality careers guidance is not simply the responsibility of government. Employers have to play a greater role in delivering IAG. Part of this would be through building stronger links with education establishments. Evidence shows that increased employer involvement in providing advice can lead to improved chances of being able to attract high quality applicants.

Industry-led schemes can be successful. The CII is actively involved in promoting careers in insurance at a number of levels – including supporting firms get involved. We recently launched a new scheme, *Discover Risk* (www.discoverrisk.co.uk). The site explains the insurance profession to a wider audience than has ever been done before and is being supported by a large number of employers within our industry. We urge more to follow suit.

17. We welcome views on the vision for lifelong learning accounts, and their potential usefulness.

N/A

18. We welcome views on approaches to informing learners and employers including how better information can be made available while reducing bureaucracy.

Professional bodies are in an excellent position to offer information, advice and guidance on careers, given the knowledge of our particular industries.

Giving colleges and training organisations the freedom to respond

19. We welcome views on our planned measures for simplification and freeing colleges and training organisations.

N/A

20. How can we enable colleges and training organisations to be more efficient and responsive to the needs of employers, learners and their community but without adding new layers of control by local bodies?

A national set of criteria for accessing funding would help achieve this objective.

21. What mechanisms could we use to hold colleges and other training organisations to account for their performance in responding to employers' needs and for prioritising training that adds real economic value?

The creation of a best practice checklist for employers against which they measure the performance of the training provider relating to areas such as quality of delivery, exam success etc could be used to hold providers to account.

Universities should make it clear to applicants the potential job prospects and earnings of the courses they are looking to study. Over time market forces would then begin to shape course offerings.

Incentives to train in priority areas

22. Do we need a framework that will enable and encourage employers and individuals to invest in training in priority areas and for colleges and other training organisations to provide appropriate courses?

We need a funding and delivery framework in which employers can have confidence. This will come from a consistent, medium-term approach where policy is not forever changing or the funding goalposts are continuously moving. As long as this is the case, employers will do their best not to engage with the system.

23. Should we promote training innovation, particularly in rapidly changing or wholly new areas of the economy? If so, how might we do this?

Increased amounts of online, bite-sized learning could be utilised to upskill as sectors develop. By their nature (short and online) they are able to be developed quickly, enabling changing needs of sectors to be met in a more timely manner than at present.

CPD can be a powerful tool to support lifelong learning for those already in the workplace. Government could do more to encourage its importance, without spending public money.

24. How can we ensure employers can access high quality labour market information?

Employers are able to access data themselves should they require it. There is not the need for government related bodies to do this. In addition the CII runs an annual membership skills survey (covering insurance and financial services) which we make publically available and which acts as a focus for debate.

Encouraging a more productive workforce

25. What would enable businesses to use skills as a driver of productivity and business improvement?

This already happens within financial services – it is a high skills driven environment.

26. We welcome views on ways in which businesses can be encouraged to increase the UK's leadership and management capability to create better run and more highly performing businesses.

Improving the quality of the UK's leaders and managers has to be a component of any skills strategy. The key to getting more businesses involved in this area is, once again, simplification - simplifying the rules for accessing funding and desired programmes. If this does not happen, larger employers will pay for it themselves and smaller employers will either do so on an ad hoc basis or withdraw from developing their staff.

CPD, delivered/monitored via professional bodies, could be used to identify and fill 'leadership and management' gaps.

Reinvigorating adult and community learning

27. How could we encourage the development of productive partnerships with third sector organisations?

N/A

28. We welcome views on new ways that colleges could be used to support the community.

N/A

29. How could adult and community learning be reinvigorated? We especially welcome ideas for how businesses and others could be encouraged to engage in supporting local community learning to help create local ownership and momentum.

N/A

Measuring success

30. We welcome views on those indicators of success would be most useful to you or your organisation.

From our point of view we would like to see significant progress on the indicators set out in the answer to question one. This includes a simplified system that looks very different to the diagram in our response to question 7.

Do you have any other comments that might aid the consultation process as a whole?

Please use this space for any general comments that you may have.

Comments on the layout of this consultation would also be welcomed.