



House of Commons
Trade and Industry Committee

**Better Skills for
Manufacturing:
Government Response
to the Committee's
Fifth Report of Session
2006–07**

**Fourth Special Report of Session
2006–07**

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The Trade and Industry Committee

The Trade and Industry Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department of Trade and Industry.

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Committee staff

The current staff of the Committee are Elizabeth Flood (Clerk), David Slater (Second Clerk), Robert Cope (Committee Specialist), Ian Townsend (Inquiry Manager), Anita Fuki (Committee Assistant), Jim Hudson (Senior Office Clerk) and John Staples (Secretary).

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Fourth Special Report

The Committee published its Fifth Report of Session 2006–07 on 7 May 2007.¹ The Government's response was received on 28 June 2007 and is published as an Appendix to this Report.²

Government response

Introduction

The Government welcomes the Committee's report which presents a balanced assessment of the key issues relating to the skills issues facing UK manufacturing. The Committee's views will inform our work as we seek to develop policies which will ensure that UK manufacturing has the right level of skills and access to the best available training to enable it to respond successfully to the challenges of globalisation and technological advance.

Response to conclusions and recommendations

We have set out below our responses to those conclusions and recommendations directed at Government where we believe it is appropriate for Government to respond. The responses are numbered as they appear in the report.

What is manufacturing?

1. We agree with the CBI that the traditional understanding of what constitutes manufacturing is too limited. Design, logistics, after-sales service and marketing, for example, have grown in importance as part of the total value of the product. This means that these activities, traditionally seen as part of the service sector, are becoming central to manufacturing companies and to maintaining their competitiveness in a globalised economy. The traditional hard and fast distinction between the manufacturing and service sectors is therefore becoming less and less helpful to a true understanding of the UK economy. This may explain why, as we report later, some less traditional skills are now seen as being essential to the future of manufacturing. (Paragraph 3)

The Government agrees with the Committee's conclusion that the traditional perception of manufacturing no longer reflects the true nature of the sector. Manufacturing is transforming as it adapts to new technological developments and competition from low cost countries. Companies are increasingly drawing on high technology, research and development and design as they move to higher value added operations. At the same time the distinction between manufacturing and services is becoming increasingly blurred with manufacturers increasingly involved in research

1 Fifth Report from the Trade and Industry Committee, Session 2006-07, *Better Skills for Manufacturing*, printed as HC 493-I on 7 May 2007.

2 The Paragraphs in bold type are quotations from the list of Conclusions and Recommendations in the Committee's Report.

and development, design and service provision. We are working with key stakeholders in the Manufacturing Forum to develop a more sophisticated measurement of modern manufacturing which takes into account the full manufacturing value chain.

2. Despite its decline relative to the service sector, manufacturing has grown in absolute terms over the last 20 years by an average of 1.2% a year. Investing in manufacturing skills is an investment in a growing sector of the UK economy not, as is often assumed, in a contracting sector. (Paragraph 4)

We recognise the important contribution manufacturing makes to the UK economy. The challenges that it faces in continuing to develop and grow, as it changes to adapt to new global circumstances, increase the need for our manufacturing firms to acquire high level skills to innovate successfully and exploit new technologies. The Government has accepted the ambitions set out in the Leitch report 'Prosperity for all in the global economy – world class skills' published in December 2006, that the UK should commit to becoming a world leader in skills by 2020. The Government will set out its detailed response to the Leitch report in an Implementation Plan.

3. The need to replace people leaving the industry means that demand for skilled people can be significant even where employment overall is in substantial decline. This 'replacement demand' is forecast to be the major driver for employment in the sector over the next seven years. Skills policy should not, therefore, assume that skill shortages are only concentrated in 'new' manufacturing industries. This has important implications for careers advice, the education system and shaping public attitudes to manufacturing. (Paragraph 13)

We endorse the recommendation that skills policy should seek to meet the demand for "replacement" skills. In early 2007 the Secretary of State launched the National Skills Academy for Manufacturing (NSAM) as part of the Department for Education and Skills' roll-out of a national network of sector skills academies. The NSAM will be led by industry to produce a genuinely demand driven service to meet the needs of employers and deliver world-class vocational skills. It will initially focus on delivering the Science, Engineering and Manufacturing Technologies Alliance (SEMTEA) Sector Skills Agreement, which focuses on developing the skills that underpin Management and Leadership, Productivity and Competitiveness and Technical Workforce Development. Academies supporting the nuclear, chemicals, glass manufacturing, coatings, print and building products sectors are also in the planning stage and will contribute to the improvement of the manufacturing sector skills base.

We are working with partners to develop a new universal careers service for England to give people the advice they need to progress in the modern labour market and adapt to change.

The careers information advice and guidance offered to both young people and adults needs to be underpinned by high quality labour market information. This data, built up by Sector Skills Councils and based on their Sector Skills Agreements, aims to be accessible to advisors. Both young people and adults want, and expect industry, and sector-specific information and the aim will be to provide comprehensive information

about all careers—including pay rates, likely future job opportunities and the economic value of particular qualifications at a local level. This will help advisors to guide the career choices of young people, those considering what new skills to develop, and those looking to re-enter the labour market, moving into a different industry or occupational area or relocating to another part of the country. All careers guidance specialists are trained to challenge occupational stereotypes and give clients an understanding of occupations not traditionally taken up by their gender or background.

Demand for skills: structural change

4. Manufacturing is undergoing a period of significant structural change, moving the sector towards higher-value production based around niche markets. This is leading to a demand for higher-level skills across many industries. Skills policy must therefore aim to increase demand among employers and employees for training and skills, as well as responding to the current demands of employers. (Paragraph 16)

5. Our witnesses have suggested that the possession of a level 3 qualification—the equivalent of two A-levels—is increasingly becoming the base-line for employability in manufacturing. With over half of the present manufacturing workforce not qualified to this level, increasing the qualifications base of the sector should be a major priority if UK competitiveness, jobs and exports are to be maintained in the face of growing international competition from established and emerging markets. (Paragraph 18)

As noted above, the Government has accepted the ambitions set out in the Leitch report that the UK should commit to becoming a world leader in skills by 2020, benchmarked against the upper quartile of OECD countries. This means by 2020:

- 95% of adults achieving functional literacy and numeracy;
- Over 90% of the adult population qualified to at least Level 2, with a commitment to reaching 95% as soon as possible;
- Shifting the balance of intermediate skills from Level 2 to Level 3, with 1.9 million additional Level 3 attainments over the period to 2020;
- Boosting the number of Apprenticeships to 500,000 a year; and
- Over 40% of the adult population qualified to Level 4 or above, with a commitment to continue progression.

We recognise the importance of intermediate skills at Level 3. Lord Leitch, in his report, proposed shifting the balance of intermediate skills from Level 2 to Level 3. Our ambition is to achieve an additional 1.9 million level 3 attainments between now and 2020.

We are currently building upon the Level 2 entitlement by introducing a new entitlement to free tuition for a first full Level 3 qualification for 19 to 25 year olds

from August 2007. This entitlement is an important step in bringing us closer to a coherent and seamless package of support for learners from age 14–25. It will give many more young adults an opportunity to prepare themselves for success in life through education and training. It will improve our skills base and help us to close the gap between qualification levels in this country and abroad, which opens up in this age group. It will also provide routes back for those who left education early and want to return in order to improve their qualifications and job prospects.

A clear focus on Level 3 does not mean that it should be free for all. The overall impact on lifetime earnings from achieving Level 3 qualifications, whether academic or vocational, can be substantial. As well as providing increased economic and employment benefits in itself, Level 3 also provides a platform for progression to Level 4 qualifications where the returns to the individual increase considerably.

However, as the report made clear, Government cannot and should not deliver Leitch’s ambition with public funding alone. It is only right that at higher levels, including at Level 3, where the returns are greater, employers and individuals bear a greater proportion of the costs of learning. As noted above, the Government will set out its detailed response in an implementation plan. This will detail how Government, employers and individuals can contribute to the raised ambition through a shared responsibility for skills.

Skills shortages and skill gaps

6. The incidence of skill shortages ranges widely across different manufacturing sectors and industries. Some industries, such as food and drink manufacturing, experience far fewer problems, on average, than the economy as a whole. Other industries, such as metals and wood-based manufacture, find that nearly half their vacancies cannot be filled due to difficulties in recruiting employees with the right skills. Understanding of this variation must inform skills policy at every level. (Paragraph 24)

7. Skill gaps amongst the existing workforce account for a considerably larger percentage of the manufacturing workforce than vacancies caused by skill shortages in recruitment. Skill gaps vary less from industry to industry than skill shortages; however, a similar pattern of concentrated gaps in some industries, such as food and drink manufacture and metals, offset by below average incidence of gaps in other industries, such as publishing and printing, can be observed. Again we emphasise that detailed policy must take full account of these variations and should be as objectively based as possible. (Paragraph 27)

We agree with these conclusions. Through their Sector Skills Agreements (SSAs), Sector Skills Councils (SSCs) are tackling the challenge of driving up skill levels in their sectors. SSAs provide a means for articulating skills demand and underpin the move to a more demand-led system of education and training. They are a crucial mechanism for delivering on SSCs’ four strategic objectives:

- A reduction of skills gaps and shortages and anticipation of future needs;

- An improvement in productivity, business performance and public services;
- Increased opportunities to develop and improve the productivity of everyone in the sector’s workforce, including action to address equality;
- An improvement in the quality and relevance of public learning supply.

All SSCs are expected to complete an SSA by March 2008. Currently 9 SSAs have been published, and a further 6 will have been produced during Spring 2007. Each Agreement contains an action plan with employers and key public sector partners across the UK, detailing work needed to meet the challenges identified.

In his report Lord Leitch emphasised the need for a demand-led system of skills provision. However for this to work we need to understand the various sectoral and regional needs of employers. SSCs through their SSAs, Regional Skills Partnerships (RSPs) and Learning and Skills Council (LSC) bring together a rich analysis of sector skills needs in the different sectors and regions, which helps inform provision and to create a demand-led system. Train to Gain will help employers—particularly those who have not traditionally offered training—engage with the learning system and tackle skills needs. At the end of March 2007 the proportion of ‘hard to reach’ employers participating in Train to Gain was 69%, which suggests high levels of additionality.

Which skills are in demand?

8. Technical and practical skills remain the major cause of skill-related problems across manufacturing as a whole. Management and leadership skills were a common concern in the evidence we received and we believe that making management skills a priority area would have beneficial effects on the training of other staff. Basic skills are another key area of concern, along with commercial awareness and the vital but apparently neglected ‘soft’ skills such as communication and team work. (Paragraph 32)

9. The specific nature of skill demands varies widely from industry to industry within the manufacturing sector. We therefore believe that whilst high-level targets, such as those outlined in the Leitch report, have some indicative value, policy should be driven by demand in the workplace and the projected demands of employers and the workforce on a sector by sector, industry by industry basis—with Sector Skills Agreements and employer/workforce negotiation key mechanisms to achieving this. Blanket approaches to increasing skill levels run the risk of appearing to meet over-arching targets while not addressing the fundamental issues for some employers and employees. (Paragraph 33)

We believe that to create a truly demand-led system employers are responsible for providing the skills their employees need to do their job. Government has targets which help direct public funding towards meeting the wider skill needs of the economy. Improvement of basic skill levels will help improve productivity. We see level 2 as the platform on which we can build to shift the balance of intermediate skills from Level 2 to Level 3 and to encourage improvements in management and

leadership skills which will not only lead to both more productive companies but also to a better appreciation of the roles skills play in his process.

SSCs are developing Sector Qualification Strategies which include a range of employability skills. In essence they are the ‘soft skills’ training demanded by employers. These include health and safety and skills relating to personality and behaviour, for example persistence, self confidence and personal responsibility as well as developing communications and team working skills.

We recognise there is a wide degree of variation in skills shortages and gaps across industry sectors. This is why individual SSAs are so important. They are based on a rigorous five stage process, and provide an opportunity for employers, working through their individual SSCs, to identify and articulate the priority skills needs of their sectors over the short, medium, and long term; and help the planning, funding and delivery agencies to shape relevant and high quality provision which meets those needs. SSAs will not be a once-for-all document—they need to be revisited and reviewed to reflect the changing needs of business and so ensure their continued relevance and responsiveness to the changing skills demands of each sector.

The skills system: Government departments

10. Four Government departments have a say in skills matters: the Department for Education and Skills, the Department of Trade and Industry, the Department for Work and Pensions and Her Majesty’s Treasury. At present, skills matters in the DTI fall under the remit of the Minister for Science and Innovation. We agree that one Minister cannot be responsible for the Government’s extensive science and innovation programme and be conversant with both the needs of industry and the intricacies of the skills system. Thus, having skills ministers in three other Departments makes eminent sense. Nevertheless, within the DTI the current distribution of responsibilities could be seen to suggest an unhelpful equation of skills with science, when the demands of industry are very much wider than that. (Paragraph 35)

We do not agree that the current distribution of responsibilities within the DTI suggests an unhelpful equation of skills with science. There are real benefits to handling the skills brief in this way. Skills and innovation help drive productivity so linking the two agendas delivers a more holistic approach to the way in which DTI works to promote business productivity in the UK. It is wrong to suggest skills are somehow divorced from other key policy themes in DTI; skills are a top business priority and inform how the department responds to the enterprise, energy and employment relations agenda, as well as supporting science and innovation. All members of the ministerial team engage on the skills issue. As noted above, the Secretary of State launched the National Skills Academy for Manufacturing earlier this year. DTI works in partnership with DfES to ensure the business perspective is reflected in the Government’s response to the Leitch Review.

The skills system: Sector Skills Councils

11. Ensuring strong workforce skills is a matter of shared responsibility between government, employers, unions and individuals. The greater role being given to employers in the skills system through Sector Skills Councils is welcome. We note that the performance of these bodies has been variable. We hope that the Sector Skills Development Agency will be active in ensuring that all sectors are represented fairly and in reforming less effective Sector Skills Councils. (Paragraph 41)

In our initial response to Lord Leitch's report, the Government accepted the recommendation for a strong, coherent employer voice at the heart of the skills and employment system, delivered through a new Commission for Employment and Skills. We agree with the Committee and Lord Leitch that a powerful and high-performing network of SSCs will be central to realising the ambitions in his report. We also agree with him that—for a number of reasons—performance has been patchy. As Lord Leitch points out, even the oldest SSC is only four years old. The more long-standing SSCs tend to be amongst the strongest performing. We will respond directly to Lord Leitch's call for SSCs to be reformed, re-licensed and empowered when we publish our action plan for realising the ambitions set out in his report.

The skills system: employees' interests

12. The private sector must accept its full responsibility and involvement in the skills system. However, a 'demand-led' system should not be a purely 'employer-led' system. Employees' longer-term interests in gaining accreditation for their skills and acquiring transferable skills do not always coincide with the short-term interests of their employers. We therefore believe that the most effective Sector Skills Councils will be those which take significant account of employee, as well as employer, demand and recommend that their remit reflect this. (Paragraph 42)

We recognise that the skills system needs to recognise the needs of both employers and employees. We believe that the system is already working towards this—this is why SSCs are being asked to produce Sector Qualifications Strategies which will identify the most economically valuable qualifications for their sector. This strikes a balance between meeting solely employer demands and ensuring that individuals receive training leading to qualifications valued in the labour market.

Trade unions and their Union Learning Representatives (ULRs) have a key role to play in the unionised workplace. Employers and workers both stand to benefit from ULRs. They are an inexpensive source of expert advice for employers. They are particularly effective in reaching workers with basic skills needs—people who may be reluctant to take advantage of training opportunities. In that sense, ULRs help to stimulate a demand for learning and training among a group which employers find hard to reach.

Funding of training

13. Although our witnesses have focused on the demand in manufacturing for people with level 3 and higher qualifications, the evidence suggests that those already with better qualifications are more likely to receive privately funded training. The Government should therefore continue to focus funding at level 2 and some level 3 qualifications to address this imbalance. It should ensure that people who undertake funded programmes at this level are given clear guidance and encouragement to progress to a higher level after completion. (Paragraph 44)

We agree with this conclusion which reflects the ambitions in Lord Leitch's report.

Complexity of skills system

14. Employers are confused by the complexity of the system not least by the division of responsibilities between national sector skills councils, the Regional Development Agencies and the locally-organised Learning and Skills Councils. Employers should not have to deal with significantly different skills structures or policies on different sides of what are, after all, administrative boundaries. We recognise that skills bodies should be able to take regional differences into account and implement initiatives to meet local priorities. Greater co-operation is therefore needed between regions to ensure that the delivery system and policy principles are made consistent. We recommend the Government reconsider whether having a region-led system of funding and provision is compatible with the new powers being given to sector-based, employer-led bodies operating nationally. (Paragraph 46)

15. We agree with the Department of Trade and Industry that the most important thing is that the skills system should be easy to navigate for employers and learners. This is not the case at present. The current system for publicly funding and providing skills training is complex and confusing. We agree that high-quality brokerage can help employers and learners deal with complexity. This should not be a substitute for structural simplification. Once the current round of reforms has been given time to settle, the Government should look to clarifying the roles of the public-sector bodies involved in skills matters with a view to reducing the number of such bodies. (Paragraph 49)

We note the Committee's views on the complexity of the skills system. The Government is taking action to achieve structural simplification. The Chancellor, in his budget statement in March 2006, announced the Government's plan to simplify the existing (estimated) 3000 business support schemes to 100 or fewer by 2010. This initiative involves central government departments and their agencies and local authorities.

The cross government Business Support Simplification Programme (BSSP) is working with a wide range of private and voluntary sector bodies in developing the new set of 100 or fewer schemes. BSSP is currently working to develop and test a set of products,

two of which are designed around skills brokerage and skills solutions, to meet the needs of business support customers.

Vocational qualifications

16. The current system of vocational qualifications is overly complex and does not have the confidence of the sector. Simplicity is one effective way of maximising recognition and therefore potential value among both employers and employees—complexity a way of minimising both. Without the confidence of industry, such qualifications will have little value to employees. We welcome greater employer involvement in the development and approval of qualifications through the Sector Skills Councils and hope that this will lead to a major rationalisation of vocational qualifications. We stress that the resulting qualifications must be recognised and valued as a measure of ability across the whole economy, not just in the sector that helped develop them. (Paragraph 56)

The work on the reform of vocational qualifications includes the introduction of a new Qualifications and Credit Framework (QCF) which will record learner achievements in units. Although some units will, and should be sector specific, others will be more generic and will be portable between sectors.

17. The Trades Union Congress wants a statutory right for employees to be able to train for a level 2 qualification in work time—a proposal that the Leitch report has recommended should be implemented if sufficient voluntary progress is not made by 2010. We agree. (Paragraph 58)

The Government will respond to this point in the context of the Leitch Implementation Plan.

Work force training

18. The manufacturing sector trains a lower proportion of its workforce than the economy as a whole: between one half and two-thirds of the workforce do receive training funded or provided by their employer. Companies who do not train their staff are overwhelmingly those with fewer than 25 employees. The Government should therefore focus its assistance on small employers to help them to begin training their staff and should consciously reach out to smaller firms. However, larger companies tend to train a smaller proportion of their staff than smaller companies. Government should also be encouraging larger employers to train a higher proportion of their staff and spread best practice through their supply chains. In both cases, a close link between training and business strategy should be encouraged. (Paragraph 61)

The Government will consider Work Force Training in the context of producing its implementation plan in response to Lord Leitch's report.

19. Employers have strongly expressed their preference for 'on the job' training in the workplace. Public sector skills providers would be well-advised to 'go with the

grain' of employers' strongly held convictions and aim to facilitate this where possible in return for a commitment by employers to provide paid time for employees to undertake training. Government, the National Skills Academy for Manufacturing and Sector Skills Councils should work towards a form of national accreditation for in-house training that recognises its value and establishes common standards at a basic level without being prescriptive as to its exact content or method of delivery. (Paragraph 64)

'Train to Gain'

20. We welcome the Train to Gain approach of actively targeting firms to identify and address their specific skill needs and we endorse Lord Leitch's proposal of a similar approach for individuals. We believe that Train to Gain should continue its focus on smaller firms, with the aim of promoting training among companies that do not at present train their staff. We also recommend that a nationally coherent system of brokerage be established as soon as possible. (Paragraph 67)

Since being rolled out nationally from summer 2006 Train to Gain, through its impartial and expert diagnostic service and where necessary monetary support, has achieved its targets for employer engagement through Skills Brokers, reaching a high proportion of hard-to-reach employers, and gaining high satisfaction ratings. As noted above, at the end of March 2007 the proportion of 'hard to reach' employers in Train to Gain was 69%. We propose to increase our investment to over £900 million in 2010/11, up from £330 million in 2006/07. Details on how the new demand-led funding system will be implemented will be published by the Learning and Skills Council in the autumn.

Apprenticeships

21. We welcome the improvements in the number of Apprenticeship places and completion rates. The Government should work towards the Leitch report target of 500,000 apprentice places by 2020 but only insofar as this reflects genuine demand in the labour market and the varying needs of specific industries. Government workforce planning, even for its own workforce, can leave a lot to be desired; as we have seen, for example, with the problems concerning the excess numbers of nurses and doctors recently trained (c.f. Modernising Medical Careers). (Paragraph 70)

The NHS will continue to need to recruit new staff to replace those who retire or take career breaks. This can be seen by the numbers of people in training to enter the health professions rising steadily over recent years. For example from 2003/04 to 2005/06 the number of trainee nurses supported by Multi Professional Education and Training (MPET) funding increased by 12% to just over 72,000. The actual numbers of newly qualified staff are determined locally by Strategic Health Authorities who commission training places based upon the service need.

Strategic Health Authorities work proactively with employers to find new graduates opportunities, though it is also the responsibility of graduates to be proactive when

looking for posts and to be as flexible as possible about where and in what clinical areas they work. There are a range of options available for employers to ensure the NHS does not lose the skills of new graduates, including offering part-time appointments or slots on the internal trust bank. All parts of the NHS are consistently delivering for patients against national priorities. Waiting lists continue to be at an all time low (e.g. at end of February 2007 the number of people waiting more than six months was 378, a decrease of over 282,000 since 1997) and 99.9% fewer people (over 338,000) were waiting more than 13 weeks for a first outpatient appointment than in 1997. This has been possible as a result of the increased workforce capacity and the hard work of all in the NHS.

We have seen an increase in the number of nurses in the NHS of around 80,000 and in doctors by around 35,000 since 1997. Recent press reports of large scale job losses are greatly exaggerated. The actual number of compulsory redundancies between April 2006 and March 2007 is 2,330.

22. We note that the concerns raised regarding vocational qualifications extend equally to the NVQ element of Apprenticeships and Advanced Apprenticeships. With the skills base line for employability in the sector rising, Government should make the accreditation of Apprenticeships more robust and relevant to the needs of the industry by including them within the Sector Skills Council-led process for developing and approving vocational qualifications. (Paragraph 71)

23. In view of the importance of increasing the skill levels of the existing workforce and in the light of the finding of our predecessor Committee that women are more likely to try and break into a traditionally male-dominated sector after several years in the workforce, we welcome the extension of Apprenticeships to over-25s as a major step forward. (Paragraph 72)

We are content with the conclusions set out in Paragraphs 71 and 72

Image of manufacturing

24. It is vital both to get the message across that manufacturing output is growing, with significant employment opportunities, and to counter the perception generated by media coverage of factory closures and the related political expressions of concern. For this reason we welcome the DTI-led Manufacturing Forum's work on promoting manufacturing across the country and the establishment of a media centre to underpin that work. We hope that employers, their representative organisations and trades unions will support this initiative enthusiastically and will do still more to promote a positive image of the sector. Government can facilitate and encourage activity of this kind, but it will only be effective if the people actually engaged in manufacturing are seen to be supporting the message with enthusiasm. Politicians too need to demonstrate a willingness to balance their legitimate expressions of concern about bad news with recognition of the many good things that are happening in UK manufacturing. (Paragraph 90)

We agree that there is a need to project a positive image of modern manufacturing. Many parts of manufacturing are flourishing and there is a good story to tell about how it is transforming into a technology driven, innovative sector. Negative perceptions of manufacturing damage the sector's prospects by acting as a barrier to attracting new talent and can have an adverse affect on investment. We welcome the Committee's recognition of the work of the Manufacturing Forum which has identified the need to counter these perceptions as a priority issue. The Forum considers that establishing an independent 'Manufacturing Media Centre' would increase understanding and reporting of the positive aspects of the sector. It would ensure that messages for key audiences are effectively designed and delivered and portray a more accurate picture of today's manufacturing industry. The Forum remains in discussion with industry on the establishment of the Centre.

Attracting young people

25. Negative perceptions of manufacturing do exist among some young people and are widely held to be responsible, at least in part, for the sector's difficulties in recruiting skilled people. We received evidence asserting that these perceptions are embedded in the education system, and in particular in the careers advice young people receive. We suspect that those assertions may be accurate. We note that the Government is making some reforms to careers advice; however, we strongly recommend that the Government, in the light of the Leitch report, move towards a universal careers advice service, to introduce a coherent and unbiased system that engages children in schools at an earlier age and continues into adulthood. (Paragraph 78)

26. Work experience is one way to improve interest in manufacturing among young people. The Government should look at ways to ensure access to high quality manufacturing work experience for school children across the education system even before the age of 14. (Paragraph 79)

27. We believe that the Government's efforts to encourage young people into science, engineering and technology subjects, and establish new qualifications for manufacturing—including the 14–19 Specialist Diploma—would be of even greater benefit to the sector if the negative view of young people towards manufacturing were successfully tackled. (Paragraph 80)

The Government's Manufacturing Strategy recognises the importance of encouraging more young people to the manufacturing sector and we have been working with the Enterprise Insight 'Make Your Mark' campaign which promotes enterprise to young people. In 2006 the campaign added a Manufacturing and Engineering element to raise the visibility of these industries amongst young people. DTI Ministers tasked Enterprise Insight (a government funded organisation) with developing a day during Enterprise Week dedicated to Manufacturing. DTI worked with Enterprise Insight to create 'Manufacturing-ideas at work day' which took place on the 14th November 2006 and Margaret Hodge, Minister for Industry, took part in an event designed to promote awareness of engineering to encourage students to consider it as a challenging and rewarding career.

The information, advice and guidance (IAG) which young people receive comes from a broad spectrum of sources including peers, friends and family as well as that as part of the learning process. It is not necessarily the case that negative perceptions of manufacturing are embedded in the careers advice that young people receive, but it is possible that the totality of information received via the various sources might not be well informed or up to date.

Formal personal careers advice for young people is mainly delivered from two sources:

- Connexions Personal Advisors (PAs)— either in Connexions settings, through the Connexions Direct helpline or placed in schools; and
- Careers education and guidance (CEG) provided by schools staff – typically specialist careers teachers or other teachers engaged in delivering the CEG programme.

Connexions PAs are required actively to seek to dispel bias against any particular sector and to challenge stereotyping. The new Quality Standards for young people's IAG to be published this summer will reinforce this drive.

Face to face IAG is supported by online resources such as the Jobs4u careers database—accessible through the Connexions Direct website. This provides up-to-date information on approximately 800 individual occupations, over 50 of which are included in the manufacturing and production sector. The database includes case studies which offer a realistic view of what it is actually like to work in a particular job and external links to related websites and resources. The links include the relevant SSCs and to the youth focused Equal Opportunities Commission sponsored website www.works4me.org.uk which aims to raise awareness of issues such as pay, choice and wider opportunities amongst 11–15 year olds.

Careers publications offer information on a range of jobs at differing entry levels and seek to challenge stereotypes and to ensure a balanced representation by gender, ethnicity, disability and geographical spread. This has included, for example, consultation with the Women into Science and Engineering Initiative. Case studies are drawn from a range of geographical locations, reflecting a balanced representation of the population and include case studies displaying young people in 'non traditional' roles.

Of course linking careers advice to labour market shortages is important, but it is not clear how an all-age service will assist this. Whilst there may be some advantages in an all age service we believe that these are outweighed by the disadvantages. Apart from the very significant cost implications of aligning adult services with those for young people, we believe that young people's guidance needs are different from adults: that young people prefer to go to places tailored to their needs; and that young people's information advice and guidance should be holistic and not confined to guidance solely about careers.

We are however bringing clarity and coherence to IAG policy embodied in all-age careers guidance strategy.

Work experience helps develop the skills and attitudes that are essential to preparing young people for the world of work. Evaluation shows quality of placements improving e.g. through improved preparation and debriefing of pupils. Work experience placements are a core feature of increased work related learning opportunities in schools. We have committed for all Key Stage 4 pupils to receive at least 2 weeks' high quality work experience.

Work experience remains the only business-link activity that all young people can reasonably be certain of taking part in. High quality work experience is also a crucial part of an education process that prepares young people for adult and working life. It has also remained consistently successful; over 95 per cent of pupils in the target group (Key Stage 4) go on placements each year. This represents around 550,000 pupils. Research shows that 4 out of 5 pupils are positive about work experience and three quarters of placements are well matched to pupils' interests and capabilities (OFSTED). DfES provides funding for education business links via Learning Skills Councils (LSCs), of which £10million goes towards support of provision of high quality placements.

In order that work experience can maximise its contribution to developments on work-related learning and enterprise, the Department for Education and Skills (DfES) and Learning Skills Council (LSC) are drawing up a programme of action. The focus will be on:

- Increasing participation to 100 per cent, and the number of pupils having two weeks' placements increasing
- Improving the quality of planning, preparation and de-briefing for placements in schools
- Supporting and encouraging employers to offer high quality placements
- Developing placement models which deliver the enterprise objectives
- Tailoring placements to suit individual needs, including taking account of any part-time work
- Wider use and recognition of pupils' achievements through their experience of work
- Addressing issues of stereotyping.

Attracting graduates

28. We note the concern of manufacturers about the number of graduates in science, engineering and technology subjects. We support the Government's attempts to encourage young people into studying science subjects. We believe that the Sector Skills Councils should look urgently into how industry can more effectively recruit from the existing stock and annual output of SET graduates, in

particular those who find themselves unemployed six months after graduation or who go into non-SET careers immediately after leaving university. (Paragraph 83)

We agree with this recommendation. Across Government we are promoting STEM careers and working in partnership with industry, including through SSCs.

Recruiting women

29. Breaking down perceived gender-stereotypes around manufacturing would significantly increase the pool of skilled labour available to employers. We believe that government should be promoting this message strongly to employers in the sector in addition to the Government's initiatives aimed at attracting female applicants. (Paragraph 88)

30. We reiterate the findings of our predecessors' report on Occupational Segregation; simply marketing the sector to women is not enough to make it accessible. Other barriers need to be addressed, including hostile workplace cultures and inflexible working hours. There are examples of companies where these barriers have been successfully overcome, and Sector Skills Councils should take an active role in promoting best practice in these areas. (Paragraph 89)

Attracting more women to take up training opportunities in the sector will help to break down perceived gender-stereotypes around manufacturing and would significantly increase the pool of skilled labour available to employers.

In response to the Women and Work Commission's recommendations, we are taking forward a comprehensive and co-ordinated programme of action across Government to tackle the issue of the gender pay and opportunities gap and are working with a wide range of organisations including employers, trade unions and the voluntary sector.

The recent *Towards a Fairer Future Implementing the Women and Work Commission Recommendations* report highlighted that patterns of occupational segregation persist but that the government is making improvements to careers information, advice and guidance and work related education and training that will help to address the opportunities gap.

Sector Skills Agreements provide the strategic basis for the development of new skills measures and interventions which cut right across the skills agenda. Nine SSCs are participating in the Women & Work Sector Pathways Initiative designed to address issues of gender imbalance in the labour market. It is supporting women in getting in and on in sectors and occupations where they are under represented and where specific skills shortages and gaps exist. The initiative covers a wide range of industries. It includes projects from SEMTA, Improve (food & drink manufacturing and processing) and Skillfast all of which are developing solutions to help women move more easily into management and technical roles.

The document 'Challenging Gender Barriers' was produced at the end of 2006 on behalf of DfES by the National Association of Connexions Partnerships (NACP),

working closely with the Equal Opportunities Commission (EOC), in response to the EOC's General Formal Investigation into Occupational Segregation.

The document responds to two key reports—'Free to Choose' [EOC, 2005] and 'Shaping a Fairer Future' [Women and Work Commission, 2006] that evidenced gender-related gaps in workplace opportunities. It describes some of the work done by Connexions Partnerships to support young people in challenging stereotypes and achieving their goals. It also provides a number of case studies of effective practice in tackling gender stereotyping and guidance on improving practice. This document was the first stage of a 2 stage approach which is ongoing. We are working with two Connexions partnerships to develop lesson plans and a practitioners' toolkit which will complement the document and seek to mainstream these approaches.

Women make up 18.7% of all employees in Science, Technology, Engineering and Maths (STEM). In addition 76% of women who have a STEM related qualification choose not to work in the STEM field. (Source: Quarterly Labour Force Survey 2006).

The Government is committed to creating a science workforce that is representative of the society it serves. To address the imbalance we established the UK Resource Centre for Women in Science, Engineering and Technology (UKRC) in 2004.

Since its launch the UKRC has developed contacts with over 100 employers for gender related advice and guidance. Some of the organisations have done significant work with the UKRC such as conducting a culture examination using a unique tool developed by the UKRC that analyses workplace culture or running gender awareness training sessions for their staff.

The UKRC's RETURN campaign has worked with over 1000 women. 500 of these having successfully completed the UKRC/Open University T160 programme: a free course offering support and mentoring for women wishing to return to STEM by developing skills and confidence.