

**CONSULTATION PAPER 154**

# **Opportunity and Skills**

Liberal   
Democrats

**Spring Conference  
York 2023**



## Background

This consultation paper is presented as the first stage in the development of new Party policy in relation to Opportunity and Skills. It does not represent agreed Party policy. It is designed to stimulate debate and discussion within the Party and outside; based on the response generated and on the deliberations of the working group a full policy paper will be drawn up and presented to Conference for debate.

The paper has been drawn up by a working group appointed by the Federal Policy Committee and chaired by Rosie Shimell. Members of the group are prepared to speak on the paper to outside bodies and to discussion meetings organised within the Party.

Comments on the paper, and requests for speakers, should be addressed to: Christian Moon, Policy Unit, Liberal Democrats, 1 Vincent Square, London SW1P 2PN. Email: [policy.consultations@libdems.org.uk](mailto:policy.consultations@libdems.org.uk)

Comments should reach us as soon as possible and no later than 27 March. Further copies of this paper can be found online at <https://www.libdems.org.uk/members/make-policy/policy-consultations>

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# 1 Introduction

## Scope of the group

1.1 Enhancing opportunities for everyone to make the most of their potential is a key Liberal Democrat objective. The remit of this group is to review the party's policies on Opportunity and Skills.

1.2 The working group will develop policies on:

- Giving people the skills to be successful in their lives including:
  - ❖ Improving and valuing 14-19 vocational education in schools
  - ❖ Boosting Further Education
  - ❖ Expanding apprenticeships
  - ❖ Supporting people throughout their lives with careers advice
  - ❖ Developing Adult skills education and lifelong learning
- Addressing skills gaps in the economy, including tackling the Post-Brexit skills crisis.
- Broadening access to high quality skills training for underrepresented groups.
- Tackling regional inequalities in skills.

1.3 The group's remit does not cover Higher Education in general, although there are areas of overlap between Further and Higher Education and Universities have a role to play in delivering our objectives. The full remit is set out in the annexe.

## What problems are we trying to solve?

1.4 Based on the evidence the group has taken so far, we have identified a number of problems with the current state of skills policy:

a) *Skills gaps in the economy*

- Two thirds of firms have digital skills vacancies.
- There is a major skills gap in relation to the green economy – particularly the need for about half million retrofitters.
- Poor management skills, particularly among SMEs.
- Workforce has got smaller post Covid from a combination of factors including, early retirement, increased levels of long-term sickness and younger people staying in education longer.
- There are also shortfalls in the standards of basic education – which have an impact right across the economy, including areas such as retail, hospitality and health/social care where very large numbers of people work.

b) *Many adults are reluctant to undertake more training*

- Some don't see the benefits, some who do lack the time, or funding.
- There is a lack of Information, Advice and Guidance for adults and employers.
- These are all major barriers.

c) *The Apprenticeship Levy is not working well*

d) *Lack of long term strategy from government - chopping and changing of policy*

- There have been a very large number of initiatives designed to address this over the last 30 years.
- Employers and others need stability.

e) *Too many employers don't take training seriously*

- The UK doesn't have the 'culture' of training that there is in Germany for example. The UK economic model has developed to have a more 'flexible' workforce, where firms recruit rather than train new talent.
- Levels of training per employee are declining over time.

f) *Lack of prestige for more technical / non undergrad education*

g) *Insufficient resources for further education*

h) *Levelling up / regionally balanced growth*

- Significant differences in skills levels across regions.

## **Questions**

1. Do you agree that these are the main problems we face in promoting opportunity and skills?
2. Are there any others we have missed?

## **2 Addressing Skills Gaps in the Short Term**

2.1 The UK economy is facing a crisis of skills shortages. Most of the policies which might address this are inevitably medium- to long term in their effects. As part of our proposals for home energy efficiency, Liberal Democrats have called for the establishment of a new skills development programme with industry to ensure that the UK has the skills base to deliver on this programme. We have also received some ideas on how we could tackle the short-term problem. These include:

- Updating the shortage occupation list, and in general making it easier to recruit skilled workers from abroad (although immigration policy is beyond the remit of this group).
- Better utilising the skills of older adults - in particular, many early retirees who have a lot of skills to pass on could be incentivised to remain in the workforce for longer in training or teaching roles.

### **Questions**

3. What do you think of these suggestions?
4. Are there any other solutions to the short-term crisis?



### 3 Encouraging Adult Learning

3.1 Liberal Democrats have proposed since 2019 a major initiative to fund retraining throughout working life called 'Skills Wallets' for every adult. This would involve:

- The Government putting £4,000 in a training account ("wallet") for every adult at the point they turn 25, £3,000 when they turn 40 and £3,000 when they turn 55.
- Individuals, their employers and local government will be able to make additional payments into the wallets.
- Individuals can choose how and when to spend this money on a range of approved education and training courses – only those from regulated providers and monitored by the Office for Students.
- Individuals will have access to free careers guidance to help them to decide how to spend the money in their Skills Wallets.
- Industry will be closely involved in the programme: working with government to identify the need for particular skills, and to evaluate and certify courses.

3.2 The Skills Wallet programme is designed to give individuals the maximum control over meeting their own retraining needs.

3.3 The existing arrangements for supporting people who are out of work or on low incomes to find better jobs are deeply flawed. Three main problems are:

- Jobcentres combine the role of work mentoring with policing Universal Credit, which creates a conflict.

- Support is limited to those in receipt of Universal Credit, whereas many others on low incomes could benefit from support to move up the income scale.
- The system is national rather than local or regional and not well suited to local economic conditions.

3.4 Liberal Democrat policy paper 150 *Towards a Fairer Society* (to be debated at the York 2023 conference) contains proposals to reform the system for supporting those who want to find work (or better paid work), along the lines proposed by Demos in their proposal for a 'Universal Work Service'. The service would be commissioned by local authorities or combined authorities (in future we would transfer it to the regional structure as set out in our proposals *A Framework for England in a Federal UK*). They would choose whether to deliver it through the public sector or voluntary sector. The service would also be available to people not currently on benefits but who would like to learn how to improve their skills and marketability, although greater levels of support would be given to those currently out of work. We would also aim to give support to self-employed people on low incomes who wish to improve their skills.

3.5 Other suggestions for making it easier for adults to undertake training include reviewing Universal Credit conditionality for those undertaking training.

3.6 The Government is currently legislating to change the current system of student loans to a 'Lifelong Loan Entitlement' from 2025. This would entitle individuals to loans equivalent to four years of post-18 education, which they could use over their lifetime to fund education at levels 4 to 6 (higher technical and degree level qualifications).

## **Questions**

5. Are there ways we could develop the Skills Wallets proposals? Could we for example underpin it with a Statutory Right to Lifelong Learning? What do you think of the name?
6. How else can we encourage adult learning and help people overcome the barriers they face in terms of finding time for learning?
7. What more can we do to improve careers guidance, both for those still at school and for adults?

## **4 Reforming the Apprenticeship Levy**

4.1 There seems to be almost universal agreement among stakeholders that the Apprenticeship Levy is not working well. Criticisms we have heard include:

- £3.3bn is 'unspent' because employers find the apprentice requirement too restrictive.
- Money is being diverted away from entry level apprenticeships and towards MBAs etc – overall the number of apprenticeships for those under 24 has fallen significantly since levy was introduced.
- 42% of apprenticeships are not completed.
- Total apprenticeships have fallen since the levy was introduced
- There are disparities in uptake of apprenticeships across ethnic groups.

4.2 The party's existing policy is to expand the apprenticeship levy into a wider 'Skills and Training Levy' to help prepare the UK's workforce for the economic challenges ahead, with 25 per cent of the funds raised by the levy going into a 'Social Mobility Fund' targeted at areas with the greatest skill needs.

4.3 In addition to the Liberal Democrat proposals, there are a variety of other reforms that have been suggested. Some of these are in tension with one another. Some, who are concerned about the levy being spent disproportionately on higher level qualifications for people in management positions, have advocated it being limited to lower qualifications and to people under 25, or alternatively having a quota for how much is spent on under 25s. Business groups have on the other hand called for it to be expanded to cover accredited and modular training - citing the inflexibility

of the traditional apprenticeship as a key reason for poor take up from employers. There have also been calls for more local control (as recognised in existing Liberal Democrat policy).

## **Questions**

8. What are the main problems with the Apprenticeship Levy and the Apprenticeship system more broadly?
9. How should the Apprenticeship levy be reformed?
10. How can we ensure diverse communities have equitable access to apprenticeships and other training opportunities?

## 5 A Better Strategy for Skills

5.1 Skills policy has suffered from too much chopping and changing, which has wasted effort and left employers confused. Combining sector-specific and local approaches can be difficult. Proposals we have heard while taking evidence include:

- More strategic view by the government of the FE sector and its role with industry - at the moment too many government departments have a role in skills policy.
- More sector specific strategies to drive skills development.
- Specific strategies related to climate change and 'green skills'
- Evolution of Local Skills Improvement Plans providing more local control over them.

5.2 As a top line strategic target, it has been proposed that the current target of 66% of people having a Level 3 qualification by age 25 should be raised to 75%. (Level 3 is equivalent to A-level, T-Level or Advanced Apprenticeship).

### Questions

11. How can we achieve a more coherent overall strategy, while allowing for local and regional discretion and embracing sector approaches?
12. Is a 75% target for Level 3 qualifications by age 25 the right one?

## 6 Encouraging Training by Employers

6.1 Levels of training by employers in the UK are disappointing. Employers now spend 28% less per person on training than they did in 2005.

6.2 Partly this is a lack of capacity and reflects broader weaknesses in the quality of UK management. One possible solution to this would be to provide management skills coaching to Small- and Medium-sized enterprises (SMEs) – the CIPD have proposed two-day courses.

6.3 We also advocate a Training Tax Credit on the lines of the Research and Development Tax Credit. This idea is already included in policy paper 150 *Towards a Fairer Society* but we are interested in developing it further.

### Questions

13. Do you agree with these ideas?
14. How else can we promote more training by employers?

## **7 Further Education, Skills and the Wider Education System**

7.1 Although this group's work focuses on further Education and adult skills, it obviously also links into the schools and Higher Education systems.

### **Schools curriculum**

7.2 We have heard a great deal of evidence about the lack of basic skills of school leavers being a hindrance to moving people on to higher levels. This raises the issue of whether changes are needed to the school curriculum. The House of Lords has recently recommended a greater focus on essential technical and creative skills.

### **Reducing / eliminating gaps and inconsistencies in tertiary education**

7.3 There are many ways in which Further Education is not on a level playing field. There is a historic gap in status between Higher and Further Education, technical and vocational qualifications can struggle for parity of esteem and student maintenance arrangements are very different. Suggestions we have heard for addressing these issues include a UCAS type system for technical qualifications and rebranding colleges as universities as part of a larger refunding / relaunch. The Government has been proposing the idea of elite so-called 'Voxbridge' vocational colleges, although have been criticised as tokenistic and merely adding to a multitude of different new types of institutions.

### **Further Education funding**

7.4 There is no doubt the Further Education sector has been under great financial pressure. There have been significant historic cuts, and,



unlike schools, FE Colleges did not receive any additional funding in the 2022 spending review. The growing population of young people means that budgets will have to stretch further. There is a particular lack of funding at the lower end of the skills range.

7.5 In addition to the low level of funding, there are also problems with complexity. The sector would benefit from a simplified multi-year funding system.

## **Questions**

15. Do we need to further develop our policy on the school curriculum and if so how?
16. How can we achieve parity of esteem for FE and vocational qualifications?
17. What should we do on the Further Education Budget?
18. Is there scope for colleges to raise funds for themselves?
19. What is the role of private providers?

## **8 Other**

8.1 Please feel free to contact us on any other issues within the overall remit (see annexe) which are not specifically mentioned in this consultation document.

## **Annexe: Remit**

The remit of this group is to review the party's policies on Opportunities and Skills, and make updated proposals which communicate our values of liberty, equality, democracy, community, internationalism and environmentalism in a way which helps secure the election of as many Liberal Democrats as possible, at local, regional and national level, in order to promote our vision of society and remove from power a Conservative government that is failing the country.

The group will be expected to build on existing policy proposals as set out in the 2019 Election Manifesto, Policy Paper 133 Good Jobs, Better Businesses, Stronger Communities, Policy Paper 128 Every Child Empowered and Policy Paper 110 Learning for Life. The group is expected to consider and address Liberal Democrat principles on diversity and equalities in developing their proposals.

This group will as a top priority:

- Develop up to three headline policies on Opportunities and Skills which the party can communicate widely to win votes.

The working group will develop policies on:

- Giving people the skills to be successful in their lives including:
  - ★ Improving and valuing 14-19 vocational education in schools
  - ★ Boosting Further Education
  - ★ Expanding apprenticeships
  - ★ Supporting people throughout their lives with careers advice

- ★ Developing Adult skills education and lifelong learning
- Meeting the needs of the economy for skills, including tackling the Post-Brexit skills crisis
- Broadening access to high quality skills training for underrepresented groups
- Tackling regional inequalities in skills

The group will in particular need to consider a Liberal Democrat response to the government's Skills and Post-16 Education Act.

The group's remit does not cover Higher Education.

The group will also consider the need for institutional change at central, regional and local government levels to embed these approaches firmly in policy. The subject matter is overwhelmingly England only in application, however it will be useful to look at experience in other nations of the UK and to consider any 'cross-border' issues.

The group will take evidence and consult widely both within and outside the party. This evidence should inform the group's proposals, which will be presented alongside an analysis of costs and an Equalities Impact Assessment.

A policy paper of no longer than 10,000 words should be produced for debate at Autumn Conference 2023. Prior to that a consultative session should be held at Spring Conference 2023, and a draft policy paper should be presented to the Federal Policy Committee by June 2023.









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