



# RAISING PERFORMANCE THROUGH SKILLS STRATEGIC PLAN 2003 – 2006

## A VISION IN THE YEAR 2010

Employers no longer say that the system of education and training does not meet their needs. It does. The competitiveness and productivity gap between the UK and other countries has narrowed significantly and in some sectors there is no gap, as business performance surpasses the rest of the world.

The vast majority of people, either in work or who are leaving school, college or university, have the skills demanded in the marketplace and are better informed and equipped to meet the challenges of a progressive and flexible labour market. A renaissance in vocational and technical skills is taking place and increased take-up and completion of apprenticeships and foundation degrees is helping to fill the three in four new jobs demanding competencies at that level and above.

Every citizen of working age has the basic employability skills, allowing employers to get on and invest in job-relevant skills. Increased prosperity and economic growth is driven by the demand for high skills, and high value-added goods and services. We are an enterprising and inclusive nation – the UK sits in the top quartile of the OECD's league of economic performance.

Skills for Business is making the difference.



'Skills for Business is making  
the difference.'

Skills for Business is a new network at the heart of an increased effort to make the British economy a world-beater in terms of skills and productivity performance. Business leaders – including trade unions – and government from across all parts of the United Kingdom are coming together in a new partnership to bring employers centre-stage in meeting this ambitious vision.

The network comprises the Sector Skills Development Agency (SSDA) and a number of strategic, employer-led Sector Skills Councils (SSCs). By working in close partnership with employers (whether from private, public or not-for-profit areas) and other key stakeholders, both are determined to deliver a step-change in UK levels of skills and economic performance.

This document is a Strategic Plan for the Sector Skills Development Agency and is a potential framework for each Sector Skills Council to develop and deliver its own strategy. This Plan, together with the individual plans of each Sector Skills Council, will make an essential and far-reaching contribution towards improved levels of UK skills and business performance.

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'Raising performance can create a virtuous cycle to deliver high levels of both company and individual prosperity.'

## RAISING PERFORMANCE THROUGH SKILLS

### THE VISION OF THE SECTOR SKILLS DEVELOPMENT AGENCY

The UK will have a workforce with world-class skills, which enable the highest levels of business performance across all sectors of the economy.

This ambitious vision will be delivered by developing and sustaining an influential Skills for Business network, capable of increasing workplace productivity, eliminating skills gaps and shortages, creating opportunities for everyone and improving learning supply.

### THE CHALLENGE

UK productivity and skill levels remain weak relative to many other advanced industrialised countries. Yet, raising skills performance can create a virtuous cycle to deliver high levels of both company and individual prosperity. Despite recent improvements the UK has a relatively poorly skilled workforce with, for example, a third of those of working age not qualified to the level expected of a school leaver (Level 2) and two fifths of adults not having participated in learning since leaving full-time education.

Nearly a quarter of businesses suffer from the existence of skill gaps and over a quarter of businesses who are recruiting new staff are prevented from growing because of skill shortages. Addressing this challenge is vital as 3 in 4 new jobs in future are likely to require technical, professional or associate professional or higher level skills (Level 3 or above) compared to only 1 in 4 jobs thirty years ago. Craft and intermediate level skills, management and leadership skills and employability skills all need attention.

### GOVERNMENT POLICY

Skills development and improving productivity is at the heart of government efforts to provide a supportive climate in which both industry and the public services can flourish. Skills levels are currently too low and so is the demand for higher-level skills. Policy is rapidly developing and changing, with an overall orientation to a much more 'demand-driven' approach in which learning provision is more attuned to business needs. This is clearly demonstrated in the Government's skills strategy white paper (July 2003) and evolving skills policies in Scotland, Wales and Northern Ireland. While the specifics differ across the nations and regions of the UK, the broad thrust of policy exhibits a range of largely common characteristics, including:

- working with employers to engage them more effectively on the skills agenda;
- reforming the provision of education and training to make it more responsive to the expressed needs of employers and individuals;
- raising the 'skills equilibrium' by increasing both employer and individual demand for skills;
- recognising that the skills, productivity and competitiveness agendas must be linked to wider business processes;
- widening access to post compulsory education and training and providing opportunities for all; and
- taking account of regional, national and sectoral dimensions.

It is important that the Skills for Business network can engage effectively in policy development throughout the UK and is able to influence partners and stakeholders to ensure that the agenda reflects employers' real skills needs. Employer-led Sector Skills Councils therefore will be increasingly recognised as the main vehicle through which business can exert a stronger voice. Effective and focused partnerships with public agencies, the CBI, TUC and other key organisations will determine the success of Skills for Business.

## ROLES AND POSITIONING

The Sector Skills Development Agency was established in July 2002 and is accountable, through Ministers, to the public across the United Kingdom. Through the remit given by the Secretary of State for Education and Skills and Ministers in Scotland, Wales and Northern Ireland, our main role is to help build and empower a new network of Sector Skills Councils.

Sector Skills Councils are accountable to employers. Independent from government, they will help employers directly address their own workforce development needs. And, on behalf of employers, they will articulate the demands of business to those who supply the learning opportunities – schools, colleges, universities and training providers. Each SSC will develop its own vision for its sector and set out how change and improvement will be achieved.

SSCs are the authoritative voice of employers on skills issues and skills needs. They will become the first port of call for those wishing to address a sector's needs, and so will be credible bodies, able to influence education and skills policies, as well as sustain and increase employer commitment to improving workplace productivity. Each Sector Skills Council will receive a five-year licence from government, backed by a high-profile board of employers.

The SSDA and SSCs will work together as a unified Skills for Business network with common goals to help open the doors to employer participation and deliver tangible results. The key to success will be to influence the way that partner organisations commit their resources to supporting both the future and present workforce. SSCs and the SSDA are committed to making this happen by working in partnership with a number of stakeholders.

## TOWARDS A STRATEGIC PLAN

During the period of this Strategic Plan, we aim to put in place a world class network of around twenty-three Sector Skills Councils which will embrace large, medium and small employers across the private, public and not-for-profit sectors. By the end of the first year of the Plan, SSCs will represent around 75 per cent of the working population. This will continue to rise as these SSCs expand their workforce coverage over the following two years. By the end of the third year, it is envisaged that nearly all of the workforce will be represented by SSCs.

Overall, the network will deliver a step-change in performance and will succeed in positioning employers at the centre of the skills and workforce development challenge.

The Sector Skills Development Agency will invest some **£135.8 million of government resources** in the new network over the next three years. On an annual basis, this is more than five times the government investment in any previous sector-based initiatives. SSCs represent a genuine public-private partnership. Additional investment will come directly from employers and other organisations with a commitment to boosting levels of skills and business performance.

**Performance measures** are being put in place for the life of this Plan and beyond. In the first year, the SSDA will be measured in particular against the following:

- the number of fully licensed SSCs;
- employer awareness of the Skills for Business network and their SSC;
- the level of employer engagement with, and commitment to, their SSC; and
- the level of satisfaction of employers and partners with the performance of the network.

The performance of the network as a whole will be considered in relation to the objectives contained in our **performance framework** outlined in Annex 1, supported by a range of measures. The performance framework enables the progress of the network to be tracked on a coherent and consistent basis. It facilitates benchmarking, continuous improvement and assessments of how well the network is meeting policy objectives. It will not be used in contract management where progress will be measured against individual SSC business plans.

Our strategy is driven by the views of employers and our partner organisations, by an evolving policy environment and evidence base, our experience to date and a risk assessment. On-going dialogue with employers and business organisations have played a vital role in shaping this Plan. In future years this approach will continue with even greater efforts put into more directly consulting with employers through the network.

## STRATEGIC OBJECTIVES 2003-2006

There are four strategic objectives to this Plan. Each section outlines the key rationale and the main actions we propose to take to make the vision behind Skills for Business a reality.

### 1) To grow the Skills for Business network

The challenge is to encourage and support employers to bid for and establish new high quality SSCs. Sectors without an SSC will need suitable cover from either the SSDA or an SSC.

Transition from previous structures of delivery will need to be managed carefully and essential work maintained.

### 2) To help employers gain more influence

Individual SSCs, once licensed, will continue to develop and expand their reach and effectiveness. The power of all SSCs and the SSDA working together in a co-ordinated and supportive way will be realised through excellent leadership and management disciplines and a strong sense of common purpose. Government and its agencies are committed to boosting employer participation by being supportive and listening to the network.

### 3) To improve productivity and skills

Being a successful change agent for a sector will take more than authority and vision. Employers must lead and develop best practice to raise productivity among the organisations that make up their sector. SSCs must engage more employer support. By making the business case for investment in skills, they will be able to open the door to far greater employer participation in the network and investment in skills.

### 4) To develop the role of the SSDA

The role of the SSDA will change as the Skills for Business network is established, then grows in influence. It is essential that the SSDA contributes real value to the network at every stage. Culture, systems and funding will be evaluated to ensure the Agency is itself fit-for-purpose. The SSDA will take a leading role and will be accountable for ensuring that every aspect of the vision is achieved.

Work will be ongoing across all objectives throughout the three years, although as more SSCs are licensed we will build on the work of the leading SSCs. In year one of the Plan, the main priority will be growing the network. In years two and three, the emphasis will be on consolidating the influence of the network and, in particular, improving productivity and workplace skills.

## GROWING THE SKILLS FOR BUSINESS NETWORK

### KEY CHALLENGES

The five Trailblazer Sector Skills Councils have given the new Skills for Business network a major kick start. It is important that the lessons learned are quickly transformed into good practice and shared for the benefit of SSCs to follow.

To minimise the disruption to important work, and because employer enthusiasm and commitment in the best organised sectors needs to be carefully nurtured, it is crucial that the Skills for Business network is established without unnecessary delay.

Integrating a range of different structures into new SSCs has proved to be a more complex hurdle than envisaged.

Public sector employers have found it more difficult to respond to the prospect of 'empowerment' under the SSC model, often because public sector structures have made integration across the UK agenda especially challenging.

It is essential that SSC coverage is as comprehensive as possible in order to maximise SSC influence and avoid the creation of a two-tier network of organisations dependent on public funds.

Sectors without an SSC also need to know how their needs will be met within the new Skills for Business network.

We will deliver a comprehensive and credible network by ensuring that this new proposition to employers follows the high standards and expectations originally set out in the SSC policy guide.

### TAKING ACTION

#### Licensed SSCs

Five Sector Skills Councils were established in 2002 to 'blaze a trail' for a new network, identifying best practice and promoting business and employer interest. Skillset, Skillfast-UK, Cogent, Lantra and Skillsmart were awarded a licence for two years. Whilst it is still too early to draw final conclusions from the Trailblazer experience, it is clear that the level and depth of employer commitment and involvement is substantially higher than in any previous arrangements.

Two Sector Skills Councils, SEMTA and e-Skills, have each been awarded a five-year licence in 2003, taking the network forward to a new stage. In addition, in July 2003 18 sectors have had their applications accepted, thereby achieving Development Status, and are now working on the detail of the full licence application. The emerging SSCs will cover over 75 per cent of the UK workforce by the end of year one. The expected timeline to achieve SSC status, or be in the final stages of licensing, is set out in the table overleaf.

TABLE ONE: ANTICIPATED TIMETABLE FOR LICENSING SSCs<sup>#</sup>

Phase 1 to April 2003	Phase 2 May – December 2003	Phase 3 Jan – June 2004
<ul style="list-style-type: none"> <li>■ <b>e-Skills UK</b> (Information and communication technologies and call/contact centres)</li> <li>■ <b>SEMTA</b> (Science, engineering and manufacturing technologies)</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Construction Skills</b></li> <li>■ <b>Hospitality, Leisure, Travel and Tourism</b></li> <li>■ <b>Automotive Services</b> (Sales, maintenance and repair of vehicles)</li> <li>■ <b>Energy and Utilities Skills</b></li> <li>■ <b>skillsactiveUK</b> (Sport and recreation)</li> <li>■ <b>Skills for Logistics</b> (Freight transport, storage and warehousing, courier services)</li> <li>■ <b>Skillset*</b> (Audio-visual industries)</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Cogent* Plus</b> (Oil and gas extraction, refining and chemical manufacture, polymers and nuclear)</li> <li>■ <b>Justice</b> (Prisons, immigration detention, courts and secure escort services, police, probation, prosecution services, youth justice)</li> <li>■ <b>Skillfast-UK*</b> (Apparel, footwear and textiles)</li> <li>■ <b>Skills for Health</b></li> <li>■ <b>Food and Drink</b></li> <li>■ <b>Financial Services</b></li> <li>■ <b>Proskills</b> (Process industries &amp; manufacturing)</li> <li>■ <b>SummitSkills</b> (Building services and electro-technical, heating, ventilating, air conditioning, refrigeration and plumbing industries)</li> <li>■ <b>Lantra*</b> (Environmental and Land-based Industries)</li> <li>■ <b>Skillsmart*</b> (Retail)</li> <li>■ <b>Facilities Management</b></li> <li>■ <b>GoSkills</b> (Passenger transport)</li> <li>■ <b>Lifelong Learning</b> (Post-16 education)</li> <li>■ <b>Social Care</b></li> </ul>

<sup>#</sup> As at July 2003

\* Trailblazer SSC

### Establishing Further SSCs

The SSDA will support the creation of SSCs that represent sectors of strategic significance and have substantial coverage of the workforce. Smaller sectors will be encouraged to merge with larger ones where there are obvious alliances or common skills issues. In order to enhance this process, the SSDA will:

- provide pump prime funding and support to sectors who have not yet moved into the development phase so that they can start their bids from first principles and, in particular, overcome some of the specific challenges concerning integration of previous structures, governance, funding and high quality employer leadership;
- provide additional support to sectors that have achieved the development phase status to help support the stringent requirements of bidding for an SSC licence while maintaining existing essential work;
- support sectors which are outside those likely to be SSCs to help them scope their future options and, where appropriate, assist them with integration into the network; and
- rigorously streamline the bidding and approval processes to ensure that they are cost effective, responsive and bring through SSC bids to full licence as soon as they are ready.

### Sectors Without an SSC

Sectors that presently remain outside the SSC network will be brought in as and when they meet the high standards set down by the Government Licence. By the end of the second year it is envisaged that around 10 per cent of the workforce will not be covered by an SSC. Further work will be carried out to bring even more of this workforce into the network in the third year. It is envisaged that a small part of the workforce will always remain outside SSC status due to the fact that some sole traders and the self-employed have generic skills issues to address or there maybe insufficient employer support for an SSC.

For those employment sectors that are not represented by an SSC, the SSDA will provide minimum cover to:

- support the promotion and use of national occupational standards and of vocational qualifications;
- develop core or key skills;
- develop and promote Modern Apprenticeships, Graduate Apprenticeships and Foundation Degrees;
- update and support the implementation of sector workforce development plans; and
- produce essential high quality labour market intelligence.

Interim funding in 2003/04 to provide this level of minimum cover has already supported a number of third-party organisations. As the number of sectors outside the network decreases, then minimum cover will be delivered often using existing expertise in the network including that provided by the SSDA.

### TACKLING RISKS

The frustration of employers who do not readily understand the extent of the new vision and are reluctant to invest the time in preparation, planning and research needs careful understanding and pro-active management.

The rising expectations of partners and stakeholders will also need managing in line with setting up a high quality network of SSCs.

Lobbying by those trying to frustrate progress will be addressed positively and pro-actively. There will be no expedient compromises or short-term fixes put in place.

The majority of potential SSC bidders are now identified. It is important that the SSDA takes early and supportive action where there is a danger that quality standards may not be met.

## INCREASING EMPLOYER INFLUENCE

### KEY CHALLENGES

SSCs are new players in a complex policy and institutional environment. They have to possess partnership skills and inspire leadership credibility to establish themselves quickly.

Gaining employer funding is a major challenge for SSCs that are not based on previous organisations. Growing the level of employer funding for those SSCs must keep pace with the expectations for SSC delivery. This will be achieved by focusing on the leverage from core funding, including the development of products and services to employers.

The size, scale and depth of expertise across the whole network must be harnessed effectively. The Skills for Business network has the potential to 'punch well beyond the weight' of individual SSCs if it has the capacity to succeed and is able to focus on achieving common goals.

Where skills issues are a shared priority they must be delivered in a joined-up way. The first priorities for the network are: management and leadership, employability skills and craft and intermediate skills (Level 3 & 4). A second priority will be to develop a range of key policies, supported by good practice in relation to diversity, sustainability and other cross cutting themes. A pro-active policy development programme aimed at positioning the employer-voice more prominently will help achieve both priorities, including:

- the full involvement of the network in the implementation of the Review of Vocational Qualifications;
- the implementation of the Skills Strategy White Paper for England;
- the implementation of the Higher Education White Paper; and
- the proposals in the 14-19 strategy, 'Success for all'.

The SSCs will also respond to the lifelong learning and skills strategies in Scotland, Wales and Northern Ireland.

## TAKING ACTION

### Building Network Capability

Making a difference to skills and business performance requires the network to have the capability to deliver. As a minimum, SSCs – supported by the SSDA – must ensure:

- corporate governance – where SSCs embrace the highest standards: have board members able to command respect in their sectors and beyond; have senior staff who define and deliver their employers' skills agenda; and lead by example in terms of workforce development;
- financial viability – where each SSC has the necessary resources to deliver its strategic role and is not dependent on public funding, in the longer term, for its core and non-core activities;
- infrastructure and resources – where SSCs build their strategy and resources to be able to deliver the challenging agenda set out in their own business plans;
- capability, capacity and competence – where the SSCs, supported by the SSDA, have the unrivalled intelligence and expertise on sector skills issues, and are able to provide innovative solutions to skills problems; and
- customer satisfaction – by ensuring employers, stakeholders and individuals are delighted with the quality of services the network offers. In particular there need to be strong mechanisms in place for engaging employers, including consultative structures, high-level communication strategies and involvement in product and service development.

Continued improvement in the leadership and capability of SSCs will be encouraged through on-going evaluation, benchmarking, sharing of good practice and peer review. It will also be important to review on a regular basis the arrangements in place to manage any conflicts of interest, especially in relation to any direct training provision or the awarding of sector-specific qualifications.

### Working as an Effective Network

Building the sense of common purpose in the network will be facilitated by a multi-faceted approach put in place during the first year of the Plan and developed subsequently. We will focus in particular on:

- the establishment of a strong and recognisable brand for the Skills for Business network. This will help build the profile of the network among employers, enhance its professionalism with stakeholders and overall build a new sense of partnership between business and government;
- regular monthly meetings of the chief executives of the emerging network, as well as regular meetings of sector experts on policy, research, finance and communications; and
- quarterly meetings between the chairs and chief executives of the emerging network and the board of the SSDA. There will be formal agendas for meetings to ensure focussed and collaborative working. There will also be sufficient time and resources given to facilitate informal networking and the sharing of best practice.

A number of network-wide issues need to be addressed by supporting the delivery of:

- a major programme of new action to improve the skills of managers and leaders, in particular, those in middle management and those manager/owners of small and medium sized enterprises (SMEs). The strategy for this will be finalised in the first year and delivered in the second two years of the Plan. The SSDA will support the employer leaders from each SSC board to help them develop the strategy and oversee its implementation;
- a cross-sector and generic skills support strategy is to be finalised in the first year of the Plan. This strategy is based on the principle that it will be led and determined by the SSCs working in partnership. Particular priorities within this strategy will be employability skills and IT user skills;
- a leading role for SSCs in the design and implementation of Foundation Degrees and sector views taken into account and progress achieved in the design and delivery of Modern Apprenticeships; and
- an effective contribution to meeting the skill needs of broad policy initiatives. Priorities for the first year will be SME development, workforce diversity and corporate social responsibility. The overall approach will be coordinated by the SSDA but activity will be led by an individual SSC, acting on behalf of the Skills for Business network. Need will be mapped in the first year and activity piloted and completed by year three. For the second year, the priorities will include the volunteer workforce, international trade, and innovation.

### Delivering the Promise of Influence

Government policies and programmes have a major influence on the skills of the workforce and on whether the overall economic environment is conducive to boosting enterprise, skills and productivity performance. The SSDA was set up as a 'dedicated agency at the heart of government', uniquely placed to facilitate 'access to influence' to key policy and decision makers in all areas of government and their sponsored agencies.

SSCs will work with a range of stakeholders – development agencies, providers and funders of education and training – to better align provision with employer demand by making available excellent sector skills intelligence and thus improved labour market opportunities; and through involvement in partnership activities including work with trade unions.

The Skills for Business network and government will develop effective mechanisms to work together by harnessing the power of a unified network. This will be achieved through:

- a programme of bilateral skills summits, face-to-face with the Minister for Young People and Adult Skills, and Ministers from other government departments as well as respective ministers from the Devolved Administrations. Senior policy makers will be able to hear at first hand the needs and expectations of employers and take action accordingly;
- commitments to Skills for Business network representation on all the key task forces and groups that are concerned with skills policy, qualifications, or delivery;
- a pro-active series of policy events and published papers on issues to be drawn up by the network with the aim of constructive and early input into the policy development process of government and other agencies;
- a comprehensive set of partnership protocols agreed between the SSDA and other public bodies across the UK. Within this framework, individual SSCs will agree partnership agreements during their first licence period. Over the three years of this Plan, SSDA and SSC partnership agreements will be built-on with strong action plans to aid joined-up delivery and ensure that partners and stakeholders are supporting the sectors' agenda as articulated by employers; and
- a joined-up approach to support SSCs across all government departments and agencies. In England it is expected that the Department for Trade and Industry will integrate its own sectoral strategies with the Department for Education and Skills in order to better support SSCs. This inter-departmental approach will help ensure that government strategies and targets work together and provide a smarter environment in which SSC employers can participate.

A key goal for each SSC will be to secure the credibility to have, in effect, the final decision on any sectoral skills initiatives promoted by government or its funding and planning agencies. SSCs will need to be aware that this will only happen where the network is seen as the 'employer voice' on workforce development needs and is able to offer practical solutions to skills problems.

## TACKLING RISKS

The highest quality of board and executive leadership needs to be secured from the earliest stages of an SSC's development.

Short-term funding considerations should not be allowed to dominate at the expense of long-term strategic action.

The pressures of delivering cross-sectoral and generic skills will need to be managed alongside the focus on a particular sectoral or specialist skills need.

An understanding relationship between government and employers is required. Engagement at too early a stage, if employer views are not coherent, or too late a stage, where policy makers are too far advanced, may lead to cynicism or a missed opportunity.

To ensure influence is effective, government across the UK needs to structure itself to respond effectively and listen sympathetically when issues arise.

Specific practical measures will need to be put in place to ensure that SSCs can exercise considerable influence over the education and skills issues that affect their employers.

## IMPROVING PRODUCTIVITY

### KEY CHALLENGES

Output per worker is now 38 per cent higher in the United States, 15 per cent higher in France and 9 per cent higher in Germany. A part of the 'performance gap' can be explained by the comparative lack of skills.

Investment in skills is increasingly linked to innovation and organisational flexibility and at least a third of organisations which experience skill shortages or gaps report negative effects on organisational performance.

More than 4 in 5 employers believe that most of the training they require is sector specific but a range of barriers prevent them investing more in their workforce.

Employers, public and private, want a flexible and unitised qualifications system that accredits the skills and knowledge they have and need for today's jobs.

Former National Training Organisations (NTOs) had only a 7 per cent awareness level among employers. Engagement at all levels therefore, in particular small organisations and micro businesses, is an essential first step towards achieving greater employer investment in skills and learning in future.

There is a need to cut through the fog that can often create employer confusion by developing simpler messages and more business-focussed communications on learning and skills issues.

### TAKING ACTION

#### Boosting Skills and Productivity

Over the period 2003-2006, the Skills for Business network will make a priority of work to increase employer investment in skills and productivity. This will be as a result of increasing the demand for skills – particularly intermediate and management skills. This work will grow over the three years as more SSCs are licensed and build their capacity.

Sector Skills Councils will develop sector workforce development plans at national and regional level. These plans will outline a ten-year vision, backed up by a five-year strategy, to help guide the actions on the ground of education institutions, learning providers and employers.

SSCs will benchmark performance against best practice world-wide, looking at where smarter investment, better working practices or new and more appropriate skills can lead to a step change in organisational performance. They will do this for the different parts of their sector and target it for the benefit of the different sizes of business – large and small.

Skills for Business will provide a strong evidence base for boosting investment in skills, demonstrating practically how investment in workforce development raises company performance and can increase profitability or service level performance. This will be demonstrated in part by linking skills development with wider business strategies for improving company performance. Where appropriate, SSCs will want to encourage collaborative investment in skills by employers, through measures including voluntary or statutory levies and targeted incentives aimed at far greater leverage of resources available to each sector. This may include joining-up public and private investment in skills to reduce, for example, the overall costs of provision to employers.

Better financial incentives, better career information and higher quality labour market intelligence of sectoral priorities may also influence employer and individual demand for skills.

To ensure that government support for skills respond to these plans, SSCs will develop forward-looking Sectoral Agreements with government – piloted in the first year – with the ambition of all SSCs participating by year three. These will cover a number of key areas, including:

- assessment of evolving skills and productivity drivers in the light of changing economic circumstances;
- how to more effectively utilise public investment and employer investment in skills;
- scoping out new approaches of organising provision to better meet employer needs;
- clarity about roles and responsibilities with those who supply or fund learning opportunities; and
- how to boost the participation of women and ethnic minorities where they are currently under-represented in a sector.

The funding for this initiative – and the related work outlined below – is not yet available for SSCs, either from public sources or from employers. If the potential of Sector Agreements is to be fully realised, then it will require a much greater funding commitment from both government and employers. By putting in place these Sector Agreements, however, it should be possible to deliver far greater coherence in terms of both funding and provision that employers say they want and are able to access – while also delivering far greater value-for-money to the taxpayer.

### Encouraging New Investment in Skills

SSCs will take responsibility for the development, maintenance and use of national occupational standards (NOS), capturing the skills necessary within them and insisting that all job-relevant qualifications use them. By ensuring that they are benchmarked with the best in the world, the SSDA intends to make them freely available and promote them to ensure they are widely used and understood.

SSCs will take a lead to determine the qualifications for their sector, assessing them in relation to which best meet their employers' needs. Clear progression routes for individuals working in each sector from Level 2 and above will be determined. World-class frameworks that underpin the delivery of Modern Apprenticeships will be developed and maintained. SSCs will also take a lead in the development and approval of Foundation Degrees in England.

SSCs will take the lead role on determining employer involvement in Centres of Vocational Excellence, establishing Sector Academies and industry-led courses where there is a clear demand from employers to do so.

SSCs will work, especially in their first year, to ensure that the quality assurance processes of the funding agencies reflect sectoral needs. They will work with the inspection agencies to recommend learning providers who deliver knowledge and skills to an industry or employer-recognised standard. Where appropriate, SSCs will take the lead in endorsing or awarding quality marks to those programmes that directly meet employer and business needs.

The network will break down the barriers between academic and vocational education and training by taking a pro-active stance and by campaigning for an integrated system of post-compulsory learning and skills, led by employers.

### Communicating the Business Case

The cornerstone of the network's strategy is to drive up the demand for better and higher-level skills. This will only happen where employers and business can see the practical benefits of doing so. The SSDA and SSCs have a critical role to play. Both will:

- collect, analyse and communicate the achievements of SSCs to each employer constituency;
- target new employers not previously involved in sector efforts to boost skills performance;
- focus on the needs of small organisations and micro-businesses, demonstrating to them the clear links between skills investment and better business performance;
- help public agencies allocate their resources to address sector-based skills and business needs;
- develop new approaches to improving access to learning, in particular, e-learning. A first stage in building expertise will be running a Learndirect Sector Hub, where there is a clear demand from employers;
- help make a reality of career progression and lifelong learning; and
- develop state-of-the art communications strategies, working closely with other employment bodies, in particular, the CBI, BCC and trade unions.

### TACKLING RISKS

The complexity of the skills infrastructure will make it very difficult to make rapid progress. It is essential that employer views are articulated in a practical way so that learning providers can effectively respond.

Engaging employers needs to be better defined and realised. SSCs will need to find time and resources to develop a self-reinforcing momentum to reach larger numbers of employers, including the sophisticated use of marketing and consultation techniques.

The type and scale of the planned new work will require additional resources if they are to be delivered successfully. The existing and potential funding for the Skills for Business network is a long way short of what will be required. Further funding will need to be secured for the Skills for Business network from employers and government.

## DEVELOPING THE SSDA

### KEY CHALLENGES

The primary roles for the Agency are to develop, support and champion Sector Skills Councils and the network as a whole. The Agency will achieve this by securing the highest quality standards and by providing minimum cover for sectors without an SSC.

Early evaluation of the Trailblazer SSC experience concluded that the SSDA should be pro-active in:

- opening doors with policy makers and securing change;
- ensuring that government departments and agencies buy into the SSCs' vision and business plans taking action when necessary;
- facilitating cross-government consistency in funding, and communication with employers;
- establishing structures for communication and other joint work between aspirant SSCs and SSCs;
- facilitating sharing of costs, for example in the development of regional structures; and
- developing a sound evidence base to inform an evolving policy agenda and priorities.

The SSDA must ensure it has the skills to continue to be a successful agent for change by working in ways that put the needs of employers first.

The role and remit of the SSDA will change as the network develops and fulfils its potential. The SSDA will position itself to add value at every stage.

### A CHAMPION FOR THE SKILLS FOR BUSINESS NETWORK

SSDA is a free-standing organisation taking independent action necessary to secure the vision, including acting directly on behalf of the Skills for Business network and employers. It is employer-led – but supports the active involvement of unions – so that its board and governance structures respond to the needs of employers and employment interests in the public, private and voluntary sectors.

The SSDA acts as a champion and ambassador for the network. It is a lot more than a funder and regulator. In addition to helping address employer issues, in particular on policy formulation, it will support the network, with staff expertise and funding resources, in a number of ways. In year one, the priority will be on building capacity and capability in the network (see annex 3 for a summary), and in years two and three, on supporting more innovative approaches.

The analytical capacity and expertise of the SSDA will offer:

- guidance – on undertaking high quality, authoritative and rigorous labour market assessments, research and evaluation and the encouragement of a common approach;
- direction – including fostering greater learning on cross cutting work and generic skills issues, and sharing findings widely; and
- research and data provision on skills and productivity – including labour market and economic intelligence to supplement individual work conducted by SSCs.

In its marketing and communications work, the SSDA will aim to build a first-rate credibility and a positive image for SSCs with government and with external stakeholders. The SSDA will support the launches of all the SSCs as they achieve a full licence. Also, particularly in the first year, substantial investment will be made in the capability of the developing SSCs.

The communications strategy is to target opinion formers, key events and press and public relations opportunities and to co-ordinate with and support the individual marketing and communication plans of SSCs. The first year of the communications strategy, therefore, will require substantially more funding than in future years.

A key event, every year, will be the Skills Convention where employers' views will be represented directly to ministers. This will be paralleled by an annual research and policy conference essentially aimed at sector-based experts and practitioners.

## A FRAMEWORK FOR ENCOURAGING PERFORMANCE

The SSDA will help develop the network in line with the high standards expected by employers and government, and encourage creativity and innovation. It will manage and monitor the network, as appropriate, to ensure that a step-change in the capacity of SSCs is delivered and maintained. The SSDA will deliver an effective assessment system for judging the quality of SSC bids for licence and during the licence period itself.

There will be robust contractual monitoring of progress and performance, both during the SSC development phase and for licensed SSCs. The SSDA and SSCs will take part in two substantive meetings during each year to consider progress against both the Standard and Contract. Regular contact and meetings in line with a pro-active approach to partnership working will supplement these more formal meetings.

It is essential that the SSDA's contract management system provides a suitable framework for SSCs to perform well. There is in place already a funding regime that is designed to maximise flexibility within a three year time horizon and which links overall funding to outputs and outcomes, together with key sectoral activities. In recognition of expected increases in SSC capability, the funding regime will increasingly reward the achievement of outcomes, rather than simply outputs or inputs. In year one the balance will be on the funding of inputs and outputs, by year three it will be substantially more on the achievement of outcomes.

There will be a sound basis for tracking the progress and assessing the impact of the network on an ongoing basis. The measures, baselines and performance indicators for the Performance Framework (see Annex 1) will be established in year one of the Plan with performance indicators fully implemented by year three. Good practice will be captured quickly and shared.

## STAFFING STRUCTURE AND SKILLS

The SSDA aims in the first year of the Plan to develop support arrangements for SSCs in each part of the United Kingdom. In Scotland, Wales and Northern Ireland, dedicated support arrangements will be agreed, based on the needs of SSCs and the individual demands of those countries. In England, regional partnership managers will be recruited to further the work of the SSCs, to enhance networking and brokerage, ensure that national and regional strategies reflect sectoral needs and that sector strategies meet regional objectives.

These new support arrangements will play a key role in improving the networking of SSCs with key stakeholders in the first year. In the second and third years they will assist SSC input as part of the strategic plans of funding/planning bodies and other stakeholders

The skills of the staff of the SSDA must be strong in terms of professionalism, strategic management, partnership activity, policy development, curriculum and qualifications design, financial assurance, employer-focussed communications, research, economic and skills intelligence and contract management

Further expertise for the SSDA will be recruited in relation to policy development in each part of the UK, encompassing national occupational standards and qualifications and, in particular, Foundation Degrees and Modern Apprenticeships. These are key areas for SSC involvement and the SSDA needs to have the skills to support and develop the necessary responses. The aim is to recruit all these additional specialists by the end of year one.

The SSDA will achieve Investor in People recognition in year one of the Plan.

## TACKLING RISKS

The Secretary of State and Ministers in the Devolved Administrations set the remit of the SSDA. It is wholly grant-funded by DfES to act as a non-departmental public body. The 'non-departmental' element is an important operating principle, as working across the UK requires the Agency to have a degree of arms-length independence from central government. This in turn should help foster increased credibility and enthusiasm among the business community and key stakeholders for the new network.

The Agency is responsible for developing and regulating the network but also for providing some of the functions of an SSC. These roles must be managed pro-actively in an open and transparent way.

SSDA systems and processes must be robust to ensure transparency and accountability and the highest standards of probity.

SSDA must also ensure that its organisational culture is always supportive of SSCs and developing SSCs by becoming itself an exemplary employer.

## CONCLUDING REMARKS

This Strategic Plan represents something new. Skills for Business is a new network with more resources and capability to 'make a difference' to UK levels of sector skills and business performance. More resources and the will to succeed will help deliver a substantial step change in performance compared to previous sector-based initiatives.

The challenge is great. But then so is the prize. Skills for Business will make the difference. So that by 2010, the ambition of raising the demand for skills and improving productivity for employers and the UK as a whole meets with reality.

### FURTHER INFORMATION

A number of supporting documents that underpin the Strategic Plan, including The SSDA Operational Plan 2003/2004, can be accessed through the Agency's website at: <http://www.ssda.org.uk>

The SSDA undertook a number of consultative and research exercises to inform this Plan. These include:

- the evidence base for raising the demand for skills, which is published as a companion to this Plan;
- the Skills for Business 1000 survey of employers;
- the evaluation of the Trailblazer experience; and
- the development of the Performance Framework and Scorecard.

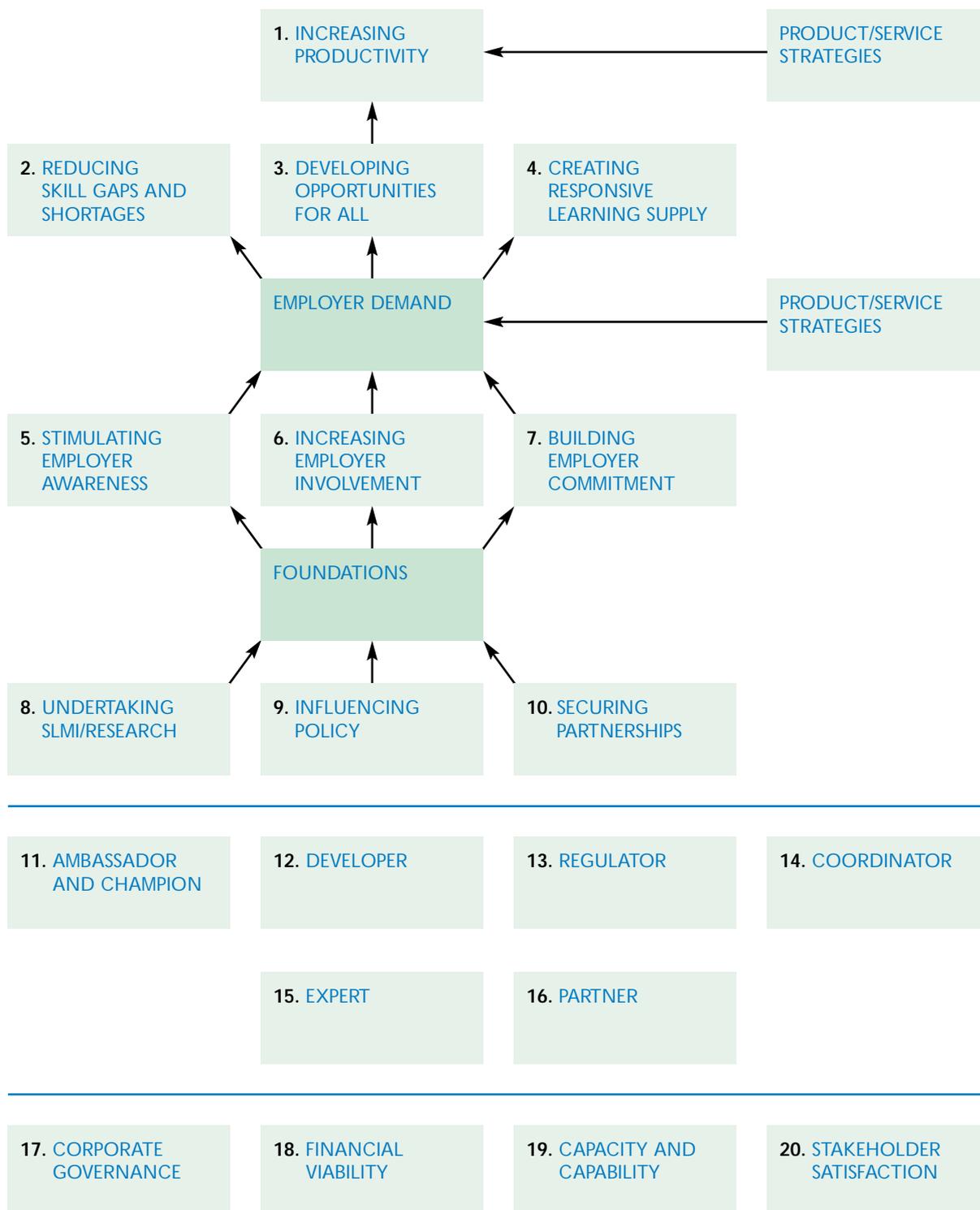
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# ANNEXES

## ANNEX ONE: THE SKILLS FOR BUSINESS PERFORMANCE FRAMEWORK



## ANNEX TWO: FUNDING PRIORITIES AND KEY ACHIEVEMENTS

### GROWING THE SKILLS FOR BUSINESS NETWORK

SSDA Funding (£m)				Priorities	Key Achievements
	2003/4	2004/5	2005/6	<ul style="list-style-type: none"> <li>■ Maintain focus on size and significance of sectors</li> <li>■ Streamline bidding and approval processes</li> <li>■ Increase financial and SSDA staff support to SSC bids</li> <li>■ Reduce numbers of sectors without an SSC</li> <li>■ Reduce overall levels of funding for essential activities</li> </ul>	<ul style="list-style-type: none"> <li>■ 23 SSCs established and in final stages of Licensing by end year 1</li> <li>■ 75% of the workforce covered by SSCs in year 1; around 85% in year 3</li> <li>■ All sectors that should be included in network, included by end of year 2</li> <li>■ Minimum cover for sectors without an SSC by end year 1; comprehensive cover by end year 2</li> </ul>
Establishing SSCs	5.8	0.4	0.0		
Sectors without SSC	4.1	1.8	1.4		
<b>Total</b>	<b>9.9</b>	<b>2.2</b>	<b>1.4</b>		

### INCREASING EMPLOYER INFLUENCE

SSDA Funding (£m)				Priorities	Key Achievements
	2003/4	2004/5	2005/6	<ul style="list-style-type: none"> <li>■ Develop ongoing cross-sector skills strategy led by and determined by SSCs</li> <li>■ Determine focussed delivery plans with partners for 'employability' skills and management and leadership</li> <li>■ Help build the highest standard of Corporate Governance for SSCs</li> <li>■ Build financial independence and long term viability of SSCs</li> <li>■ Support partnership structures to maximise SSC engagement</li> <li>■ Build capability, capacity and competence across the Skills for Business network</li> </ul>	<ul style="list-style-type: none"> <li>■ All SSCs strong on core capabilities, governance, financial viability, executive expertise and employer engagement</li> <li>■ Key cross sector skills needs on management and leadership and employability delivered coherently across the network</li> <li>■ Other cross sector skills mapped, strategies set and minimum cover on national occupational standards provided</li> <li>■ All supporting policy areas, such as sustainability, completed by year 3. piloted in year 1</li> <li>■ Clear roles and responsibilities for SSCs across government and its agencies.</li> <li>■ Protocols in place with all key agencies by end of year 2</li> </ul>
SSC Core Funding	11.1	22.9	23.7		
Cross Sector Skills	5.6	7.0	6.0		
<b>Total</b>	<b>16.7</b>	<b>29.9</b>	<b>29.7</b>		

## IMPROVING PRODUCTIVITY

SSDA Funding (£m)				Priorities	Key Achievements
	2003/4	2004/5	2005/6		
Network Investment	3.1	4.8	7.2	<ul style="list-style-type: none"> <li>■ SSCs lead on the identification of best productivity practice in the sectors for large, medium, small and micro employers</li> <li>■ SSCs develop and maintain a 10 year vision and 5 year plan for workforce development in their sectors</li> <li>■ Develop forward looking sectoral agreements with Government, piloted in first year, all SSCs by year 3</li> <li>■ Develop and maintain world class occupational standards</li> <li>■ Ensure SSCs take the lead in determining the qualifications which meet their employers needs</li> <li>■ Raise employer engagement and commitment</li> <li>■ Support capable SSC structures to articulate employer views</li> </ul>	<ul style="list-style-type: none"> <li>■ All SSCs have stretching vision and strategic plans for workforce development in place by year 3</li> <li>■ Best practice on skills related to productivity identified by all SSCs by year 3; pilots on new approaches at least in place in all SSCs</li> <li>■ National occupational standards brought up to date, benchmarked and expanded to meet employer demand by end of year 2 for all sectors</li> <li>■ Vocational qualifications reviewed in all sectors and streamlined to fit employer demand. Progression routes clear. All by year 3.</li> <li>■ Coherent communication of the Business Case for skills, especially in partnership with key organisations such as the CBI and TUC</li> </ul>

## DEVELOPING THE SSDA

SSDA Funding (£m)				Priorities	Key Achievements
	2003/4	2004/5	2005/6		
Policy & Research	1.6	1.6	1.6	<ul style="list-style-type: none"> <li>■ Annual review of staff structure and skills</li> <li>■ Delivering appropriate support arrangements for SSCs in the four nations and through a regional presence in England</li> <li>■ Gain further expertise in key areas, policy development for the four nations, national occupational standards and qualifications, including Foundation Degrees and MAs</li> <li>■ Ensure straightforward and flexible funding structure for SSCs, that incentivises SSCs to perform well</li> <li>■ Regulation of Network pro-active and supportive</li> </ul>	<ul style="list-style-type: none"> <li>■ Strong support mechanism in place, in particular, for four nations and regional presence, communications and marketing and for policy and research</li> <li>■ Performance framework in place by end of year 1, as live framework for measuring progress</li> <li>■ Board and executive of the SSDA leading by example</li> <li>■ SSDA achieves Investor in People status by year 2</li> </ul>
Communications & Marketing	5.0	3.8	3.3		
Running Costs	4.0	4.2	4.3		
Capital & Depreciation	0.5	0.5	0.5		
<b>Total</b>	<b>11.1</b>	<b>10.1</b>	<b>9.7</b>		

## ANNEX THREE: SSDA AND SSC RESPONSIBILITIES

Strategic objectives	SSDA responsibility	SSC responsibility
1) GROWING THE NETWORK	<ul style="list-style-type: none"> <li>■ Build and support an employer-led network of 23 Sector Skills Councils</li> <li>■ Publish a cross-sector skills strategy</li> <li>■ Put in place a consistent performance framework to build capacity and measure progress against these strategic objectives</li> </ul>	<ul style="list-style-type: none"> <li>■ Maintain the quality standards laid down in the SSC licence</li> <li>■ Work together to deliver cross-sector skills solutions</li> <li>■ Set specific targets and actions for improving the capacity of the SSC to engage with employers</li> </ul>
2) GAINING INFLUENCE	<ul style="list-style-type: none"> <li>■ Open the doors of employer participation in skills policy development</li> <li>■ Establish excellent relationships with Ministers, partners and key agencies across the UK</li> <li>■ Organise an annual Skills Convention and pro-active policy and research conference</li> </ul>	<ul style="list-style-type: none"> <li>■ Become the first port of call for employers, government and partners on sector skills and performance issues</li> <li>■ Work with inspectorates to quality mark provision</li> </ul>
3) IMPROVING PRODUCTIVITY	<ul style="list-style-type: none"> <li>■ Deliver the sector dimension of the Government's Skills Strategy (England)</li> <li>■ Take lead role on national occupational standards and Modern Apprenticeship frameworks</li> <li>■ Establishing targets for reducing skills gaps and shortages (GB)</li> <li>■ Identify and extend best practice (UK)</li> <li>■ Launch and co-ordinate the actions needed to raise Management and Leadership in the UK</li> </ul>	<ul style="list-style-type: none"> <li>■ Capture and publish company best practice in relation to boosting productivity performance</li> <li>■ Draw up Sector Agreements and Workforce Development Plans</li> <li>■ Take the lead on Foundation Degrees and Modern Apprenticeship development</li> <li>■ Ensure sector qualifications are based on world class national occupational standards</li> </ul>
4) DEVELOPING THE SSDA	<ul style="list-style-type: none"> <li>■ Establish regional hubs throughout the UK</li> <li>■ Achieve Investors in People and recognition as following a Business Excellence model</li> <li>■ Leading by example through an influential and pro-active board</li> </ul>	<ul style="list-style-type: none"> <li>■ Work as one Skills for Business network</li> <li>■ Play a pro-active role in network-wide developments</li> <li>■ Achieve Investors in People recognition.</li> </ul>





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