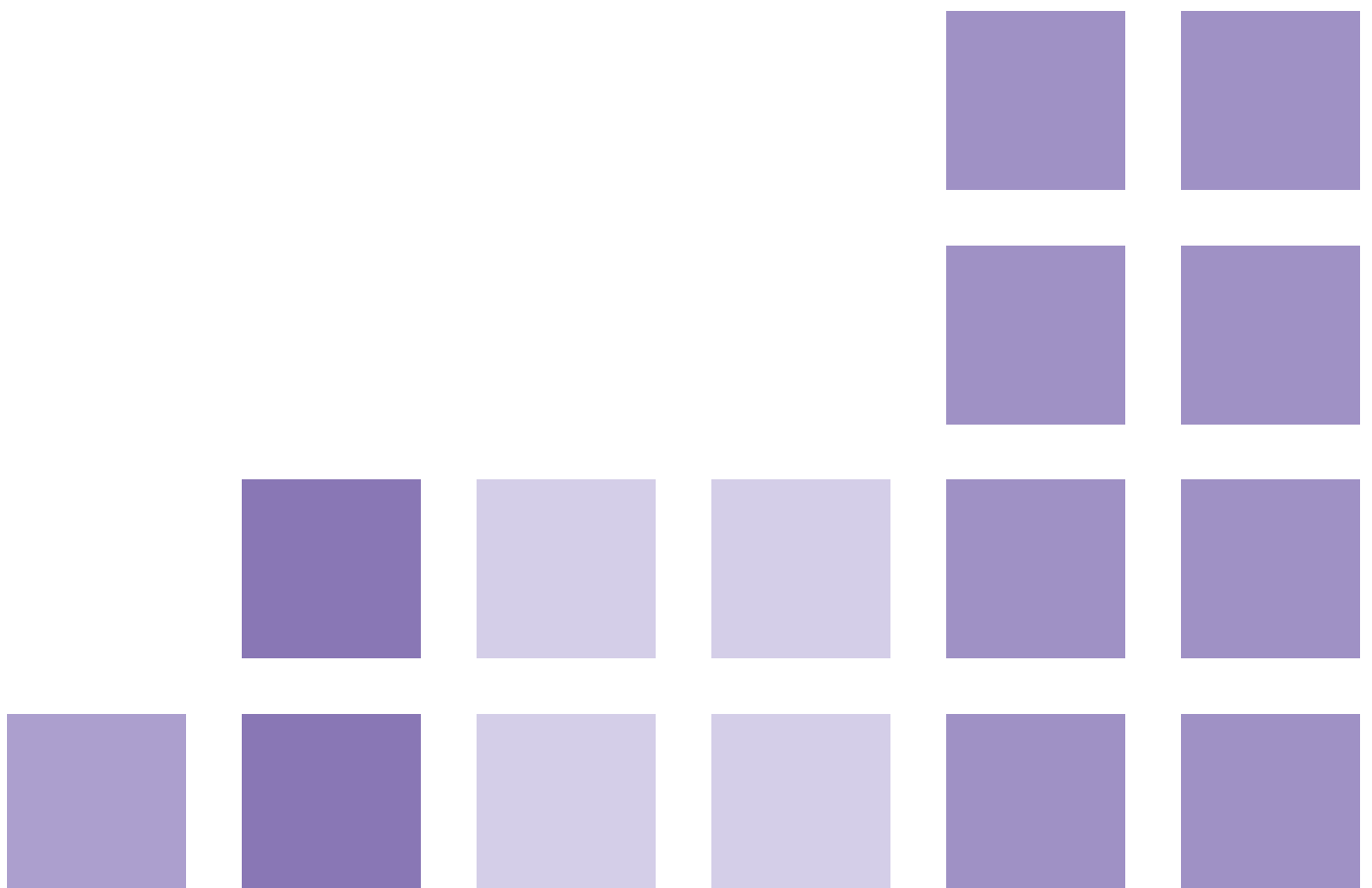


What's The Deal? The Employer Voice In The Employment And Skills System

August 2010





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Executive summary

It is widely accepted that we need to create a genuinely responsive employment and skills system where employers are empowered to shape the system through their purchasing choices: through ‘employer choice’. However, employers must also have a voice to influence the system. Employers use many different channels to shape the system by articulating their needs, advising how these can best be met and identifying market failures. In doing so they make a significant contribution to business competitiveness, economic development and to enabling individuals to find and progress in work.

What’s the problem?

This paper recognises that there are seven significant problems with the current arrangements for capturing the employer views about the UK employment and skills system:

1. There is a mismatch of expectations between employers, public sector partners and government about what employers are being asked to do. The ‘deal’ that they are signing up to can be ambiguous or misleading.
2. Employers are frustrated. They expect to see a return on their investment of time- the kind of impact that translates to business benefits. Many of the employer-led structures operating in the current system are not able to provide evidence of this kind of impact.
3. Employers *do* want choice about how and where they articulate their views, but they don’t want a crowded and complex landscape where it is difficult to understand where they can have most influence on issues that matter.
4. There is not enough clarity, on the ground, about the roles and responsibilities of different employer-led bodies. This results in duplication of effort, competition, tension and a reduction in impact.
5. There has been a tendency to add new structures rather than make sure that existing arrangements are coherent. There is a lack of connection both between bodies at different spatial levels and between sector and place-focused bodies. This results in competing priorities and under utilisation of valuable information about what employers really want.
6. There is a particular tension between sector and spatial approaches. Each has something of value to offer the other, but instead of co-operation the focus is still on who is ‘*the*’ employer voice and which approach has primacy. Relationships are often characterised by competition and criticism rather than co-operation.
7. There is too much ‘down time’. A fairly constant flow of policies advocating new arrangements means that a high proportion of time is spent on ‘set up’ activities as new structures are established or existing ones undergo change.

Much of what features in this report is not new. This suggests that although progress has been made, problems remain. Whilst partnerships and organisations can point to their achievements, employers' experiences on the ground are not always positive and the system as a whole lacks the clarity and coherence that would lead to greater impact. A solution needs to be found that leads to:

- Fewer and more effective employer voice mechanisms;
- A simpler, more transparent system;
- Freedom of choice for employers;
- Higher levels of employer investment;
- Checks and balances between meeting employer need and protecting the wider public interest;
- Better use of employers input and existing intelligence;
- Greater impact.

What can be done?

Talking to employers and stakeholders working in this arena makes it clear that fundamental challenges will need to be addressed if we really do want to give employers a genuine voice in the UK employment and skills system.

The best way to empower employers is not to rely on *consulting* them ('employer voice'), but to create a truly demand-led system that responds to employers as customers ('employer choice')¹. Providing employers with good information and creating a system that is genuinely responsive would reduce the need to involve them in formal employer-led structures. This is consistent with current proposals to empower customers of the skills system by providing them with the information they need to make better informed decisions. A move away from structures and the costs associated with them also fits with the 'more for less' agenda.

¹ In order to create a demand-led system employers have two key routes to influence:

- Employer choice – through the choices they make about purchasing training, skills development or employment services.
- Employer voice – by voicing their needs either individually or collectively with a view to influencing the form the system takes and the way public money is spent.



A move towards a system of employer choice does not mean that existing arrangements for capturing ‘employer voice’ become immediately and uniformly redundant. There will be a continued need for some of these channels to remain in place because:

- A system based on choice is likely to need certain checks and balances;
- The transition to a system where employer choice drives what is delivered requires well informed customers and trusted providers. This will take time to achieve.

If there is a case for some of the arrangements for capturing the employer voice to remain in place, they must be effective and genuinely represent employer views.

The Coalition Government is setting a new policy direction for employment and skills and looking to cut unnecessary public sector expenditure. It is clear that there will be an increased focus on sectoral support for skills and apprenticeships. The abolition of RDAs and introduction of Local Enterprise Partnerships represents a shift from a regional to local focus for the development of economic policy. A system for capturing employer views about employment and skills is still required, but it should be a streamlined and more influential version of what already exists: fewer structures, with increased power to affect real change. The guiding principles and recommendations in this report could provide a useful framework to manage this transition so that what has been learned about existing arrangements can inform developments and so that the opportunity to increase employer influence can be made the most of.

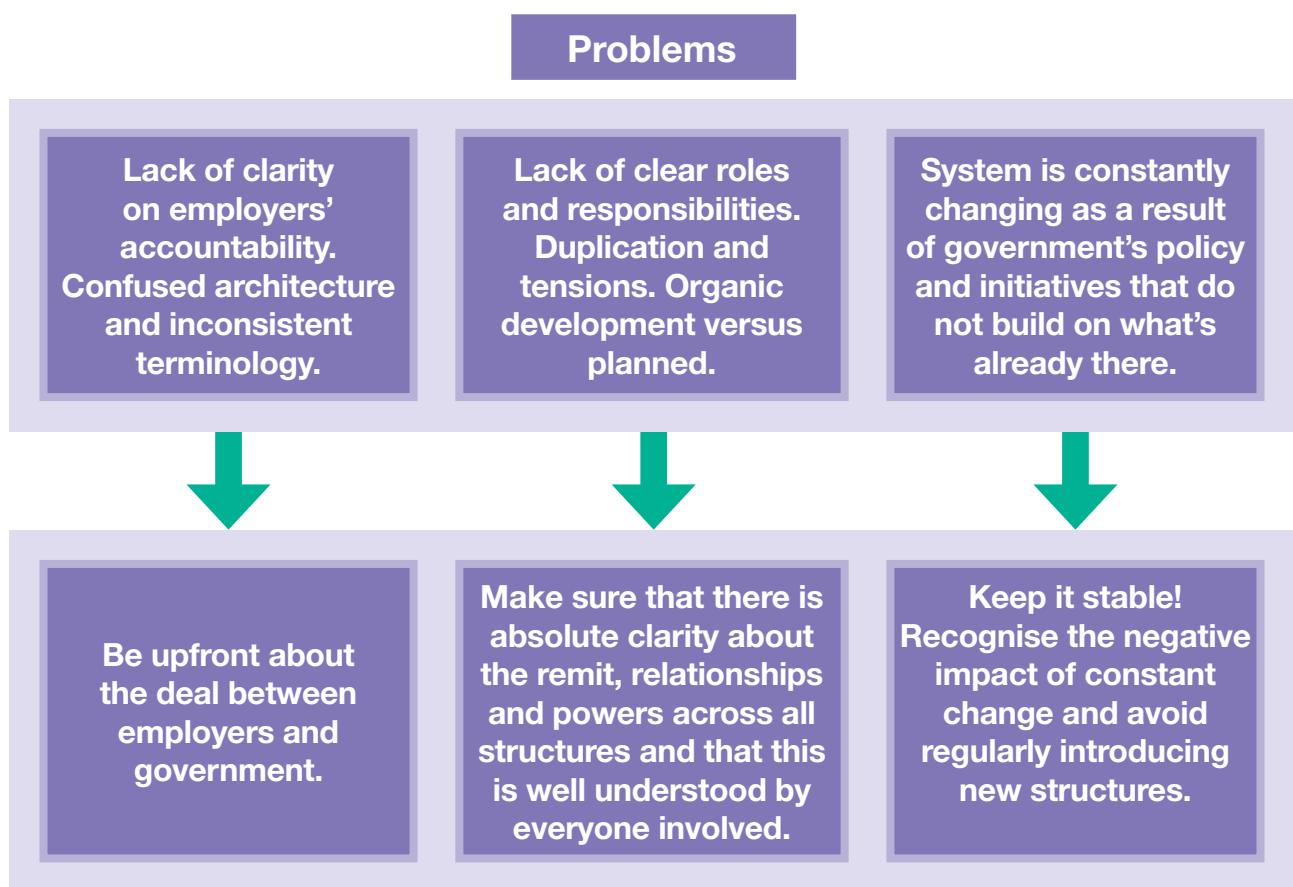
The focus of this report is on getting to the root of the problem with current arrangements by addressing fundamental questions (rather than focusing on individual structures). To transform the system for capturing employer views from one where employers are frustrated by complexity and lack of progress to one where they have a clear role to play and can see impact, Government will need to:

- Be much clearer about the ‘deal’ with employers. Be honest about what terms like ‘demand-led’, ‘employer-led’ and ‘employer voice’ really mean. For example, are employers involved in ‘employer voice’ arrangements as the lead decision maker in shaping the employment and skills system or are they one of the interest groups consulted?
- Be more direct about who has the authority to decide what. Determine clear roles and responsibilities for all parties and ensure that this is well understood on the ground.
- Find ways to minimise the frequency of change to the structures. Ensure that ministers, policy makers, employers and the public sector work together to identify arrangements that work. Then give them the time and power to deliver.

In section 3 a set of guiding principles are presented. These represent the fundamental changes needed to establish more effective arrangements for capturing employer views. The principles are supported by a series of practical recommendations.

The linkages from the problems to the guiding principles are shown in Figure 1 below:

Figure 1: Guiding principles





1. Introduction

The UK Commission believes that if we are to achieve our Ambition 2020 goal of being in the top eight OECD countries for skills and employment there is a need to create a responsive employment and skills system and stimulate greater demand for skills. The rationale for putting employers at the heart of employment and skills policy is to ensure that the system delivers services and products to meet their needs, resulting in increased investment in skills and greater productivity.

For many years UK Government policy has stated that employers have a major role in shaping the employment and skills system and the importance of skills to the economy was re-enforced in the Leitch Review in 2006². In order to deliver on this policy and create a demand-led system arrangements currently operate through two routes:

- Employer choice – through the choices they make about purchasing training, skills development or employment services;
- Employer voice – by voicing their needs either individually or collectively with a view to influencing the form the system takes and the way public money is spent.

The current system is a mixture of both, but employers' ability to shape the system through the choices they make is limited. Providers are constrained by a system driven by targets, performance measures and planning mechanisms and employers are hampered by complexity and lack of clear information on which to base decisions (although recent changes in policy in England are starting to address these barriers) this has created greater reliance on involving employers through the 'employer voice' route.

1.1 Which aspects of the system can employer voice structures influence?

Employers are asked to contribute to shaping a wide range of skills and employment products and services. This includes: articulating skills needs, supporting policy development, influencing government spend and priorities on training, influencing training content, providing feedback on training or system improvement and increasing their own and other employers' investment in training. The collective influence of employers through different channels is intended to support a more strategic approach within a sector or spatial area and add value in terms of efficiencies, value for money and return on investment.

² Leitch, S. (2006) *Prosperity for all in the global economy – world class skills*, London: HM Treasury



There are arrangements in place that provide opportunity to influence all parts of the employment and skills system: Further Education (FE), entry to work, work based learning and Higher Education. However, the attention paid to different parts of the system is uneven because the levers to influence are much weaker in some areas, most notably Higher Education. This can be a source of frustration for employers who may wish to change what happens in schools or universities, but find themselves involved in structures that are only able to influence budgets or targets controlled by the Skills Funding Agency or Job Centre Plus.

The extent to which employers can change things is also dependent upon the nature of the issues they raise. It can be easier to make measureable improvements to more practical and quantifiable matters such as filling vacancies or changing FE provision than it is to address wider themes such as employability, management and leadership or careers advice. Structures where the transaction is a relatively straightforward one (Employer Coalitions, for example) report high levels of satisfaction because employers see tangible benefits for their contribution within a comparatively short time scale.

1.2 Should employers be shaping the system at all?

Not everyone agrees that employers should be shaping the system. There is a body of literature that argues that increased employer “control” (either through ‘choice’ or ‘voice’³) is not the right approach⁴ and that putting employers in charge will not result in the best outcomes, because employers have a vested interest in persuading the public purse to fund things and because they focus on the short term. Employers seek business benefits (direct and indirect) from employer engagement activities but also wider public benefits and personal benefits. There is a difficult balance to be struck: employers have a vested interest and government’s duty to balance the needs of individuals and society with those of business. For employers however, sustainable engagement normally depends on the benefits outweighing the costs.⁵

It is also often argued that few employers can accurately predict medium or longer term skill or recruitment needs. Other risks implicit in any model that gives employers significant leverage over the system include:

- The “employer voice” can depend on who is able to ‘shout the loudest’, sometimes resulting in a disproportionate amount of notice taken of a few individuals;

³ See paragraph below for an explanation of ‘choice’ and ‘voice’.

⁴ Gleeson, D. and Keep, E. (2004) Voice without accountability: the changing relationship between employers, the state and education in England, *Oxford Review of Education* 30(1): 37-63; and Mackney, P. (2007). The right medicine? Employer control of training, *Adults Learning*, Vol 18 No 10 Jun 2007, pp13-14

⁵ Cooper, C., Mackinnon, I. and Garside, P (2008) Employer engagement: Research Report 29, Sector Skills Development Agency; Learning and Skills Network (2006) Developing employer engagement. Learning and Skills Network, London; Wedgwood, M (2008) Higher Education for the Workforce: Barriers and Facilitators to Employer Engagement, DIUS Research Report 08-04, Department for Innovation Universities and Skills.



- Perspectives can be very different depending on an employer's role in the organisation and level of seniority;
- “Employers” represent different views: their own, a corporate view or that of a wider constituency. It's important to understand which;
- Those employers who might have most insight may also have least time to contribute to discussions.

Current policy recognises that the benefits of involving employers outweigh the risks and that controls can be put in place to mitigate against these risks.

1.3 Do we need both ‘choice’ and ‘voice’ to shape the system?

This report explores how the employer *voice* can be strengthened with a particular focus on those structures such as boards, partnerships and organisations set up as a response to government policy⁶. It is very important to recognise that this is only part of the picture. In *Towards Ambition 2020: Skills, Jobs, Growth*⁷, the UK Commission for Employment and Skills suggests that an agile and effective employment and skills system should be driven by customer choice and empowerment. The focus should be on creating a responsive system for employers to drive demand. Employers already act as consumers when investing their own funds in training and when benefitting from an entitlement to public funds. This was the case with the Train to Gain scheme, although this particular initiative is no longer Government policy⁸. Both ‘choice’ and ‘voice’ are needed, but the balance between them needs to be altered in favour of giving more emphasis to employer choice.

⁶ The mandate for this report came from the UK Commission for Employment and Skills 2008/9 Grant in Aid letter which asked that “The UK Commission should work with co-sponsors to deliver a one-off review of the employer engagement landscape across the UK. This review should include an assessment of, and proposals on the structures that are necessary to deliver more effective engagement, taking account the integration of employment and skills services and the desire for simplification.”

⁷ UKCES (UK Commission for Employment and Skills) (2009) *Towards Ambition 2020: skills, jobs, growth*, Wath-upon-Deane: UK Commission for Employment and Skills.

⁸ Total training expenditure per capita and per trainee was estimated to be £39.1 billion in 2009, UKCES (UK Commission for Employment and Skills) (2010) *National Employers Skills Survey for England: Key Findings Report*, Evidence Report 13, Wath-upon-Deane, UK Commission for Employment and Skills, pp. 47.

1.4 Why is employer voice important?

Although the main feature of a demand-led system should be that it is delivered through empowering employers as customers, employer voice remains an important element because:

- In a demand-led (choice) system, there may be specific interventions required to address market failures and to support the planning of future skills needs. The employer perspective is critical to shaping these interventions as employers are best placed to determine the solutions;
- A system based on employer choice only operates at optimal level when there is good information for employers and individuals and providers are properly incentivised to meet their needs. This is not yet the case;
- As long as planning remains an important feature of the system it is better done together with employers because they will be most affected by the decisions⁹;
- Employers can provide leadership and business insight.

In the longer term, a system based on *choice* that empowers employers as customers will reduce the need for formal structures as a means for employers to shape the system. However, whilst ‘voice’ still has a role to play in shaping the system, it needs to be captured as effectively as possible.

⁹ Large scale planning is unlikely to remain a central feature of the English system.



1.5 Can the structures for capturing the employer voice be simplified?

There is overwhelming support for simplification of the employment and skills system. However this report does not provide detailed recommendations relating to individual employer voice structures for the following reasons:

- Production of this report falls within a period of significant political and economic change, which will result in widespread changes to the employment and skills system. New arrangements need to first be clear to avoid the need to restructure more than once in a short period¹⁰;
- Fundamental questions about the role of employers and the purpose of employer-led bodies need to be addressed as a foundation for any structural change¹¹;
- Employers are determined to engage in ways that are relevant for them (i.e. through employer representative organisations, networks or public sector bodies, within their sector or at a particular geographic level).

The recommendations in this report are based on three **guiding principles** and a set of practical solutions. The guiding principles address fundamental concerns such as the relationship between employers and governments and lack of continuity within the system. Practical solutions are included to support delivery of the guiding principles. For the principles and solutions to make a real difference, a shift is required towards employer leadership of the system and away from a government/public sector driven approach.

¹⁰ For example the proposed creation of Local Enterprise Partnerships may mean that structures operating at local level are no longer needed or can be absorbed into new arrangements.

¹¹ Systems theory argues that alterations to individual structures will not result in significant improvements and only a whole system approaches delivers fundamental improvements and resource efficiency. Bartlett, J (2009) Getting more for less: efficiency in the public sector, London: Demos pp. 25. See systems theory literature review at <http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project/>

2. The current system

2.1 The many channels

For the last twenty years Government policy across the UK has promoted the idea of employer leadership of the employment and skills system. At an operational level this has resulted in an overwhelming array of different arrangements for capturing employer views. Some focus on place, others on business type or sector and they exist in each nation at regional, sub-regional, city region and local level¹². A few have been initiated by employers, but most have been set up in response to government policy.

‘A complex range of bodies all seem to be offering the same thing...’

(All quotations in boxes are statements made by employers in the course of the research, or are taken from research by Working Ventures UK: Employer Voices: The Employer Experience of Employment and Skills Partnership – Working Ventures UK.)

As well as structures associated with place, or with a sector an additional layer has emerged. UK government policy has promoted a combined sector and spatial approach and asked for co-operation between the two approaches. This has led to the creation of additional structures and partnerships. The table below illustrates some of the structures and the relationships between them:

Figure 2: Sector and spatial structures

1. Sector	2. Spatial	3. Sector-spatial
The sector employer voice on skills is primarily driven through Sector Skills Councils (SSCs) ¹³ . SSCs, are employer-led organisations, and publicly funded legal entities. They work in partnership with public sector partners in each of the four nations both directly and through the sector and spatial arrangements described in columns 2 and 3.	<p>A wide range of employer – led boards, partnerships and organisations exist at national, regional and local level across the UK.</p> <p>They develop priorities and plans for the area and often establish sector priorities.</p> <p>They aim to influence the decisions and spend of public sector agencies and feed into strategies such as the Integrated Regional Strategy produced by the RDA</p>	<p>A range of groups have been established to focus on the specific needs of key sectors within a particular geography. The groups are supported by public sector partners, employers and employer representative organisations.</p> <p>Specific sectoral funding streams have also been established such as the Sector Priorities Fund in Wales and Skills Development Fund in Northern Ireland.</p>

¹² The pace of change is such that the mapping undertaken at the beginning of this project a year ago is already out of date.

¹³ The SSCs have just been through a relicensing process and 23 have been relicensed. Skills for Growth announced an aim to “substantially reduce” the number of SSCs by 2012. SSCs feed their sector intelligence directly into governments across the UK.



Examples:	Examples:	Examples:
Sector Skills Councils (UK wide)	Workforce Development Fora in Northern Ireland	Future skills Action Groups in Northern Ireland, Industry Advisory Groups in Scotland
Other sector bodies e.g, Employers Engineering Federation (EEF)	Regional Skills Partnerships and Employment and Skills Boards in England.	and a range of sector or cluster driven arrangements across the English regions.
Trade Associations.	Wales Employment and skills Board.	

In addition to the sector, regional and local bodies, employer representative organisations such as the Confederation of British Industry (CBI), British Chambers of Commerce (BCC), Federation of Small Businesses (FSB) and the Institute of Directors (IoD) also represent business interests and include employment and skills as part of their remit. They influence governments through formal and informal approaches.

Employers are not all the same, they can be distinguished by size, sector, geography etc. and a good system must recognise this. They align themselves with the type of body¹⁴ that makes most sense for them and meets their personal and business motivations. Although employers often find the complexity of the employment and skills system challenging, the degree of choice about the channels through which they can influence is regarded by them as one of the systems strengths. Routes through which employers can influence provide options relating to:

- Sector or spatial approach;
- National/regional/sub-regional/local focus;
- Employer or public sector initiated mechanisms;
- Specific focus on skills/employment or part of a wider remit;
- Type of body: Public sector organisation, membership organisation, board, partnership, etc.

¹⁴ For example, an organisation, board or partnership.

There are other important differences between the arrangements for capturing employer views:

- Some are legal entities, some are not;
- Some are performance managed against a consistent framework, others are not;
- Different combinations of government subsidy and employers' own funds support them.

It is a crowded and confusing environment. This is further complicated by the fact that employer views are articulated differently within structures: sometimes by employers themselves, sometimes by an official from an employer representative organisation. It is not unusual for a body billed as 'employer-led' to have few or no actual employers directly involved.¹⁵ The existence of so many bodies with no real employer representation has led to disillusionment for both employers and public sector partners and a degree of cynicism about the extent to which real employer views are being captured.¹⁶

2.2 Levers for influence in Higher Education

The 'levers' for employers to influence are stronger for some parts of the system. Most of the employer voice structures have a greater focus on employment and intermediate skills because these are the parts of the system that can be more easily changed. This is not necessarily because employers do not have an interest in what happens in universities, but because it is more likely that there will be people involved in regional or local level employer voice structures from agencies such as the Skills Funding Agency or Job Centre Plus who can respond to the issues raised.

Similarly, it can be more challenging for Sector Skills Councils to influence what happens in Higher Education than it is for other parts of the system where deals can be brokered with agencies at national level.¹⁷ Higher Education focused partnerships such as Lifelong Learning Networks sometimes involve employers, but these represent a small proportion of the employer voice arrangements currently in operation.

¹⁵ A high proportion of respondents to the impact review did not have employers directly involved at the time of responding. The impact review can be viewed at <http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project>

¹⁶ See evidence reports including policy and literature reviews, employer workshop and interviews at <http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project>

¹⁷ For example most of the solutions that were delivered through the Sector Skills Agreement process were achieved through agreements with LSC and JCP.

The majority of direct employer engagement activity within most universities centres on income generation through activities such as research and development partnerships or the delivery of bespoke training. This is often managed through a separate unit within the university rather than as an integral part of the institution. The main exceptions to this are vocational courses that have professional requirements (where close ties to the relevant professional body are needed to maintain accreditation) and foundation degrees. There are positive examples of employers shaping the curriculum and wider provision, increasingly with the support of SSCs, but in general it is resource intensive to influence a sector where negotiation must take place with each individual institution.

The way that universities are funded is another important factor in determining how much influence employers have over Higher Education provision. The current funding system focuses primarily on meeting the needs of individual students and rewarding good teaching and learning and research. There are funding streams directed at meeting the needs of employers, but these are generally viewed by universities as supplementary, rather than mainstream, funding.

The independence of the university sector and the freedoms it is afforded may relate to the idea that education at this level must not be constrained by primarily economic concerns. There is a perceived tension between employer's interest in competence and the academic credit learners need for portable qualifications and a 'well rounded' education. Although the debate applies to all levels of education, there is a particularly strong school of thought in Higher Education that the purpose of education is far wider than meeting the needs of business or the economy. This is a belief that has been strongly endorsed by Ministers in the new Coalition Government.

Clearly, the right balance needs to be struck and this -and other questions relating to the fundamental role, purpose and funding of HE- is currently being debated by the Browne Review of Higher Education.¹⁸

¹⁸ Independent Review of Higher Education Funding and Student Finance (2009).

2.3 Policy

Some of the weaknesses of current arrangements result from unclear policy. Employment and skills policy over the last decade, particularly in England, is perceived by many employers and stakeholders to be more of series of unconnected approaches than a conscious statement about what role the ‘employer voice’ should play. There isn’t any doubt that employers have an important role to play, more a lack of clear direction about what that role is and how things should operate on the ground.

At the most basic level, a lack of consistent terminology (employer voice, employer-led, demand-led, employer-consulted, employer owned), is confusing. New structures are created, but rarely are they removed. The range of employer voice vehicles that have been created in the last seven years include Sector Skills Councils (SSCs), Regional Skills Partnerships¹⁹ (RSPs), Employment and Skills Boards (ESBs), Local Employment Partnerships (LEPs), Economic Prosperity Boards plus a range of task and finish groups²⁰. The introduction of so many new structures has triggered uncertainty about the direction of government policy.²¹

Appendix D shows some of the key policy documents launched since 2003 and the implications for employer voice structures across the UK.

2.4 Employer perspectives

Employers and those working closely with employer-led bodies reported:

- A perception that they often have very little real power to change things;
- It takes too long to deliver impact;
- The public sector is the main driver behind some ‘employer-led’ arrangements so the idea of employer *leadership* is a misnomer;
- Some of the structures that they are contributing to are unsure of their remit and are actively seeking guidance on what they are there to do.²²

¹⁹ RSPs have already been removed. Government is currently considering which of these arrangements will remain in place.

²⁰ For each type there are multiple actual bodies, for example there are currently 60+ ESBs and 23 Sector Skills Councils.

²¹ For example Croden, N. & Simmonds, L. (2008) *Employment and Skills Boards Current and Potential Role*, CFE; Simmonds D. and Bivand, P. (2008) *Worklessness: A city approach*.

²² For example this was reported by Regional Skills Partnerships (RSPs) and Employment and Skills Boards (ESBs) in England, Regional Economic Fora in Wales and Sector Skills Councils (SSCs) for some areas of their work.



The result is that many employers and stakeholders perceive that employers do not have adequate influence over the system. A number of Employer Representative Organisations made a strong case that it will take a significant cultural change rather than ‘structural tinkering’ to deliver true employer leadership in the employment and skills system. In this country “demand-led” and “employer-led “ is interpreted differently by different organisations. In comparison with some other countries, where there is more genuine employer leadership, this makes it difficult for these organisations to influence the employment and skills system on behalf of their members.

“I think what’s needed is a cultural, rather than a structural shift. A real will to listen to employers and implement their ideas – and I don’t think it is there. And it won’t be while there is such tight political control.”

(Employer Representative Organisation)

2.5 What’s the problem?

A great deal of effort and resource is expended by both employers and the public sector to establish and operate the many structures or channels that exist to capture employer views, but the level of impact many are currently able to make does not appear to justify the effort involved.

“Partnerships should engage employers only when they have the teeth and ability to change things and make a difference.”

“Sometimes the involvement of employers feels like little more than a box ticking exercise.”

Employers’ experiences on the ground are not always positive and the system as a whole lacks the clarity and coherence needed to ensure greater impact.



This paper recognises that problems with current arrangements fall into five main themes. Each has been articulated by both employers and stakeholders:

- The 'Deal';
- Roles and Responsibilities;
- Connectivity;
- Integrating Sectors and Places;
- Impact.



3. Five areas for improvement

3.1 The Deal

3.1.1 What are employers there to do?

Governments across the UK agree that partnership with employers is essential, but the respective accountabilities between governments and specific employer-led bodies are not always clear. Too frequently this can lead to a mismatch of expectations.

The language of policy (demand-led, employer-led, employer voice etc.) naturally leads to perception amongst employers that they are being asked to provide leadership to the employment and skills system – that they can articulate their needs and expect a positive response. The reality is that the extent of power they have over different parts of the system varies, and the different structures through which they can make their voice heard have varying degrees of authority or influence. This is not always well understood.

“There is an assumption that employers have a position in policy-making. A much more explicit definition needs to be made available of the extent of employer accountability as decision-makers rather than consumers.”

“There is a sense that public sector partners do not know what to do with our input – it often feels like a one way conversation. You almost get a sense of ‘do we have to listen to them’. The private sector almost feels like a second class citizen.”

Lack of understanding of the role employers are being asked to take can lead to:

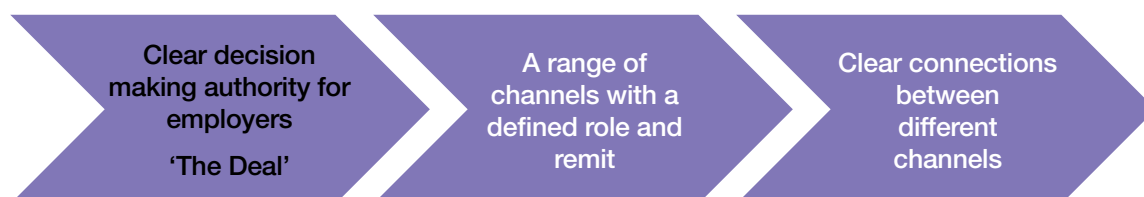
- A mismatch of expectations;
- Difficulties for employers in achieving leverage on the employment and skills system;
- Employers opting out because they don't feel like they're making a difference.

Employers consulted²³ gave examples negative experiences, many of which can be avoided by a more transparent agreement about what their role is. Examples included:

- A lack of clear reporting lines into government and public sector partners;
- A lack of feedback on any outcomes or change as a result of their involvement;
- Inaction by the public sector despite employers having clearly articulated needs or opinions or even action that contradicts what was proposed;
- Shifting goalposts or changing rules and eligibility criteria.

A defined role for employers

Action needs to be taken to reduce the likelihood of employers signing-up to an ambiguous ‘deal’. This is an essential first step that forms part of a wider process that looks at individual bodies and the relationships between them.



Government needs to be explicit about the authority employers have when they commit time to shaping the employment and skills system through any formal structure. Much more honesty and transparency is needed about how much power employers have:

- Are employers in an advisory role?
- Are they reaching consensus with governments on problems and solutions?
- Or are they leading the development of solutions for specific issues?

And specifically:

- Exactly what can they make decisions about?
- What can they spend or influence how others spend?
- What can they plan or prioritise?
- In this context, what actual powers do they have?

²³ Across a wide range of employer-led boards, groups and partnerships. See Appendix 1.



The extent to which existing structures have clear and explicit powers varies. Those that are legal entities and those with formal performance measurement systems tend to be clearer than more loosely defined partnerships such as Employment and Skills Boards²⁴. Sector Skills Councils have a clear core remit but there is ambiguity about how they are expected to relate to different spatial mechanisms²⁵. Some bodies have different levels of authority for different aspects of their activity (e.g., Sector Skills Councils).

“Some things are not in the gift of the partnership to influence or change, this stops it from being truly demand-led.”

“If you ask business their needs and the funding doesn’t move , business will walk away.”

3.1.2 A model for defining the employer role

It would be helpful to establish a common understanding and use consistent terminology. Research across the UK and internationally²⁶ into how employers work with governments suggests three levels of employer leadership: ‘employer involved’, ‘shared responsibility’ and ‘employer-led’. These terms are defined in Figure 3 as:


- **Employer involved** – where employers have an advisory role and governments are responsible for decisions on how the system operates and is funded;
- **Shared responsibility** – where employers and governments (through public sector partners) are jointly responsible for decisions and funding;
- **Employer-led** – where employers are responsible for decisions and funding and governments set the policy framework to enable leadership.

²⁴ Other than those that have been awarded formal statutory recognition that are built on Multi-Area Agreements (MAAs). These are awarded very specific powers having met particular criteria.

²⁵ This is discussed in section the Roles and Responsibilities section of this report (3.2).

²⁶ The literature review on international comparisons can be found at:
<http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project>

Figure 3: Employer Leadership Continuum

Degree of employer leadership	Employer involved	Shared responsibility	Employer led
	Low 		High
Decision Making	Employers have an advisory role Governments are responsible for decisions	Employers and governments (through public sector partners) are jointly responsible for decisions	Employers are responsible for decisions Governments set the policy framework to enable leadership
Employer Investment	Low or enforced (in the mechanism and to support training)	Potential high (in the mechanism and to support training)	Potential high (in the mechanism and to support training)
Government Investment	High for the mechanism and to support training to meet the needs of the economy	Potential high for the mechanism and to support training to meet the needs of the economy	Targeted for different parts of the economy/more government focus on training for social inclusion

The model presents the relationship between government and employers as different levels of employer leadership, determined by different levels of accountability and influence. Some examples of the different boards, partnerships and organisations and where they sit on the continuum are included in Appendix E.

The purpose of the model is to clarify what kind of authority employers have, or could have, within the employment and skills system. It could be used to agree the most appropriate role for employers across all sector or spatial structures with the aim of achieving a clear match of expectations between employers, government and its agencies and creating an agreed ‘deal’ across all employer-led structures.

This does not mean that identifying the level of authority employers are given is the same as suggesting that it needs to be uniform. For example, structures that can demonstrate strong employer leadership²⁷ should be afforded more power than those with tokenistic employer involvement. A strong precedent has been set by awarding decision making powers to those Employment and Skills Boards in England that have been able to demonstrate genuine business leadership. Similarly, it is important to recognise the complex political, social and economic environment of the UK and that different kinds of employer influence or leadership may be needed in different settings. In practice power and authority could vary by sector or spatial area according to the level of leadership employers themselves are prepared to take.

²⁷ A positive example is that those City Region ESBs that have been able to demonstrate strong employer leadership have been awarded section 4 powers under the Further Education and Training Act 2007.



“I would be in favour of us being more involved and accountable for the performance of the system.”

There is a strong argument for having fewer employer voice structures, but giving them real power to change things. This could be achieved by making more explicit connections between the existence of employer voice structures and evidence that the system is failing²⁸. Employer ‘voice’ only in place where employer ‘choice’ isn’t working. This would make it easier to say exactly what the role and powers employers have are because they would only be involved where there is a genuine need and acceptance that they should have a voice.

3.1.3 Good dialogue between employers and government

As well as clear expectations at the outset there needs to be good two-way dialogue between employers and government. Many employers expressed frustration because they felt their input had been ignored, or they were unable to see evidence of change. Employers prefer to hear a rationale for what’s not possible, than feel that they are not having any real impact.²⁹ Understandably, where they cannot see that they are making a difference, employers become disenfranchised.

“For a specific contract we let around employer engagement I flagged that the contract was not meeting employers needs or the intended purpose – I have no idea what happened as a result of this input.”

Part of the solution is for co-ordinators of employer-led groups to be scrupulously honest about what can and can not be done, and why. There are multiple barriers to responding to employer needs related to targets, funding criteria and the availability of public funds. Government and its agencies have a responsibility to spend public money wisely and are not obliged to meet every request. This is generally well understood, but it is important to make sure that employers routinely receive feedback in response to their requests.³⁰

“Ensure that employer voice mechanisms have access to some funding and the ability to decide how to spend that money...ensure that what is discussed and decided at the board is translated into action...this requires stronger communication channels from the public sector back to the board.”

²⁸ For one of the reasons described in section 1.3.

²⁹ See evidence reports such as employer interview log and employer workshop at <http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project>. This was also identified in research by Working Ventures: Employer Voices: *the employer experience of employment and skills partnerships* – Working Ventures UK/Employer Coalitions, September 2009

³⁰ The UK commission has produced a good practice guide for employer-led groups that suggests some practical steps to working effectively in partnership with employers.

Dialogue between employer-led bodies and government can be improved by building in more direct links to key decision makers such as ministers, senior civil servants or others with the authority to change things where the system is unresponsive. This gives employers recourse when they encounter barriers that they have been unable to remove through negotiation or practical action at ground level. There are significant practical challenges, particularly in involving Ministers, but evidence suggests that it is worthwhile. A number of employer-led bodies in Northern Ireland, Scotland and Wales have achieved greater influence over the system as a result of more direct involvement by Ministers and senior civil servants.

“The overriding issue is the lack of power of employer leadership mechanisms and lack of real connection to ministers.”

“The strength of the Forum is that it always ensures a direct link to civil servants and Ministers – either through inviting them to meetings with a clear agenda set...or by attending meetings where Ministers will be present.”

Examples of a clear link between employer-led bodies and government that work in practice include:

- The Wales Employment and Skills Board (WESB) reports to the Minister following each meeting and receives a response outlining actions that will be taken by government or further actions for the WESB to take forward;
- Future Skills Action Groups (FSAGs) in Northern Ireland act as a partnership between senior government officials and employers to determine the needs of a sector and agree how these needs will be taken forward either through existing programmes or additional funded activity;
- Some Industry Advisory Groups in Scotland are chaired by Ministers;
- Employer representative organisations such as CBI, BCC, FSB, IoD etc. influence Ministers through official representation on high level groups.

These links are undoubtedly easier to put into practice in a smaller spatial area with fewer employer voice bodies.³¹ In England it is likely that there will be fewer spatial structures in existence and greater authority devolved to local level, so arrangements working on a similar principle may be achievable.

³¹ There may also be a connection with the relative policy stability in these three countries as a result of longer term policy platforms through their respective skills strategies. This is discussed in the Roles and Responsibilities section of this report (3.2)



Summary of recommendations:

Recommendation 1

Ensure that the employment and skills system is designed to be driven by the choices that employers make. Only support arrangements for capturing employer views where these address specific needs related to market failure or future planning.

Recommendation 2

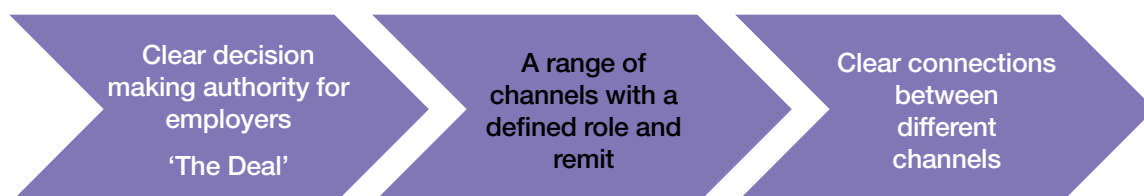
Government clarifies employer's decision making authority and explains how this applies to each part of the system. Make sure that this is effectively communicated to the employers involved.

Recommendation 3

Government should consider how to ensure that there are adequate feedback channels so that employers can highlight where the system is not responding to their needs.

3.2 Roles and responsibilities

For employer leadership to have impact the individual structures through which they articulate their views must be clear about what they are there to do. Section 3.1 looked at determining the level of decision making power employers have, this section focuses on what exactly they might make decisions about.



There are two issues to be addressed: The first is the need to give a clear purpose to individual bodies, the second is the need to look at the wider system to ensure that everyone understands how employer-led bodies should work with each other. The question of connectivity across the whole system is addressed in section 3.3.

3.2.1 A clear purpose for every employer-led body

In more recent years governments have attempted to create a stable policy framework and clarify the remit of sector and spatial bodies within it. This has not gone far enough because, in practice, there are too many examples of confusion and complexity on the ground. Whilst messages about approach are consistent (employers have a role in shaping the system, both the sector and spatial dimensions are important), the operational detail, about who is there to do what, is not. Policy directives outlining the roles and responsibilities are either not being heard, or not being understood.

The problems that result include duplication of effort, competition, tension and the existence of many individual bodies that are unable to demonstrate real impact.

3.2.2 What do the different employer voice bodies do?

The four matrices shown below in Figure 4 illustrate the roles and responsibilities of employer-led structures in the UK employment and skills system. These were designed and populated in discussion with employers, government and public sector partners in each of the four nations.

The columns are labelled with the main structures for capturing employer views in each nation, together with their role in influencing specific elements of the employment and skills system.

■ What bodies exist?

■ What do they do?

The colour coding refers to the level of decision making authority each body has: whether they are 'employer involved', 'shared responsibility' or 'employer-led' (see section 3.1 for discussion of these terms).

Roles and responsibilities matrices

Figure 4: England Matrix

	NATIONAL SKILLS ACADEMY	SECTOR SKILLS COUNCIL	REGIONAL PARTNERSHIPS	ESBs with powers – City region	ESBs no powers – City region, sub-region	EMPLOYER COALITIONS	TRADE ASSOCIATIONS	CHAMBERS OF COMMERCE	IoD/FSB/CBI
Identifying skills/employment needs									
Policy development									
Influence government spend and priorities on training/employment									
Standards setting									
Developing qualifications/learning frameworks/employment programmes									
Ensuring quality delivery/developing routes to market									
Providing feedback on system improvement (skills or employment)									
Increasing investment in training/ addressing worklessness									

Employer involved

Shared responsibility

Employer-led



Figure 5: Northern Ireland Matrix

	NATIONAL SKILLS ACADEMY (UK WIDE)	SECTOR SKILLS COUNCIL	NIAES & ADVISORY GROUP	ECONOMIC DEV. FORUM	FUTURE SKILLS ACTION GROUPS	WORKFORCE DEVELOPMENT FORA	REVIEW GROUPS (e.g. HE STRATEGY STEERING GROUP)	TRADE ASSOCIATIONS	IoD/FSB/CBI/Chambers
Identifying skills/employment needs									
Policy development									
Influence government spend and priorities on training/employment									
Standards setting									
Developing qualifications/learning frameworks/employment programmes									
Ensuring quality delivery/developing routes to market									
Providing feedback on system improvement (skills or employment)									
Increasing investment in training/addressing worklessness									

Employer involved	
Shared responsibility	
Employer-led	



Figure 6: Scotland Matrix

	NATIONAL SKILLS ACADEMY (UK WIDE)	SECTOR SKILLS COUNCIL	INDUSTRY ADVISORY GROUPS – SKILLS	SECTOR GATEWAYS	SFC SECTOR GROUPS	SKILLS COMMITTEE	REVIEW GROUPS	COUNCIL ECONOMIC ADVISORS/NEF	ACCREDITATION COMMITTEE	EMPLOYABILITY GROUPS
Identifying skills/employment needs										
Policy development										
Influence government spend and priorities on training/employment										
Standards setting										
Developing qualifications/learning frameworks/employment programmes										
Ensuring quality delivery/developing routes to market										
Providing feedback on system improvement (skills or employment)										
Increasing investment in training/addressing worklessness										

Employer involved
Shared responsibility
Employer-led



Figure 7: Wales Matrix

	NATIONAL SKILLS ACADEMY (UK wide)	SECTOR SKILLS COUNCIL	WALES EMPLOYMENT & SKILLS BOARD	SPATIAL PLANNING AREAS/CITY START PATHFINDERS	ECONOMIC FOR A/SECTOR FORA	BUS PARTNERSHIP COUNCIL/	TRADE ASSOCIATIONS	GOVERNMENT APPOINTED REVIEW GROUPS/MAGs	CBI	PROVIDERS
Identifying skills/employment needs	Employer involved	Shared responsibility	Shared responsibility	Employer involved	Shared responsibility	Shared responsibility	Employer involved	Employer involved	Employer involved	Employer involved
Policy development	Employer involved	Employer involved	Shared responsibility	Employer involved	Employer involved	Employer involved	Employer involved	Employer involved	Employer involved	Employer involved
Influence government spend and priorities on training/employment	Employer involved	Employer involved	Shared responsibility	Employer involved	Employer involved	Employer-led	Employer involved	Employer involved	Employer involved	Shared responsibility
Standards setting	Employer-led	Employer-led	Employer-led	Employer-led	Employer-led	Employer-led	Employer-led	Employer-led	Employer-led	Employer-led
Developing qualifications/learning frameworks/employment programmes	Employer-led	Employer-led	Employer-led	Employer-led	Employer-led	Employer-led	Employer-led	Employer-led	Employer-led	Employer-led
Ensuring quality delivery/developing routes to market	Shared responsibility	Employer involved	Shared responsibility	Shared responsibility	Employer involved	Employer-led	Employer involved	Shared responsibility	Employer involved	Employer involved
Providing feedback on system improvement (skills or employment)	Employer involved	Employer involved	Shared responsibility	Employer involved	Employer involved	Shared responsibility	Employer involved	Shared responsibility	Employer involved	Employer involved
Increasing investment in training/addressing worklessness	Employer-led	Employer involved	Shared responsibility	Shared responsibility	Employer involved	Employer involved	Employer involved	Shared responsibility	Employer involved	Employer involved

Employer involved



Shared responsibility



Employer-led





The matrices illustrate that it is a crowded landscape. Many organisations, boards or partnerships are being given (or are taking) responsibility for action in the same areas. Only in exceptional cases (such as the SSC responsibility for standards and qualifications in England) does a remit sit firmly in the hands of one body.³²

3.2.3 Are more voices better?

Many of these bodies are focusing on the same things. As well as the obvious duplication of effort, it is not sufficiently clear ‘who does what’ and ‘who works with whom’ to ensure that the system operates effectively as a whole.

This lack of clarity matters, because different employer-led groups are compelled to compete for the attention of funders and decision makers in government and public sector agencies. Problems occur when a number of different boards, partnerships and organisations think that they have the authority to set the same priorities or make decisions. In theory, they may have complimentary roles, but where these are not well-understood in practice the result is competition rather than cooperation.

The lack of a clear framework also makes it confusing for employers to understand where they can most effectively influence a particular issue. Specific problems cited by employers and wider stakeholders were:

- Duplication;
- Tensions between bodies;
- Competing claims concerning who is *the* employer voice on specific matters, or in general;
- Ambiguity about accountabilities and authorities for individual mechanisms;
- Sub-optimal performance and lack of impact;
- Disenfranchised and disillusioned employers who ultimately disengage;
- Lack of connectivity and missed opportunities for understanding the collective employer voice.

³² We also heard evidence on the duplication of roles and responsibilities in interviews with employers and stakeholders during each stage of research See the Scotland and Northern Ireland reports and Wales case study along with stakeholder interviews at <http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project>





There is a perception that there is no clear framework of roles and responsibilities (at a national, regional, sub-regional, city region and local level or between sectors and spatial arrangements) and that this is hampering progress. Policy makers might argue that there is stable policy framework but there is a gap between policy and reality. Possible reasons include:

- Policy makers are not always explicit enough about how things will operate in practice;
- Messages do not reach those working on the ground;
- There is a time lag between policy and implementation;
- Policy is interpreted differently by different vested interests.

Clarifying roles and responsibilities within a coherent framework would help to:

- Reduce ambiguity;
- Ensure efficient use of public sector resource;
- Make the most of employers as a resource;
- Increase employer investment;
- Share good practice;
- Increase the impact that employer-led bodies can have.

The matrices could be used as a tool to deliver on this:

- To classify who does what in the current system or a revised system:
- To identify where employer voice mechanisms are duplicating and/or where gaps exist within the current system.



Recommendation 4

Review the public sector generated structures in each nation to streamline arrangements. Identify the structure that is best placed to provide the employer perspective for each part of the employment and skills system using the following criteria:

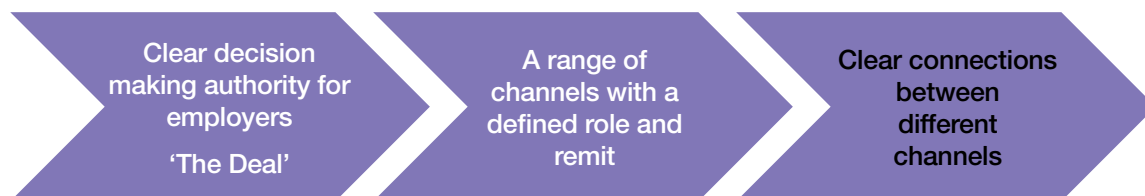
- Clear evidence of need (i.e. where ‘choice’ doesn’t work for a specific reason);
- The structure has a defined role and can demonstrate impact;
- The structure has a high calibre of employer leadership;
- It can evidence that they have the capacity to deliver change and an agreement with relevant public structures to achieve this.

Where there is a valid case for more than one structure to contribute be clear about where decision making authority lies and make sure that this is understood by everyone involved.

3.3 Connectivity

3.3.1 Why connections matter

Employers can shape different parts of the employment and skills system through many different channels. Unfortunately, although this has the potential to provide a rich picture, it is more often regarded as a crowded landscape populated by competing interests. Although effective collaboration does exist, it is more often the result of a determination by individuals to make things work, than a feature of the system³³.



³³ A good example is in the South West of England where ESBs and the RDA have actively worked together to understand how they fit together, how things will operate in practice and what they can collate or share. This has been achieved through events, reports and ongoing dialogue and has required a sustained effort for key individuals.

A big part of the challenge is the sheer number of bodies involved and the frequency with which new structures are added. Systems literature observes that government often creates new policies and structures rather than reorganise to better process information or look at the system as a whole.³⁴ This has definitely been the case in the employment and skills system, where the last decade has seen the regular creation of new structures³⁵. This can be an expensive and ineffective approach. The tendency to address the question of improving employer leadership by adding new structures creates the following problems:

- The flow of information through the system isn't as good as it could be, so government and its agencies are not making the most of what employers are telling them (this is particularly acute in relation to SMEs);
- Rich sources of information are under-utilised;
- The way that priorities are agreed means that employer led groups often need to compete to win favour with those in charge of decisions or funding.

Growing numbers of bodies at different spatial levels makes it increasingly difficult for them to be well connected.

3.3.2 Improving connectivity

Successive policies³⁶ have attempted to improve connections between structures (at different spatial levels and between the sector and spatial approaches) but this has not yet resulted in consistently clear understanding on the ground. There is a need for simple and effective ways to share data and agree priorities for action, but this is made more difficult where there is mistrust between bodies who regard each other as competitors.

"The city seems to think it's an island and has no real connection to other partnerships even in neighbouring areas."

"At our level we know precisely what our role is, at other geographic levels there is a real lack of clarity."

³⁴ Forrester, J (1971) Counterintuitive Behaviour of Social Systems, *Technology Review*, 2:2, pp. 109-140; Scott, C (2000) Accountability in the Regulatory State, *Journal of Law and Society*, 27: 1, pp. 38-60; Mulgan, G. (2001), *Systems Thinking and The Practice of Government*, *Systemist* 23; Bartlett, J (2009) *Getting more for less: efficiency in the public sector*, London: Demos.

³⁵ This is outlined in Appendix D.

³⁶ Most recently BIS (Department for Business, Innovation and Skills) (2009) *Skills for Growth*, TSO: London



The existence of so many bodies at different spatial levels creates a particular problem. International comparison³⁷ suggests that where there are multiple layers of influence or two tier systems (centralised and federal, nations and regions etc.) the voice of employers is weakened³⁸

From the UK perspective the extent to which employer-led bodies and the relevant parts of the system are well connected varies across the four nations. Appendix F contains a summary of the strengths and weaknesses of arrangements in each nation.

To ensure that the system operates effectively as a whole, Governments should be more explicit about the relationships between employer-led bodies. Creating a model where bodies are interlinked in a logical way makes for a better flow of information and intelligence and clearer decision making authorities. Features of systems where there is better connectivity include:

- Government is clear about relationships between employer voice bodies³⁹;
- A clear decision making hierarchy exists;
- There are direct links through to Government;
- There is a distinction between strategic and operational bodies;
- There is a logical flow of information supported by explicit requirements.

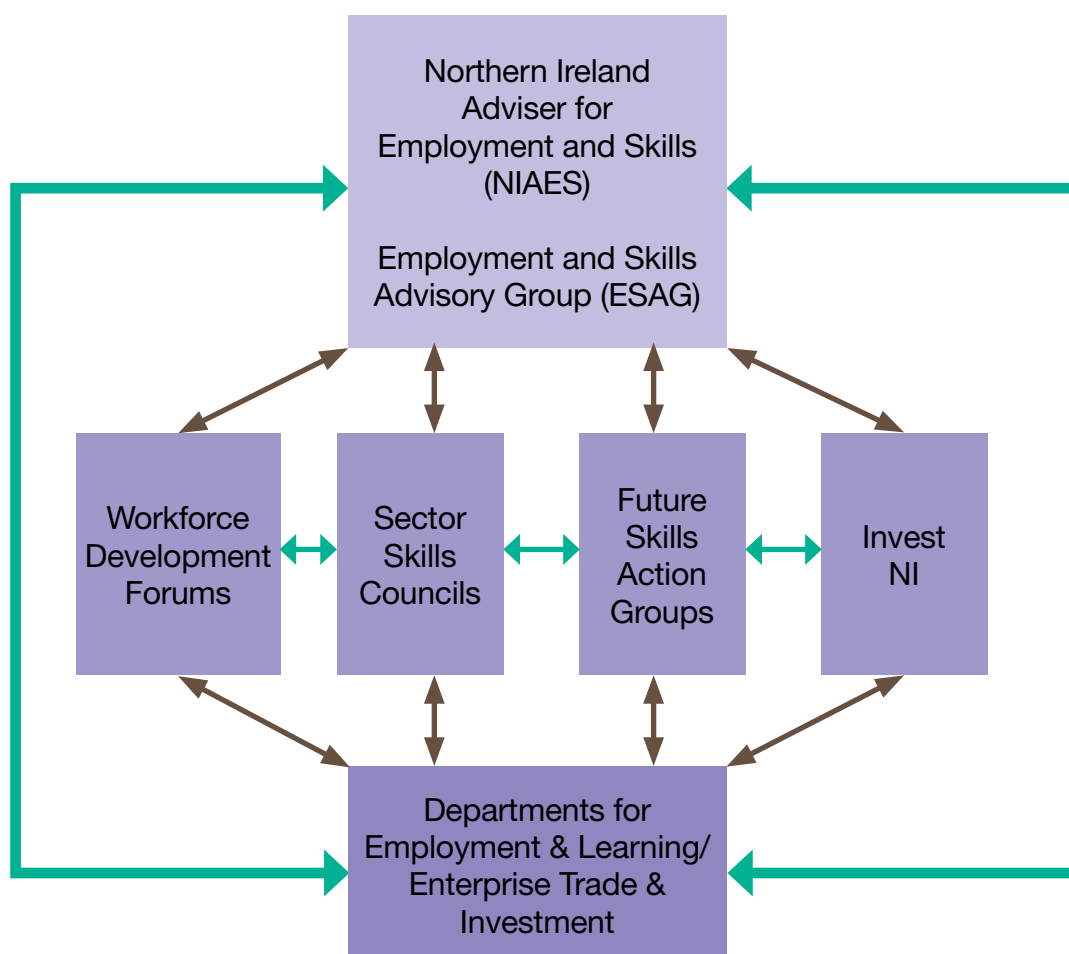
³⁷ Ashton, D. (2006) *Lessons from abroad: developing sector based approaches to skills: SSDA catalyst issue 2*, Wath-upon-Deane: Sector Skills Development Agency; Billett, S. and Smith, A. (2003) 'Compliance, engagement and commitment: increasing employer expenditure in training,' *Journal of Vocational Education and Training*; 55 (3): 281-299.

³⁸ For example, if arrangements are organised at national level, there is limited influence at local level. If it is organised at a local level, it has no real influence at national level.

³⁹ i.e. what information should be shared, how it should be used, how particular plans should take account of different intelligence/priorities.

Figure 8 below shows the model that ensures comparatively good connection between employer-led bodies in Northern Ireland.

Figure 8: Employer voice structure in Northern Ireland



3.3.3 Using what we already know

Employers involved in formal arrangements for influencing the system represent a very small proportion of UK business. Those who choose to actively participate in surveys, consultations or meetings, may not be representative of employers as a whole. SMEs in particular are unable to commit time and resource to these activities. Conversely, employers are also over-consulted – continually asked similar questions by many different agencies.



The answer is not to strive to engage more employers but to make better use of what they are already telling us. Examples might include:

1. Building a system that captures wider intelligence that already exists through business support structures, training providers and institutional governance arrangements to add breadth and depth to the collective employer voice.
2. Cutting down on duplication of effort by employer-led bodies where they seek to address similar challenges⁴⁰. Ensure active sharing of research, plans and ‘what works’ to avoid each starting from scratch to understand the problem and devise solutions.⁴¹

Small business makes up a significant proportion of the UK economy and in some areas, such as Northern Ireland they dominate the economy. The need to capture SME views is well-recognised and many different approaches to increase engagement have been tried. Individual employer-led bodies work hard to gain SME representation, but typically only manage to gain one or two token members or resort to using an official from employer representative organisation as a proxy. SSCs are required to demonstrate appropriate levels of SME engagement for their sector, but many report this to be challenging and resource intensive to achieve. The result is that formal structures are normally dominated by the voice of larger business; the small minority of SMEs around the table means that their views can be diluted.

It is probably unrealistic to expect that this will change. The business case is just not strong enough to persuade significantly higher numbers of SME employers to engage in this way. The FSB provides valuable information, but they are interested in a wider agenda and so not specifically focused on employment and skills. A more pragmatic alternative might be to make better use of the inputs already being made by capturing and collating this information from across the different channels. Analysis of these inputs could provide a rich picture of what SMEs think and need from the employment and skills system.

⁴⁰ Reading the plans set by spatial bodies quickly confirms some combination of the most common 8 or 10 priorities occur in most places. Areas like management and leadership and employability skills may manifest differently in each place and need a tailored approach, but the fundamental issues remain the same.

⁴¹ A similar efficiency would be to centrally produce basic ‘induction’ materials for employers and a devise a method for providing clear and concise updates on policy, funding etc.



Summary of recommendations:

Recommendation 5

Governments in each nation should look at how employer voice structures relate to each other at national, regional and local level and consider developing more explicit arrangements for sharing and gathering information.

Recommendation 6

Government should identify how to make better use of information from under-utilised sources with a particular focus on how existing intelligence relating specifically to SMEs can be better utilised.

3.4 Integrating sectors and places

There are indications that the Coalition Government regards the sectoral approach as predominant, but until recently government policy has advocated both sector and place-led approaches to the planning and delivery of employment and skills across the UK

There are strong arguments in support of both: each has a strong proposition, the economy is not uniform and employers value the opportunity to get involved through the channels that work for them. The **Current System** section of this document describes existing structures relating to place, sector and both sector and place.

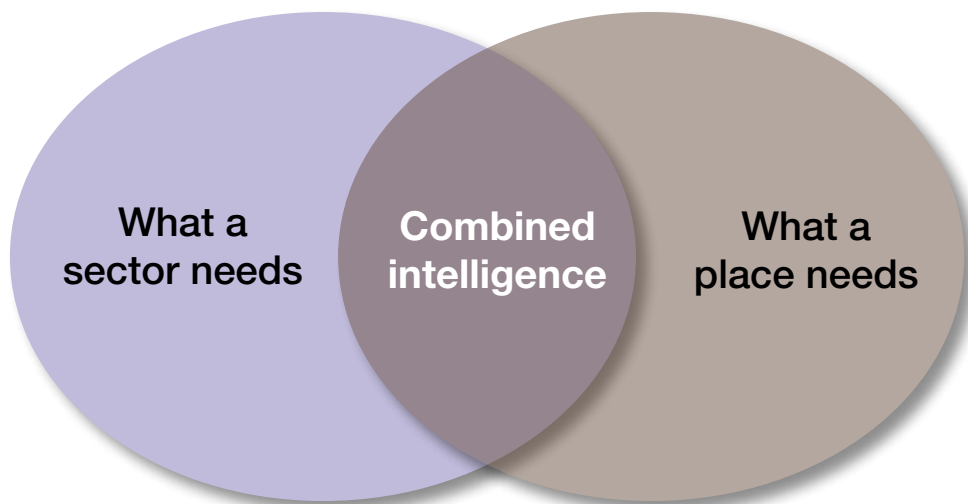
3.4.1 The Benefits of Sector and Place

Combining the two approaches has real benefits. The employer-led organisations, relating to place or sector, each produce intelligence and define priorities. Added together this provides better intelligence on which to base decisions than either individual approach⁴².

“It is vital that all sector skills councils are better connected to partnerships like ours – our Sector skills council does an awful lot of good work for sector and as I am active on both I am able to connect this with our local needs.”

⁴² On a basic level more can be known about the needs of engineers in Derbyshire by understanding the employment and skills conditions in Derbyshire (spatial data), what kind of engineering takes place there (spatial and/or sectoral data) and what the specific needs of that kind of engineering are and will be (sectoral data). Sharing and synthesizing the information creates a kind of ‘virtuous circle’.

Figure 9: Combined sector and spatial intelligence



3.4.3 Integrating spatial and sector approaches

There is a widely held view that the sector and spatial approaches are not well integrated⁴³. To ensure sector and spatial arrangements connect:

- There must be clarity about why and where different approaches are needed;
- There needs to be clear boundaries, expectations and overall management of the system.

SSCs are expected to play a role in the different spatial arrangements and there are examples of effective collaboration, largely through the delivery of Sector Skills Agreements. There are also many examples of tensions. SSCs are too often perceived as ‘national’ organisations not able to deliver the right kind of information or involvement, or as irrelevant to sub-national activity. In practice, the sector and spatial approaches are often viewed, as competing rather than complimentary. There is jostling for position where organisations representing each type of approach argue that it should have primacy.

⁴³ See place based case studies, literature review and Scotland and Northern Ireland reports at: <http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project/>

Some of the barriers to SSCs and spatial bodies working well together include:

- Incompatibility of data, challenges about quality of data and problems with sharing labour market information;
- Ineffective use of intelligence (the messages and insights about a place or sector, not just the numbers);
- Different sets of remits and targets (sometimes from different government departments) driving activity across the range of sector and spatial mechanisms and organisations;
- A mix of 23+ sector organisations (SSCs), four countries, nine English regions and their respective national and sub-national sector and spatial groupings;
- Limited capacity of public sector partners to service the range of sector and spatial arrangements;
- Limited capacity of employers, employer representative organisations to service sector and spatial mechanisms;
- Differing expectations and understanding about the role of SSCs⁴⁴. Also the 23 SSCs determine and develop their remits in differing ways causing a further challenge to understanding their role;
- A history of variable quality across the SSC network, still judged on historical examples of poor performance despite a robust relicensing process;
- Competition across mechanisms to be seen as **the** employer voice.

UK governments need to ensure that the bodies involved in each approach are given a very clear remit to deliver what is needed to support and influence the employment and skills agenda. This will be especially important if there is to be a shift in policy towards giving the sectoral approach primacy and a shift from a regional to local focus. Actions that would support this include:

- Set out more explicitly how each mechanism is expected to support others through sharing of intelligence, resource etc;
- Consider developing memoranda of understanding or “service level agreements” to support the relationships between *relevant* sector and spatial bodies;

⁴⁴ For example, SSC ‘involvement’ is often measured in terms of attendance at meetings, when in reality it would be more realistic and potentially more valuable for different bodies to utilise the sector intelligence for the sectors of greatest importance to their economy.



- Use quality assurance measures⁴⁵ to ensure that SSC research is embraced at each spatial level and that SSCs fully utilise what is available through spatial channels. Develop protocols on how research can be shared;
- Make clear what the sector dimension adds to employment, skills and economic development at regional, sub regional and local level and what this means in practice;
- Encourage collaboration where it really matters (and do not require it where it isn't relevant). Support partnerships between SSCs and spatial bodies where the sector is of key importance to the economy in that area;
- Develop funding and performance measurements that fully recognise the need to target efforts.

Governments, public sector partners and SSCs need to reach a consensus to develop better understanding and agree practical ways forward. This should be achieved through open and honest dialogue and must address where there are unrealistic expectations and support the agreement specific working arrangements. If there is to be a stronger role for SSCs to act as the voice of business, as messages emerging from Government in England currently imply, then this provides an ideal opportunity to establish a more unambiguous relationship. The introduction of Local Enterprise Partnerships in England could provide an early opportunity to put some of these principles into practice.

⁴⁵ In 2010 UKCES will develop an LMI 'common framework' that will seek to develop detailed quality standards for both SSC and regionally produced LMI.



Summary of Recommendations:

Recommendation 7

Make policy more explicit about what sector and spatial bodies can expect from one another and what this means in practice.

Recommendation 8

When policy about the role of sector and spatial routes has been firmly established, ensure that there is adequate dialogue between Government, public sector partners, SSCs and representatives from the relevant spatial bodies to establish clear expectations and more productive working arrangements.

Recommendation 9

Support the establishment of strategic partnerships between SSCs and spatial areas where there are sectors of key importance to a labour market.

3.5 Impact

Employers expect to see a level of impact that translates into tangible business benefits compatible with the time and effort they have invested. They regard significant improvements in skills levels, or increased employment opportunities as impacts. In contrast, many employer-led bodies focus on process; establishing structures, planning and development of better partnership arrangements are frequently cited as measures of success. Appendix G contains examples of impact on the employment and skills system provided by the groups surveyed.

Inconsistent reporting makes it difficult to measure success or make comparisons between different employer led bodies. What is clear, is that there is relatively limited evidence⁴⁶ of the kinds of outcomes that employers think are important, indicating that many employer-led groups have limited impact on the employment and skills system.

⁴⁶In order to better understand the kinds of impact different employer voice mechanisms were able to demonstrate, a review was conducted to examine the impact of different employer-led groups in England. Fifty-seven employer-led groups were surveyed including employment and skills boards, employer coalitions and regional skills partnerships. In depth interviews were conducted in each of the English regions to provide greater insight into the extent of impact these groups were achieving on the employment and skills system. The review also contains details of the range of different impact measures employed by different bodies.
Please refer to <http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project/>



3.5.1 Impact – barriers and enablers

The ‘enablers’ and barriers cited by employer led groups for achieving a sustained impact include⁴⁷:

Enablers	Barriers
Strong employer leadership	Wider systemic issues such as constant policy changes
A clear focus on employer demand	Poor governance and accountability
Collaborative working between public and private sector	Accessing funding
Making use of existing networks at a sub-regional and regional level	Lack of overall system integration

3.5.2 How long does it take to have impact?

“I can see the real value in these partnerships but it does take time to get there.”

It takes a long time for employers to change things. Figure 6, shows that regional and local bodies generally need to be in place for years, rather than months, before they really start to deliver. In England it takes on average 20 months to begin to deliver impact:

- Much of the early period (11 months) is spent establishing the group and working through some of the dynamics of bringing partners and employers together;
- The next phase (typically a further 9 months) focuses on agreeing priorities and writing plans.

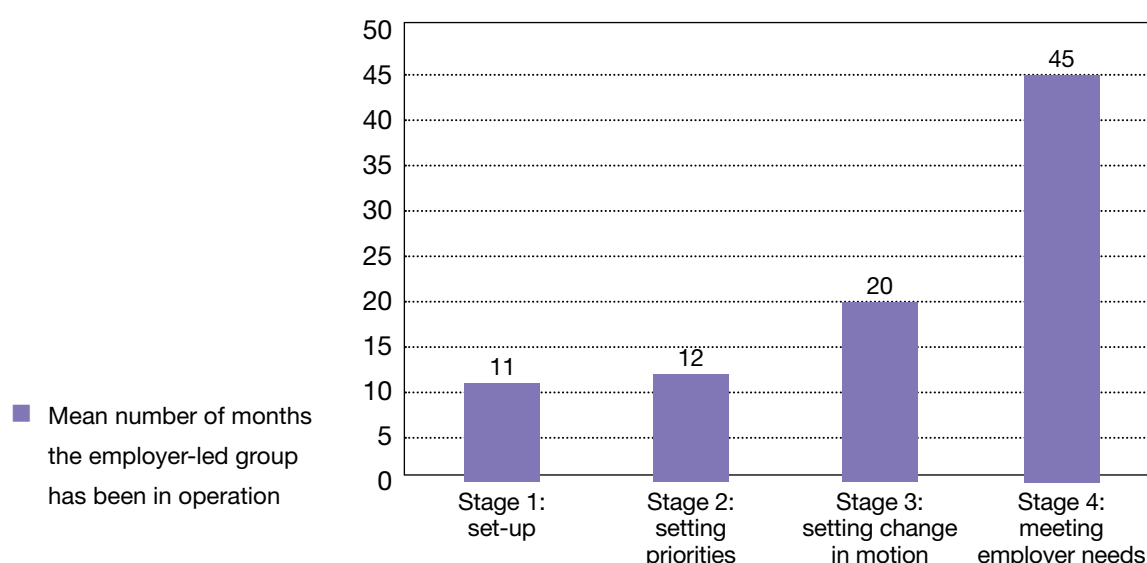
It is not normally until a group has been in place for a number of years⁴⁸ that it becomes fully operational and begins to consistently deliver the kinds of outputs that employers recognise as having real influence on the system.

⁴⁷ A more detailed explanation of the enablers and constraints cited can be found in the impact review report, as above.

⁴⁸ The bodies surveyed took a mean average of 45 months to move into the phase where they are meeting employer needs;’ i.e. able to demonstrate tangible increases in skills levels or employment outcomes for a number of individuals.

Figure 10: Impact continuum from group set-up to delivering genuine impact as recognised by employers

How long it takes employer-led groups to have an impact on the employment and skills system



3.5.3 What prevents impact?

It takes a long time to move through the ‘set up’ stages to the point where employer-led groups can really make a difference. Unfortunately, the system is constantly changing as a result of new policy and initiatives. Bodies which are just beginning to perform well are disrupted because they have to work within a different context, change their focus, or find new funding to support their work. In addition the structures themselves don’t have a very long lifespan. In England, the last decade has seen the creation of a range of different employer-led bodies, each appearing to be given primacy over the employer voice role. Furthermore, when new structures are added, old ones are rarely removed so the landscape gets increasingly crowded.⁴⁹

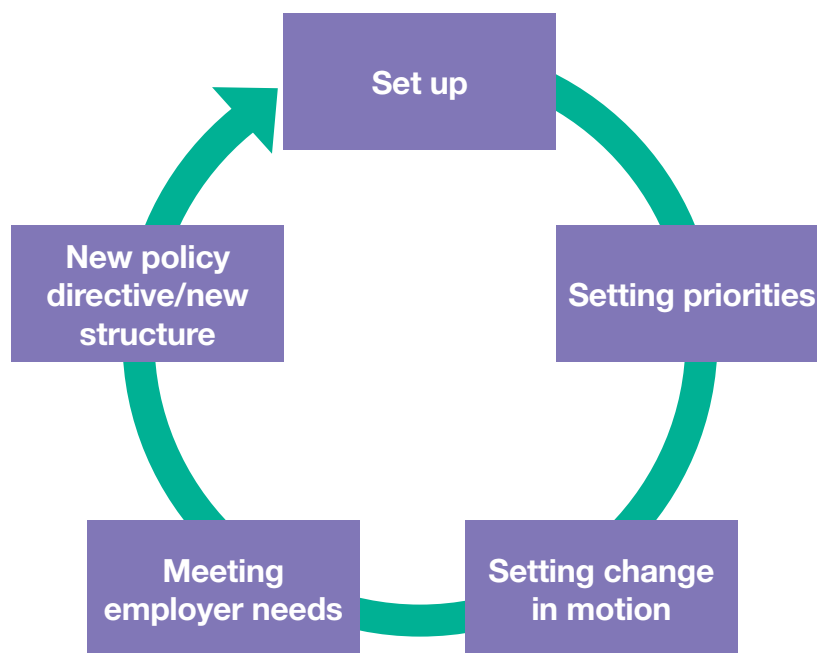
“Our governance arrangements are changing and whilst this is happening all the opportunities to influence funding appear to have dried up.”

The practice of continually re-forming or introducing structures has serious cost implications because constant evolution means that most bodies are unproductive for a significant proportion of their existence. A much higher proportion of time is spent in the ‘forming, storming and norming’⁵⁰ stages than the ‘performing’ stage.

⁴⁹ See Appendix D .The exception is the removal of Regional skills Partnerships in skills for Growth, but many continue to exist in a slightly altered form or under a different name.

⁵⁰ Tuckman, B. (1965) ‘Developmental Sequence in Small Groups,’ **Psychological Bulletin**, 63: 6, pp. 384-399. The Forming – Storming – Norming – Performing is a model of group development. Tuckman maintained that these phases are all necessary and inevitable in order for the team to grow, to face up to challenges, to tackle problems, to find solutions, to plan work, and to deliver results.

Figure 11: Development cycle for employer-led bodies



Many employers regard this as a problem⁵¹. There is a strong sense of frustration and a perception that the system is in a constant state of flux. This makes it difficult for employers to know how and where to influence and for them to make change happen once they are involved. The kind of system changes employers find problematic include:

- Changes to employment and skills infrastructure (such as the creation of the SFA and Young Peoples Learning Agency (YPLA) in England and the creation of Skills Development Scotland (SDS) in Scotland);
- New organisations or providers with unique branding making it difficult for employers to keep up to date with offers, products and services;
- Constant announcements of new initiatives;
- Changes to employer-led bodies themselves.

⁵¹ A range of evidence reports that make reference to this can be viewed at:
<http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project>

Employers want government to remove the flux from the system and allow for a period of stability, ensuring each part of the system has time to make an impact.

“We should try to aim for a level of consistency over the next thirty years. Rather than tweaking the system every four years which only serves to reinvent the wheel.”

*“Many employers do not want to contribute to the system due to lack of impact...a major issue is the **lack of stability and continuity in the system** and the frequency of sudden or emergency measures.”*

3.5.4 The power to change things

It's vital that the problem is addressed, but reducing the amount of change to the system will not be easy. Within our political system, change is a given. Government departments responsible for policy development operate within a democratically-led environment which means change is triggered by changing ministerial responsibilities and newly elected political parties.

“The skills system exists in a state of perpetual evolution. Maybe this is as it should be, better to have a system that's flexible, responsive and able to react to global challenges than one that's static and immutable. But there are two caveats to this: one is that change should be based on empirical evidence not political imperative; system change does at present tend to follow in the slipstream of Ministerial change. And the other is that system change should be based on defining principles.”

Edexcel⁵²

Stability needs to be built into the system in order to minimise the inefficiencies caused by ongoing change. A balance needs to be found that identifies a realistic and practicable ways to achieve this. The key may lie with persuading Ministers of the negative effects of instigating too much change by directly involving them in key employer led bodies. More direct involvement could make Ministers more aware of the practical benefits of maintaining a stable framework (and the opportunity cost of instability and structural change) and could help to better connect delivery with policy.

Summary of Recommendations:

Recommendation 10

Policymakers and Ministers should take into account the high cost of regular changes to structures and find ways to reduce the frequency with which new structures are created.

⁵² Edexcel Policy Watch – Who Does What in the Skills System, November 2008



4. Conclusions

For more than twenty years government has worked to create a demand-led employment and skills system, to meet the needs of employers and to improve the UK economy. Different tactics have been employed to achieve this and the current picture is one that characterises the employer as both customer ('employer choice') and shaper of the system ('employer voice').

To really make things 'demand-led' the balance between the two components of 'choice' and 'voice' needs to be altered in favour of focusing more on making choice the main driver. A system that responds effectively to the employer as a customer does not need extensive consultation arrangements through which employers can influence; there should be less to 'fix'. Where the market is successfully driving the system the need to engage employers in formal planning and influencing arrangements is limited to occasions where there is a specific need to do so (such as market failure).

Ministerial speeches from the new Coalition Government indicate that there is an appetite for empowering the customer. It looks likely that there will be a shift in policy towards providing employers with better information and devolving greater responsibility to providers to facilitate more responsive provision.

At present, the picture is mixed and employer 'voice' arrangements are acting as a proxy to a system genuinely driven by choice. Messages about this have been unclear and this causes frustration for both employers and others involved in the arrangements.

In addition, the system for capturing the employer voice is too complicated, there is insufficient evidence of impact and there is no convincing argument for the existence of so many bodies at different spatial levels. Arrangements are not providing value for money for the public sector or giving employers the influence they need.

While 'employer voice' is still an important lever it must be made to work better. There are no easy solutions because there is no one 'employer voice'. Nor is there a consensus of opinion about which channels for capturing employer views are most effective.

The dilemma is that although there is desire for a more straightforward system, employers identify with different places, sectors or business types and value the choice provided by arrangements that reflect this. This needs to be carefully considered in any re-design of the system, so that it allows for the degree of choice and flexibility needed to ensure sustained engagement.

The immediate political context of a change of Government and the resulting restructuring of the employment and skills architecture⁵³ influenced the kind of solutions provided in this report. When the research was conducted prescriptive recommendations focusing on existing employer-led *structures* were in danger of becoming immediately outdated and failing to have the desired impact. Now that the changes to policy are underway there is an ideal window of opportunity to use what has been learned from the past to good effect.

⁵³ At the time of writing, June 2010.

A solution needs to be found that leads to:

- Fewer and more effective employer voice mechanisms;
- A simpler, more transparent system;
- Freedom of choice for employers;
- Higher levels of employer investment;
- Checks and balances between meeting employer need and protecting the wider public interest;
- Better use of employers input and existing intelligence;
- Greater impact.

The Coalition Government is setting a new policy direction for employment and skills and looking to cut unnecessary public sector expenditure. It is clear that there will be an increased focus on sectoral support for skills and on apprenticeships. The abolition of RDAs and introduction of Local Enterprise Partnerships represents a shift from a regional to local focus for the development of economic policy. A system for capturing employer views about employment and skills is still required, but it should be a streamlined and more influential version of what already exists: fewer structures, with increased power to affect real change. The guiding principles and recommendations in this report could provide a useful framework to manage this transition so that what has been learned about existing arrangements can inform developments and the most can be made of the opportunity to increase employer influence.



5. Solutions

5.1 Options

The first priority should be to put greater emphasis on employer ‘choice’. There are two options for improving employer voice arrangements:

Option 1 System Improvement

Improve the system by implementing practical recommendations

Option one outlines a series of recommendations that must be acted upon if significant improvements are to be made to existing arrangements. This option assumes that employer involvement will continue to be centred on the same kind of employer-led boards, organisations and partnerships that exist currently, but that they can be improved and streamlined.

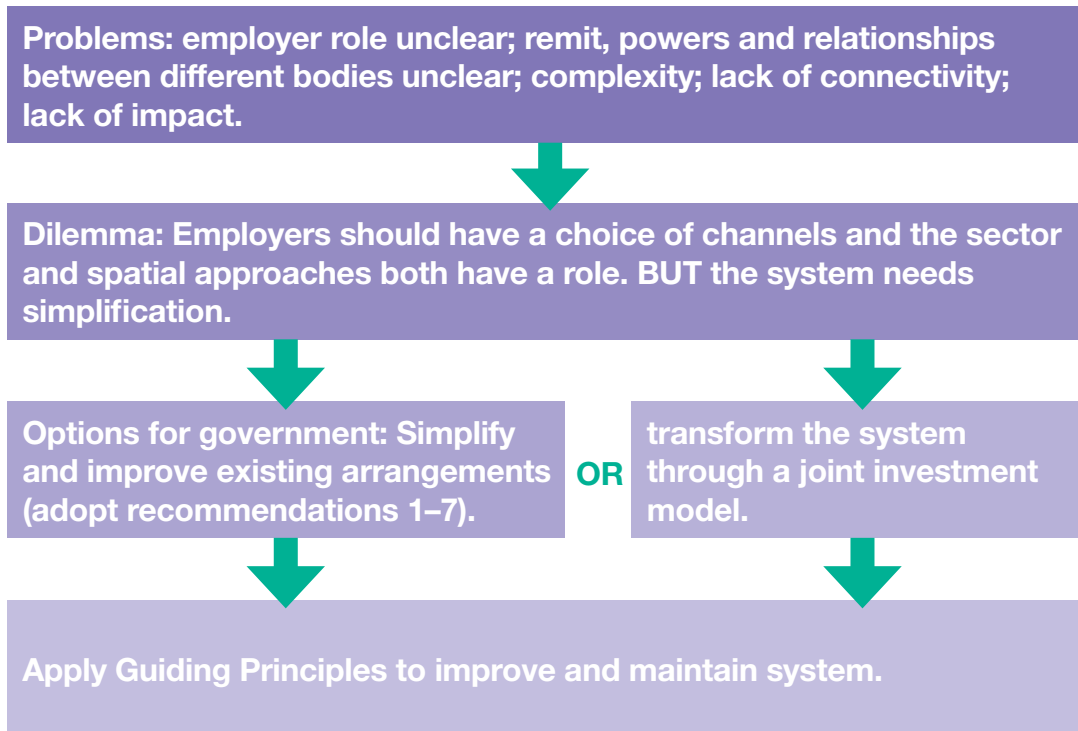
Option 2 System Transformation

Transform the system by introducing a different model based on more direct employer leadership

Option two is to design a model that actively avoids introducing new employer voice *structures* but allows employers to more freely determine how they wish to collaborate and what they wish to collaborate on. This model should be predicated on joint investment by employers and government. The aim of this approach would be to encourage employers to form time-limited partnerships and jointly invest to address specific needs or opportunities identified by them.

Options 1 and 2 for improving the system are outlined in more detail below. Regardless of other actions the **Guiding Principles** should be applied to ensure that the fundamental problems at the heart of the current system are addressed.

Figure 12: Solutions



5.2 Guiding principles

Governments across the UK are advised to adopt the following principles in the development of their employment and skills policy:

Principle 1 – Be up front about the deal between employers and Government

Be more transparent about the role employers are being asked to play in influencing the employment and skills system. Agree what the ‘deal’ is between employers and Government and make sure that everyone involved understands what they are signing up to, including what decision making authority they have and who will pay.

Principle 2 – Be clear about who can decide what

Make sure that there is absolute clarity about the remit, relationships and powers across all structures and that this is well understood by everyone involved.

Principle 3 – Keep it stable

Recognise the negative impact of constant change and avoid regularly introducing new structures.



5.3 Recommended actions to improve existing arrangements (Option 1)

These are the recommendations drawn from the main body of the report. They offer practical solutions to improve the system.

Recommendation 1

Ensure that the employment and skills system is designed to be driven by the choices that employers make. Only support arrangements for capturing employer views where these address specific needs related to market failure or future planning.

Recommendation 2

Government clarifies employer's decision making authority and explains how this applies to each part of the system. Make sure that this is effectively communicated to the employers involved.

Recommendation 3

Government should consider how to ensure that there are adequate feedback channels so that employers can highlight where the system is not responding to their needs.

Recommendation 4

Review the public sector generated structures in each nation to streamline arrangements. Identify the structure that is best placed to provide the employer perspective for each part of the employment and skills system using the following criteria:

- Clear evidence of need (i.e. where 'choice' doesn't work for a specific reason);
- The structure has a defined role and can demonstrate impact;
- The structure has a high calibre of employer leadership;
- It can evidence that they have the capacity to deliver change and an agreement with relevant public structures to achieve this.

Where there is a valid case for more than one structure to contribute be clear about where decision making authority lies and make sure that this is understood by everyone involved.

Recommendation 5

Governments in each nation should look at how employer voice structures relate to each other at national, regional and local level and consider developing more explicit arrangements for sharing and gathering information.

Recommendation 6

Government should identify how to make better use of information from under-utilised sources, with a particular focus on how existing intelligence relating specifically to SMEs can be better utilised.

Recommendation 7

Make policy more explicit about what sector and spatial bodies can expect from one another and what this means in practice.

Recommendation 8

When policy about the role of sector and spatial routes has been firmly established, ensure that there is adequate dialogue between Government, public sector partners, SSCs and representatives from the relevant spatial bodies to establish clear expectations and more productive working arrangements.

Recommendation 9

Support the establishment of strategic partnerships between SSCs and spatial areas where there are sectors of key importance to a labour market.

Recommendation 10

Policymakers and Ministers should take into account the high cost of regular changes to structures and find ways to reduce the frequency with which new structures are created.



5.4 Transforming the system (Option 2)

The system for capturing the employer voice is regarded by many as too complex. However, employers value the level of choice they have about how they influence the employment and skills system. This suggests that radically reducing or simplifying employer voice channels could be problematic. One solution is to incrementally transform the system through shifting the focus to a joint investment model that recognises employer heterogeneity and the need for choice.

The basic principle is one of supporting employers to collaborate around a specific problem or need, rather than a reliance on standing structures that plan on an ongoing basis. Careful consideration needs to be given to the operational detail, especially in relation to the allocation of public funds, but key features of a Joint Investment Model would be:

- Groups of like-minded employers self-select and form an ad hoc partnership to work together on a common interest or need;
- Employers propose the solution;
- The employer partnership is required to justify the need for their proposal and the coherence of their solution;
- Each partnership must demonstrate strong employer leadership and support from a significant number of employers;
- Employers are asked to provide a high proportion of the investment;
- Public money is invested only where there is a market failure or there are tangible benefits to the economy of an area or a disadvantaged community;
- Employment and skills development would be targeted at areas where employer have proactively identified that it is most needed;
- Set criteria would apply and could be on a sliding scale depending on the balance of employer need and public interest;
- Arrangements would be time limited and less costly than standing structures;
- There is a more direct relationship between employer need and how discretionary funds are allocated.



This kind of joint investment model⁵⁴ has the potential to meet employers immediate requirements and incrementally transform the arrangements for meeting those needs that are not met by a system predicated on empowering the customer and providing choice. It offers employers the opportunity to determine their own approach to addressing employment and skills challenges. The advantage is that employers need not be shoehorned into a structure determined by government, but are given more opportunity to develop arrangements that make sense to them and can be used to make changes on an ‘as needed’ basis. The focus moves from consulting employers as part of a planning process to providing opportunity for them to make a case for public support on an as needed basis⁵⁵. This acts as a lever to increase employer investment, using public money as an incentive for employers to co-fund where there are mutual benefits (to the state and the employer). If this approach is successful many of the existing structures would not be needed.

Recommendation 11

Government is encouraged to undertake development work and pilots to design and test out a joint investment model that allows employers to collaborate in ways that best meet their needs.

Appendix H outlines factors to consider in designing how a joint investment model might operate.

⁵⁴ We recognise that in England, the Department for Business, Innovation and Skills (BIS) have recently launched a prospectus for a Joint Investment Programme that has features in common with the above proposals. Whilst the approach described here requires a wider cultural shift in the way that the employer voice impacts on the system the introduction of the Joint Investment Programme could provide valuable lessons to inform any pilots.

⁵⁵ This links to the observations about the demand-led system and the need to address marked failures in section 2.1.



Appendices

Appendix A: Methodology

This appendix outlines the methodology used to determine how to maximise leverage of the employer voice in the employment and skills system. We have produced separate reports for each strand of our methodology. These are available on our website at <http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project/>

Phase one of the research (April 09 – Sept 10) began by undertaking a policy review of the employer engagement landscape across the UK to identify the role of the employer voice in the employment and skills system. We undertook a desk review of employer-led structures across the four nations. We also conducted a literature review to explore the existing evidence on employer engagement and consultation.

Having reviewed current research, we held a series of interviews with key informants including employers, employer representative organisations and public sector partners who liaise with businesses on employment and skills issues. We interviewed 20 employers, 14 employer representative organisations and 14 public sector partners. We also held an employer workshop and further face-to-face interviews with employers to better understand their views. The focus of these sessions was to establish the level of influence employers felt they had on the system, the key successes they had achieved and the barriers faced in gaining traction on the system. In total, we involved 42 employers in this process. The employer quotations in the report come from either our own discussions with employers or research done by Colin Geering for Working Ventures in 2009.

To supplement the evidence collected from employers, we undertook three case studies across national, regional and city contexts. These studies served to delve deeper into the structures for leveraging the employer voice within a particular geography. We were also keen to explore the relationship within these specific spatial areas between different spatial and sectoral mechanisms. This work also enabled us to gain an insight into the devolution of responsibilities to more local levels and how this has affected the employer voice and leverage in the employment and skills system. We interviewed public sector partners and employers in the production of the case studies.

Having established an understanding of how the employer voice operates in the UK, to inform the second phase of our research (Oct 09 – March 10) we invited interested parties and the general public to contribute to our work through an online consultation exercise. This served to underpin the analysis of impact and provide an overall direction for the development of policy recommendations. We received a total of 29 responses to the consultation and posted a summary response to the issues raised on our website.

The second phase of research also involved international comparisons and literature reviews on systems theory and how stakeholders views are captured in other public service environments. We also took a specific look at how employer representative organisations, such as CBI, IoD and FSB, operate and their impact on the system. These reviews served to inform our views and, alongside all of the evidence gathered, helped steer the project towards a set of policy recommendations.

We also identified specific areas where we felt we should undertake further analysis. This involved an impact review across mechanisms in England and in-depth reviews in Northern Ireland, Scotland and Wales.

For the impact review we sought to provide rigorous analysis of the extent of impact of the employer voice on the employment and skills system. We collected further survey-based evidence on the impact of employer-led groups on the employment and skills system across England. The assessment focused on current activities, use of performance measurements and time taken to start having an impact. Finally we looked at enablers and barriers perceived by these groups in providing tangible outcomes for individuals and employers. We invited 66 employer voice mechanisms to contribute to this research and received 28 responses to our survey and conducted nine in-depth visits.

For the in-depth reviews of the employer voice in Northern Ireland, Scotland and Wales, we interviewed a total of 6 employer representative organisations, 43 partners and 12 employers. We produced separate reports for Northern Ireland and Scotland and then held review meetings with the respective governments. These review meetings enabled us to validate our reports and ensure we had captured the strengths and weaknesses and best practice from each nation.

The details of all of the public sector partners, employer representative organisations and employers that we spoke to for the purposes of this project are in Appendix B. In total over 180 separate individuals contributed to this report and we would like to thank all who provided views and insights.

Appendix B: List of organisations consulted

Employers

- Botanic Inns Limited
- Bramall Construction
- Bradford and Sons Solicitors
- BT Group
- Burns Burns and Burns
- Career SOS
- Care Somerset
- Carley Consult Limited
- Centrica plc
- Classic Marble Limited
- Contact Chemicals
- Crofton Design
- Denso Manufacturing Limited
- Devon and Cornwall Business Council
- Doncaster Rugby Club
- EDF Energy
- Equiniti ICS
- Europe Economics
- Flybe
- Fosters Bakery
- Green Bay Media
- Greenbough Hotel
- Greenrock Properties
- Hastings Slieve Donald Resort and Spa
- IDEA Limited
- Integration Technology Limited
- Johnson Tiles



- Jaguar Landrover
- Kuji Entertainment
- L&P Springs
- Language is Everything
- Lyreco
- Meadowhall
- Menzies Distribution Ltd
- Michelin Tyre plc
- NG Bailey
- Pentagon Chemicals Holdings Limited
- Pyronix Ltd
- QinetiQ Group plc
- Ramsac Limited
- Red Cross
- Rittal CSM
- Rolls Royce Group plc
- Sanctuary Housing
- Santander Group
- Schaeffler UK Limited
- Scottish Decorators' Federation
- Scottish Water
- Simple Solutions Ltd
- TEC Construction (Holdings) Limited
- The Cooperative Group
- Toyota Motor Group
- Wales and West Utilities
- Whitbread
- WRW Construction Limited
- Yorkshire Bank



Organisations representing employers

- Alliance for Enterprise, Nottinghamshire
- Alliance of Sector Skills Councils
- Barnsley Work and Skills Board
- Birmingham and Solihull Employment and Skills Board
- Chambers of Commerce
- Chartered Institute for Professional Development
- Chartered Insurance Institute
- Cheshire and Warrington Employment and Skills Board
- Cogent
- Confederation of British Industry
- Confederation of British Industry Scotland
- Cornwall and Isles of Scilly Employment and Skills Board
- Construction Skills
- Derby and Nottinghamshire Chambers of Commerce
- Derbyshire Employment and Skills Board
- Doncaster Chambers of Commerce
- East Kent Local Employment Partnership
- East Midlands Employment and Skills Productivity Partnership
- E-skills UK
- Exeter and Heart of Devon Employment and Skills Board
- Federation of Small Businesses
- Glasgow Works





- Glasgow Coalition
- GoSkills
- Hull and Humber Employment, Enterprise and Skills Board
- Hull and Humber Ports City Region Employment and Skills Board
- Improve
- Lifelong Learning UK
- Liverpool Enterprise, Skills and Education Commerce Committee
- Local Government Employers (LGE)
- London Chambers of Commerce
- London Skills and Employment Board
- Merseyside Employer Coalition
- Nasmyth Associates
- National Skills Academy for Nuclear
- North East Employer Coalition
- Northwest Regional Skills and Employment Board
- Oxfordshire Employment and Skills Board
- People 1st
- Plymouth Employment and Skills Board
- Productive Skills for Devon
- Proskills
- Rotherham Work and Skills Board
- RSSB
- Scotland's Trade Union Centre

- Semta
- Skillfast-UK
- Skills Active
- Skills for Logistics
- Skillsmart Retail
- Skills Plus UK, Local Government Sector
- Somerset Employment and Skills Board
- Suffolk Chambers of Commerce
- Surrey Chambers of Commerce
- Surrey Employment and Skills Board
- Swindon Employment and Skills Board
- Telford Employment and Skills Board
- The North East of England Process Industry Cluster
- Trade Union Congress
- Wales Employment and Skills Board
- West Midlands Employer Coalition
- West Sussex Economic Skills and Enterprise Board
- West Yorkshire Employer Coalition
- Wiltshire Employment and Skills Board
- Worcestershire and the Marches Employment and Skills Board
- Working Ventures
- Yorkshire and the Humber Regional Skills Partnership Board

Wider Stakeholders

- Belfast Education Partnership
- Belfast Metropolitan College
- Centre for Cities
- Centre for Economic and Social Inclusion
- City and Guilds
- City and Guilds Centre for Skills Development
- City Strategy Pathfinders, Nottingham
- Commission for Rural Communities
- Department for Business, Innovation and Skills
- Department for Children, Education and Lifelong Learning and Skills
- Department for Communities and Local Government
- Department for Education and Learning
- Department for Employment and Learning Northern Ireland
- Department for the Economy and Transport
- Department for Work and Pensions
- Derbyshire Jobcentre Plus
- Fife Council
- Government Office for the East of England
- Greater Manchester Coalition
- Greater Manchester Commission for the New Economy
- Institute for Employment Research
- Investors In People Scotland
- Invest Northern Ireland
- Jobcentre Plus
- Learning and Skills Council

- Local Government Association
- National Apprenticeship Service
- New Local Government Network
- Northern Ireland Adviser on Employment and Skills
- North Wales Economic Forum
- Northwest Development Agency
- One North East
- Queen's University
- S&B Automotive Academy
- Scotland's Colleges
- Scottish Council for Development and Industry
- Scottish Funding Council
- Scottish Government
- Scottish Training Federation
- Scottish Union Learning
- Sheffield Local Authorities
- Skills Development Scotland
- South East of England Development Agency
- Southern Regional College
- South West Regional Development Agency
- SQA
- University of Manchester
- University of Ulster
- Work Foundation
- Yorkshire Forward

Appendix C: Glossary of Terms

Alliance of SSCs	The Alliance comprises all 25 licensed UK Sector Skills Councils (SSCs). The alliance's roles is to act as the collective voice of the Sector Skills Councils and promote understanding of the role of SSCs within the skills system across England, Scotland, Wales and Northern Ireland
British Chambers of Commerce	UK business lobby organisation
City Strategy Pathfinders (CSP)	Department for Work and Pensions' initiative which aims to tackle worklessness in disadvantaged communities across the UK
Confederation of British Industry (CBI)	UK business lobby organisation
Council of Economic Advisers (CEA)	The CEA in Scotland is made up of senior business people, academics and economists. It is chaired by a prominent business person. The Council has a direct advisory role on sustainable economic growth
Department for Business, Enterprise and Regulatory Reform (BERR)	Former government department, now forms part of BIS
Department for Business, Innovation and Skills (BIS)	Central government department with responsibility for skills and training
Department for Children, Education, Lifelong Learning and Skills (DCELLS)	Department of the Welsh Assembly government with responsibility for children's services, education and training provision
Department for Communities and Local Government (CLG)	Central government department responsible for local government, housing, urban regeneration, planning and fire and rescue
Department for Employment and Learning (DEL)	Department of the Northern Ireland Assembly responsible for skills and training
Department for Enterprise, Trade and Investment (DETI)	Department of the Northern Ireland Assembly responsible for economic development

Department for Work and Pensions (DWP)	Central government department with responsibility for welfare and pensions reform
Department for Innovation, Universities and Skills (DIUS)	Former government department now forms part of BIS
Employment and Skills Boards (ESBs)	Voluntary boards set up to engage local employers, articulate labour market needs, scrutinise local services and recommend improvements in integrating labour market and training support
Employment and Skills Partnerships	Local or regional partnerships between organisations and individuals with an interest in the skills agenda
Employer Coalitions	A national network of groups with responsibility for opening careers for people who are disadvantaged in the labour market
Employment and Skills Advisory Group (ESAG)	An independent body established to support the Northern Ireland Adviser in his role in providing evidence-based employment and skills advice to the Minister for Employment and Learning and the UK Commission for Employment and Skills. ESAG's role is to ensure the business interests of Northern Ireland are represented both locally and nationally
Federation of Small Businesses (FSB)	Self-funded organisation representing and promoting the interests of small businesses
Future Skills Action Groups (NI)	Future Skills Action Groups are sector-based partnerships between SSCs, trade bodies, employers and further and higher education. There are currently 3 Future Skills Action Groups focusing on ICT, hospitality and tourism and financial services
Government's Economic Strategy (GES)	The role of the strategy is to focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable growth
HEFCE	Higher Education Funding Council for England
HEIs	Higher Education Institutions such as universities

Industry Advisory Groups (IAG)	A group made up of leading employers, Scottish Government and public sector partners, and Ministers to drive sustainable growth in six key sectors
Institute of Directors (IoD)	Self-funded organisation supporting business leaders
Learning and Skills Council (LSC)	Non-Departmental Public Body responsible for managing post-16 further education
Labour Market Information (LMI)	Labour market information (LMI) is raw, unprocessed data about the labour market and the factors that influence it. LMI can include data on employment, wages, qualifications and working conditions
Local area agreements (LAA)	Documents that set out the priorities for a local area agreed between central government and a local area (the local authority and Local Strategic Partnership) and other key partners at the local level
Local Employment Partnerships (LEPs)	Partnerships between employers and Jobcentre Plus to open up employment and training opportunities to disadvantaged jobseekers
Local Strategic Partnerships (LSPs)	Partnerships between different parts of the public sector as well as the private, business, community and voluntary sectors to provide a single overarching local co-ordination framework
Multi-area agreement (MAA)	A set of plans and proposals to improve outcomes in an area, negotiated between a group of local authorities at a sub-regional or city region level. MAAs focus mainly on employment, skills, transport, regeneration, housing and planning
National Economic Forum (NEF)	The Forum brings together employer representative organisations, employers, trade unions, government, wider public sector and the third sector. Its purpose is to enable Scottish Government and the CEA to draw on a wide range of views on the economy to inform the delivery of the Government's Economic Strategy (GES)
National Skills Academies (NSAs)	Employer-led academies delivering skills required by sectors of the economy



Northern Ireland Adviser on Employment and Skills (NIAES)	Provides advice to the Minister for Employment and Learning on a wide range of employment and skills issues
Regional Development Agencies (RDAs)	Responsible for regional skills agendas and responding to regional needs
Regional Skills Partnerships (RSPs)	Forums where businesses and skills organisations work together to meet the skills needs of regional economies
Sector Skills Councils (SSCs)	Independent, employer-led, UK-wide organisations designed to build a skills system that is driven by employer demand
Sector Skills Development Agency (SSDA)	A former non-departmental public body now forms part of the UK Commission for Employment and Skills
Skills Committee	A statutory group established to support and advise the Scottish Funding Council and Skills Development Scotland (SDS) on skills needs in Scotland
Skills Development Scotland (SDS)	A non-departmental public body set up to respond to the Scottish Government's skills strategy. Skills Development Scotland partner with other learning and skills organisations to enhance Scotland's sustainable economic development
Skills Funding Agency (SFA)	New body that replaced the LSC from April 2010
SMEs: Small and Medium Enterprises	Businesses with fewer than 250 employees
Wales Employment and Skills Board (WESB)	Groups with responsibility for the implementation of the skills and employment strategy and action plan Skills That Work for Wales
Workforce Development Forums (WDFs)	Groups with responsibility for identifying and articulating the skills needs for the local economy in Northern Ireland



Appendix D: Key policy documents and changes to structures

Government Department	Publication	Date	New Structures/changes to structures
DfES	21st Century Skills, Realising Our Potential	July 2003	New structures: Skills for Business Network Regional Skills Partnerships
DfES	Skills: Getting on in business, getting on at work	March 2005	New structures: Creates Skills Academies and National Employer Training Programme
HM Treasury	Leitch Review of Skills: Prosperity for all in the global economy – world class skills	December 2006	Changes to existing structures and new structures: The creation of Employment and Skills Boards, The creation of the UK Commission for Employment and Skills, Removal of National Employment Panel, Sector Skills Development Agency and the Skills Alliance
DEL	Success through Skills: The Skills Strategy for Northern Ireland, DEL,	February 2006	Changes to existing structures and new structures: To create a Regional Employment and Skills action plan. To develop sector skills agreements for 25 sectors
DIUS	World Class Skills: Implementing the Leitch Review of Skills in England, Department for Innovation, Universities and Skills	July 2007	Changes to existing structures and new structures: ■ Encourage private investment in NSAs.

Government Department	Publication	Date	New Structures/changes to structures
DfES	Raising Expectations: Staying in Education and Training Post 16,	March 2007	Changes to existing structures: <ul style="list-style-type: none"> ■ Proposes statutory raising of the participation age.
Scottish Government	Skills for Scotland: A Lifelong Skills Strategy	September 2007	Changes to existing structures: <ul style="list-style-type: none"> ■ Sector Skills Councils remit in Scotland changed
HM Treasury/BERR/DCLG	Sub-National Review (SNR), HM Treasury	July 2007	Changes to existing structures: <ul style="list-style-type: none"> ■ Create a devolved approach by giving new powers to local authorities ■ Reform central government's relations with regions and localities.
DCLG/BERR	Prosperous Places: taking forward the review of sub-national economic development and regeneration	March 2008	Changes to existing structures: <ul style="list-style-type: none"> ■ Give Regional Development Agencies' lead responsibilities for regional planning with Local Authorities
DCSF/DIUS	Raising Expectations: Enabling the system to deliver	March 2008	New structures: <ul style="list-style-type: none"> ■ 14-19 year old – Creation of sub-regional groupings and the National Young People's Learning Agency. ■ Adults – Creation of the Skills Funding Agency
Welsh Assembly	Skills That Work for Wales: A Skills and Employment Strategy and Action Plan,	July 2008	Changes to existing structures and new structures: <ul style="list-style-type: none"> ■ Introduce a new Sector Priorities Fund
DCSF/DIUS	World-class Apprenticeships: Unlocking Talent, Building Skills for All. The Government's strategy for the future of Apprenticeships in England,	2008	New structures: <ul style="list-style-type: none"> ■ National Apprenticeship Service.



Government Department	Publication	Date	New Structures/changes to structures
DIUS	New Industry, New Jobs, DIUS	April 2009	
BIS	Skills for Growth: The National Skills Strategy	November 2009	<p>Changes to existing structures and new structures:</p> <ul style="list-style-type: none"> ■ Reduce the number of separately funded agencies by over 30. ■ New Adult Advancement and Careers Service in August 2010
Employment			
DWP	In work, better off: next steps to full employment	July 2007	<p>New structures:</p> <ul style="list-style-type: none"> ■ Local Employment Partnerships
DWP/DIUS	Opportunity, Employment and Progression: making skills work	November 2007	<p>New structures:</p> <ul style="list-style-type: none"> ■ New skills accounts
DWP/DIUS	Ready to Work, Skilled for Work: Unlocking Britain's Talent	January 2008	<p>Changes to existing structures and new structures:</p> <ul style="list-style-type: none"> ■ Reform of Sector Skills Councils ■ Reform of the national framework for qualifications by creating the qualifications and credit framework. ■ Development of new skills compacts with employers through SSCs ■ Creation of Multi-area agreements.



Government Department	Publication	Date	New Structures/changes to structures
DWP/DIUS	Work Skills	June 2008	<p>Changes to existing policy structures:</p> <ul style="list-style-type: none"> ■ Extending entitlements available through personal skills accounts. ■ Trialling the new adult advancement and careers service
Government Department	Publication	Date	New Structures/changes to structures
DWP	Raising Expectations and Increasing Support: Reforming Welfare for the Future	December 2008	Change to existing policy structures
HM Government	New Opportunities, Fairer Chances for the Future, HM Government, January 2009	January 2009	<p>Changes to existing policy structures:</p> <ul style="list-style-type: none"> ■ Expansion of Group Training Associations. ■ Expansion of Apprenticeship Training Associations. ■ Extend the Getting a life programme
DWP	Building Britain's Recovery: Achieving Full Employment	December 2009	<p>New Policy Structures:</p> <ul style="list-style-type: none"> ■ A new subsidy for employers taking on 16-17 year old apprentices. ■ A new Young Person's Guarantee The Graduate Guarantee

Appendix E: Examples of different kinds of employer leadership operating in the current system

Section 3.1 of the report provides a model that includes the following definitions:

- **Employer involved** – where employers have an advisory role and governments are responsible for decisions on how the system operates and is funded;
- **Shared responsibility** – where employers and governments (through public sector partners) are jointly responsible for decisions and funding;
- **Employer-led** – where employers are responsible for decisions and funding and governments set the policy framework to enable leadership.

Examples of employer voice mechanisms that can be characterised as “**employer involved**” include:

- SSCs have an advisory role in relation to the production of their labour market information (LMI). Sector Skills Assessments (SSAs) are now produced on an annual basis and used to inform developments within each specific sector and governments and regional partners will use the LMI to inform their thinking but there is no official requirement for it to be a primary source of information for governments. This position may now be strengthened as a result of the UK Commission for Employment and Skills Strategic Skills Audit⁵⁶ which is built on SSC SSAs and other sources;
- Employer representative organisations and SSCs feature across formal structures in each of the nations (National Economic Forum in Scotland, Northern Ireland Employment and Skills Advisory Group for (ESAG) and Economic Development Forum, Business Partnership Council and Ministerial Advisory Groups in Wales and offer advice to governments across a range of areas including skills and employment. They also feature on a range of sub-national structures such as Regional Economic Fora, WDFs and RSPs.

⁵⁶ Campbell, M., Giles, L., Belt, V. (2010) *Skills for Jobs: Today and Tomorrow: The National Strategic Skills Audit for England 2010*, Wath-upon-Deane: UK Commission for Employment and Skills



Examples of employer voice mechanisms that could be characterised as having “**shared responsibility**” include:

- National Skills Academies (NSAs) operate on the basis of a joint investment model between government (Skills Funding Agency) and employers within a specific sector or industry in order to develop strategic interventions and ensure quality training provision;
- Future Skills Action Groups in Northern Ireland are based on a shared responsibility model with decision on action required to build competitiveness and productivity in priority sectors taken jointly between government and employers. Funding decisions on what combination of discretionary or mainstream funding and employer contributions are also jointly agreed;
- The Wales Employment and Skills Board agrees action that is required to address specific skills and employment issues and writes to Ministers with recommendations which are directly responded to and a way forward jointly agreed.

Examples of employer voice mechanisms operating as “**employer-led**” in practice are:

- SSCs have the remit to develop National Occupational Standards for their respective sectors. These form the basis for qualification development. In England, Wales and Northern Ireland, SSCs also have responsibility for signing off qualifications that are developed for their sector.

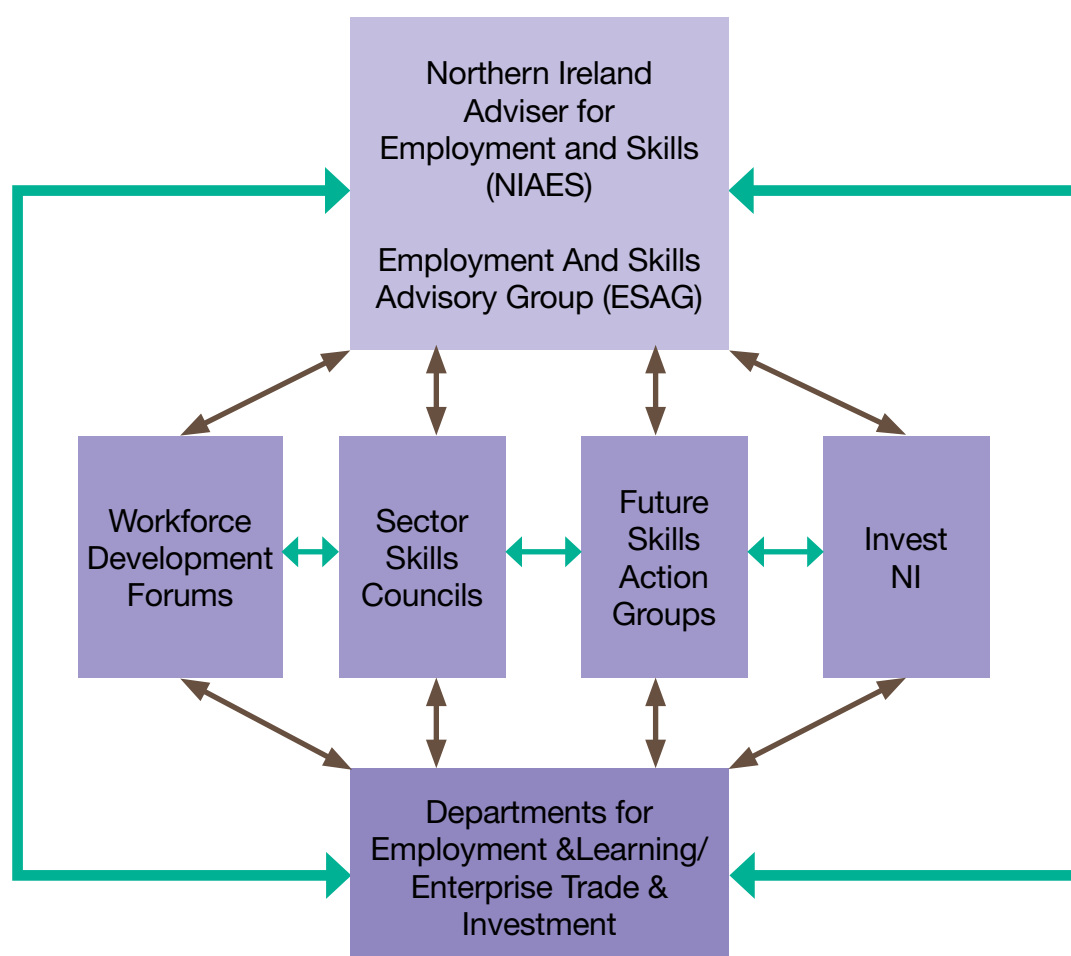


Appendix F: Increasing the connectivity of employer led groups – examples from across the four nations

Northern Ireland

The overall structure in Northern Ireland shows that employers can feed in via both spatial and sectoral routes to the Department for Employment and Learning (DEL) and the Department for Trade and Investment (DETI)⁵⁷. The structures are interlinked in a more explicit way allowing for collaboration and cross-fertilisation of information and activity. There is also direct link through to government in each of the groups. Although Northern Ireland is a small geographic area and some of these arrangements are still quite new there are lessons to be learned from this structure⁵⁸.

Figure 13: Employer voice structure in Northern Ireland



⁵⁷ Although there is room to clarify roles and responsibilities of the spatial and sectoral mechanisms so that they do not compete for influence. See Northern Ireland report at: <http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project>

⁵⁸ The strengths and weaknesses of this approach are fully detailed in the Northern Ireland evidence report. See Northern Ireland report.



The structure provides a clear distinction between strategic influence (the advisory structure provided by the Northern Ireland Adviser for Employment and Skills (NIAES) and Employment and Skills Action Group (ESAG)) and operational influence (Workforce Development Fora (WDFs) and Future Skills Action Groups (FSAGs)). The structure also joins up views from across a range of employer voice structures through the ESAG so that “one” employer voice can be agreed and fed in to government.

Wales

Wales has a number of ways of collating the employer voice⁵⁹. A Business Partnership Council, chaired by the First Minister, provides a forum for strategic discussion in issues faced by businesses, including employment and skills. There are also a series of Ministerial Advisory Groups which have formally appointed members, including employers, that support the work of specific departments in the Assembly Government.

Wales has begun to collate the employer voice on skills and employment through the Wales Employment and Skills Board (WESB). The WESB was established in May 2008 as a key recommendation of Skills that Work for Wales⁶⁰, the Assembly Government’s skill strategy and response to the Leitch Review⁶¹ and the Webb Review⁶².

The WESB’s role is to strengthen the employer voice on skills and employment in Wales with a view to advising the Assembly Government on how skills, employment and business support systems might be improved to meet the needs of employers and individuals across Wales. WESB writes formally to the Minister following each main meeting and the Minister writes a formal response. Its first annual report identified a series of key recommendations and successes⁶³.

Scotland

In Scotland, the National Economic Forum provides a route for Scottish Government to draw on employers’ views and inform the delivery of the Government’s Economic Strategy (GES). Industry Advisory Groups have been established as the key collaborative mechanisms to support priority and non-priority sectors and support the delivery of the GES. The Industry Advisory Groups (IAGs) for Scotland’s six priority sectors are chaired by Ministers and/or leading employers. A range of sector skills groups operates to address the skills requirements of the IAGs.

⁵⁹ See Wales place-based case study at <http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project>.

⁶⁰ Assembly Government (July 2008) *Skills that Work for Wales*, Welsh Assemblée Government.

⁶¹ HM Treasury (December 2006). *Prosperity for all in the global economy – world class skills*, Final Report.

⁶² Department for Children, Education, Lifelong Learning and Skills (DCELLS), (2007) *Promise and Performance: The Webb Review*, Department for Children, Education, Lifelong Learning and Skills.

⁶³ Wales Employment and Skills Board (WESB), (2009). *A Wales that Works*. First Annual Report, Wales Employment and Skills Board.

The Skills Committee is a statutory group that was established initially to support and advise the Scottish Funding Council (SFC) and has employer and employer representative organisation representation, along with public sector partners. It is now a joint Committee also providing support to Skills Development Scotland (SDS) which was established in 2008. The strengths and weaknesses of the model in Scotland are detailed in the Scotland evidence report. A key finding of the report was the strength of the collaboration between government and employers and a real drive to establish employer voice structures to support this collaboration in relation to skills. However, there was a view that increased coherence and connectivity across the current structures would support more effective employer engagement.

England

In England, attempts were made to empower Regional Development Agencies to draw together employer voice structures at a regional level via arrangements outlined in the Sub National Review and Skills for Growth. Although the situation varies by region, Joint Leaders Boards have been established to develop and deliver the new Integrated Regional Strategies (IRS) which will include a skills strategy for the region. The regional skills strategies are expected to draw on intelligence and priorities from Employment and Skills Boards (ESBs) and other sub-regional bodies to agree priorities for the region. Much of this machinery may now be replaced in the light of the coalition government's invitation to localities to create local enterprise partnerships.

At national level the UK Commission for employment and Skills Strategic Skills Audit has drawn on both sector and spatial data sources and be used to inform the National Skills Investment Strategy for the Skills Funding Agency. An Employer Reference Group, which has supported the design of the Skills Funding Agency, will advise on its operations. These new developments in England may help to clarify the current situation and address some of the problems identified, but will require time to impact.



Appendix G: Examples of impact provided by employer-led groups in England

As part of the research for this project an impact review was conducted. This examined regional and local groups to assess the impact of employer-led groups funded by government departments and their agencies in England. The full version of the report can be found here: <http://www.ukces.org.uk/our-work/strategy-and-performance/employer-voice-project/>

Some of the examples of impact provided are set out below. These were chosen because the activities best demonstrate tangible increases in skills levels as well as employment outcomes for a number of individuals.

- An employment and skills board member from the railway sector has forged links with a local further education provider to develop an apprenticeship framework for the industry. Cost savings of the business has been estimated at around £150,000 in terms of providing trainees with a structured programme for undertaking an apprenticeship, and creating a formal accreditation process for the qualification.
- An employment and skills board invited a local prison service to deliver a presentation to employers discussing engagement and social inclusion as part of the recruitment process. As a result, a hospitality partner has now opened up a hospitality training suite on the prison grounds. Individuals are trained and linked with real jobs on their release.
- An employer coalition offers pre-employment 'routeways' linking long term unemployed individuals to sustainable career opportunities. A 'Go-Forward' programme developed with the contact centre sector has now expanded to customer service occupations in retail hospitality and tourism. Over 3,000 individuals have benefitted from these pre-employment training programmes.
- An employer coalition is partnering with a local University to pilot a Foundation degree. The course is delivered at the employer's premises and comprises modules in business management studies relevant to their business needs. The Foundation degree has now been accredited by Foundation Degree Forward and has been renamed Foundation degree in Finance and Business.
- A regional skills partnership established a Skills and Employment Response Group to tackle impact of the recession in the region and handle Northern Rock, Nissan and Corus redundancies. Smaller response groups were also set up to provide support for other redundancy situations in the region. The offer included a single point of contact, signposting advice and support for individuals and employers affected to help get back into work and updating skills.



Further examples of employer-led group activity from across Northern Ireland, Scotland and Wales include:

- The Information and Communication Technology Future Skills Action Group (ICT Future Skills Action Groups) launched a new “Bring-IT-On” brand across Northern Ireland, aimed at improving the image of the ICT industry. The brand was specifically targeted at 16+ year olds and included the development of an interactive website (www.bringitonni.info) which features inspirational stories from successful ICT companies, video clips of ICT professionals at work and information for parents and guardians. A total of 11,000 unique visits to the Bring-IT-On website were recorded in its first year;
- Northern region manufacturing companies in Northern Ireland, led by Michelin, identified a series of issues in recruiting maintenance engineers. The companies were unable to fill positions through recruiting externally. The Northern Workforce Development Forum worked with the Sector Skills Council for science, engineering and manufacturing technologies (SEMTA) and a local college to develop and accredit a level three fast-track bespoke programme for employees. The programme later formed part of the mainstream apprenticeship offer;
- The Skills Committee in Scotland allocated £2 million funding over three years for a Developing Employer Engagement Programme (DEEP). The project aimed to build capacity of colleges to engage with employers. Further funding allocation enabled colleges to build infrastructure for undertaking and developing knowledge transfer activities. Evaluation of the project after its first full year of delivery reports that the quality, relevance and value of the courses for employers have improved. It is claimed that the project has also enabled greater employer involvement in the development of college products and services;
- An employer coalition in Scotland has developed a bespoke programme with the NHS to deliver entry-level jobs. Group members are working with the employer to establish common reasons why a candidate would not be considered, and then working with an individual to support them through the application and interview process. The programme is currently on its fourth cohort and has an eighty percent success rate – forty five out of sixty individuals have been offered permanent positions;
- The employment and skills board helped influence the Welsh Assembly Government’s £48 million ProAct pilot scheme, which provides funding for employers facing difficulties during the recession. ProAct assists businesses up-skill staff on short-time working and retain skilled worker who may otherwise be made redundant. Individuals can receive up to £2,000 of funding for training and a wage subsidy of £2,000 each;
- As part of the review of the Careers Wales service, Wales Employment and Skills Board advised Ministers that the information, advice and guidance (IAG) policy landscape in Wales should undergo further review. Following publication, the Minister has announced that the scope of the review will now be widened to incorporate all IAG services.

Appendix H: A Joint Investment Model – Factors to consider

There are important details to consider about how a joint investment model might operate. Specific areas to address are:

- The proportion of employment and skills funding that could be allocated and whether this might increase over time;
- How the model would operate alongside existing arrangements (in the first instance);
- The process of “recognition” of employer collaborations, i.e., who would do this and how would it be done bearing in mind the approach is centred on employer leadership;
- The overall fit across sectoral and spatial areas, i.e., how a range of joint investment models relate to each other and provide a clear offer for the area or sector;
- The business model, i.e., how the joint investment would work and would joint investment models be awarded powers to influence mainstream funds or allocated a pot of funding;
- The approach to performance management, i.e., light touch, based on delivering outcomes based on employment destination, learning progression of individuals, relevance and quality of provision, equality of opportunity in access and outcomes, evidence of wage gain, customer satisfaction;
- How the model operates within a system primarily driven by customer choice.

[illegible]

The UK Commission aims to raise UK prosperity and opportunity by improving employment and skills. Our ambition is to benefit employers, individuals and government by advising how improved employment and skills systems can help the UK become a world-class leader in productivity, in employment and in having a fair and inclusive society: all this in the context of a fast-changing global economy.

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