

7th July 2009

Fundamental simplification of employment and skills services

Since the establishment of the UK Commission, my fellow commissioners and I have been greatly concerned by the complexity of the current employment and skills system, the costs of which can be measured in diminished efficiency, quality and performance. I am writing now to ask for your help in addressing this important issue.

Last October, the UK Commission published advice to Government setting out proposals to simplify the interface between employers and the public skills system in England. This was Phase One of our Simplification programme, referred to as 'hiding the wiring'. Later this month we will publish a progress report on implementation of these recommendations.

We are now about to embark on Phase Two which will produce recommendations for more fundamental simplification of structures, systems and programmes – a 'rewiring' of the system. This work, undertaken with the support of Government, is particularly timely in light of Government's intent to publish a new skills strategy and a white paper on the welfare system in the autumn.

Our objective for Phase Two is to recommend the steps needed if we are to achieve a high performance workforce development system that matches the best of our international competitors. We will be focusing, in particular, on a system that is more responsive to employer needs; that integrates employment and skills services in the most effective and sustainable way; and that achieves significantly greater impact with fewer public resources.

The purpose of this letter is to ask for your help in shaping our recommendations on three critical questions related to outcomes, funding and structures. Specifically, we would like your views on the following questions:

1. What are the most appropriate targets, measures and incentives to ensure that publicly funded employment and skills services deliver sustainable outcomes in jobs, skills and productivity?
2. Given significant pressure on future public expenditure, how can we simplify public funding streams to lever substantially greater investment in workforce development from employers and individuals and to reduce administrative costs within the system?
3. What three measures are most likely to simplify complexity of organisations, processes and initiatives in order to maximise the value of public investment in frontline delivery?

We will need your response not later than 18th August 2009. Please see the attached information sheet for further information.

Thank you for your interest and support. I look forward to receiving your contribution.

Yours sincerely,



Sir Michael Rake
Chairman

Please see attached note containing additional information.

UK Commission for Employment and Skills Consultation on the Simplification of Employment and Skills Services

The letter from Sir Mike invites all those with an interest in publicly funded employment and skills services to contribute to the UK Commission's project on Simplification of Employment and Skills. The purpose of this supporting note is to provide further background and context to the letter, 7th July 2009.

Background

Last October, the UK Commission for Employment and Skills published its *Simplification of Skills in England* report setting out initial recommendations to Government for improving the post-compulsory skills system for employers. Shortly we will be publishing a report on progress made to date.

As noted in Sir Michael's letter, this was the first phase (hiding the wiring) of the UK Commission's effort to reduce the complexity of England's employment and skills system and to make it more responsive to employer needs. Government, in setting the 2009/10 priorities for the UK Commission, encourages us to make proposals that will: "*fundamentally simplify the underlying programmes and structures, and ensure a much more employer-responsive system that integrates employment and skills services in the most effective and sustainable way*". We are referring to this as phase two (rewiring the system).

The UK Commission's work on simplification is particularly timely in light of Government intention to publish a new skills strategy and a white paper on the welfare system¹ this autumn. There is an important opportunity to influence emerging policies.

Scope

The specific remit for phase two simplification is England. However, we believe that there is much to learn from Scotland, Wales and Northern Ireland and intend to invite them to participate in this consultation.

The Case for Change

This spring, the UK Commission published *Ambition 2020: World Class Skills and Jobs for the UK*. This first progress report to the UK Governments by the UK Commission found that there has been significant improvement in UK skills levels over the last decade. However, the report sets out the scale of challenge ahead if we are to become one of the top countries in the world by 2020 - for jobs, skills and productivity. It makes clear that to achieve this goal, the UK must build a high performance workforce development system that matches the best of our competitors. It also makes clear that, despite the considerable progress made in recent years, without urgent action, the UK's relative international position is unlikely to improve by 2020, let alone become world class.

Based on this assessment and future pressures on public expenditure, we make three basic assumptions as our starting point for considering simplification and systemic change:

- a) Despite significant progress, we are not on course to meet the Ambition 2020 goals; to do so will require fundamental reform and simplification of our employment and skills systems.

¹ HM Government (June 2009) Building Britain's Future

- b) Given the pressure on public expenditure in the future; we will need to leverage significantly more investment from individuals and employers if we are to maintain and improve services.
- c) We must strengthen – not diminish – the quality of our frontline services; we must, therefore find innovative approaches to do much more with much less.

Questions

We believe there are three critical drivers for transformation: how the system is measured, how it is financed, and how it is structured. They are fundamental to the questions on which we are consulting.

1. What are the most appropriate targets, measures and incentives to ensure that publicly funded employment and skills services deliver sustainable outcomes in jobs, skills and productivity?
2. Given significant pressure on future public expenditure, how can we simplify public funding streams to lever substantially greater investment in workforce development from employers and individuals and to reduce administrative costs within the system?
3. What three measures are most likely to simplify complexity of organisations, processes and initiatives in order to maximise the value of public investment in frontline delivery?

We would be grateful for your responses, supported by evidence where you can, to these three questions.

How to get involved

Details about the simplification consultation and how to get involved are available at: www.ukces.org.uk - the closing date for responses is the **18th August 2009**. We plan to run a series of online consultations throughout this period and share with you our thinking and ideas over the coming months. Please register your details so that we can discuss these with you before submitting our recommendations to Government in the autumn

We look forward to receiving your contributions.



Michael Davis
Director, Strategy and Performance
7th July 2009