

Leading learning and skills

The National Service for Large Employers

The Views of Employers
and Partner Organisations

January 2006

The report is of interest to employers, providers, the LSC at local, regional and national level, regional development agencies, regional skills partnerships and sector skills councils.

This research report provides an insight into what large employers are looking for from the Learning and Skills Council (LSC) and how we can best help them to improve their business through the development of the workforce. It represents the views of a number of large employers as well as other organisations such as the TUC and CBI. The report is the first stage in achieving the aim expressed in the Skills White Paper that the LSC's National Employer Service should not only help major national employers access publicly funded training, but also provide a focused point of contact through which they can engage with the skills agenda.

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Foreword

This report reflects conversations that we have had with large companies and partner organisations about how the Learning and Skills Council (LSC) can best help them. It provides us with guidance on the development of our new National Employer Service, through which we will develop strategic relationships with those large companies that are serious about investing in their workforce.

In my own conversations with large employers, we talk a lot about their commitment to skills development. When it comes to training and the impact on their businesses, bottom-line or quality of services, they "get it" and usually with a real passion.

In general, there is a great appetite to drive change in their business through skills.

Directors are hungry for information about best employee practice and how to accelerate the development of their workforce and their business. They want the LSC to help make their lives easier; to bring greater simplicity to training, funding qualifications and bureaucracy; to help them to find the best skills solutions and support; and to help them to navigate through the world of learning and skills.

This report gives us a clear steer as to the services that employers want and we will design the National Employer Service accordingly. We will continue to talk to more employers to ensure future development is well grounded in ever-changing business needs. We will also work closely with the sector skills councils to ensure their intelligence on employer needs is fully incorporated into our planning.

The LSC is determined to demonstrate that it is a demand-led organisation with the ability to stimulate the supply of skills that employers need. This report and the National Employer Service give further direction and substance to that ambition.

Finally, I would like to thank all of the employers and partners who were interviewed for the report.

David Way

National Director of Skills, LSC

Executive Summary

1 This report contains the findings from a study into the views of employers and partner organisations about the service to be provided in future by the Learning and Skills Council (LSC) to large, multi-sited employers. It covers three broad areas:

- skills planning and development in large employers
- involvement of large employers in LSC-funded programmes
- relationship between the LSC's National Employer Service (NES) and partner organisations.

2 Paragraph 11 below lists the services valued most by large employers.

Skills Planning and Development

3 The employers consulted for the study are self-sufficient to quite a high degree in skills planning and development. They value the contribution to skills training made through the policy and actions of Government and seek a productive relationship with the LSC. There is little demand among large employers for general business support outside the skills agenda. Within skills development, there is interest in the further development of non-standard approaches to training.

4 In order to add value to existing employer activity in skills, the NES should:

- form strategic relationships with large employers
- act as a focal point for partner organisations to engage with large employers across the skills agenda
- establish strong operational contact at middle management level
- ensure that the service provided maps easily to the structure of employers themselves, which varies considerably
- provide a service that stays close to the demand from employers, using this as leverage to stimulate and develop the publicly funded supply side
- promote the use of non-standard approaches to skills training, including the use of e-learning and other innovative methods.

Involvement in LSC-funded Programmes

5 Most large employers that already participate in LSC programmes make good use of Apprenticeships and Advanced Apprenticeships for selected employees between the ages of 16 and 24. Some employers make good use of LSC funds for employees aged 25 and over. Very few make use of LSC funds for literacy, numeracy and language training. There is an unmet demand in some large employers for basic skills training and training to national vocational qualification (NVQ) Level 2.

6 Large employers recognise that LSC funds are a contribution to the costs of training and not intended to offset the whole cost of training. Training to Level 2 is regarded as a legitimate area for investment by the Government as part of its social inclusion agenda. Funding alone rarely determines the involvement of large employers in LSC programmes. A variable funding system which gave more room for negotiation with individual employers would lead to better value for money. Some large employers are capable of playing a distinctive role as sources and models of good practice and encouragement to other employers. This includes promoting skills training along their supply chains.

7 In order to develop and maintain effective relationships with large employers, NES should:

- continue to help employers meet the LSC's contractual and quality requirements, especially in the early stages
- consider how best to offset the bureaucratic burden of participation, in partnership where appropriate
- promote Apprenticeships and Advanced Apprenticeships as a flagship programme, while also seeking to promote NVQ and basic skills training as part of an integrated training package
- explore further the potential for a flexible, individually negotiated approach to funding
- maximise the impact on the sector of well-established and high-performing employers
- work with large employers to promote funding along supply chains.

Relationships between the NES and Partners

8
The service provided by the NES to large, multi-sited employers is a multi-layered activity, with geographical, sectoral and other dimensions. Partner organisations are clear that a single main player should be responsible for the overall relationship with large employers and for maintaining a consistent approach. But they also see a role for themselves within a national service and are keen to contribute to it. For this to happen effectively, better relations with the NES and more clarity over roles and responsibilities are needed.

9
Providers in the publicly funded sector already train for large employers, although they account for only a fraction of the training budget. Their main points of contact are usually at local or regional rather than corporate level. Providers of all kinds see the advantage of a central point for large employers' interface with the public funding system. Effective information flows are essential in a complex environment involving multiple players.

10
In order to coordinate its work and facilitate the engagement of partner organisations effectively, the NES should:

- analyse regional clustering and sector skills agreements as they apply to its current base of large employers
- monitor the performance of providers, in association with local and regional services of the LSC
- develop structural relationships with 'premium' providers who offer high-quality training on a national basis
- manage channels of communication internally and externally.

What Large Employers Value Most

11
This study found that large employers valued:

- a strategic relationship with the LSC, linking skills planning and development in their organisations to the Government's agenda for skills
- a single main point of contact with the LSC, who is able to coordinate and focus the engagement of partner organisations including the regional and sectoral bodies
- support at operational level for setting up and running government-funded skills training programmes and for meeting the requirements of the LSC and Inspectorates
- guidance on how to further develop the use of innovative training methods, including the exchange of best practice
- help at local and site level with commissioning and managing services from training providers to support government-funded skills training programmes
- opportunities to extend high-quality skills training to organisations in their supply chains and/or sectors.

How the New NES should Work

12
This study found that the new NES will need to demonstrate:

- a sharp, intensive focus on the core remit to engage large employers, underpinned by targets for participation and additionality
- enhanced capacity for forming and maintaining strategic relationships with large employers at corporate level
- the ability to negotiate agreements with large employers that give increased value for money
- clarity of role as the main point of contact for engaging large employers, underpinned by protocols for joint working with partner organisations, particularly in the regions and sectors
- an internal structure, resources and working methods to support an extended role in relation to large employers and partner organisations
- systems for managing the flows of information and intelligence across the spectrum of policy and practice in relation to skills
- effective management of contracts with large employers, including the rapid and precisely targeted allocation of specific services (for example, advice and consultancy).

Background

01

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The Skills Strategy White Paper (*Skills: Getting on in business, getting on at work*, HM Government, 2005) envisages that the LSC National Employer Service (NES) should provide a support service to large employers operating across multiple sites. The White Paper states that the service delivered by the NES should "draw flexibly on all LSC training budgets to provide an integrated training programme to meet the employer's needs, with a commitment from the employer to increase their engagement and investment in training".

14

This report contains the findings from a study into the views of large employers and partner organisations about the services to be provided by the LSC to large employers in the future. The study was commissioned by the NES to answer three broad questions:

- What kind of a service from the LSC would add value to skills planning and development in large, multi-sited employers?
- How should the service support and enhance the involvement of these large employers in LSC-funded programmes?
- How should the NES work alongside its partner organisations to deliver the service most effectively?

15

The study consisted of structured interviews with senior human resources (HR) and training managers in large, multi-sited employers and a range of partner organisations. Interviews were carried out face to face and by telephone between July and September 2005. Most of the employers consulted were already involved in government-supported training. Partner organisations consulted include regional development agencies, sector skills councils (SSCs) and the Sector Skills Development Agency (SSDA), the Confederation of British Industry (CBI), the Trades Union Congress (TUC), regional and executive directors of the LSC, the Adult Learning Inspectorate (ALI), the Department for Education and Skills (DfES), the Universities Vocational Awards Council (UVAC), colleges and other providers.

16

The study was carried out by Simon Shaw of Mindset, with the assistance and support of Nick Wilson and colleagues in the LSC's National Employer Service.

17

A list of informants is provided in Annex A. Interview schedules are provided in Annex B.

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Findings from the Study

02

Skills Planning and Development in Large Employers

Skills planning

18

The employers consulted in this study are self-sufficient to quite a high degree in skills planning, although those consulted do not necessarily represent the full spectrum of commitment and sophistication in relation to skills planning and development, and it is recognised that some large employers may start from a lower base. However, they mostly have well-developed skills strategies, which are based on business needs and integrated in business plans. Strategic commitment to skills may be driven by business expansion and/or a growing intensity in skills needed. Responsibility for implementing the commitment to skills tends to be negotiated and shared between HR and training functions and operational management in the business areas.

19

Corporate HR directors and managers may belong to networks and informal communities where ideas around skills are discussed and experiences exchanged at a sophisticated level. Some are actively engaged in forming national skills policy through the SSCs.

Case study 1

The Group Human Resources Director of a large, diverse service sector organisation gains high-level insights into the strategic challenges facing her company through a range of external contacts. As well as commissioning work in specific areas such as staff retention from a leading international firm of consultants, she has established and maintains a highly developed informal network of support. The network includes HR directors from other FTSE 100 companies, personal contacts from her career in other large firms and an informal mentor working in one of the UK's leading business schools. A broader perspective on skills issues comes through her involvement in the Work Foundation and its programmes.

20

The importance of skills and skills enhancement in increasing productivity and competitiveness is well understood. The development of skills through training is viewed as one indicator in a "balanced scorecard" against which the performance of the organisation is measured. Strategies and plans exist for developing skills at all levels in the workforce. These strategies are based on analyses of skills needs carried out internally or in partnership with external organisations including consultancy firms, universities and professional associations. Training plans are developed to meet the needs identified. They include centrally coordinated top-down plans for organisation-wide development and bottom-up plans, which are locally administered to meet specific local needs.

Skills development

21

On the evidence of this study, it appears large employers are well equipped to develop the skills of their workforce, either alone or in partnership with external resources. Skills development up to Level 3 is generally done using in-house resources, with external input increasing at higher levels. In-house skills training is delivered in a range of ways, including coaching and mentoring, formal courses at company training centres and online. Large employers may have sophisticated, leading-edge facilities and resources. Human resources departments have the expertise to commission skills training externally where necessary and do so effectively, predominantly using commercial providers outside the publicly funded further education (FE) sector. However, they are not always able to find the training they want. Large employers tend to use e-learning more readily than smaller organisations as part of a blended training solution. Some have set up their own "virtual universities".

22

Most but not all of the employers in the study have well-developed management information systems for learning, which may be linked to their personnel systems. In some, systems exist but are not used systematically or consistently. Most have well-established arrangements for quality assurance, using methods such as quality reviews, internal audits and post-training action plans. Key performance indicators for training may be part of a broader performance management infrastructure across the company. Some of the employers in this survey are among the leading performers in inspections by the ALLI.

23

There is very little demand among large employers for general business support outside the skills agenda. However, they are aware that ideas from outside may enhance their skills training strategies and welcome the opportunity to exchange good practice. In particular, there is interest in developing further some of the non-standard approaches to training that make use of innovative technologies and learning methods. These include coaching, mentoring, strategies to develop high-performance workplaces and more effective use of e-learning in the workplace.

Involvement of Large Employers in LSC-funded Programmes

Apprenticeship schemes

24

Most large employers that already participate in LSC-funded programmes make use of Apprenticeships and/or Advanced Apprenticeships for selected employees between the ages of 16 and 24. Those that have run Apprenticeships for some time are making good use of them. Others that have only started to work with the LSC more recently may be using the scheme with a limited number of employees until its quality and success has been firmly established within the organisation.

25

For some employers, Apprenticeships are seen as less attractive. This may be a result of the demographic profile of the workforce, or a perception that the requirements of Apprenticeship frameworks over and above the NVQ are not relevant or too onerous.

26

Involvement in Apprenticeships does not necessarily signal a desire on behalf of the employer to participate in other LSC-funded programmes. Conversely, large employers who do not see Apprenticeship as making a major contribution to skills development may be more interested in NVQ and/or basic skills training. As the training manager of one large employer said, "I could sell skills training to the business tomorrow, if the right package could be developed."

NVQs and basic skills

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Some large employers make good use of LSC-funded programmes for employees aged 25 and over. Most of these employees are working towards NVQs at Level 2. A few are working towards NVQs at Level 3. Very few large employers make use of LSC funds for literacy, numeracy and language (skills for life) training. This includes employers that have long-standing and, in some cases, large Apprenticeship schemes.

28

There is an unmet demand in some employers for NVQ training at Level 2 and/or Level 3, and an equivalent interest in the possibility of gaining support through the National Employers Training Programme (NETP). There is also an unmet demand in some large employers for basic skills training from Entry Level to Level 2, especially within employers in the service sector where a high proportion of staff have low levels of qualifications.

29

Employers are aware that they will need a considerable amount of external support from basic skills training providers to set up and deliver these programmes. They also recognise that the level of available funds from the public purse may not meet the full scale of the demand. Despite these disincentives, large employers can generally be persuaded to make use of funding and support from the LSC in order to support employees who are "hard to reach" and may otherwise not benefit from LSC training programmes.

Value for money

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The availability of funding alone rarely determines a large employer's involvement with LSC programmes. Other benefits are equally influential, such as better quality training, improved levels of confidence and motivation in the workforce, closer involvement with Government and the contribution made to the organisation's corporate social responsibility agenda. There is little or no sense of dependency on LSC funding as a prerequisite for training. The success of LSC-funded programmes, and the public recognition they bring, can help to lever greater corporate buy-in to skills training across the organisation.

Case study 2

One large national company has recently started delivering Apprenticeship and NVQ training to a small number of selected employees on two sites. They view involvement with LSC-funded programmes as a way of offering employees opportunities to gain national qualifications. Training facilities have recently been upgraded, and although this may have happened in any case, the HR director is clear that the prospect of funds from the LSC "took some of the economics out of the decision". He regards the company's relationship with the LSC as a partnership from which both sides benefit. He points out that the company "has a highly independent attitude" and would only sanction an extension of LSC-funded programmes if the funds available support the needs of the business exactly.

31

Large employers and partner organisations are aware of the potential criticism that public money spent on skills training in large employers may represent less good value for money than equivalent funding to smaller organisations. To counteract this, large employers point out that public funds are only a contribution to the costs of training and are not intended to offset the whole cost of training. They view LSC funds as a significant, though not always major, contribution to the true costs of these programmes.

32

The perception of employers, which is broadly shared by employers' organisations and social partners, is that training in basic skills and to NVQ Level 2 or below brings little or no return on investment to the business, although the returns to individuals are acknowledged. Training to these levels is therefore regarded as a proper area for investment by the Government as part of its social inclusion agenda. It is also regarded as a legitimate area for investment by the employer as part of its commitment to employees. This may form part of the employer's social contract with the trade unions.

33

From a value-for-money perspective, training in bulk by large employers ought to be cheaper to the purchaser than equivalent training in smaller organisations. However, a standardised funding system, such as that currently used by the LSC, is seen by some partner organisations (including local and regional LSCs) as too inflexible to allow for much discounting. These organisations argue that a variable funding system which gave more room for negotiation with individual employers would lead to better value-for-money arrangements. Local and regional LSCs express some anxiety over the scale of potential demand that could be untapped in large companies and the possible negative impact on funds available to support small- and medium-sized businesses.

Additionality

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Employers that have a mature, long-standing relationship with the LSC (and its predecessors) are confident in their understanding of LSC funding and eligibility rules. They also tend to be organisations with long-standing investments in training that have built capacity and infrastructure over time. These organisations are capable of playing a distinctive role as sources and models of good practice and encouragement to other employers, and are generally willing to do so. They may make their facilities, resources and expertise available to other organisations in their sector. This includes, but is not restricted to, organisations in their supply chains. These employers may also get involved in initiatives to combat social exclusion, for example by setting up programmes to work with the long-term unemployed or lone parents. They view initiatives such as these as a way of putting something back into the community.

Case study 3

Several large employers have set up academies or similar institutions to coordinate and manage skills training in their business. In some, the academy is restricted to employees of the company. Others have opened the facilities and resources to employees of other organisations in the sector, including subcontractors and suppliers. This may be seen as the way forward for some, even though "we'll have to cross some barriers to get there: why should we give high-quality training to the competition?". These employers see their role as partly training for stock – for the industry as a whole, not just their own employees. They may be interested in extending their partnership with the LSC to act as skills brokers within their sectors.

35

Newer employers are significantly less confident than ones with a successful track record of involvement with government-funded training. Relatively greater effort will be required to engage employers in sectors where participation in LSC-funded programmes – and in training generally – is low. The additional effort is justified as much by the impact on individuals as on the business.

Relationships between NES and Partner Organisations

Single point of contact

36

Providing a service to large employers is a multi-layered activity, with geographical, sectoral and other dimensions. Large employers strongly favour a single point of contact for a strategic relationship with the LSC, even where they are aware of and support the move towards greater regionalisation by the LSC. They would value a continuing dialogue on policy and initiatives, leading to the possibility of greater involvement in both forming and implementing skills policy.

37

Partner organisations are equally clear that a single main player should be responsible for the overall relationship with large employers and for maintaining a consistent approach. Partners see a role for themselves within a national service and are keen to contribute to it, and they look to the NES to act as a gateway, reducing the risk that multiple contacts with employers may produce confusion.

Interface with regional and sectoral partners

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Employers and partners recognise the need to optimise relationships at regional and local levels, as well as at a strategic level, since it is at these levels that operational decisions are made.

39

Some large employers are knowledgeable about regional economic issues but others are not. Most would welcome more information about the activities and priorities of the regional development agencies (RDAs), and possibly more involvement regionally. Regional skills partnerships are not yet seen by partner organisations as an effective means to engage large employers regionally. Some employers are closely involved in shaping and implementing sectoral policy in skills through their sector skills councils (SSCs). Others would welcome more knowledge and insight into the activities of the SSCs, for example in relation to legislation and compliance, especially if relevant information can be summarised "so that it takes 10 seconds to read".

40

Where employers have a significant regional and/or sectoral presence, links with regional LSCs, RDAs and SSCs may bring added value to the core relationship. For this to happen effectively, better relations with the NES and more clarity over roles and responsibilities are needed. Similarly, if the NES is to lever greater involvement in training by employers in "hard to hit" sectors, it will need greater insight into the structural difficulties that make skills training in these sectors hard to deliver effectively.

Case study 4

A senior director of a large manufacturing company points out the necessity of a coordinated approach. This person has worked closely with the LSC and its predecessors for many years. He sees it as vitally important for the LSC to have a single, national approach to working with large employers. In particular, he sees the skills agenda in his industry as having a strong regional dimension. It is therefore critical that the LSC works closely with the RDAs and "intersects effectively with sector skills councils and the agreements they make for skills development across the sector". This requires more, not less, coordination from a single point located within the LSC. His views echo those of many other employers, large and small: "Keep it simple, get a few things right, give us some stability".

Interface with other partners

41

Several informants to this study stressed the need for the NES, as the main point of contact, to act as a focal point for the full range of partners across the learning and skills sector in their engagement with large employers over skills.

42

Employers' organisations, such as the CBI and professional associations, simultaneously reflect and shape the views of large employers towards skills. The CBI's support for basic skills training, or for employers collaborating to raise skills in supply chains and clusters, helps to create a positive environment at board level for increasing the involvement and investment of large employers in skills training. Similarly, the role of union learning representatives to engage employees in learning as part of employers' skills development strategies, successfully demonstrated in some though not all sectors, helps to create a positive environment for skills training on the shop floor.

43

The ALL's work with large employers outside publicly funded inspection has introduced employers to the standards governing publicly funded training (through the Common Inspection Framework) and the methodology of inspection. Employers value independent inspection for its neutrality and probity. They also value self-assessment as an approach that complements their other quality initiatives.

Interface with providers

44

Providers in the publicly funded sector already train for large employers, although they account for only a fraction of the training budget. Most of this training is commissioned at a local level. Some providers have broader strategic relationships with large employers, which they sometimes characterise as "imperfect".

45

Providers, including publicly funded providers of further education and training, are active in the market and target large companies directly as well as through intermediaries such as brokers. However, these providers also understand that working with large employers is different from working with smaller ones. Links between colleges and large employers are mainly a function of geographical location rather than strategic planning, and their main points of contact are at local or regional level of management rather than at corporate level. A few of the more ambitious colleges are working nationally with large employers in specialist areas, using Centre of Vocational Excellence (CoVE) status as a springboard. Providers with a national remit, such as the Ufl and the major sector providers, have more integrated links at corporate as well as local levels. Some have a sophisticated approach, deploying people and teams in matrix formations to support the relationship. Providers of all kinds see the advantage of a central point for large employers to interface with the public funding system.

Information and intelligence

46

Intelligence – about individual employers, sectors, regions and all the other dimensions affecting skills – is the lifeblood of an effective service to large employers.

47

Effective information flows are essential in a complex environment involving multiple players. If the NES is to act as a central point, coordinating its own work with large employers and facilitating the engagement of partners, it must develop and manage the appropriate channels of communication. Timely, clearly structured exchanges of information among its own teams, and with regions and sectors, are critical. The starting point is a solid system for handling data and management information. This needs to be backed up by protocols for handing over and taking back responsibilities ("positive handshakes") and for sharing information and intelligence.

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Conclusions: What Kind of Service?

03

Strategic and Operational Relationships

48
A strategic relationship with large employers is necessary to provide the focus for engaging with them across the skills agenda. However, it is equally necessary to establish strong operational contact at middle management level.

49
A national service for large employers must map easily to the structure of employers themselves. This requires a single point of contact at corporate level, where the strategic framework for the relationship is set. A similarly strong relationship is also required at operational level to manage the contract. The LSC should not underestimate either the effort required to establish and maintain these relationships, nor their importance in engaging employers more actively with the skills agenda.

50
It will be crucial for the NES to recognise where the employers they deal with are positioned along a spectrum of commitment and sophistication in relation to skills, training and participation in LSC-funded programmes. Where employers are actively, sometimes deeply, engaged in the skills agenda, the NES should be able to engage with them strategically at the same level as part of establishing a meeting of minds. A relationship-led approach to marketing is likely to be more successful than one that is primarily product led, but it places a high premium on skills and knowledge in the team.

51
The twin roles of strategic relationship-building and operational (contract) management require different skills, and may therefore be carried out by different people. Where this is the case, effective communication and teamwork will be essential to provide a seamless service.

52
Figures 1 and 2 below illustrate how the relationship might work with two contrasting employers. In Figure 1, the employer has a strong corporate centre and many local sites. Most of the training is carried out on site by the employer, but there is also a subcontract with a national training provider to provide assessment services and a small amount of additional training. The employer in Figure 2 also has a strong corporate centre but a relatively small number of sites, some of which are large enough to have a significant impact on the regional economy. Off-the-job training is carried out by local FE colleges. One of the colleges, a CoVE, provides curriculum leadership to the other colleges.

Figure 1: Large employer with a strong corporate centre and many local sites.

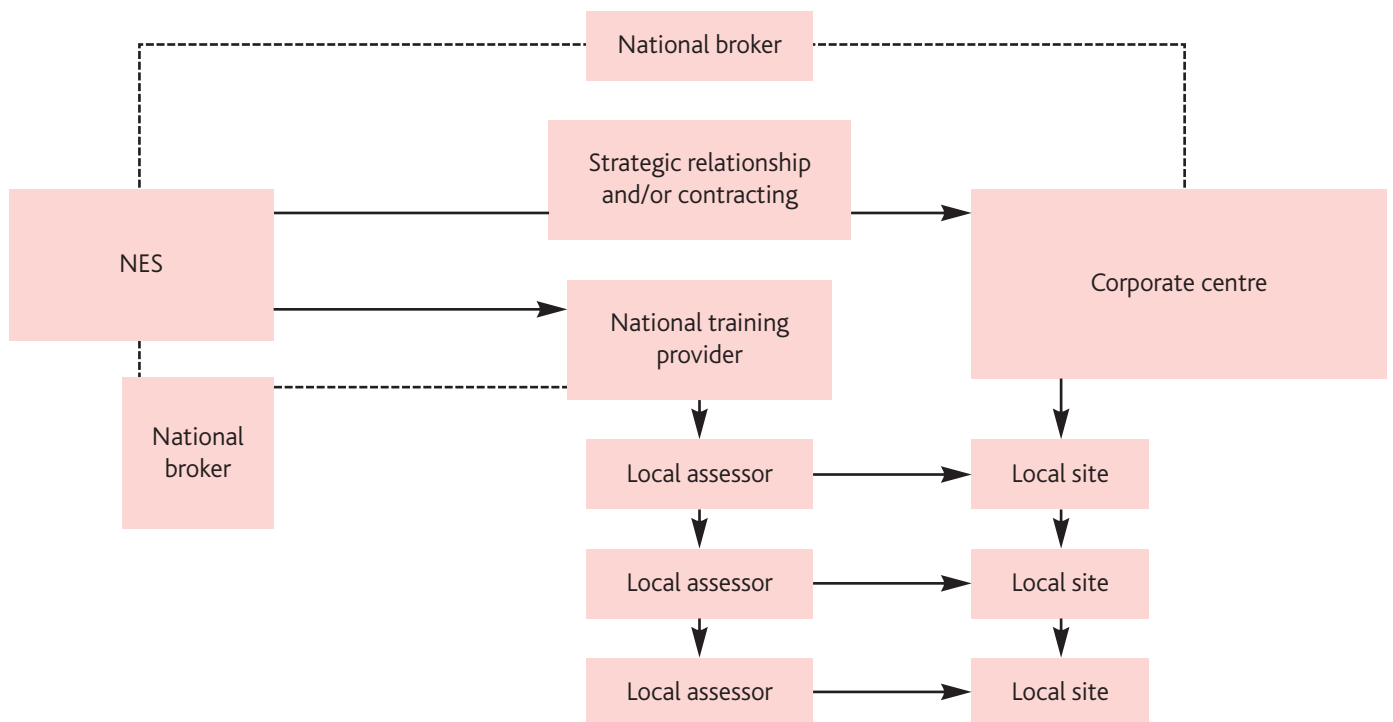
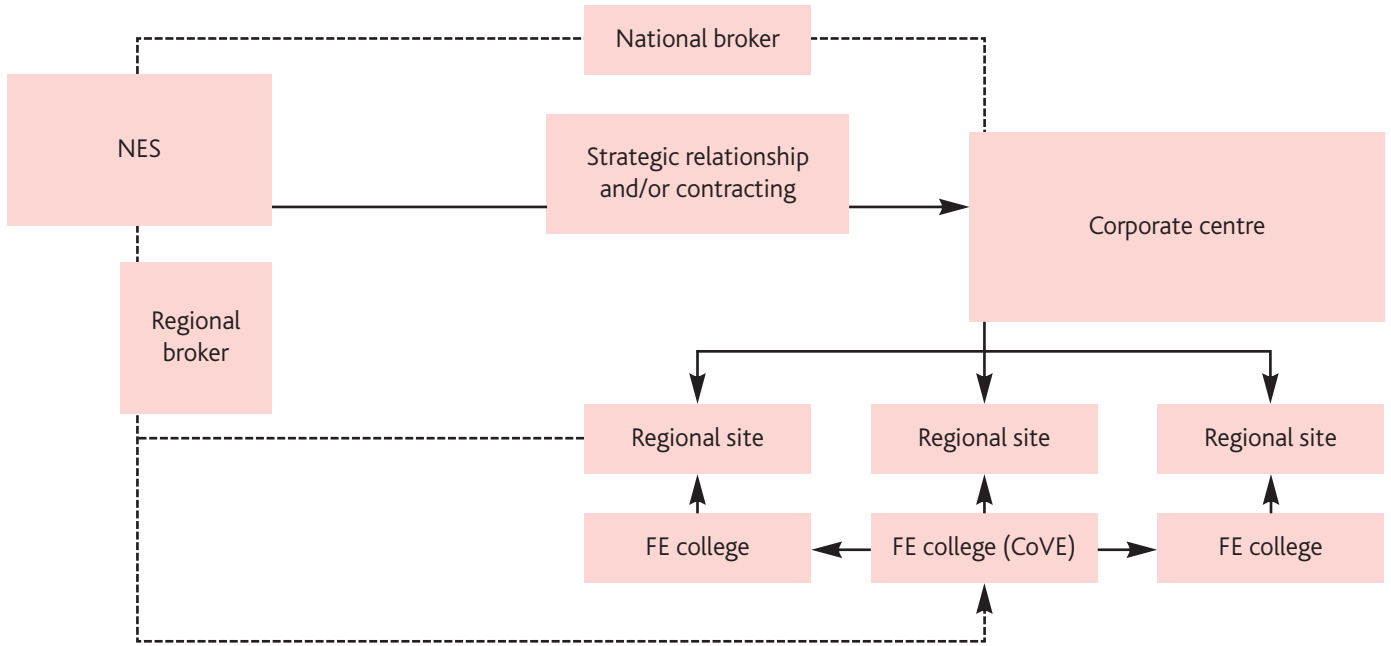


Figure 2: Large employer with a strong corporate centre and few local sites.



53

As Figures 1 and 2 illustrate, the NES may maintain a number of relationships with employers and partners (providers, in this case). Other partner organisations may also be involved. Within the complex of relationships possible in these arrangements, the NES should stay close to the demand from employers, using this as a lever to stimulate and develop the publicly funded supply side. Staying close to the customer in this case means taking a highly business-focused approach to designing tailor-made training solutions where possible.

Engaging with the Skills Agenda

54

The need for support in skills planning is low in large employers. However, it is essential for the NES to engage with high-level skills issues with employers, including planning for future skills needs. This is an important stage in establishing credibility and building a strategic relationship that is grounded in a broad understanding of the organisation's business objectives and the contribution made to these by its human resources. Such an understanding should provide the basis for a purposeful exploration of possibilities across the full range of LSC-funded programmes, and beyond, within a shared context and language.

Case study 5

One employer with a great deal of expertise in skills planning and development has run Advanced Apprenticeship schemes for many years and has achieved very high levels of success. This employer is now starting to become self-critical of the way it runs the Apprenticeship, which it sees as "old-fashioned", catering for yesterday's needs but not necessarily helping the organisation to prepare for tomorrow. The HR team is now keen to redesign the scheme to create more added value to the business. This presents the NES with an excellent opportunity to revitalise its relationship with the employer and shape a leading-edge approach to Apprenticeships. Engaging with the employer in this redesign process will require skills and knowledge that go significantly beyond the management of the contract.

55

The need for support in skills development among large employers is also low. However, it is important for the NES to engage with skills development issues, both to build the relationship and, where employers are not getting the training they want, to attempt to broker a better solution.

56

In seeking to establish a credible and respected brokerage service, where this is required, it is essential to acknowledge that there are current (and historical) supply and demand mismatches, both in terms of the training available and the broader relationships between providers and large employers. These mismatches are more acute with publicly funded providers, especially FE colleges. Consistency is a key procurement criterion for large employers. Being able to guarantee a consistent level of supply from providers is a first-order requirement for a national brokerage service for large employers.

Supporting Employers to Meet Contractual Requirements

57

Large employers will continue to require help in meeting the LSC's contractual and quality requirements, especially in the early stages of the relationship. Employers who have not received consistent support through these stages in the past have found it difficult to establish solid, well-run programmes. This is reflected in some poor grades received at inspection in the past.

58

Employers may look to the NES to reduce the administrative and bureaucratic burden of participating in LSC-funded programmes. Employers with dedicated training establishments have expressed an interest in managing LSC contracts on behalf of other employers in their sector. Some have suggested that they might undertake the brokerage role themselves for other employers in their sector. The NES should consider how best to offset the bureaucratic burden of participation, perhaps in partnership with employers that play (or are capable of playing) a leading role in their sector. An active role for SSCs should also be considered in such partnerships.

59

Increasing the participation of large employers in LSC-funded programmes will continue to require fairly high levels of energy and intensity. The Apprenticeship is a recognisable and broadly credible brand. Large employers who do not currently participate in LSC-funded programmes are likely to respond more favourably to Apprenticeships than to other, less well-established programmes, including the National Employer Training Programme (NETP). The NES should continue to promote Apprenticeships as a flagship programme, while recognising that some employers may hesitate to commit themselves to it. The NES should also seek to promote NVQ and basic skills training as part of an integrated training package. Employers may respond to the "employee engagement" gain from participating in these programme rather than to economic arguments. This is also likely to be fertile ground for developing closer links with union learning representatives.

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Increasing Additionality

60

The NES should explore further a flexible, individually negotiated approach to funding with large employers. As an efficient purchaser, the NES should seek to gain maximum leverage from its investment. This could be in terms of learner numbers, for example using:

- the ratio of non-funded to funded learners as a measure
- success rates
- measures related to other beneficial outcomes, such as benefits to the individual employee.

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Such measures should be made explicit in development plans, so that employers have clear targets to work towards. In particular, the NETP should function as a lever to widen the scope of training in the workforce to include individuals who might otherwise not benefit from it.

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The NES should consider how to maximise the impact of well-established and high-performing employers on others, for example through formalised networks and a coordinated approach along the supply chain. Newer employers will continue to gain added value from clear guidance on funding and eligibility rules. The NES should produce and work towards targets for engaging employers in sectors with low participation rates.

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Links with Partner Organisations

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Where partner organisations bring added value to the relationship with large employers, the NES should have responsibility for improving links with partners. This requires a broader, more energetic view of the NES's role in respect of its partners. In a complex environment, the NES needs to have its feet in many overlapping circles. A better analysis of regional clustering within NES's employer base would enable more focused, productive links with the regions. A better understanding of sector skills agreements would have a similar effect on links with sector partners, especially SSCs. The two dimensions come together: the intersection of sector skills agreements and regional economic strategies defines a space for focused, coordinated action with employers.

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A strong relationship with suppliers is needed to guarantee consistency. Local and regional brokerage services may be able to provide information on local or regional providers, but it will be a high priority for the NES to monitor providers' performance closely and to initiate rapid intervention where required to maintain confidence in the system. The NES should also consider developing structural relationships with "premium" providers that are able to offer high-quality training on a national basis. Examples include the Ufl and providers in the CoVE network.

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The NES should take a lead in designing and setting up appropriate communication channels and protocols internally, for its own teams, and externally to manage its joint work with partners. The organisation should be geared to gathering and handling intelligence across a wide spectrum – employers, partners, policy and so on – and must adopt appropriate methods for making effective use of this knowledge.

Annex A: List of Informants

Employers

Jeanette Cowley, Group HR Director
Rentokil Initial

Valerie Dale, HR Manager
Rentokil Initial (UK Cleaning)

Steven Davis, Head of Retail Training
Sainsbury's

Keith Donnelly, Business Development Manager
Carillion Construction Training

Jo Donovan, HR and Training Manager
BP Retail

Richard Hamer, Education Partnerships Director
BAE Systems

Rod Kenyon, Director, British Gas Engineering Academy
Centrica

John Male, Head of Learning and Development
BAE Systems

Geoff Matthews, Head of the Honda Institute
Honda UK

John Paterson, HR Director
TNT Logistics

Stephen Robinson, Learning and Development Manager
Vodafone

Peter Wilkinson, Director, Learning and Development
Royal Mail

Partner Organisations

Nigel Broome, Chief Executive
Skillsmart Retail

Liz Davies, Executive Director, Cheshire and Warrington
Learning and Skills Council

Paul Gallagher,
Head of Skills and Employment Policy and Coordination
London Development Agency

Maggie Galliers, Principal
Leicester College

Kieron Gavan, Director of Employer Engagement
Sector Skills Development Agency

Malcolm Gillespie, Regional Director, South West
Learning and Skills Council

Penny Hackett, Executive Director, Wiltshire and Swindon
Learning and Skills Council

David Hughes, Regional Director, East Midlands
Learning and Skills Council

John Korzeniewski, Regional Director, North West
Learning and Skills Council

Iain Murray, Learning and Skills Senior Policy Officer
Trades Union Congress

Simon Norton, Executive Director, Kent and Medway
Learning and Skills Council

Noel Otley, Principal
Havering College of Further and Higher Education

Steve Palmer, Executive Director, Lancashire
Learning and Skills Council

Nigel Payne, UK SSA Coordination and Stakeholder Engagement
e-skills UK

Nicky Perry, Director of Inspection
Adult Learning Inspectorate

Simon Roodhouse, Chief Executive Officer
Universities Vocational Awards Council

David Sherlock, Chief Inspector
Adult Learning Inspectorate

Don Stewart, Director of People Development
Yorkshire Forward

Hugh Tollyfield, Deputy Director, Skills for Success
Department for Education and Skills

Phil Wade, Group Director of Marketing and Research
Ufi

Richard Wainer, Senior Policy Adviser
Confederation of British Industry

Annex B: Interview Schedules

Schedule for Employer Interviews

A. Skills training and development

Skills planning

Strategy

- 1 Does your organisation have a strategy for developing skills in the workforce?
- 2 Is skills development included in the organisation's business plans?

Needs analysis

- 3 How does the organisation determine which business needs require the development of skills in the workforce?
- 4 Does the organisation carry out the analysis of skills needs itself, or are any external organisations also involved?

[If so, which types of organisation?]

Planning

- 5 What plans exist for developing these skills?

Support needs (1)

Could your organisation benefit from external information, advice and support in any (or all) of these three areas of skills planning [strategy, needs analysis and planning]?

[If so, what type of support would be most valuable?]

Skills development

Delivery

- 6 Does the organisation develop the skills of the workforce itself, or are any external organisations also involved?

[If so, which types of organisation?]

Management information

- 7 Does the organisation have an effective system for managing information about skills training programmes?

Quality assurance and improvement

- 8 How is the quality of skills training evaluated?
- 9 Does the organisation have a system for assuring and improving the quality of skills training?

Support needs (2)

Could your organisation benefit from external information, advice and support in any (or all) of these three areas of skills development [delivery, management information and quality assurance/ improvement]?

[If so, what type of support would be most valuable?]

Funding for skills training

- 10 Are you confident that your organisation is making use of funding from the LSC for skills training in the following three categories?

- i. Apprenticeship
- ii. Literacy, numeracy and English language
- iii. NVQs at Level 2 and Level 3.

- 11 Is there a good understanding within the organisation of which employees are eligible for funding?

Support needs (3)

Is this an area in which your organisation could benefit from external information, advice and support?

[If so, what type of support would be most valuable?]

B. Other business areas

Planning and implementation

- 12 Could your organisation benefit from external support with planning or implementation in any (or all) of the following areas?

- i. Innovation
- ii. New technology
- iii. Exports
- iv. Investment
- v. Human resource development.

Funding

- 13 Are you confident that your organisation is making use of available government funding and support for innovation, the use of new technology and exports?

- 14** Is there a good understanding within the organisation of the types of support and funding available?

Support needs (4)

Is this an area in which your organisation could benefit from external information, advice and support?

[If so, what type of support would be most valuable?]

C. Service to large employers

Access to the service

- 15** If you feel that your organisation could benefit from external information, advice and support in any of the areas discussed, would it benefit the organisation most if this was available:

- i. through a single national source?
- ii. through a single source in each region?
- iii. through a range of local sources?

Specific aspects of skills training

Skills training and the government agenda

- 16** The Government's agenda for skills development is being given shape through a number of different initiatives. How much would it help your organisation to have information about the following?

- i. Sector skills agreements
- ii. Regional economic strategies
- iii. Which training methods are best suited to meeting different business needs, including e-learning.

Requirements for government-funded training

- 17** Where government funds are invested in training, the LSC has certain requirements. How much help would your organisation need to do the following?

- i. Identify appropriate external providers
- ii. Purchase the appropriate training
- iii. Monitor the quality of training delivered by external providers
- iv. Resolve any problems that arise with the training delivered by external providers
- v. Meet the quality assurance requirements for in-house delivery of training
- vi. Supply management information to the LSC
- vii. Evaluate the impact of training on the business.

Using the service

- 18** How likely is it that your organisation will want to make use of a service providing information, advice and support for the following?

- i. Skills training
- ii. Other aspects of business such as innovation, technology, exports, investment, human resource development.

Paying for the service

- 19** Would your organisation be likely to make a part payment for the information, advice and support received from such a service?
- 20** What level of part payment would you deem it appropriate for the Government to make [e.g. 50% 25% 75%]?

Schedule for Partner Interviews (RDAs, SSCs, LSC)

National–regional interface

- 1** How does the interface between regional economic policy/ sector skills agreements and LSC policies and programmes around skills planning and development work at the moment?

[How well-developed is the relationship with the LSC and other Skills Alliance partners, such as the SSCs/ RDAs?]

- 2** Would large, multi-sited employers already involved with the LSC at a national level through programmes such as Apprenticeships benefit from getting involved in regional economic/ sector skills issues?

[If Yes, what are the benefits?]

- 2a** Specifically, how would these employers benefit from being involved with regional skills partnerships/ the SSC?

- 3** Is there a role for large, multi-sited employers in helping to shape regional/ sectoral policy and programmes around learning and skills?

- 4** Are there any particular regional initiatives around the regional economic strategy/ sector skills agreements that large, multi-sited employers should know about, and/or get involved in?

Supply chains

- 5** Are there any initiatives in your region/ sector at the moment that seek to use the influence of large employers on their supply chains to increase the take-up of skills training among firms in the supply chain?

[If Yes, what are they?]

[If No, are any such initiatives planned?]

- 6** Where a large, multi-sited employer is already involved in LSC programmes such as Apprenticeships or NETP, would you support such companies to:

- encourage firms in the supply chain to train their workforce?
- share training resources with supply chain firms?
- act as a managing agent for these firms in respect of LSC contracts?

- 6a** What form of support would you give, in each case?

- 7** What role would you want the national LSC, through NES, to play in setting up supply chain arrangements?

Service to large employers

- 8** The Skills Strategy White Paper proposes that NES provides a service within NETP for large, multi-sited employers. Is there a need for a general service for these employers, in your view?

- 9** How would you like to see a NES focused on skills working with the generalist brokerage service in your region/ with the SSC?

- 10** Are there any aspects of a skills brokerage service which might be more productively carried out by a regional/ sectoral as opposed to a national service?

[If Yes, what are they?]

Other issues

- 11** Are there any other aspects of skills planning and development in large employers that might have an impact on the activities of the RDA/ SSC?

[If Yes, what are they?]

- 13** Are there any other aspects of a national service run by NES that you would like to comment on, particularly the relationship with regional brokerage services/ sectors?

- 14** Are there any other points you would like to make about the way in which the LSC engages large, multi-sited employers with the learning and skills agenda?

Schedule for Partner Interviews (CBI, TUC)

- 1** What is the justification for large, multi-sited employers receiving LSC funds for training they would be likely to do in any case?

- 2** Would large, multi-sited employers already involved with the LSC at a national level through programmes such as Apprenticeships benefit from getting involved in skills development issues?

[If Yes, what are the benefits?]

- 3** Is there a role for large, multi-sited employers in helping to shape national and/or regional policy and programmes around learning and skills?

[If Yes, what are the best means for them doing this?]

- 4** Large multi-sited employers are critical of the burden of bureaucracy imposed by the LSC's systems. What's your perspective on that?

- 5** How much does the sector in which large employers work influence the quality and outcomes of the training they do?

- 6** Do you know of any initiatives that seek to use the influence of large employers on their supply chains to increase the take-up of skills training among firms in the supply chain?

[If Yes, what are they?]

- 7** Where a large, multi-sited employer is already involved in LSC-funded programmes such as Apprenticeships or NETP, would you support such companies to:

- encourage firms in the supply chain to train their workforce?
- share training resources with supply chain firms?
- act as a managing agent for these firms in respect of LSC contracts?

- 8** The Skills Strategy White Paper proposes that NES provides a service within NETP for large, multi-sited employers. Is there a need for a general brokerage service for these employers, in your view?

- 9 How would you like to see a NES focused on skills working?
- 10 Which organisations/ agencies are best placed to deliver the various aspects of a skills service to large employers?
- 11 Are there any other aspects of skills planning and development in large employers that should have an impact on the activities of the LSC?

[If Yes, what are they?]
- 12 Are there any other points you would like to make about the way in which the LSC engages large, multi-sited employers with the learning and skills agenda?

Schedule for Partner Interviews (ALI)

- 1 What is the justification for large, multi-sited employers receiving LSC funds for training they would be likely to do in any case?
- 2 Do large, multi-sited employers differ in any way from other providers, in relation to performance, quality and approach?
- 3 What do these employers contribute to the sector?
- 4 Large multi-sited employers are sometimes worried about the burden of bureaucracy imposed by the LSC's systems. What's your perspective on that?
- 5 How much does the sector in which large employers work influence the quality and outcomes of the training they do?
- 6 Has inspection revealed any significant differences between large, private sector and large, public sector employers, in terms of performance?
- 7 Do you see any sign of a step-change in the relationship between providers and employers?
- 8 Does it feel odd inspecting only those aspects of training in large employers – and in fact only those learners – that are funded by the LSC, and might there be a better way of doing it?
- 9 How could the relationship between the NES and the ALI be improved?

Schedule for Partner Interviews (DfES)

- 1 What justifies significant public spending on skills development in large employers?
- 2 What should the LSC be trying to achieve in relation to large employers?
- 3 Is a service delivery model the right way forward with large employers, or would some kind of networking or partnership model work better?
- 4 What are the conditions for credibility for the LSC as a player in this market?
- 5 What should the LSC's role be in relation to the "big hitters" in terms of relationships with large employers around skills needs (universities, business schools etc)?

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