Growththrough people



UKCES strategy 2014-17 and business plan 2014-15





Foreword

After one of the most challenging economic periods for a generation, signs of renewed optimism and stronger growth are very welcome. Employment is rising as economic output improves and business confidence strengthens. However, it remains to be seen whether this good news is a cyclical rebound or the long term structural rebalancing and recovery we need. We cannot be complacent. Productivity remains low, youth unemployment stubbornly high and the distribution of growth is uneven across the UK.

The conditions for a structural recovery include infrastructure and business confidence to invest. But sustained growth will only be achieved by another condition - people with the capabilities businesses need to compete globally. Government has a role to play in all three, but when it comes to people, particularly the creation of employment opportunities and skills progression, it is business that must lead. And we cannot rely on individual companies alone; we need better coordinated, long-term employer collaboration if we are to meet the needs of a global economy.

It is for this reason that, three years ago, UKCES set out a vision for greater employer ownership of skills. We have consistently focused on encouraging leadership by forward thinking employers ever since, co-investing with them, and encouraging government to cede responsibility to them for their own sectors. We have seen encouraging progress. We have supported 124 employer-led projects, which have created around 475,800 opportunities, including 26,800 apprenticeship starts.

Importantly, employers have stepped up to lead, often in collaboration with trade unions, colleges and training providers. Our focus in the last 18 months has been on scaling up the impact. It's for that reason we have supported 8 employer-led industrial partnerships and argued for the rerouting of apprenticeship funding to employers via the tax system.

Scaling up requires more effective 'ladders of opportunity' in different sectors that enable people to get in and on in work. For the employer, this is how they develop and deploy the skills they need to compete. For the employee, it's how they develop a fulfilling career and achieve progression in earnings. The success of our economy will depend in large part on how well we address opportunities on different parts of the ladder.

It's no accident that the most successful sectors are those where the ladder is working best. In most cases that's because the industry is clear on its requirements and has

invested in people and their development. This is a key role for the emerging 'industrial partnerships' They come in many shapes and sizes and UKCES Commissioners will be asking each to show leadership for their sectors by setting out what they require to succeed and ensuring the delivery. Encouragingly employers are stepping up in collaboration and we will be supporting and encouraging them by championing employer leadership on standards and by securing funding reform of apprenticeships. We shall continue to co-invest to encourage innovation, particularly in creating better pathways from school into work, to help people get onto the ladder, to improve the skills needed for progression and productivity for those in work and in the development of higher level skills, at the top of the ladder.

The momentum is promising but now it's time to deliver in more places, in more businesses and for more people. We look forward to working with industry and governments across the four nations to ensure we have the skills and employment opportunities people need to succeed.

Sir Charlie Mayfield



Introduction

The UK Commission for Employment and Skills (UKCES) is a publicly funded, industry-led organisation providing leadership on skills and employment issues across the UK.

Together, our Commissioners comprise a social partnership of senior leaders of large and small employers across from across industry, trade unions, third sector, further and higher education and across all four UK nations.

- Our Vision is to create with industry the best opportunities for the talents and skills of people to drive competitiveness, enterprise and growth in a global economy.
- Over the next three years our Ambition is to see industry in the UK create "ladders of opportunity" for everyone to get in and on in work.

This means employers improving entry routes into the labour market for young people, ensuring the existing workforce has the skills businesses need to compete and individuals need to progress, and deploying those skills in a way that drives productivity and growth.

This is a collective agenda for employers working in partnership with government, trade unions, education providers, industry bodies and local organisations.

Contents Summary Commissioners > Achievements over the last 6 three years > Ambition - three key challenges Approach - how we work 8 Deliverables for 2014-15 Governance - Commissioner 10 Leadership People and corporate functions 41 Resource allocation 12 Demonstrating impact 13

Summary

Vision

Our Vision is to create the best opportunities for the talents and skills of people to drive competitiveness, enterprise and growth in a global economy

Ambition over the next three years

Create more opportunities for all young people to get in and on in work

Improve the skills, productivity and progression of those in work Build stronger vocational pathways into higher level skills and jobs

Objectives over the next year

Lead the debate with industry to drive better outcomes for skills, jobs and growth

Work with industrial partnerships and wider networks to push forward emplover ownership of skills Test out employer-led innovation to address persistent skills challenges

Help businesses realise the potential of their people through Investors in People

Approach

Commissoner-led

Focused on impact

Evidence-based

Open and collaborative

Commissioners

Large Employers

Jeremy Anderson CBE



Chairman, Global Financial Services, KPMG

John Cridland CBE



Director-General of the CBI

David Fairhurst



McDonald's Europe

Fiona Kendrick



Nestlé UK & Ireland

Douglas McCormick



Engineering professional

Toby Peyton-Jones



Director of HR. Siemens UK & North West Furone

Small/medium **Enterprises**



and Resources at Crossrail I to

James Wates CBE



Chairman, Wates Construction Limited

Nigel Whitehead



Group Managing Director Programmes & Support, BAE Systems

Barbara Spicer



Interim Chief Executive, Skills Funding Agency

Trade Unions

Scott Johnson



Chas Smith Shopfitters Ltd

Julie A. Kenny CBE, DL



Chairman and Chief Executive, Pyronix Limited

Sean Taggart



Owner and Chief Executive of The Albatross Group

Will Butler-Adams



Managing Director, Brompton Bicycle Ltd

Gail Cartmail



Assistant General Secretary (AGS). Unite the Union

Frances O'Grady



General Secretary of the

Dave Prentis



General Secretary, UNISON

Grahame Smith



General Secretary, Scottish Trades Union Congress

FE, HE and **Careers**

Prof. John Covne



of Derby

Dr. Deirdre Hughes OBE



Chair of the National Careers Council

Voluntary Sector

Seyi Obakin



Chief Executive of Centrepoint

Liz Savce OBE



Chief Executive, Disability Rights UK

Devolved Administrations

Dr Bill McGinnis CBE



Employment and Skills

Paul McKelvie OBE



Professional

Scott Waddington



Chief Executive, SA Brain

Sir Charlie Mayfield



Chairman

Achievements over the last three years

Employer leadership and investment

- Charlie Mayfield launched our vision for greater employer ownerships of skills in England setting out how we invest in our current and future workforce. The Government committed £340m in 2012 to test our vision through an Employer Ownership Pilot, to increase employer collaboration and scale up the impact of skills investment.
- Changed our approach to investing in skills to drive employer innovation by moving from top-down grant funding of Sector Skills Councils to competitive coinvestment, available to wider employer networks.
- The investment group led by Professor John Coyne has committed £110m alongside £103m of private investment in 124 employer-led projects, which have created around 475,800 opportunities including 26,800 apprenticeship starts. Projected to achieve a potential benefit of £3-£6 return on each £1 of public money invested over 10 years.
- Through the Employer Ownership
 Pilot, with partners we have committed
 to 59 projects and are projected to
 invest £300m alongside £380m of
 private contributions, this includes 8
 employer-led industrial partnerships,
 that are projected to receive £138m of
 investment with employers co-investing
 £69.5m of cash contributions alongside
 £144m of in-kind contributions.

Innovation in policy and practice

- Led by Liz Sayce we have changed the terms of the debate on youth unemployment. In 2011 Valerie Todd launched the youth employment challenge to highlight structural barriers and what businesses can do to help. More recently, Julie Kenny has launched an employer guide to reinventing work experience. Over a third of investment projects and 90% of Employer Ownership projects create opportunities for young people.
- Scott Johnson led policy proposals developed with industry to reroute Apprenticeship funding from providers directly to employers via the tax system. HM Treasury committed to undertake a technical consultation over tax in 2013. This will reposition the employer as purchaser and will "hardwire" Apprenticeships into business practice.
- Nigel Whitehead set out a vision for adult vocational qualifications in England. Government accepted recommendations which are now being taken forward in the five year plan for vocational qualification reform.
- Tony Lau-Walker chaired the Commissioning Board that reformed the approach to buying occupational standards and frameworks for the UK to be more responsive to employer demand and achieve better value for money. This has encouraged supplier collaboration and achieved cost savings of £4.6m.
- Jeremy Anderson and Nigel Whitehead led work on extending work-based routes into higher level skills and chartered status in accountancy and advanced manufacturing. Higher Apprenticeships are expanding rapidly in all the UK nations.

Robust business intelligence

- Produced the first-ever UK-wide employer skills survey of 87,500 employers, the largest of its kind in the world. Sir Charlie Mayfield launched the most recent survey in 2014. It is the authoritative source used by policy makers, businesses and education providers to understand skills priorities and how they vary by nation, area, sector and occupation.
- Developed and released the 'LMI for All' data tool in 2013 enabling access to core intelligence through a single source to help people and businesses make more informed career decisions.
- Joined forces with international think tank the OECD in 2011 to understand how the UK compares globally and where we can improve. The OECD cite UKCES as an exemplar of policy innovation.
- Toby Peyton-Jones launched the Future of Work, comprising a groundbreaking report analysing the trends and disruptions shaping the UK's labour market up to 2030, together with the most comprehensive set of labour market projections available in the UK.

Investors in People

- Led by a team of Valerie Todd, Sean Taggart, Scott Johnson, Dave Prentis and Will Butler-Adams we have extended the reach of IIP towards SMEs and the private sector by focusing more on the business customer and delivering a proposition employers value.
- Despite the recession, sales in the UK have increased by £1m in 3 years, from £15.8 million in 2011/12 to £16.8 million in 2013/14
- Developed and implemented new commercial business model which has reduced public subsidy from £5m per annum in 2010 to breakeven in 2015.
- More than 90% of new IIP accreditations are now coming from SMEs and two thirds of clients are from the private sector.
- Improved and sharpened the client proposition to demonstrate how IIP adds value to their organisation.

Ambition - three key challenges

Ultimately, it is employers who are able to create 'ladders of opportunity' for everyone to get in and on in work. Over the past three years we have focused on supporting employers to work collectively to take the lead on developing training and employment opportunities that will deliver growth. Employers have responded, but we must go further. There are three key areas we think need to be addressed:



Approach - how we work

Commissioner-led

Our unique perspective lies in the diversity and independence of Commissioners who are able to reach out into industry and take a long term, 'big picture' perspective on skills and jobs for the UK.

Achievements

- 30 high calibre Commissioners.
- Reformed governance model giving clear line of sight between executive and Commissioners.
- Commissioners spoke at over 100 events in the last three years.
- Commissioners have led on a number of policy inquiries with Ministers and business leaders including the recent review of adult vocational qualifications in England.

Ongoing work

- Take forward
 actions from Board
 Effectiveness review.
- Continue to build profile and engagement of Commissioners with industry.

An effective UKCES

Focused on impact

Outwardly, we look for opportunities where we can make the biggest difference. Our impact relies on working as a single team to ensure that the sum of our activities is greater than its parts. Inwardly, we are an efficient and agile public body.

Achievements

- Developed the strategy for employer ownership of skills, now a key government policy.
- Led the case for the reform of public investment in work based training.
- Projected to achieve good value through our investments (£3-£6 return on each £1 over 10 years).
- Reduced administrative budget by 35% since 2010-11.
- 59% of procurement spend is with SMEs.
- 21% of staff are apprentices/ graduate trainees.

Ongoing work

- Achieve Investors in People reaccreditation.
- Continue to improve the impact of our communications activity.
- Look for further opportunities to reduce our cost base and maximise the delivery and impact of our resources

Evidence based

We mobilise impartial and robust national and international business and labour market research to inform choice, practice and policy. Uniquely, we combine robust business intelligence with Commissioner leadership and insight.

Achievements

- Produced two of the largest employer skills surveys in the world and the most comprehensive set of labour market projections available in the UK.
- Developed insights through a unique combination of technical evidence and professional policy expertise.
- Published over 80 research reports and briefing papers to influence policy and practice.
- Implemented a proactive, targeted and innovative dissemination strategy.

Ongoing work

- Extend the reach and impact of our research among local and sectoral networks.
- Ensure our evidence underpins the new occupational standards programme.
- Use evaluation of our investments to inform future policy and practice.

Open and collaborative

As a social partnership, our strength and influence comes from the partnerships we form across business, trade unions, government, industry bodies and education providers. We work with government to push forward effective policy and with industry to change business behaviour. We are transparent and open in how we work.

Achievements

- Contributed to numerous policy reviews across the UK including the Growth Review, Industrial strategies, Richards Review, Review of Apprenticeships in Northern Ireland, Ian Wood Review in Scotland and Qualifications Wales.
- Joined forces with the CIPD, CIMA and CMI to encourage businesses to value their people.
- Opened up access to our LMI data.
- Reached new audiences through data visualisations, webisodes and blogs.
- Set up strategic partnerships with the OECD, the ESRC and NIACE.

Ongoing work

- Strengthen partnerships with business networks and industry bodies.
- Continue to improve access to data and intelligence.
- Look for opportunities across industry, government and local, regional and national organisations to share evidence and insights.

Deliverables for 2014-15

Objective 1: Lead the debate with industry to drive better outcomes for skills, jobs and growth

- 1.1 In key policy areas of youth employment, progression in work and pathways to higher level skills, Commissioners will promote inspiring insights from our networks and research
- Take forward 3-4 key policy themes to understand what works in creating more opportunities for young people through work experience and apprenticeships, improving productivity and progression in work and creating pathways to higher level skills.
- · Use Commissioner leadership and industry networks to promote key messages and change policy and practice.
- 1.2 Produce and promote robust business intelligence to ensure that skills development supports choice, competitiveness and growth for local and industrial strategies
- Deliver core business intelligence across the UK which is recognised, and shapes future choice, policy and practice (including the UK Commission Employer Perspectives Survey (2014) and Employer Skills Survey (2013); our sector insights; working futures series and Listening to Business).
- · Deliver 'LMI for All 'and related products which enhances wider access to intelligence and stimulates use in the market.
- Work with Local Enterprise Partnerships and wider partners to help ensure that labour market intelligence supports skills development.
- Work with strategic partnerships such as the Organisation for Economic Co-operation and Development, to extend the UKCES research portfolio and strengthen evidence based decision making concerning skills.

Objective 2: Work with industrial partnerships and wider networks to push forward employer ownership of skills

- 2.1 Co-ordinate an industry-led National Occupation Standards programme that develops high quality standards that work for apprenticeships and vocational qualifications across the UK
- Manage the effective delivery of the Standards and Framework programme during 2014 2015, and plan for transition to the new technical function.
- Develop the approach to National Occupation Standards for the UK based on labour market requirements and participate in the feasibility study to explore linking the NOS database with other external qualifications databases including those for Ofgual and the SFA
- 2.2. Work with 8 industrial partnerships and networks to galvanise action on skills in line with national industrial strategies
- · Work with SFA/BIS on the completion of grant negotiations to establish up to 8 industrial partnerships to drive growth through skills.
- Work with industrial partnerships and networks to build their effectiveness, encourage successful collaboration and knowledge transfer and support the key
 policy areas of youth employment, progression in work and pathways to higher level skills.
- Highlight best practice through Commissioner-led promotional activity and make an early assessment of progress and what works.
- 2.3 Manage the performance and evaluate our existing employer investment programmes projects
- Manage the Employer Investment Fund (EIF) and Growth and Innovation Fund (GIF) projects to effective completion including financial reconciliations, reporting of outputs/outcome data, reviewing evaluation and project closure reports and develop compelling stories of impact.

Objective 3: Test out employer-led innovation to address persistent skills challenges

- 3.1 Establish and pilot a UK Futures Programme which supports 20 projects against 6 skills challenge rounds
- Establish a UK-wide futures programme co-investing with collaborations of business and wider partners to research, prototype and scale genuinely innovative solutions to tackling market/system failures..
- Issue 6 challenges over the year in relation to youth employment, progression and productivity in work and pathways to higher level skills.
- Support effective knowledge transfer and continuous learning to identify what works and to stimulate changes in policy and practice

Objective 4: Help businesses realise the potential of their people through Investors in People

- 4.1 IIP will work with 7,500 organisations (85% being SMEs) in 2014/15 and increase sales to £19m
- Achieve a minimum customer net promoter score of 9 out of 10.
- Increase the IIP stock to 15,000 by undertaking 1,200 first time assessments and customer retention rate of 72%.
- Develop, pilot and transition to a new IIP framework which also embeds the Valuing your Talent framework.
- For each deliverable there is a delivery plan with quarterly milestones to be approved by the Strategic Management Group.

Governance - Commissioner Leadership

Chairman

Sir Charlie Mayfield

Formal Governance Groups

Leading the organisation; seeking assurance; challenge and control

Strategic Management Group

Chair Julie Kenny

Audit and Risk Group

Chair Bill McGinnis

Research Group

Chair Grahame Smith

Delivery Groups

Driving and monitoring performance

Objective Delivery Group One

Lead Douglas McCormick

Objective Delivery Group Two

Lead Nigel Whitehead

Investment Sub Board

 \rightarrow Chair John Coyne

Objective Delivery Group Three

Lead Scott Waddington

Objective Delivery Group Four

Lead Valerie Todd

As at 1st April 2014

People and corporate functions

Our People

Based on 2014/15 opening headcount excluding known leavers, there are 88 permanent members of staff.

Research and Technical team

Delivers specialist LMI, research, evaluation and policy analysis to support the objectives.

Project Delivery team

Delivers technical expertise on policy implementation and project delivery to support the objectives.

Business Services team

Provides specialist communications, financial management for projects, organisational planning and corporate services to support the objectives.

As part of our Grow your Own Talent policy, we have 20 paid graduate interns/ trainees and apprentices who work across the business. These opportunities are a long-term commitment to young people, and internal progression is encouraged.

Corporate functions

Commissioner Leadership

This area oversees the governance and performance management of the organisation, making sure we can demonstrate the impact of our work to our stakeholders and that our commissioner leadership delivery model is effective.

Priorities for 2014/15:

- Develop and embed a new performance management framework and demonstrate the impact of our work.
- Develop and embed new governance arrangements and ensure that we continue to meet our obligations as a limited company and NDPB.
- Ensure that Commissioners are engaged, informed and supported and that we make best use of their skills, expertise and networks.

Corporate Communications

This area ensures our external communications activities including website, events, publications, media relations and monitoring, social media and stakeholder management are high quality, effective and targeted in support of the objectives.

Priorities for 2014/15:

- Ensuring all communications activities are planned, delivered and evaluated in line with the new Government Communications Service best practice guidelines
- Increasing the reach and penetration of our key messages amongst target audiences by 20% in 12 months
- Transition the ukces.org.uk website onto the gov.uk platform

Corporate Services

The Finance, IT, HR, Procurement and Facilities functions enable the efficient and effective delivery of the business and ensures that the organisation maintains its reputation as a well-managed and efficient public body, managing an effective balance between risk and control.

Priorities for 2014/15:

- Supporting the UK Commission to achieve IIP reaccreditation
- Working with BIS shared services to develop and agree any transition plans for HR and Finance where they add value or reduce cost
- · Continuing to focus on reducing the cost base of the organisation
- Continuing to invest in up-skilling the workforce

Resource allocation

Funding levels

£ Million	Actual 2010-11	Actual 2011-12	Actual 2012-13	Actual 2013-14	2014-15 Budget
GIA received from BIS	66.0	64.0	59.8	59.4	38.5
GIA received from other Government sponsors	5.0	1.5	1.0	0.8	1.0
IIP Income	0.4	0.5	0.3	0.5	1.4
Total funding	71.4	66.0	61.1	60.7	40.9
UK Commission organisation and non-programme staff costs	9.9	7.6	6.6	6.5	6.3
Cap Ex & Depreciation	0.7	0.6	0.5	0.5	0.6
Programme Delivery*	61.2	55.6	55.6	55.2	34.0
Total costs	71.8	63.8	62.7	62.2	40.9
*Programme delivery is allocated to the following areas:					
UK Commission direct spend and programme staff costs, primarily Research and IIP	6.7	4.6	6.3	7.5	7.7
SSC Strategic funding including funding for National Occupational Standards	45.6	41.1			
Other sector funding	8.9	1.3	0.1		3.8
Occupational Standards			4.4	4.3	4.4
Employer Investment Fund rounds 1-3		5.5	36.1	28.6	0.3
Growth and Innovation Fund rounds 1-4		3.1	8.7	14.7	12.7
Futures programme					5.1
Total programme delivery spend	61.2	55.6	55.6	55.2	34.0

Demonstrating impact

Our Vision is to create the best opportunities for the talents and skills of people to drive competitiveness, enterprise and growth

Please note these are indicators not measures

2017

2014 —

Build stronger vocational pathways into higher skills and jobs

Improve the productivity and progression of those in work

Create more opportunities for young people to get in and on in work

Obiectives

1. Lead the debate with industry to drive better outcomes for skills, jobs and growth

Deliverable

- 1.1 In key policy areas of youth employment, progression in work and pathways to higher level skills, Commissioners will promote inspiring insights from our networks and research.
- 1.2 Produce and promote robust business intelligence to ensure that skills development supports choice, competitiveness and growth for local and industrial strategies

Outputs (12 months after initiation)

-2015 -----

- Policy insights evidenced, developed and promoted to shape thinking, policy and action
- High quality intelligence published, accessed and used
- LMI data portal enhanced and tested
- Intelligence supports thinking, policy action and practice nationally and locally

2. Work with industrial partnerships and wider networks to push forward employer ownership of skills

- 2.1 Establish and co-ordinate an industry-led occupational standards programme that underpins apprenticeships and vocational qualifications across the UK
- 2.2 Work with 8 industrial partnerships and networks to galvanise action on skills in line with national industrial strategies
- 2.3 Manage the performance and evaluate our existing employer investment programmes projects

3.1 Establish and pilot a UK Futures

against 6 skills challenge fund rounds

Programme which supports 20 projects

- National Occupational Standards in key sectors are updated during 14-15 based on strong and direct employer engagement, and related products are developed, used and valued
- New UK-wide approach to co-investing in National Occupational Standards, including a reformed National Occupational Standards database developed, agreed and operating effectively
- Effective industrial partnerships in place successfully collaborating
- Balanced investment portfolio managed to become self-sustaining and have impact
- Test, trial and implement effectively employer-led innovations to research, prototype and scale solutions which drive improvements in policy and practice and strengthen collaborative action

4. Help businesses realise the potential of their people through Investors in People

3. Test out

emplover-led

innovation to

address persistent

skills challenges

- 4.1 IIP will work with 7,500 organisations (85% being SMEs) in 2014/15 and increase sales to £19m
- Increase the IIP stock to 15,000 by undertaking 1,200 first time assessments and customer retention rate of 72%
- · Refresh, and pilot IIP framework

Outcomes (2-3 years after initiation)

Skills systems

-2016 -----

- Conditions to suppor efficient long term investment in skills developed
- Skills investment indivisible from growth
- Vocational pathways judged to have improved

Business benefits

- Smarter sustainable employer investment in skills
- Skills investment brings tangible business benefits
- Skills investment indivisible from growth strategies
- More businesses succeeding with III

People

- Improved career/ work experience opportunitie
- Improved career pathways and more valued skills opportunities developed
- Improved progression

Impacts (3 years plus)

Economy

- Increase UK productivity
- Employment growth
- Competitive pay
- Change in balance between private and public investment
- Fewer barriers to investment
- Improved balance of payments

Business benefits

- Broader employer investment in skills
- More high value businesses
- More high performance working
- More effective recruitment practices

People

- Improved skill levels
- More economically valued skills
- Better employment opportunities, pay and progression

Better skills use

- Fewer persistent skills deficiencies
- Reduced underemployment/ utilisation
- Reduced reliance on migration

