

## Policy watch

The 'active' skills agenda gains momentum one year on



Last week saw the first anniversary of the launch of the government's high profile skills activism [policy](#), a policy whose enigmatic title belies its importance to the government's economic recovery programme.

The occasion was greeted with an absolute fest of papers, reports and announcements many of which were highlighted in Lord Mandelson's speech marking the occasion. There was the launch of the of the UK Commission's first annual [UK National Skills Audit](#), a progress report on the implementation of the new adult careers and advisory service and skills accounts due to take off nationally this August and a prospectus inviting "innovative" bids for the new £50m Joint Investment Programme for Strategic Skills. Accompanying this little lot were three further announcements. First that one more National Skills Academy, in this case for Power, was now up and running and that similar Academies were to be created in five other sectors. Second that further funding was being made available for the car and civil nuclear energy industries respectively and third that work was under way to create a new Technician Council to act as a registration and support agency for the new technician class. It's not called an activist policy for nothing.

The thinking behind skills activism can be found in last April's 'New industry, New Jobs' [Paper](#) which set the context for the government's new economic recovery strategy. The Paper heralded the arrival shortly after of the new Business, Innovation and Skills (BIS) Dept with Lord Mandelson at its helm and has set the tone for much that has followed. The policy was born out of a recognition that the government needed to develop a new approach, one that was neither a return to the state interventionism of the 1970s nor the 'dogmatic free market' approach of the 80's and 90's. Hence skills activism was conceived, a policy that places government in a more strategic role, identifying key industries in the future and working with business and other partners to develop the strategy, skills and infrastructure needed for such industries to compete globally in the future. It has spawned a mass of activity over the year and been vigorously developed in such landmark papers as last September's 'Jobs of the Future' [Paper](#), last November's [HE and Skills Strategies](#) and this year's 'Going for Growth' [Strategy](#).

Lord Mandelson may have added a hefty dose of political capital in his speech with his warning that "if we return to the unimaginative and old-fashioned thinking of the past, we will simply fail to put in place the conditions for our future success," being clearly aimed at the Opposition, but the policy generally could be as crucial to the country as it is to the government. So, one year on, how's it looking?

The National Strategic Skills Audit from the UK Commission for Employment and Skills (UKCES) provides many of the answers as well as in the words of its Chairman, setting "a chart by which to sail for the future." The Audit contains an impressive mass of data, stats and comprehensive sector analysis much of which requires close reading but for an overview of where to set the compass arguably four features stand out: how things look at present; how things look in the key growth sectors; future drivers for change; and what needs doing now.

In terms of how things are looking at present, the Commission finds a picture in England at least that despite the recession hasn't changed a great deal. Employment levels are high, "3m higher than they were 15 years ago," jobs remain largely regionally concentrated around London and the South East, the need for high level skills continues to grow and the workforce continues to age, "the numbers of those aged over 60 in employment has grown by 40% in six years." In terms of occupations, those employing the largest numbers are the high skilled groups of managers, professionals and associate professionals, together accounting for 44% of all jobs. A picture thus emerges of a service driven economy that with exceptions has largely weathered the recent economic storms but with a workforce that's getting older and with a continuing need to raise skills levels especially in numeracy but also at higher managerial and technical levels.

The importance of such skills becomes doubly evident once the picture in each of the current six key sectors is factored in. These are the sectors identified by government as leading the growth in jobs and the economy in the future and originally set out in the 'Jobs of the Future' Paper. Each of these sectors namely: low carbon economy, advanced manufacturing, engineering construction, financial and professional services, the digital economy and life sciences and pharmaceuticals, is the subject of detailed sector analysis but again some headline messages shine through.

First that "there is a degree of interdependence between them," many of them constitute in effect integrated supply chains, sub-sectors in manufacturing contributing for instance to the supply chain for life sciences and the digital economy. Second, that collectively they demonstrate the importance of the green economy; third that most of them place a premium on STEM skills and fourth that each is experiencing considerable diversification. Beyond these six, the Commission identify "four other sectors which offer economic and jobs potential but which are currently or potentially constrained by skills deficiencies," the creative, care, retail and tourism, hospitality and leisure sectors respectively.

If these are the perceived growth sectors of the future, what are the drivers of change? The Commission identify seven. These are regulation and governance including compliance and licence to practice; demography, notably the growing volume of replacements needed as increasing numbers come up for retirement let alone the continuing role of migration; the speed of change in IT and technology, the impact of climate change and pressure on natural resources; changing patterns of consumer demand and finally two broader drivers in the shape of the emerging impact of globalisation and the changing nature of societal values in areas like family structures and eco-production.

So what next, what are the skill priorities for the future? The Commission identify nine urgent skill priorities and seven pretty important ones. Of the nine urgent skill priorities, two involve raising the level of managerial skills generally across the board in all sectors, one involves the generic area of customer service clearly critical to a number of the key sectors, one involves a particular sector, namely care, where pressures on volume and quality are likely to intensify in coming years and five are concerned with improving higher level professional and technical skills notably in sectors such as health and social care, teaching and research, science and technology and in a range of manufacturing and technical industries. Things will clearly remain active for a while yet.

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