

# Retail Sector Council

## RSC SKILLS POLICY POSITION PAPER

### Executive Summary

The Retail Sector Council (RSC) has set out this skills policy position paper summarising what it believes are the necessary policy changes to create a high-quality and affordable skills offer across all levels and for the multitude of business shapes and sizes in our industry.

The interventions outlined are a strategic, targeted set of reforms, not a long wish list for government. The Council does not have fundamental revisions to the basic architecture for further education reform and will cooperate closely with the government to deliver what is set out.

### Key policy asks:

1. The Government must ensure that the needs of the retail sector are addressed during its wholesale reform of Further Education.
2. The apprenticeship levy should be reformed to allow for greater flexibility.
3. T-levels need to remain relevant to retail, important courses shouldn't be lost in transition.
4. The new system of education must be easily understood by employers and employees.
5. Funding stability is essential; existing budgets must be adjusted for inflation and protected.

Ultimately, skills need the certainty of funding that is gradually being granted to other business areas e.g. R&D funding and FE colleges. Likewise, businesses need assurances that they will not be first in the queue for a round of cuts if the economic situation takes a downturn.

### Context

The RSC has set out these policy asks having consolidated member discussions, previous work in this area and feedback from their summer survey. The RSC has maintained a focus on the retail sector when analysing the problem and possible solutions; the sector has unique workforce characteristics and training needs and its businesses are diverse making a one-size-fits-all approach unsuitable.

The problem of labour and skills shortages has become increasingly acute with various sectors, including hospitality and retail particularly badly affected<sup>1</sup>. Due to the current economic climate, there is also a greater risk of fiscal stringency.

The Government is in the middle of a multi-faceted reform of the Further Education (FE) system. Its major components include: the consolidation of thousands of qualifications like BTECs and their partial replacement with T-levels; the introduction of a Lifetime Skills Guarantee (LSG) for up to Level 3 learning; alongside the LSG, a Lifelong Loan Entitlement (LLE) to make student finance accessible to a broader range of post-18 learners.

While we do not expect fiscal pressures to change the contours of skills policy, they could affect the possibility of new funds for necessary training and reform.

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<sup>1</sup> BRC, <https://brc.org.uk/retail-insight/content/monitors/retail-jobs-report/reports/retailjobsreportjun22/>, "UK labour market is at its tightest in decades". The question of whether this has knocked onto wage growth is complicated by how *real* wages are falling in light of above-expectation inflation, but wages in nominal terms continue to rise steeply.

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## Guiding Principles

The RSC has set out the following guiding principles for its engagement with government on skills policy.

- The sector has made assurances that this policy process is not intended to generate a long wish-list to hand the government but instead, a targeted set of reforms. The focus is therefore on the areas that are long-term, strategic, and not easily solved by companies acting on their own.
- The sector does not have fundamental revisions to the basic architecture the government has put in place for further education reform.
- The sector will cooperate vigorously with government. The government must stick to its timetable of delivering Local Skills Improvement Plans by 2023, and the sector is eager to participate in the Employer Representative Bodies that are integral to LSIPs. The sector is ready to help with the design of the relevant Technical Qualifications and T-levels; increase the use of Apprenticeships; commit to providing the time off required for training; increase funding for training from current market-lagging levels; and provide training placements for apprentices and T-level students. We particularly welcome the establishment of the Future Skills Unit and are keen to work with the Unit to better understand the skills supply and demand issues in the sector.

## Policy asks

The following five asks are those the RSC has identified as necessary for achieving a high-quality and affordable skills offer for all businesses in the retail sector.

### **1. The Government must ensure that the needs of the retail sector are addressed during its wholesale reform of Further Education.**

The sector understands the need for reform of FE, given the confusion stemming from a landscape that includes over 12,000 qualifications for 16–19-year-olds. But it must make sure that courses and qualifications important to retail (basic employability, numeracy and customer-service skills) are not dropped or overlooked through this process. As the DfE has promised to keep the list of eligible courses under review, the sector should work together to generate constructive and granular suggestions for what needs to be included for the LSG to serve the interests of retail as best as possible. The sector also needs to develop tools to monitor whether courses important to retail are likely to be excluded from LLE and push back where necessary.

### **2. Reform of the apprenticeship levy.**

Apprenticeships are very important to retail, and we support the effort to raise their prestige and quality. However, the introduction of the Levy in 2015 left many participants unable to use the funds efficiently or at all and it is vital that the design of the levy allows more flexibility. The sector stands ready and committed to working with Government to reform the levy and deliver an increase in the number of apprenticeships at all levels. Proposals already developed by the sector include:

- the inclusion of more high-quality short courses with a focus on upskilling new and existing staff;
- funding important costs outside of training (such as non-statutory training to enable people and workers to access apprenticeship courses);
- allowing levy funds to be used to build capacity within organisations for administering apprenticeships;
- simplification of the bureaucracy for transferring levy funds to SMEs;

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- enabling levy-payers in devolved nations to directly access their funds;
- extending the period over which levy funds can be spent before being clawed back.

### **3. T-levels need to remain relevant to retail.**

T-levels have the potential to be a great opportunity for retail, however they risk losing retail in the transition. The next iteration includes accounting, financing and legal services, all of which are relevant to retail as a diversified business area. Their introduction was intended to help simplify a landscape that included thousands of BTECs and National Vocational Qualifications, and the plan is to remove funding from courses that overlap with the new T-levels.

The Government should not defund essential existing BTECs and NVQs without adequate replacement within a T-level curriculum. It falls to the sector to generate information on what courses and subject matter are vital and cannot be dropped. If analysis and data-gathering reveal that important gaps will be left by this process of reform, the sector needs to develop a position on whether it should lobby to keep the existing qualification, or work to help produce a relevant T-level to fill the gap.

### **4. Ensuring the system works as a whole and that employers and employees understand how it works.**

New qualifications and career paths provide welcome choice to both learners and employers, but complexity has grown significantly. The government's reforms to qualifications should address this by reducing the number of them, however more can be done to address confusion around learning paths and the transition between different qualifications and schemes, which have often been developed in isolation from each other and industry. Careers are much less linear– particularly so in the retail sector with a large transitory workforce. Clarity on progression from scheme to scheme and discernible training pathways would give businesses the assurance that the system delivers the skills they are missing and provide employees with the confidence that they are investing in their future. It would also give businesses the confidence to direct employees to upskilling opportunities.

### **5. Funding stability is essential.**

Skills need the sort of certainty that is gradually being granted to R&D funding. FE colleges must be given confidence that they will not, once again, be first in the queue for a round of cuts if the fiscal situation continues to take a downturn. Businesses need time to develop confidence in new qualifications, and workers need the opportunity to build awareness of the available qualifications and their relevance. Existing budgets must be adjusted for inflation and protected.

Retail Sector Council members ([website](#))