

Employer Ownership of Skills

Prospectus

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UK COMMISSION FOR
EMPLOYMENT AND SKILLS

Ministerial foreword

This Government is determined to do all it can to support growth across the economy. Skilled people are essential to securing that growth. It is vital we create the best environment for businesses to develop and train their workforce and to strive for success. There is no doubt that times are tough for businesses seeking to develop and grow and for young people seeking the best possible start to their career. I believe that we can work together behind a common goal of using our greatest asset – our people – to secure real competitive advantage.

Government investment in workforce skills has most impact when employers have true ownership. That means employers being empowered, and supported, to develop their staff in the way that most closely responds to business need. It means employers stepping up and working together to address skills issues that hold back their sector. And it means Government providing a clear framework to support business investment.

That is why we have freed up colleges and training providers to be better able to respond to employers' needs; put in place a range of measures to strengthen and extend our Apprenticeship programme; and are investing significantly through the Growth and Innovation Fund to support employer-led collective action to overcome skills barriers, through modern Guilds or other innovative networks for example.

But we are not complacent. We must go further and be prepared to try inventive new ways to tackle age-old problems. The Employer Ownership of Skills pilot is exactly that. It is a substantial commitment, backed with public investment, to step back and give space to employers to take ownership of the skills agenda.

This prospectus opens up the first phase of the pilot. It invites employers to put forward proposals that set out how they would use direct public investment, alongside their own, to improve the skills of their current and future workforce and to drive enterprise, jobs and growth within a sector, supply chain or locality. I encourage you to use this opportunity to bring us innovative and powerful ideas that enable you and your workforce to grow and prosper.



**John
Hayes**

**Minister of State for Further Education,
Skills and Lifelong Learning (jointly with
the Department for Education)**

Foreword from the Chairman of the UK Commission for Employment and Skills

Last December, following the Chancellor's Autumn Statement, the UK Commission for Employment and Skills launched its proposals for greater employer ownership of skills. To improve the quality and sustainability of vocational skills in the long term, Government needs to step back and employers need the space to step up and develop the skills they need to compete and grow.

The Government agreed, and we have been really encouraged by their response; investing up to £250 million directly in employers over the next two years to make it happen.

This prospectus makes employer ownership of skills a reality. It is a chance for employers to define the skills that their business and employees really need. It is a chance to work with trade unions, colleges and training providers to scale up partnerships that will deliver valuable skills and create new opportunities - this might be through supply chains, sectors or business clusters. It is an open invitation to employers to put forward bold propositions that will help their business and employees grow.

I look forward to receiving proposals that do just that and to working with you as we seek to improve the skills of our people to benefit our businesses, our economy and our society.



**Charlie
Mayfield**

**Chair, UK Commission for
Employment and Skills**

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1. Employers take ownership of skills development

Our current economic situation requires creative responses led by employers to drive growth. The Employer Ownership of Skills pilot offers all employers direct access to public investment; up to £250 million over two years to design and deliver their own training solutions. This prospectus invites proposals from employers for the first phase of the pilot, covering up to £50 million.

It asks employers to set out how they would use public investment, alongside their own, to improve the skills of their current and future workforce. In return for greater flexibility in the design and delivery of publicly funded training, employers need to tell us how the pilot will increase the impact of investment in workforce development.

Skills are essential for our future prosperity. In *Skills for Sustainable Growth*, the Government set out a clear approach for a skills system that responds to employer and individual need; one that secures value for public funds while minimising bureaucratic central planning and regulatory control.

To help achieve this goal the UK Commission for Employment and Skills set out a [vision for giving greater responsibility and ownership to employers](#) for developing the skills needed for growth. The Government wants to start to make this vision a reality. This prospectus invites employers to come forward with radical proposals that test the full potential of employer ownership.

The overall aim of the pilot is to find more effective and sustainable ways to improve skills in the workforce and to use these improved skills to drive up productivity and growth.

We are looking for proposals from employers that support the following key objectives:

- Increase the impact of work readiness, workforce development and Apprenticeships activity
- Employers are better able to secure the training they need by having the influence they require over quality and content and can shape training provision to meet their needs
- Collaboration amongst employers to address cross-sector or supply chain skills challenges is increased
- Employer leadership, commitment and investment in skills is increased, including the involvement of employers who do not have a track record of investing in skills.

For employers, the pilot offers greater flexibility to improve programme design, to deliver training and employment opportunities that have real value in the labour market, and to demonstrate how accountability for public funds can be made as simple as possible. It promotes employee engagement and collaboration between employers to create training and employment opportunities that achieve joint goals.

The prospectus invites employers to work with employees, trade unions, colleges and training providers, and other partners to develop proposals that set out how they will invest in skills to drive enterprise, jobs and growth within a sector, supply chain or locality. It does not define the skills that employers need to develop. Nor does it specify the levels of public money available for each individual type of training. It is an open invitation to employers to put forward proposals for co-investment in skills and training that will have a real impact on their employees, business and the sector at large.

We want this approach to better align public and private investment in training and workforce development to growth. This will be achieved by employers telling us where and how Government and business can co-invest most intelligently to maximise opportunities for employers and people.

We want employers to seize this opportunity and work together to come up with radical proposals to develop the skills the workforce needs to support industry growth.

2. The invitation

The prospectus invites employers to develop proposals for improving skills, covering a wide range of activities including:

- Apprenticeships and wider employee training opportunities
- Training and skills development to help people into work
- Innovative approaches to the design and delivery of training and workforce development.

We want to see innovative proposals that provide a range of training and employment opportunities that meet the needs of employers and individuals. This could be within a sector, supply chain or local area.

Proposals should set out:

- The outcomes to be achieved
- The rationale behind the proposition and why it cannot be done as successfully through existing funding routes/delivery channels
- The mechanisms by which it will be delivered
- The level of private investment
- The public investment needed to make it happen.

Public investment will be provided directly to employers that are successful in their bids. The pilot will make available up to £250 million of public investment for successful bids over two years from August 2012. Up to £50 million in 2012/13 and up to £200 million in 2013/14 will be available, subject to quality bids from employers and positive evaluations. We expect to hold subsequent rounds of bidding building on lessons learnt and successful activity from this first round. Where proposals include training or apprenticeships that commence within the two year timeframe but will not be completed within that period, we will fund the completion of that activity where appropriate.

Full investment criteria, application forms and guidance will be available towards the end of February 2012 on the pilot website [here](http://www.ukces.org.uk/employeroownership) (www.ukces.org.uk/employeroownership).

3. What could a bid include?

Successful bids are likely to propose a package of activities that demonstrate how they would achieve one or more of the following:

- Increasing the number of people participating in training and achieving qualifications, for example through apprenticeships
- Improving the quality and the relevance of training
- Developing skills that make a significant impact on employer productivity and growth
- Achieving a step-change in how skills are delivered, acquired, developed and applied
- Supporting wider job opportunities, such as work experience and routeways into full apprenticeships that result in realistic expectations of sustainable work.

All proposals will have to show how their bid delivers value for money for public investment - for example, trainees will have gained significant new skills and not simply been accredited for those they already have.

The pilot is an open invitation and therefore we have not provided an exhaustive list of what proposals should include. Below we highlight some of the themes that we are particularly keen for proposals to address:

- Apprenticeships and other skill development opportunities
- Training and skills development to help people into work
- Employer leadership and commitment
- Collaboration.

More detail on these themes is provided below.

Apprenticeships and other skills development opportunities: High quality apprenticeships develop both job-specific, and generic and transferable vocational skills and offer good value for money for the taxpayer. We therefore expect that apprenticeships will be a central part of projects that we take forward. This is a core requirement for proposals including training for 16-18 year olds where bids will need to show how direct public investment can help to deliver routes into sustainable careers more effectively than the current system. We welcome innovative proposals to achieve this.

Bidders are encouraged to think creatively about new apprenticeship models that could enhance the existing programme. This could include developing new recruitment strategies or apprenticeship solutions that do not currently exist. Where this is the case, proposals should explain the rationale for the approach; how the quality of training will be high and how the breadth and depth of learning that apprentices need will be provided. For example, successful apprentices will be expected to have:

- Acquired one or more significant qualification(s) recognised to be important to the sector
- Become competent in their current role
- Been supported towards achieving English and Maths to the level of a GCSE A* - C where they do not already possess this
- Good progression opportunities once they have completed, either in work or into further/higher education.

Apprentices will have gained significant new knowledge and skills, and not simply been accredited for those they already have. We are particularly keen to see apprentices at advanced and higher levels of learning (Level 3 and above).

Bids can also outline other skills development opportunities that meet employer and employee need including basic literacy and numeracy skills training. New and innovative training that is not currently recognised on the Qualification and Credit Framework can be supported where there is a clear need and rationale for co-investment.

Training and skills development to help people into work: We welcome proposals that also demonstrate how training and development opportunities help people who are out of work get into employment and achieve sustainable job outcomes. This could include:

- Offering work experience, internships and job trials
- Pre-employment skills training
- Routeways onto full apprenticeship programmes and into jobs
- Mentoring
- High quality careers advice and strategic links to schools and colleges to support curriculum delivery.

Employer leadership and commitment: We want to explore through the pilot how we can improve the way that employers and individuals get the skills they need. We want to test new employer-designed and delivered training and employment programmes. For example, proposals could include:

- A clear articulation of the skills needs within an industry and why public funds are required to complement private investment
- An employer definition of what quality is for a sector in skills and learning programmes
- A package of employer designed training and assessment that meets both industry and employee needs
- More sustainable models of funding training that encourage greater private investment alongside public investment
- New methods of training delivery that closely align employer and employees' needs
- An employer-designed payment and monitoring system that safeguards public funds, demonstrates value for money and is simple for the business to operate.

Collaboration: Collaboration can be demonstrated in two principal ways: employers working with their employees, trade unions and providers to ensure that any skills offer responds to employer and employee need; and secondly employers coming together to work in partnership.

The types of collaboration between employers could, for example, include:

- Large primes and small businesses in a supply chain developing a mutually beneficial programme of learning
- Leading employers investing in a sector by providing up-front funding to support learning opportunities in smaller businesses
- Employers working together, with the support of their employee representative bodies, to secure greater apprenticeship and sustainable job opportunities
- National Skills Academies working for a set of employers to secure appropriate training opportunities
- Groups of employers, who individually may find it difficult to meet their skills or training requirements, coming together through bodies such as Group Training Associations and developing a collective proposal that meets all of their needs and offers more opportunities
- Employers within a locality developing a strategic skills offer through the most appropriate geographical infrastructure (for example partners in a city region) and with support of colleges and providers.

4. Eligibility

The aim of the pilot is to raise the contribution of skills to economic growth. It is therefore primarily targeted at private sector businesses, although proposals from public and voluntary sector employers will be considered. This opportunity is open to all employers irrespective of size and sector.

Whilst bidding organisations can be based anywhere, the benefits of proposals must focus solely on England.

All bids must be genuinely led by a named employer(s). Bids will require the signature of the CEO or an alternative Director from the lead employer(s); who will understand and support the proposal.

Proposals should be able to provide evidence of:

- The understanding and support of their CEO and/or leadership team
- The indicators they will use to measure the impact of the programme on their business and how they will report against these indicators to their CEO and/or leadership team
- Commitment to transparency over the costs and level of private and public investment.

Partner organisations have an important role to play where employers require co-ordination and administrative support but we want responsibility for the proposal and ultimate purchasing control to reside with the employer(s). Partner organisations could include: Group Training Associations, Sector Skills Councils, Industry Training Boards, National Skills Academies, employer/trade associations, trade unions, professional bodies, city regions, Local Enterprise Partnerships, local authorities, universities, further education colleges and training providers, and wider voluntary sector organisations.

The involvement of partner organisations should build on existing areas of expertise; for example a National Skills Academy's and/or a Sector Skills Council's understanding of a sector. Where appropriate we expect partner organisations to work together to maximise the opportunity and avoid duplication.

Employers who have an existing contract with the Skills Funding Agency, including those managed through the National Apprenticeship Service, can use the pilot to develop their offer further and demonstrate how a different relationship and delivery mechanism could leverage greater outcomes. Current contract holders can also integrate participation in this pilot with the employer simplification funding pilot.

We want to see significant and scalable proposals for skills investment and therefore the minimum cash investment from Government will be £250,000 for collaborative proposals involving SMEs, and £1 million for individual or consortia bids involving large employers (defined as employing 250 employees or above). We will continue to assess the appropriateness of the eligibility criteria throughout the pilot.

5. Applying for funding

This is a single stage competition. Further information including the application form, assessment criteria and guidance for bidders will be available towards the end of February 2012 on the [pilot website](http://www.ukces.org.uk/employerownership) (www.ukces.org.uk/employerownership).

Key dates

Event detail	Date
Briefing dates and webinar	Taking place throughout March and April (see below)
Full application form and guidance published	Towards the end of February 2012
Deadline for employer registration	13 April 2012
Deadline for submission of full applications	26 April 2012
Decisions and applicant feedback	June/July 2012
Delivery to commence	August 2012 onwards

Briefing events

We encourage employers and partners who are interested in developing a proposal to attend one of the pilot briefing sessions being held across England. These sessions will provide an opportunity to ask questions, learn more about the kinds of proposals we are looking for and meet other stakeholders interested in the pilot.

Employer briefings will take place in the following places through March and April:

Area	Date
Manchester	6th March 2012
London	7th March
Birmingham	14th March
Leeds	15th March
Sheffield	21st March
Bristol	27th March
Newcastle	28th March
Nottingham	3rd April
Liverpool	4th April

Webinar

Webinars will take place on the 22 and 29 February 2012.

Event dates may be subject to change and interested parties should check the website for the latest information. To attend any of these sessions please visit the [Employer Ownership website page](http://www.ukces.org.uk/employerownership) (www.ukces.org.uk/employerownership) for details.

Decision making process

An Investment Board will review applications and select those that fit most closely with the full investment criteria. Final decisions will be taken in the context of ensuring a balanced portfolio of investments.

To assist with the shortlisting process the lead employer(s) from a bid may be offered the opportunity to present their proposals to the Investment Board. This will depend on the value, complexity and risk associated with each proposal. Please note that those applicants invited to present to the Investment Board will be notified a minimum of two weeks before the Investment Board date.

The Investment Board is chaired by Charlie Mayfield (Chair, UK Commission), and comprises of UKCES Commissioners, and senior staff/officials from BIS, DfE, UKCES, the Skills Funding Agency and the National Apprenticeship Service.

Decisions and feedback

We will write to all applicants within ten working days of the final decision to notify them of the outcome. All decisions are final; there will be no right of appeal though unsuccessful proposals may be re-submitted for consideration by the Investment Board in any subsequent rounds.

Applicants wishing to receive more detailed feedback on a decision should request this via employerownershipqueries@bis.gsi.gov.uk

Investment agreements and monitoring

Successful applicants will sign a grant offer letter with the Skills Funding Agency, which will be the Investment Agreement. The letter will set out the outcomes to be achieved by the project, a payment profile and monitoring arrangements. If projects include skills or training activity for 16-18 year olds, there will be a requirement for information to be separated by that age group.

Accountability structures will be as light touch as possible, with the successful bidders being allocated a single point of contact for the account management of their project. Monitoring arrangements will be appropriate to the scale and risk of the project being undertaken and will, where possible, make use of existing company systems and audit arrangements. Should successful bids fall within the scope of State Aid, additional monitoring requirements may be requested to ensure compliance with State Aid regulation. We welcome bids that propose how the intended outcomes could be measured in a way that ensures accountability of all partners and is low cost but auditable.

Successful applicants will be required to participate in, and provide data to assist with the programme level evaluation of the pilot, and to support the production of relevant national statistics. The programme level evaluation will draw on the evaluation of individual projects carried out by successful applicants.

State Aid

Employers should bear in mind that all applications will need to be assessed for State Aid compliance, and should assure themselves that the bid is State Aid compliant. We consider that the General Block Exemption Regulation provisions on training will generally provide legal cover.

It is the responsibility of the employer to monitor their own compliance with the State Aid rules. Further information about State Aid can be found [here](#).

6. Investment Criteria

Full investment criteria, application forms and guidance will be available towards the end of February 2012 on the [pilot website](http://www.ukces.org.uk/employeroownership) (www.ukces.org.uk/employeroownership).

Applications to the pilot will be assessed in broad terms against the objectives for the pilot, on page 4. The specific investment criteria will focus on the following areas:

- **Economic benefit and value for money** – proposals should demonstrate their potential for increasing the impact of work readiness, workforce development and Apprenticeship activity and for this to have a tangible impact on employer performance and growth. Only economic benefits which are deemed to be additional to what would happen without Government support will be counted. It is therefore essential that proposals clearly demonstrate how the proposed projects achieve a step change in the scale, quality and relevance of training and skills developed
- **Innovative approaches to skills and workforce development** – proposals should demonstrate how they address strategic skills needs and demonstrate how this solution is new or an improvement on existing options for delivering training. Proposals should explain why existing training options are considered unfit for purpose and clearly identify the aspects of the project which are new and innovative. This may involve changes to the content of training but could also be a new delivery method or a set of partners collaborating together for the first time
- **Feasibility** – proposals should demonstrate strong employer leadership and set out levels of employer investment alongside public investment. They will need to demonstrate a robust, achievable and adequately resourced plan for developing and implementing the training. The proposal should show that a strong team with a positive delivery track record will lead the project and that strong and appropriate partnerships have been forged to deliver the solution
- **Quality** – proposals should demonstrate how a high quality experience for the employer and learner will be delivered and how the breadth and depth of learning will be provided. Proposals should explain the steps that will be taken to ensure that those undertaking the training or pre-employment opportunity will be supported to gain the most from the experience, for example through employee engagement, relevance of training and partnership arrangements.

The Investment Board will review applications and select those that fit most closely with the published investment criteria. The Board will also seek to fund a balanced portfolio of projects across a range of skills development activity, sectors, geographical location and company size.

7. Relationship with other public funds

Government invests in skills through a number of different routes. Existing skills funding to colleges, training providers and employers remains in place alongside this pilot. More information can be found [here](#). Below is a summary of the most relevant employer-based funding routes.

Growth and Innovation Fund (GIF)

GIF supports business networks by co-investing in the infrastructure to support innovative skills solutions with the potential to transform growth in the sector, region or supply chain. For employers interested in developing skills infrastructure proposals, such as professional standards and guilds, GIF support may be available (click [here](#) to find out more). Where bids submitted to the Employer Ownership pilot have elements of infrastructure costs, BIS and UKCES may discuss with bidders how they might access GIF if appropriate. GIF is managed by UKCES.

Higher Apprenticeship Fund

The Higher Apprenticeship Fund is a £25 million programme of targeted support to extend the range of Higher Level Apprenticeship frameworks available and support the capacity and capability of the delivery infrastructure. Bids can be submitted by collaborative partnerships including employers, Sector Skills Councils, Professional Bodies, National Skills Academies and a range of other partners. A second round of bids for the Fund will be launched shortly. More information can be found [here](#).

The Advanced Manufacturing Supply Chain Initiative (AMSCI)

AMSCI is a competition for funding to improve the global competitiveness of advanced manufacturing supply chains and help to attract major new suppliers to set up and manufacture here. Up to £125 million is available to support innovative projects that deliver economic growth.

The initiative aims to develop a globally competitive supply chain (or supply chains) through projects that deliver the following.

- Generate a genuine and measurable impact on competitiveness and economic growth preferably at a sectoral level
- Make a contribution to innovation and technology development
- Increase the UK manufacturing capacity, capability and efficiency
- Provide positive economic and employment impacts that support rebalancing of the economy and overall economic growth
- Raise skill levels or close skills gaps.

Beneficiaries must be located in England, although discussions are taking place with the Devolved Administrations as to whether support for companies based elsewhere within the UK may be available for successful bids, where appropriate. Further details will be available on the Technology Strategy Board website [here](#) (www.innovateuk.org)

8. Further Information

Questions and enquiries regarding the Employer Ownership of Skills pilot can be submitted to employerownershipqueries@bis.gsi.gov.uk

We aim to respond to questions within three working days. It is important to note that in order for all applicants to have access to the same information, responses including significant new information will be shared publicly through the [pilot website](http://www.ukces.org.uk/employerownership) (www.ukces.org.uk/employerownership). Details of those asking questions will not be made public. This website will be updated regularly and applicants should ensure they have taken account of the latest information provided when preparing their applications.

Freedom of Information and Data Protection

Please be aware that the the Department for Business, Innovation and Skills (BIS) is a public body which is subject to the provisions of the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. If you mark any material you submit as part of your application as confidential or indicate that its disclosure would, or would be likely to be prejudicial to your or anyone else's commercial or other interests, then BIS will have regard to this when considering if any of the exemptions from disclosure in the relevant legislation apply where a request has been made the scope of which includes the information you have provided. You should also explain why release of this information would be prejudicial to your interests or those of third parties. However BIS cannot guarantee that any information supplied to it would not fall to be disclosed, whether following an initial request for information or by a direction of a regulatory authority (including the Information Commissioner) or a court or other authority of competent jurisdiction.

Any personal data that is provided as part of your application will be processed in accordance with the Data Protection Act 1998, in particular in full compliance with the data protection principles in schedule 1 of that Act. The personal information will only be processed by BIS (and its administrators) for the purpose of assessing your eligibility for the Fund. It will not be used for any other purpose without your permission, nor will it be shared with any third party, subject to the provisions of the 1998 Act.

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