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**Divergent skills policy trajectories in England
and Scotland after Leitch**

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Editor's Foreword

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Abstract

Since its election in 1997, the UK (New) Labour government has consistently argued that national economic success and social justice depends critically upon boosting the supply of skilled, qualified labour. The recent Treasury-sponsored Leitch Review of Skills concluded that 'skills is the most important lever within our control to create wealth and to reduce social deprivation.' In doing so, it recommended the adoption of a series of ambitious qualification targets aimed at equipping the UK with a 'world-class' skills base by 2020. However, education and training is a devolved issue in the UK and the parliaments/assemblies of Scotland, Wales and Northern Ireland have control over this area of policy. While the UK government has accepted the Leitch targets as a basis for skills policy in England, this has not been the case in either Scotland or Wales. Furthermore, Scotland has recently produced a skills strategy that is noticeably different in its underlying thinking and approach to that being pursued in England. While English policy makers focus narrowly on boosting skills supply and matching overseas levels of qualification stocks, their Scottish counterparts are increasingly stressing the need for skills to be utilised effectively at work and are seeking to integrate skills policy within a wider business improvement, innovation and economic development agenda. With skills policies now pointing in two different directions, the paper examines the factors that have resulted in these contrasting approaches to tackling 'the skills problem', together with the main challenges they confront.

Introduction

The belief that skills are key to economic competitiveness, productivity growth and social inclusion/justice has been central to New Labour's political project since its election in 1997 and is a view broadly shared by governments across the developed world (see Ball 2008). While the UK government is certainly not alone in embracing the skills agenda, it has nevertheless tended to fashion a distinctive policy narrative, wherein education and training are presented as the *primary* mechanism for tackling a wide range of economic and social problems. The recent Leitch Review of Skills, commissioned by the Treasury to examine the UK's future skill needs to 2020, concluded that:

Our nation's skills are not world class and we run the risk that this will undermine the UK's long-term prosperity. Productivity continues to trail many of our main international comparators. Despite recent progress, the UK has serious social disparities with high levels of child poverty, poor employment rates for the disadvantaged, regional disparities and relatively high income inequality. Improving our skill levels can address all of these problems (Leitch 2006:1).

In asserting that 'skills is the most important lever within our control to create wealth and to reduce social deprivation' (Leitch 2006:2), Leitch went on to recommend a series of ambitious *qualification* targets designed to place the UK in the top eight of the OECD rankings at every skill level, ranging from adult literacy and numeracy to degree level provision, by 2020. These targets have since been accepted as the basis for skills policy in England (DIUS 2007), with the Prime Minister, Gordon Brown, insisting that, 'Our ambition must be to be nothing less than world class in education and to move to the top of the global education league' (Brown 2007).

As a result of political devolution in 1999, however, the parliaments/assemblies of Scotland, Wales and Northern Ireland have control over education and training (E&T) policy. This has already prompted discussion as to whether policies are diverging across the UK (see Paterson 2003, Phillips 2003, Raffe and Byrne 2005, Rees 2007a 2007b). Those seeking examples of policy makers 'doing things differently' could, for instance, point to a long-standing defence of comprehensive education in Scotland and Wales in stark contrast to the policies of marketisation, diversity and choice being pursued by New Labour in England. There have also been visibly different approaches to the testing of pupils at the ages of 7, 11 and 14, with New Labour opting to retain tests in England that were never taken up in Scotland and which have since been abandoned in Wales.

In terms of post-compulsory E&T, the UK nations have evolved distinctive systems of governance, along with their own funding regimes, qualifications and curriculum frameworks, and local administrative arrangements (Raffe and Byrne 2005). Wales' piloting and subsequent roll out of a Welsh Baccalaureate affords a clear example of a distinctive policy development that contrasts both with English and Scottish approaches (Rees 2007a). There have also been high profile examples of policy divergence in respect of higher education, where the Scottish Labour-led coalition government rejected up-front tuition fees in favour of a repayable graduate endowment scheme and, in doing so, opened up a major policy rift with New Labour in England.ⁱ

However, as Raffe and Byrne (2005) note, when it comes to broader goals or the underlying rationale for skills policy, it has been much harder to discern any fundamental differences of strategic approach or understanding (see Dutton *et al.* 2005, Rees 2007a 2007b). This is not altogether surprising, given the political dominance of New Labour across the UK in the years immediately following devolution. As recently as April 2007, Jack McConnell, Scotland's first minister and leader of Scottish Labour was arguing, much like Gordon Brown, that Scotland needed to develop the 'best education system in the world' if it was to meet the challenges of a rapidly changing global economy (*The Guardian* April 11 2007:13).

However, the elections of May 2007 have re-drawn the political map of Britain, most visibly in Scotland, where a minority Scottish Nationalist Party (SNP) administration has ruptured New Labour's political hegemony. Within one hundred days of taking office, the SNP had gone on to deliver a new skills strategy that was noticeably different in its *underlying thinking* and *approach* to that being pursued in England (Scottish Government 2007a). As the strategy makes abundantly clear, Scotland will not sign up to the Leitch targets. Indeed, while English policy makers are focused narrowly on boosting skills supply and matching overseas levels of qualification stocks within the national workforce, their Scottish counterparts are increasingly stressing the need for skills to be utilised effectively at work and are looking for new ways of linking skills policy to a broader business improvement, innovation and economic development agenda.ⁱⁱ

With skills policy now pointing in two very different directions, the paper explores the challenges that this presents for policy makers both in Scotland and England. The paper begins with the rationale behind England's skills strategy and

explores the forces that have served to focus attention on what is, in effect, a ‘skills alone’ approach to economic development. It then looks at the factors that have led Scotland to embark upon a different approach, before moving on to discuss some of the challenges and constraints that policy makers face in venturing down such a path. The paper concludes by asking whether, in the longer term, the Scottish experiment might potentially serve to disrupt the prevailing policy consensus in England about how best to tackle the ‘skills problem’.

England’s skills strategy

Back in 1999 the then Labour Prime Minister, Tony Blair, explained why education and skills were his ‘number one priority for investment’:

The reason for this is simple. In the twenty-first century, as we forge a new progressive politics on the centre-left, the battle of this century between the ‘economic’ and the ‘social’ will end...Education is critical to both... (Blair 1999, cited in Stedward 2003:143).

The statement encapsulated the government’s belief that skills are the central mechanism through which economic success and social justice can be reconciled under conditions of ‘globalisation’ and the emerging ‘knowledge-driven economy’ (see DfES *et al.* 2003).

New Labour’s argument has tended to run as follows. In the modern global economy, advanced industrialised countries are said to have no option but to seek competitive advantage on the basis of high value added goods and services if they are to withstand the threat of low cost competition from overseas, maintain economic growth and improve average living standards. This, in turn, is seen to depend crucially upon the availability of a highly skilled and flexible workforce that can act as a magnet for high-quality inward investment. Skills, it is argued, allow companies to innovate, adapt new technologies and pursue continuous improvements, and are thus an increasingly important driver of productivity (Leitch 2006:8). Qualifications are the best proxy for, or measure of, skills available. Improvements in the supply of skilled/qualified labour, in combination with global market forces and technological change, are seen therefore as ‘the key’ to achieving a higher skills, higher value added, higher productivity economy (see HM Treasury 2002, Leitch 2006).

At the same time, the policies necessary for economic success – universal up-skilling for all – are also said to be those required to develop ‘a fairer, more inclusive society’ (see DfES *et al.* 2003). By spreading opportunity to everyone, education and

training is seen to offer individuals a route out of unemployment, poverty and low pay, a way of maintaining ‘employability’ in the face of rapid economic change and uncertainty, and a vehicle for upward social mobility (Leitch 2006:8). Thus, ‘In the new knowledge economy, human capital, the skills that people possess, is critical’ (Blair 2007:2).

Under New Labour, the English E&T system has become a central target for policy intervention and control. Since 2001, new institutional structures, such as the Learning and Skills Council, the Sector Skills Development Agency and Sector Skills Councils (SSCs) have been created, alongside a plethora of other initiatives, programmes and targets, mainly driven and dictated by central government (Coffield 2006, Keep 2006). Particular emphasis has been placed on expanding higher education, with the government originally setting a 50% participation target for 18-30 year olds in England by 2010. The apprenticeship programme has been reformed and expanded, with the number of apprentices increasing from 75,000 in 1997 to 250,000 in 2006. At the same time, the government has set Public Service Agreement targets aimed at reducing the numbers of adult workers in England with low skills, combining this with universal entitlements to free training for adults with basic skill needs or lacking a first level 2 qualification – what the government considers to be the minimum platform for employability in the labour market.

As part of this agenda, the Treasury launched the Employer Training Pilots in 2002 (see HM Treasury 2002). Operating in selected areas of England, they offered employers free training for members of their adult workforce to acquire basic skills and/or a first level 2 National Vocational Qualification. In 2005, the programme was rolled out across England as the National Employer Training Programme, or Train to Gain. Although described as ‘demand-led’ and ‘built up from employers’ business needs’ (DfES 2005:18), in reality, the offer – ‘free training to a first full Level 2 qualification’ – was determined by government and reflected the Treasury’s own view on how to boost productivity (see Wolf *et al.* 2006:540).

Attention has now turned to the implementation of the Leitch agenda in England, with the government having adopted the Leitch targets and seeking to bring forward further changes to the E&T system. The targets for 2020, which cover every qualification level (basic, level 2, 3 and 4), are incredibly ambitious, aiming to achieve a ‘world-class’ skills base by ‘more than doubling the projected rate of attainment in many cases’ (Leitch 2006:14). A new ‘employer-led’ UK Commission

for Employment and Skills, established in April 2008, will monitor progress towards ‘our world class ambitions’ as well as offer advice to the English government and the devolved administrations (DIUS 2007)ⁱⁱⁱ. UK-wide SSCs are also to be re-licensed and afforded a stronger role in the approval and design of vocational qualifications, while employers will be given the opportunity to have their own training programmes nationally recognised and accredited.

The UK training system remains essentially ‘voluntarist’, however, with training decisions left to the discretion of employers and individuals. Leitch did not recommend any fundamental departure from this approach, ruling out the use of statutory training levies except where they have majority support from employers in a particular sector. It did, however, put forward the idea of a Pledge, whereby employers in England would be asked to voluntarily commit to helping members of their adult workforce acquire basic skills and a first level 2. Leitch recommended that progress on the Pledge should be reviewed in 2010 and, if this was deemed insufficient, that consideration be given to the introduction of a statutory entitlement to such training. The ‘Skills Pledge’ was subsequently launched in England in June 2007. However, employer support has been limited, with 2,585 employers having signed up by March 2008, and the government has already pushed back the deadline to 2014.

Leitch also argued that the skills delivery system in England had become ‘too supply-driven’ and over-reliant upon centralised planning, with government and the LSC seeking to match skills supply to ‘ineffectively articulated demand’ from employers and individuals. It therefore called for ‘a switch to demand-led funding’ (Leitch 2006: 76), via an expanded Train to Gain programme and new (or rather re-vamped) Learner Accounts^{iv}, aimed at supporting ‘economically valuable skills’ and putting purchasing power in the hands of employers and learners. Funding for Train to Gain will exceed £1 billion by 2010/11 (DIUS 2007). The programme is currently being transformed from one which previously focused on a relatively narrow offering (basic skills and a first level 2) into a new ‘national skills service’ encompassing a much broader range of products, services and forms of public subsidy that employers can access (see LSC 2007). Learner Accounts, or Skills Accounts as they are now called, will be rolled out from 2010, with an initial budget of £500 million, and will be focused on motivating adult learners to ‘gain skills and achieve qualifications, enter work and progress in employment’ (DIUS 2007:10). In relation to young

people, the government is in the process of bringing forward legislation which will raise the education and training participation age to 17 by 2013 and 18 by 2015 (see DfES 2007). This is to be aided by the roll out of new 14-19 diplomas and the creation of a new Foundation Learning Tier below level 2.

In March 2008, the government announced major changes to the funding of provision for both young people and adults which will culminate in the abolition of the LSC by 2010 (DCSF/DIUS 2008). Under the new proposals, funding for 16-19 year olds is to be transferred to local authorities who will be expected to work together in sub-regional groupings in order to 'flexibly' plan and commission 14-19 provision in accordance with the needs of young people and employers. They will be supported in the process by a new 'slim national' Young People's Learning Agency (YPLA) which will maintain overall budgetary control, help resolve local disagreements and, if necessary, 'step in' where there are performance issues within or between local authorities. A new 'streamlined' Skills Funding Agency will route post-19 funding to colleges and other providers, the vast bulk of which will flow through Train to Gain and Skills Accounts, as well as oversee the development and performance of the sector.

Following recommendations made by Leitch, the government aims to expand the number of young people and adults on apprenticeships in England to 400,000 by 2020, with all school leavers who meet the necessary criteria to be given an entitlement to an apprenticeship place by 2013.^v Responsibility for apprenticeships will reside with a new National Apprenticeship Service which will work in conjunction with SSCs and local authorities to deliver these goals. At the same time, the government is also seeking to expand higher education. Leitch argued that greater emphasis should be placed on encouraging more mature adults (i.e. over 30) into the system and recommended that more funding be routed through 'demand-led mechanisms' similar to Train to Gain. The aim, post-Leitch, is to have 40% of the adult workforce in England qualified to level 4 or above by 2020. The expectation is that employers will contribute towards the cost of such up-skilling. In terms of intermediate level 3 qualifications and apprenticeships, Leitch argued that employers and individuals should pay half of the cost of training, while at level 4 employers would also be expected to help 'co-fund' new degrees delivered in the workplace. The question, of course, is whether a combination of exhortation and public subsidy

will be sufficient to persuade employers to commit their own resources to what is an extremely ambitious set of government targets.

Skills and what else?

Given the overriding weight of emphasis being placed on education and training as ‘the most important lever’ available to government, it needs to be reiterated that skills *alone* cannot drive productivity growth. In part, this is recognised by the Treasury itself which identifies skills as one of five drivers of productivity, along with investment, competition, innovation and enterprise (HM Treasury/BERR 2007). Research suggests that skills account for around one fifth of the UK’s productivity gap with Germany and one eighth of the gap with France, and have little to do with the UK’s poor performance *vis-à-vis* the US (see Leitch 2005:4, Keep *et al.* 2006). A much bigger part of the story concerns the UK’s relatively weak record on capital investment and R&D (see DTI 2006). As Coffield (2006:11) has argued, it is important then to consider what else government is doing to address the other four-fifths of the productivity gap.

In addition to education and training, the government has emphasised the importance of maintaining a stable macro-economic environment that avoids ‘the boom/bust cycle’ of the past and affords firms the opportunity to make long-term investment decisions. Steps have also been taken to improve the competition regime by strengthening competition law. Innovation has been addressed through increased science spending, tax credits for R&D and supporting business-university linkages (see HM Treasury/BERR 2007).

Support for economic development occurs mainly at regional, sub-regional and local level. In 1999, the government established nine Regional Development Agencies (RDAs) in England, with a statutory responsibility to foster the economic development of their region and to improve the development and application of skills in support of this goal. They have been closely involved with the skills agenda, through the development of Frameworks for Regional Employment and Skills Action plans and, more recently, Regional Skills Partnerships, designed to lever up the quality of skills provision and ensure that it meets regional needs. Efforts have also been made to support local economic development initiatives through ‘local strategic partnerships’ and ‘sub-regional partnerships’ involving local government, RDAs, local/regional Learning and Skills Councils and other stakeholders. However,

concerns have been raised about the effectiveness of these new structures which are complex and rely upon coordination and networking across a range of different partners and agencies (see Ramsden *et al.* 2007).

In adopting this approach, the government explicitly rejected ‘traditional industrial policy’ measures, aimed at supporting ‘national champions’, which it characterised as subsidising failing industries or, in policy parlance, ‘picking winners/backing losers’. Instead, it has sought to pursue what it calls a ‘new form of industrial policy’, one that prioritises investment in human capital and responds to the exigencies of globalisation and the new knowledge economy (see Stedward 2003, DTI 2004). In so far as this is still an industrial policy, it remains relatively ‘light-touch’, centred on education and training, and built around a limited role for the state in terms of shaping the overall trajectory of the economy.

At the same time, it is important to consider what has been missing from New Labour’s approach. First, while the government emphasised competition as a stimulus to investment and innovation, it did not seek to dislodge the preference of many UK firms to grow the business through merger and acquisition activity rather than organic growth (DTI 2003), avoiding the need to tackle the endemic ‘short-termism’ of the City (Hutton 1995). Second, the government committed itself to a broadly neo-liberal growth model based on a weakly regulated, ‘flexible’ labour market, albeit one supplemented with a platform of minimum employment rights and a low level national minimum wage. New Labour did relatively little therefore to ‘close off’ the ability of firms to compete through low skill, low value added strategies (Lloyd and Payne 2002). Research suggests that in many sectors of the UK economy, such as retailing, hotels and food manufacturing, price-based competition remains firmly entrenched, with many jobs offering low pay, few progression opportunities and relatively limited skill requirements (see Wilson and Hogarth 2003, Lloyd *et al.* 2008).

Third, if skills are to make a difference, people clearly need to be in jobs which provide them with the necessary opportunity and motivation to deploy their skills effectively at work. There are indications that skill utilisation remains problematic in the UK. The latest UK Skills Survey highlights a growing trend towards ‘over-qualification’, with the proportion of employees reporting that they have qualifications higher than those required for entry to their current job increasing from 35% in 2001 to 40% in 2006 (Felstead *et al.* 2007:xi, 62-63). The steepest rise

was among graduates, where 3 in 10 were found to be in jobs that did not require a degree in 2006, up from one fifth in 1986. It also found a marked decline in task discretion, with the proportion of respondents reporting a great deal of influence over how they do their work falling from 57% in 1992 to 43% in 2001, where it stayed in 2006 (Felstead *et al.* 2007:xii). According to the 2004 Workplace Employment Relations Survey (WERS), over half of employees surveyed considered that the skills they possessed were higher than those required to do their current job (see Kersley *et al.* 2006:86). On this evidence, it would seem that many UK employers are not designing jobs so as to make the best use of the skills offered by an increasingly qualified workforce.

Compared to education and training which have been central to the government's competitiveness and productivity agenda, issues such as work organisation and job design, along with the way in which people are managed at work, have remained fairly marginal in policy terms (see Keep *et al.* forthcoming). The former Department of Trade and Industry and the new Department for Business Enterprise and Regulatory Reform have sought to encourage firms to adopt 'high performance working' (HPW). HPW refers to 'bundles' of management and work practices, aligned to specific business objectives, which are often claimed to create an environment in which employees have the necessary scope, incentives and motivation to use their skills more effectively to raise performance (see Appelbaum 2002). Evidence from WERS 2004 suggests that the 'full-blown' high performance workplace remains very much a minority sport in the UK, with around 16% of establishments using a 'high-commitment approach' on its measures (see Kersley *et al.* 2005: 39). Furthermore, there has been no significant increase in take-up since 1998. In terms of more active policy engagement with 'job design' issues, there has been very little to compare with the publicly-funded workplace and work organisation development programmes of the kind one finds for example in Scandinavia (see Payne and Keep 2003). The closest the government has come to such an approach is the Partnership at Work Fund which closed in 2004 and was focused mainly on improving 'employer-employee relationships' through partnership working.

At one level, policy makers recognise the need for skills to be utilised effectively at work. The Leitch Interim Report argued that employers' skill requirements are derived from their wider business and organisational strategies,

echoing the analytical position previously adopted by the Cabinet Office Performance and Innovation Unit's project on workforce development (see PIU 2001):

Skills are a derived demand: employers' skill needs will be a consequence both of their product strategy (for example, whether the firm faces high or low competition) and the firm's characteristics. For the supply of skill to turn from merely potential change in performance into a tangible increase in productivity, the available skills of the workforce have to be effectively utilised. People need to be in jobs that use their skills and capabilities effectively. There are clearly implications here for the way in which skills are factored into business strategy, the way people are managed once in a job and for recruitment practices (Leitch 2005:108).

By the time the Leitch Review of Skills Final Report was published, these observations had been condensed into the singular observation that, 'Skills must be effectively used for their benefits to be fully realised' (Leitch 2006:22). The difficulty has been translating this into any concrete policy commitment or action. Apart from the need to improve management and leadership skills, particularly among small employers, the Leitch Final Report was conspicuously silent about how government might address the challenge of skill utilisation. Moreover, the central idea that employer demand for skill is a function of where firms' position themselves in particular product markets and value chains, and that it is innovation and business upgrading therefore which drives skill needs (rather than vice-versa), had been replaced with a much narrower focus on boosting skills supply and matching overseas levels of qualifications stock. In this way, Leitch fuelled the long-held policy assumption that, in the modern 'global' knowledge economy, skills supply is the main problem and that issues of employer demand and usage will ultimately take care of themselves.

At the same time, a narrow skills supply strategy has a strong appeal to English policy makers because it does not require interventions inside 'the black box' of the firm, which threaten managerial prerogative, or involve any regulation of capital and labour markets (see Keep 2006). Such an approach fits neatly therefore within New Labour's neo-liberal growth model (Lloyd and Payne 2002). It is interesting then that Scotland has recently produced a skills strategy which stresses not only the importance of workforce up-skilling but also takes seriously the need to develop policies that are capable of raising the underlying level of employer demand for, and usage of, skill. The next section of the paper looks at why Scottish policy

makers are more open to this new agenda and considers how they might seek to take this forward.

Scotland

Until recently, it has been difficult to discern a fundamental difference between Scotland and England in terms of the overall policy objectives or underlying thinking behind their respective skills strategies. After devolution, the key elements of Scotland's approach were officially outlined in two key policy documents – *Smart, Successful Scotland* (Scottish Executive 2001, 2004) and *Life Through Learning: Learning Through Life* (Scottish Executive 2003) produced by the then Labour-led Scottish Executive. In broad terms, the aim was the development of an internationally competitive knowledge-based economy and a more inclusive society, with education and skills afforded a key role.

Particular emphasis was placed on expanding higher education and boosting the supply of graduates in the labour market. By 2005, Scotland had, as a result of higher investment over many years, already reached England's 50% participation target for 18-30 year olds. At the same time, universities were encouraged to develop stronger links with industry so as to support knowledge transfer and the commercial application of new research breakthroughs, particularly in knowledge-intensive sectors, such as biotechnology, where Scotland has particular strengths (see Dutton *et al.* 2005, Cooke and Clifton 2005). At the other end of the labour market, there was a strong focus on employability and equipping the long-term unemployed with the skills and personal qualities needed to get back into work (see Mills 2002). As Dutton *et al.* (2005: 19) concluded in their review of Scottish post-16 education and training, 'policy aims [were] not hugely different from those south of the border.'

New government – new skills strategy

The elections to the Scottish Parliament in May 2007 ended eight years of Labour-led coalition government and ushered in a minority Scottish Nationalist Party (SNP) administration, committed to an independent Scotland. In his first statement to Holyrood, Scotland's newly elected first minister, Alex Salmond, spoke of engaging the Scottish people in a 'national conversation' and focused in particular on the question of Scotland's economic performance:

I don't say that Scotland can be instantly transformed into an economic powerhouse, but I do say if we are to look objectively around us, we can

learn many lessons about how to make Scotland successful...the job of this government, and this parliament, is to make our long-term economic performance not a matter of political point scoring but rather a legitimate area for mature debate (Salmond 2007).

That Salmond should choose to focus on the economy was not particularly surprising or for that matter controversial. Indeed, the weaknesses of Scotland's economy on a range of indicators including productivity, investment in R&D, product innovation among indigenous manufacturing firms, new firm formation rates, and net out-migration of 'talent' has long been a source of policy concern (see Peat and Boyle 1999, Scottish Government 2007b). What was interesting was that he made no explicit reference to the role of education and skills for which he was immediately criticised by the then leader of Scottish Labour, Jack McConnell. Within a few months, the SNP had gone on to deliver a skills strategy that was subtly different in its thinking to that of previous Labour-led coalition governments and which contrasted markedly with the approach being pursued by New Labour in England.

At one level, the vision outlined in *Skills for Scotland* is a familiar one - 'a smarter Scotland with a globally competitive economy based on high value jobs, with progressive and innovative business leadership' (Scottish Government 2007a:4). There is a clear recognition that, 'A skilled and educated workforce is essential to productivity and sustainable economic growth' (Scottish Government 2007a:9). Education and training are also seen as having an important role to play in supporting employability and social inclusion by enabling 'individuals to access the labour market to improve their own lives' (Scottish Government 2007a:6). This sits alongside a renewed concern to develop a more demand-led skills delivery system that is responsive to both individual and employer needs. In terms of overall aims and objectives, then, Scottish and English policy makers continue to share a good deal of common ground.

Table 1: Levels of highest qualification held by adults of working age, 2006

	No qualifications	Below Level 2	Level 2	Level 3	Level 4 and above
Scotland	14%	13%	19%	19%	34%
England	13%	18%	21%	19%	29%
Wales	16%	17%	22%	20%	26%
N. Ireland	22%	12%	22%	19%	25%
UK	14%	17%	21%	19%	29%

Source: Annual Population Survey 2006, cited in Welsh Assembly Government (2008: 8).

However, there are also significant differences. As Table 1 illustrates, Scotland has already achieved a more highly qualified population than the rest of the UK. Yet, despite this, Scotland's economic performance still lags behind on a number of key indicators. Between 1975 and 2005 Scotland's annual growth rate in GDP averaged 1.8%, compared to a UK average of 2.3% (Scottish Government 2007b:10). Labour productivity, measured as GDP per hour worked, also remains slightly lower at around 98% of the UK level (Scottish Government 2007a:11). The new skills strategy, while recognising that skills have an important role to play, immediately draws attention therefore to the limits of what can be achieved, in economic terms, *simply* by boosting the supply of qualified labour:

If we look at qualification levels (which do not equate fully with skills but are one of the best proxies that we have), Scottish investment in education, for at least the last 30 years, has been higher than the rest of the United Kingdom and this has resulted in a well qualified population. As the Leitch Review of Skills in the UK recently highlighted, Scotland is the only nation or region of the United Kingdom where the percentage of people with a Higher Education qualification outnumbers the percentage with a basic school leaving qualification...Scotland has not, however, matched the UK economic growth rate despite its positive skills profile (Scottish Government 2007a:6).

In common with the rest of the UK, the Scottish labour market is also polarising, with a growth in professional, managerial and technical occupations occurring alongside a rapid expansion of low paid 'routine' service jobs which often demand little in the way of formal qualifications (see Mills 2002). Research recently undertaken by Felstead and Green (2008), using data from the 2006 UK Skills Survey, suggests that improvements in the supply of qualified labour have outpaced the needs of the Scottish economy to an even great extent than is the case in the UK as a whole. The survey found that in 2006, 37% of economically active people in Scotland possessed qualifications at level 4 or above, compared with 33% in the UK. However, whereas in the UK around 30% of jobs required workers to have a qualification at this level, in Scotland the corresponding figure was lower at 28%. Furthermore, while Scotland and the UK have roughly the same proportion of people with no qualifications (10% and 9% respectively), Scotland has proportionally more jobs that do not require any qualifications on entry (32% compared to 28% in the UK).

The new skills strategy acknowledges these challenges and calls for a 'demand-pull' approach that engages directly with the need to raise employer demand for, and utilisation of, skill. In language noticeably different to that of English policy

documents, it states: ‘Simply adding more skills to the workforce will not secure the full benefit for our economy unless employers and individuals maximise the benefits that they can derive from these skills. Furthermore, how skill interacts with other drivers of productivity, such as capital investment and innovation, is crucial’ (Scottish Government 2007a:13). It is recognised that employers will require effective business support aimed at helping them to ‘develop ambitious market strategies’ that support the need for higher level skills. There is also an explicit commitment to helping both employers and individuals to address the challenge of skill utilisation, together with a recognition that ‘the way in which jobs are designed, filled and subsequently executed is key to unlocking Scotland’s economic potential’ (Scottish Government 2007a:31).

In recommending the new skills strategy to the Scottish parliament, the Cabinet Secretary for Education and Lifelong Learning, Fiona Hyslop, drew a direct comparison with Leitch, stating: ‘Our problem is not characterised by the supply of skills but by employer demand for skills and how these skills are utilised in the workplace. Our strategy goes further than Leitch and is designed to suit Scottish needs and aspirations.’ She added, ‘We agree with Lord Leitch’s analysis that we need to improve skills in order to unlock our economic potential but we do not agree that simply injecting skills in the labour market will have the economic effect we seek’ (Scottish Parliament 2007).

It is possible that many within the Scottish policy community and civil service would have reached similar conclusions even without an SNP government. However, the scope for such a fundamental policy re-think would probably have remained constrained under a Labour-led administration. Outside of areas such as public service delivery and the ‘new public management’, where there have been long standing differences in approach north and south of the border (see Arnott and Menter 2006, Rees 2007a 2007b), Scottish Labour is, as Keating (2005:458) notes, ‘not less New Labour’ than its English counterparts. Witness, for example, the opposition mounted to the SNP’s new skills strategy within the Scottish parliament where there has been criticism, both from Scottish Labour and Liberal Democrat MSPs, for failing to guarantee sufficient investment in skills supply. Speaking in the parliament, Labour MSP, Iain Gray, argued that the strategy lacked any concrete funding commitments and immediately called for the launching of 50,000 new apprenticeships, adding:

We are all looking for the silver bullet that will guarantee economic growth and prosperity. If there is a silver bullet, it is skills and education...Without constantly improving, modernising and prioritising skills and training, the werewolves of lost opportunities, prosperity that passes us by and frustrated potential will stalk our land unhindered (see Scottish Parliament 2007).

Liberal Democrat education spokesperson, Jeremy Purvis, called the strategy an 'empty vessel' and 'delivery lite', with 'no targets, no timescales, no commitment to measure success, no commitment to progress reports and no funding pledges' (see Scottish Parliament 2007).

While the new skills strategy did not contain any targets or funding commitments, its purpose was rather different in that it was intended mainly as a strategic document which aimed to set a new direction for skills policy in Scotland. There are, however, few indications of how policy makers might seek to engage with what is a new and certainly more challenging policy agenda. There is a brief reference to Scandinavian workplace and work organisation development programmes, along with an acknowledgement that such activity is often a complex, slow and lengthy process (Scottish Government 2007a: 13). At the same time, the Scottish skills strategy shares with Leitch a concern to improve management and leadership skills (Scottish Government 2007a:31). There is very little else in terms of how government might address the issue of skill utilisation. It is important to add, however, that the strategy was delivered within one hundred days of the SNP taking office, thereby allowing the new government to meet one of its pre-election pledges. It is perhaps unrealistic therefore to expect, at such an early stage, a clearly worked out range of policy initiatives to tackle what is clearly a complex problem.

Scotland's new economic strategy

Skills for Scotland also needs to be read in the context of the Scottish Government's new economic strategy which focuses on achieving sustainable economic growth and puts forward a series of ambitious strategic targets (see Scottish Government 2007b:42). These include raising the GDP growth rate to the UK level (by 2011) and matching the GDP growth rate of the small independent EU countries and entering the top quartile of the OECD countries for productivity (by 2017). Interestingly, the aim is also to reduce the level of income inequality by increasing the income and proportion of income earned by the three lowest income deciles by 2017. Again, this marks a significant contrast with England, where the focus has been more on

addressing child poverty through in-work benefits or tax credits directed at working families – a policy that now appears to be stalling (see Elliot 2008).

In terms of economic development, the document places particular emphasis on targeting ‘key sectors’ that are seen as vital to Scotland’s productivity growth and performance in the global economy (life sciences, energy, financial and business services, food and drink, creative industries and tourism), supporting businesses of all sizes with a high growth potential, and strengthening the links between Scotland’s scientific research base and industry in order to promote knowledge-transfer, improve levels of business innovation and increase productivity. The emphasis upon boosting R&D and commercialising new research ideas is clearly important but essentially represents a continuation of earlier policy approaches to economic development (see Scottish Executive 2001 2004, Cooke and Clifton 2005). Beyond this, there is very little detail in terms of how government intends to deliver its growth targets or address issues such as skill utilisation.

The main responsibility for delivering the new economic strategy lies with Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE) – Scotland’s main economic development agencies. Following the Scottish Government’s Enterprise Network Review, local authorities have also been given a stronger role in supporting economic development. Responsibility for work-based training programmes, which previously resided with Scottish Enterprise, has been transferred to a separate skills agency, Skills Development Scotland (created through a merger of Careers Scotland and learndirect Scotland). Both SE and HIE face sharp reductions in their core budgets, with total forecast income for SE expected to fall from £329 million in 2008/09 to £283 million in 2010/11 (Scottish Enterprise 2008: 7). It is too early to say how these new institutional arrangements will work in practice and whether they will improve the ‘co-ordination’ between skills and economic development functions that is now seen as ‘critical’ to delivering Scotland’s new skills strategy (see Scottish Government 2007a:29).

Moving forwards

In considering ways forward, it needs to be acknowledged that Scottish policy makers face considerable risks in experimenting with what, in the UK context, is a new type of skills strategy. The immediate challenge therefore will be to develop new and viable policy interventions that work and build legitimacy over time. This will

demand new innovative thinking on the part of policy makers and researchers as there are no 'ready-made' solutions that can simply be lifted down from the policy shelf.

Job design

Take the issue of job redesign for example. A survey of the literature on this topic notes that, 'Anyone contemplating work redesign in a call centre, a high-technology plant, among hairdressers, for teleworkers, for knowledge workers, for virtual teams, or in a multitude of other contexts, and armed only with existing work redesign theory, cannot feel other than inadequately prepared. Those theories, though providing a window, do not speak to the reality and complexity of the situation' (Parker *et al.* 2001:433). If this is true of researchers, then it is certainly true for policy makers.

In the 1960s and 1970s, against the backdrop of industrial unrest, job redesign emerged as a policy issue (albeit to varying degrees) in many western societies as part of an agenda to improve the quality of workers' lives (see Appelbaum 2002, Payne and Keep 2003). In recent years, the focus of attention has shifted, with job design currently being discussed mainly in the context of what are variously labelled high performance/high commitment/high involvement work systems. The starting point is therefore very different, with the main focus being on delivering improved business performance through the 'bundling' of various work and HR practices. However, these approaches are also *claimed* to yield tangible benefits for employees in terms of pay, skills, autonomy and job satisfaction (Appelbaum *et al.* 2000).

As noted earlier in the paper, evidence from WERS 2004 suggests that diffusion remains a problem in the UK. Some commentators argue that embedding the 'high performance' model is particularly difficult in liberal market economies, where short-term financial market pressures, lightly regulated labour markets, weak unions and the absence of strong forms of social partnership encourage low road, cost-based competitive strategies as well as undermine the 'mutual gain' bargains between management and workers that are said to lie at the heart of the model (see Bélanger *et al.* 2002, Thompson 2003). However, the picture is much more complex than simply a lack of diffusion.

To begin with, there are real definitional problems and ambiguities in terms of both the range and nature of the particular practices that are thought to comprise a high performance approach (see Lloyd and Payne 2006). The idea that there is a

universal ‘best-practice’ model, which can be disseminated across the business community, has also been seriously questioned. Moreover, the evidence that such approaches yield positive gains *for workers* and improve skill levels remains, at best, mixed and uncertain (see Appelbaum 2002, Godard 2004, Lloyd and Payne 2006). Some commentators have highlighted decidedly negative effects, Kumar (2000:1) noting for example that, ‘The introduction of high performance work practices in a lean production environment is generally associated with downsizing, increased work loads, long hours, a higher pace of work, and a loss of control and autonomy.’

The conditions under which new forms of work organisation are introduced – whether, for example, issues of job security are attended to and workers have an input into their design – seems particularly important therefore in terms of how they impact on, and are received by, employees. This may, in turn, require government to address the wider institutional and regulatory context shaping employer behaviour (see Godard 2004). Finally, it is important to note that much can be done to develop ‘better jobs’ in terms of their pay, working conditions and overall design that falls short of ‘high-performance workplaces’. As Giles *et al.* (2002:11-13) remind us, while the idea that the success of an economy depends upon the mobilisation of its human resources is well-established, the question of how governments might, even if willing, intervene to promote more skill intensive forms of work organisation and better jobs, remains both complex as well as politically controversial.

Learning from abroad

One starting point may be to look closely at what other countries are doing in terms of developing programmes aimed at supporting workplace innovation and job redesign. As noted above, Scandinavian workplace development programmes are briefly alluded to in the new Scottish skills strategy. However, it is worth exploring these programmes in real depth. The Finnish Workplace Development Programme (FWDP), launched in 1996 and now in its third phase, provides one useful example of what can be done in this area that Scottish policy makers might wish to examine close up (see Payne 2004, Alasoini 2006). The programme funds the use of external experts (researchers/consultants) in various development projects which strive to bring about a ‘holistic change’ in an organisation’s entire mode of operation (e.g. management approaches, work organisation, HR practices, skills and training). The programme does not have pre-specified design criteria in terms of models of work

organisation or job design (see Alasoini 2005). Rather the aim is to support local development projects which emerge within organisations in response to specific problems and challenges. The only design criteria, as such, is that projects should strive to improve both productivity and the quality of working life as well as involve the whole workforce in the development process in terms of identifying the problem, thinking through solutions and initiating development actions. All the indications are that this is a real challenge, however, with management often the prime mover in project design (Alasoini 2005:293-4).

In Finland, as well as in other Scandinavian countries such as Norway (Gustavsen *et al.* 2001), a cadre of expert researchers has been developed with the skills, expertise and conceptual tools needed to assist, guide and facilitate firms and organisations in undertaking broad-based and participative workplace development strategies, tailored to their specific situation. This can involve giving advice on concrete problems, organising ‘work conferences’ to explore the issues, documenting the development process and making evaluations. The fact that the UK (including Scotland) is something of a laggard within Europe when it comes to developing programmes of this kind suggests that building such research capacity will take time and would need to be effectively resourced (see Payne and Keep 2003).

Another important learning experience to emerge from the Finnish programme, as well as those in other Nordic countries, concerns the difficulties of spreading the lessons to emerge from particular projects. Traditionally, the approach has been to identify ‘best practices’ in a particular company, or group of companies, and then try to diffuse these more broadly. The approach is problematic because the solutions developed are often unique to the company in question and developing similar initiatives elsewhere requires a process of creative learning or adaptation rather than straightforward transplantation (see Alasoini 2006).

As a result, the new FWDP (or TYKES) places greater emphasis on the need to draw companies and expert organisations (research institutes and universities) together into ‘learning networks’ *at the start of the process* in order to share their experiences and ideas and facilitate such ‘adaptive learning’ (see Alasoini 2006). These networks typically involve companies in a particular region or supply chain and may also include other actors such as labour market organisations. There are also ‘network projects’ within the municipal sector focusing upon particular areas of public service delivery. The aim is not to identify ‘best practices’ as such but rather a

series of ‘generative ideas’ that can inspire others within the ‘critical mass’ to pursue their own workplace innovation strategies, appropriate to their specific circumstances. Similar approaches have been developed in Norway through ‘the module approach’ used in two recent national programmes – Enterprise Development 2000 and Value Creation 2010 (Gustavsen *et al.* 2001). Increasingly then the Scandinavians are looking to overcome the limitations of traditional workplace-focused projects by linking workplace change to wider regional economic development and, in the case of Finland, by forging connections with national technology and industrial policy programmes (see Alasoini 2005:290)

Scottish policy makers might also find it useful to explore Australia’s recent experiment with ‘skill ecosystem projects’ and ‘skill formation strategies’ (see Buchanan *et al.* 2001, Payne 2008). Skill ecosystems are defined as ‘clusters of high, intermediate or low level competencies in a particular region or industry shaped by interlocking networks of firms, markets and institutions’ (Buchanan *et al.* 2001:21). The projects offer public funding to ‘networks’ at regional or sectoral level, comprised of key stakeholders, industry representatives, trade unions and VET providers to look at what needs to change in order to develop sustainable approaches to skill development and utilisation. The aim is to address skill issues in the context of wider drivers of productivity and economic development (e.g. business strategy, new technology, changing models of service delivery, work organisation and job design) and to try to implement holistic and integrated skill formation strategies. In this way, the projects seek to encourage industry parties themselves to take greater responsibility for skill development and utilisation by creating the appropriate conditions for this to take place. Again there are useful lessons coming out of the early evaluations of pilot projects in terms of how policy makers can identify the conditions under which such projects are likely to work and deliver results (see Windsor 2006, Payne 2008).

This is not to suggest that Scottish policy makers should seek to imitate or copy any of the above programmes. However, there are clearly lessons here that will be useful in terms of thinking through the kind of initiatives that might work in Scotland. Other countries are starting out on this process at the same time as Scotland. New Zealand, for example, has recently produced a skills strategy, based on a tripartite partnership between government, employers and trade unions, which

explicitly aims ‘to improve how we use and retain skills in workplaces’ (New Zealand Government 2008:8).

The UK initiatives

There are also initiatives within the UK that Scottish policy makers may be able to draw upon. The National Health Service’s Changing Workforce Programme, which operated in England between 2001 and 2005, sought to redesign job roles in order to improve patient services and make better use of staff skills and capabilities (McBride *et al.* 2005). Although the programme has now ended, there are ongoing projects in this area, the lessons of which may be well worth exploring.

The Welsh Assembly Government’s Workforce Development Programme is also committed to working with employers to help them to develop the ways in which skills are used and to meet their subsequent training needs (see Keep 2008). At its core is a network of 100 Human Resource Development (HRD) advisors (expected to reach 175 by 2008) who offer specialist advice on issues such as obtaining Investors in People accreditation, leadership and management, business planning and skills issues. The programme is admittedly under-funded (accounting for just less than 2% of the planned school VI form, FE college and work-based learning budget in 2007-2008) and has been subject to only limited evaluation (CRG 2006).^{vi} It is unclear at present how effective the HRD network is, with much likely to depend upon the quality of individual advisors. Nevertheless, it does represent an attempt to design a programme that links skills and training issues to broader business improvement, while also offering a point of contact with another policy community committed to doing something about skill utilisation. It is important then that Scotland reaches out and finds new partners, both at home and abroad, who can help them to take the new skills strategy forward and act as a ‘sounding board’ for new initiatives.

Constraints and challenges

While progress can be achieved, there is no denying that Scottish policy makers face formidable constraints when it comes to tackling issues of skill demand and usage. It has been suggested that many firms may be resistant to change, remaining wedded to low road strategies, aided by a lightly regulated UK labour market and low level minimum wage that does little to block off low wage, low cost options (see Lloyd and Payne 2002). Relatively high levels of income inequality and poverty (both in Scotland and the UK) also impedes the development of a mass consumer base that can

support high quality production, while ensuring that there remains ‘a thriving marketplace for goods and services sold on the basis of low cost and supported by low wages’ (see Keep 2000, Wilson and Hogarth 2003:xv). There is also the intense pressure on UK firms to maximise short-term shareholder value at the expense of long-term investment in technology, production systems and skills necessary to develop a ‘high road’ business approach (Hutton 1995).

Where financial market pressures have resulted in downsizing and job losses in the past, this too can undermine workers’ trust in management and make it difficult to win their commitment to new ways of working (see Thompson 2003). Trade unions can help to alleviate such fears and build trust by ensuring that workers’ concerns are attended to. However, there are concerns that current partnership deals can often lack substance, especially in a context where trade unions have been severely weakened (Terry 2003, Kelly 2004). Other policy levers that might be used to push firms away from ‘low road’ strategies, such as raising the level of the minimum wage, along with wider aspects of employment relations policy and labour market regulation, are reserved matters which lie outside the control of the Scottish government and remain firmly under the jurisdiction of Westminster.

Workforce development and lifelong learning: re-balancing priorities

Finally, it is important to remind ourselves that while much of the above discussion has focused upon how to ensure that skills are harnessed effectively to improved economic performance, learning has a wider contribution to make than simply addressing economic concerns. It is now ten years since David Blunkett outlined New Labour’s original vision of lifelong learning in his famous ‘foreword’ to *The Learning Age* (DfEE 1998). Here, learning was seen as both ‘the key to prosperity’ as well as that which ‘helps make ours a civilised society, develops the spiritual side of our lives and promotes active citizenship.’ In the English policy context, this wider notion of lifelong learning now appears extremely threadbare, with the vast bulk of public funding increasingly directed at helping individuals to acquire what Leitch called ‘economically valuable skills’ (see DIUS 2007). What remains then is a much narrower utilitarian emphasis on workforce development and the accumulation of certifiable units of human capital in support of economic goals and ‘employability-led’ social inclusion.

As Coffield (2006: 5-6) has argued, employability remains an ‘empty, unsatisfying concept’ which ‘leaves individuals searching for individual solutions to systemic problems’ and ‘turns the public issue of the dearth of good jobs into the private trouble of constant retraining.’ At the same time, there is considerable evidence which shows that investment in wider forms of adult learning, linked to general education and personal development, has demonstrable ‘public value’ benefits in terms of health, citizenship, participation in one’s community and personal well-being, not to mention employment (see Schuller *et al* 2004, Gorard 2007). The question of what is an appropriate balance between different types of adult learning that can best support the needs of the economy and its citizens in the 21st century remains, therefore, a vitally important issue, particularly in the UK. As Rees (2007b: 21) has argued the *potential* for the development of alternative forms of adult learning is perhaps greater in Scotland (and Wales) where there tends to be a stronger focus on citizenship and community-based outcomes, along with more of an acceptance of the role that ‘non-vocational’ learning has to play.

Conclusion

The paper has argued that it is now possible to identify what are, in effect, divergent ‘strategic paths’ for skills policy in England and Scotland. In England, policy makers have embraced the main recommendations of the Leitch Review, committing themselves to a set of ambitious targets which, if achieved, would make the English workforce one of the most highly qualified in the world. Although Leitch inserts an important caveat – namely that skills must be used effectively if their benefits are to be realised – the lack of any call for concrete policy action to address issues of skill utilisation has allowed policy makers to remain wedded to a narrow ‘skills supply’ strategy based essentially around stockpiling qualifications. Issues such as firms’ choice of product market strategy, together with their approaches to work organisation, job design and people management – which are crucial to the ability of organisations to mobilise their human resources and harness them to improved performance – are, at best, ‘bit players’ within the English skills policy debate.

By contrast, the recently elected SNP administration in Scotland has begun to question the efficacy of a skills strategy aimed narrowly at boosting the supply of qualified labour. Scotland’s investment in education (particularly higher education) over the last thirty years has outstripped the rest of the UK, resulting in a workforce

that is more qualified than the UK as a whole. Yet, despite this, the Scottish economy lags behind on a number of key performance indicators, not least productivity. In fronting up to this reality, Scottish policy makers are now left to grapple with the ‘wicked problem’ of how to ensure that skills are developed and put to effective use within innovative workplace environments. This means linking skills policy to a wider economic development, innovation and business improvement agenda, as well as designing new policy interventions which reach inside the ‘black box’ of the firm and encourage management to rethink the way they compete, design jobs and manage their employees. The result is a commitment to a ‘new type’ of skills strategy, largely embryonic at present, the detail of which still needs to be fleshed out. At the same time, the new policy consensus remains fragile and Scottish policy makers face considerable risks in moving beyond the familiar.

The immediate challenge is to translate this new policy insight into practical and viable policy initiatives that are capable of raising employer demand for, and utilisation of, skill. From a UK perspective, this involves Scottish policy makers venturing into new and largely uncharted territory, something which further underscores the need to consider closely the experience of other countries that have adopted programmes aimed at supporting workplace innovation and skill utilisation. Given the UK’s weakly regulated labour market, its shareholder-driven model of capitalism and relatively weak forms of social partnership, delivering on this new agenda will be far from easy. However, this is not to say that progress cannot be achieved within these constraints. Indeed, in the UK context, there is an opportunity for Scotland to ‘lead the way’ in developing a ‘smarter’, more integrated approach to skills policy.

Finally, it is important to note that English skills policy is not totally immune from developments elsewhere in the UK. Indeed, the new UK Commission for Employment and Skills may have a significant role to play here. If there were originally concerns that this might serve to re-centralise the policy agenda around priorities and targets determined by Westminster and Whitehall, such fears have now largely abated. What is increasingly clear is that commissioners who hail from Scotland inhabit a very different policy environment and ‘assumptive world’ to that which English policy makers are used to. Furthermore, the Commission will undertake a major research project on skills utilisation which will review the evidence base and explore ways of ‘encouraging and supporting employers to make better use

of skills to improve their competitiveness and increase added value', with the Scottish Government leading the first phase of this project (see UKCES 2008). There is the *potential* then for the Commission to act as a transmission device for new ideas and approaches which may serve to challenge, or at least disrupt, the assumptions upon which English skills policy is based.

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Notes

ⁱ As Rees (2007a:12) notes, the Welsh Assembly Government (WAG) did not have the power to abolish up-front fees but the adoption of a means-tested Assembly Learning Grant could, under the circumstances, be considered a ‘highly imaginative’ alternative. The WAG has subsequently adopted a highly distinctive policy on student fees which may be unsustainable (see Rees and Taylor 2006).

ⁱⁱ Wales’ recently published skills and employment strategy (Welsh Assembly Government 2008) confirms that the Leitch targets will not be adopted in Wales. The strategy also stresses the importance of skill utilisation, noting that, ‘Skills will make the biggest difference to the prosperity of Wales when they are used effectively in Welsh workplaces’ (WAG 2008:17).

ⁱⁱⁱ The new Commission replaces ‘the Skills Alliance’ in England which was a ministerially-led body, comprising representatives from the Trades Union Congress, the Confederation of British Industry and the Small Business Service, responsible for monitoring England’s skills strategy, and also takes over the management of the SSC network from the Sector Skills Development Agency.

^{iv} Individual Learner Accounts (ILAs) were initially launched England in 2000 as a way of providing learning subsidies to adults and encouraging them to undertake particular forms of learning. ILA schemes were later created in Scotland, Wales and Northern Ireland. ILA schemes were suspended throughout the UK in 2001 following evidence of fraudulent practice on the part of a small number of providers, but were subsequently re-launched in Wales and Scotland.

^v The target for the UK as a whole is to increase the number of apprenticeships to 500,000 by 2020 (Leitch 2006).

^{vi} The Welsh Assembly Government’s new skills strategy sees an expanded WDP as a key part of ensuring that ‘businesses receive joined-up skills and business support services that deliver flexible solutions’ (WAG 2008: 17-20).