



UK COMMISSION FOR
EMPLOYMENT AND SKILLS

REVIEW OF EMPLOYMENT AND SKILLS

APRIL 2011



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FOREWORD

The substantial changes to the employment and skills systems present the rare opportunity to focus services on a common goal for the individual and employer. The goal is giving individuals the skills to develop whilst enabling businesses to grow. It's not just about meeting the recruitment needs of employers and it's not just about up-skilling individuals. The opportunity lies in where public investment can support the achievement of both outcomes for both customers. The prize for achieving this is more individuals moving into sustainable work with the skills to progress, whilst meeting the businesses' ambitions for growth with the necessary skilled staff to succeed.

The Review is built upon the experience of people closest to the delivery of services. Many of the actions in this report are not new and many will already know their impact. The fieldwork conducted across the country has shown me the strength and will of local partnerships to ensure their services deliver for customers.

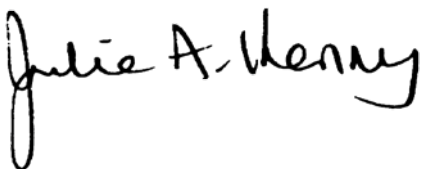
This report is a call to action for:

- Employers to engage more effectively with local partners that deliver employment and skills services, clearly signalling their needs and becoming involved in the design and delivery of provision.
- Local partners to seize the opportunity offered by greater flexibility and deliver services that have real lasting impact for individuals and employers.

As a businesswoman, as an employer and as an individual, I ask you to act decisively, with pace and confidence, to make the step change required.

To achieve growth, it's critical that we urgently address the challenges of achieving sustainable employment and individual progression whilst in work. Welfare reforms and the Universal Credit aim to reduce significant barriers to employment by always 'making work pay' with the continuation of benefits for those in low-paid work. It is therefore a priority that we support individuals by tackling barriers and providing opportunities to progress out of low-paid work and move into sustainable employment free from state support.

This report presents actions built upon the experience and input of over 350 stakeholders, and we've clearly set out how best practice can be retained and developed in a more responsive system. However, local stakeholders must address these challenges in a way that best meets the demands of the local economy, individuals and businesses. I've every confidence that we can do this. Strong, effective regional partnerships got us where we are today, and broader, more active local collaboration needs to take us forward.



Julie A Kenny CBE DL
UK Commission for Employment and Skills Commissioner



"I know from my own experience the importance of supporting individuals to progress. An employer gave me the opportunity to train and develop my skills, which gave me the confidence, knowledge and ambition to start my own business. I now employ over 135 staff in the UK and have factories both at home and in China. I am committed to progressing and developing my own staff, not only because of my past experience, but because it's good for my business. The challenge now is to inspire a nation of employers and individuals by supporting them to grow, progress and contribute to economic recovery."



GLOSSARY

A2020	Ambition 2020
BIS	Department for Business, Innovation and Skills
BLS	Bureau of Labour Statistics (USA)
DOL	Department of Labour (USA)
DPA	Data Protection Act
DWP	Department for Work and Pension
GLA	Greater London Authority
HMRC	Her Majesty's Revenue and Customs
ILR	Individualised Learner Record
IT	Information Technology
JCP	Jobcentre Plus
JSA	Jobseeker's Allowance
LEPs	Local Enterprise Partnerships
LMI	Labour Market Information
Local Partners	Includes reference to all providers and agencies operating locally. For example, Jobcentre Plus, colleges, training and welfare to work providers, employer representative groups, local authorities, careers guidance services
Matrix Standard	The Matrix Standard is a national quality framework that is applicable to any organisation delivering IAG (Information, advice and guidance) in the context of learning and work
Merlin Standard	The Merlin Standard is a code of conduct developed by DWP to recognise and promote sustainable excellence and positive partnership working within its supply chains of the welfare to work contracts
NESS	National Employer Skill Survey
NESTA	National Endowment for Science, Technology and the Arts
NOMIS	National Online Manpower Information System
NVQ	National Vocational Qualification
NYSDOL	New York State Department of Labour
O*NET	Occupational Information Network (USA)
OECD	Organisation for Economic Co-operation and Development
Ofsted	Office for Standards in Education, Children's Services and Skills
ONS	Office for National Statistics
PRAP	Provider Referrals and Payments system operated by the Department for Work and Pensions
QAA	Quality Assurance Agency for Higher Education
RSOs	Regional Skills Observatories
SFA	Skills Funding Agency
SMEs	Small and medium enterprises
TWCR	Tyne and Wear City Region
WF	Working Futures



EXECUTIVE SUMMARY

The employment and skills systems need to work together to support individuals into employment with the skills to progress, and in turn, to provide the skills employers demand. In 2006 Lord Leitch recommended the development of an “integrated employment and skills service to help people meet the challenges of the modern labour market”, however, this has not yet been achieved systemically. What has occurred is joint working at a local level, driven by the ambition to deliver better outcomes for customers, which often takes place despite inflexibilities of the systems.

This Review was commissioned in 2009 to assess progress towards integration and to make recommendations on what more needs to be done to integrate services further. Since this time, significant changes to the systems have been announced, with a move away from nationally driven approaches towards local solutions. With greater freedom and flexibility for providers, and emphasis on empowering customers and devolving accountability, providers and agencies are now more focused on the results they deliver.

As the policy landscape became clearer, our work adapted to respond to these changes, and focus on where joint working adds real value. Throughout the Review we’ve sought to stand back and identify where there is the opportunity to work together to achieve better results. Our recommendations are built on the experiences of local stakeholders; based upon examples of services working together to mutually benefit the employer and individual.

The recommendations in this report are to be taken forward by local partners to ensure the flexibility offered in the new landscape maximises outcomes for individuals and employers. Where relevant, the report also makes recommendations for national departments and agencies to address remaining barriers to joint working at a local level.



OUR REPORT IDENTIFIES FOUR AREAS FOR ACTION

1. COHERENT INFORMATION

Coherent information to increase awareness of the needs of both individuals and employers to improve outcomes and participation rates in provision.

- Share customer information across services to improve the understanding of the needs of individuals, in order to provide a seamless journey and better tailoring of services.
- Develop a clearer understanding of employer demand at a local level in order to respond effectively to current and future business needs.
- Use performance information as a catalyst to empower individuals, employers and communities to hold local partners to account, enabling informed decision making and driving performance improvement.

2. COLLABORATION BETWEEN PARTNERS

Collaboration between partners through fair and inclusive partnership arrangements that align the goals and resources of local employment and skills systems.

- Reshape existing partnership arrangements to become more inclusive in order to have greater influence and impact.
- Identify and work towards common goals that achieve sustainable employment and progression in work. Enabled by an approach that trusts providers and aims to increase their flexibility to collaborate with a wider group of partners operating locally.
- Support collaborative approaches by aligning incentives for providers and financial planning cycles.

3. CUSTOMER FOCUS

Customer focus that gives communities a voice to influence and engage with tackling local priorities effectively. Involving individuals and employers directly in design and delivery of provision allows services to be tailored more effectively.

- Understand how to increase customer involvement in design and delivery of employment and skills services.
- Explore ways of working that create opportunities for customers and practitioners to design personalised solutions together.
- Evaluate performance from the perspective of the customer and the needs of the local community.

4. PROGRESSION

Once the above enablers are in place then progression in work should be the focus and ultimate collective goal of the employment and skills systems to support individuals to move out of low-paid work.

- Define 'progression' in work and measure current levels of progression in the labour market.
- Adopt a high-level universal commitment to sustainable employment and progression.
- Explore a 'career clusters' approach to support individual progression at a local level. By understanding local sectors that may support progression and working with employers to understand the structure of jobs, job requirements and advancement pathways.



INTRODUCTION

THE STORY AND FOCUS OF THE REVIEW

This Review has its foundation in the Leitch Report published in 2006, which recommended the development of an “*integrated employment and skills service to help people meet the challenges of the modern labour market*” and for the UK Commission for Employment and Skills to report on the changes required to deliver integrated services. The UK Commission’s 2010-11 Grant in Aid Letter required: “*The continuation of a Review that has as its focus progress on integrating employment and skills systems*”. This report covers England only. There will be separate reporting for Wales and Scotland after the elections in May 2011.

The employment and skills systems that are the subject of this Review are made up of two distinct departments. The Department for Work and Pensions (DWP) oversees policies to support individuals into employment and the entitlement to and payment of benefits through Jobcentre Plus. Specialist employment support is contracted to welfare to work providers. The Department for Business, Innovation and Skills (BIS) sets skills policies and funds education for 19 year olds and above through the Skills Funding Agency and their network of Further Education colleges, independent training providers and career guidance services. These partners along with local authorities, the voluntary and community sector, and sectoral and employer representative groups provide services which are the focus of this report.

A comprehensive self-assessment framework was developed with stakeholders to understand how effectively employment and skills services were aligned, accountable, affordable, agile and ambitious. Through local fieldwork, assessments were conducted in seven locations during 2010 and early 2011. With the input of over 350 stakeholders we worked with those closest to the design and delivery of services in each of these locations.

During the period of this Review, a significant number of policy changes for the employment and skills systems were announced. In order for our work to reflect the new policy, our methodology was adapted (further detail of the methodology is included in Annex B). We changed our planned approach to conducting the Review from simply assessing integration to reflecting these wider policy changes. By identifying how local areas should respond, and the barriers to maximising the benefit, we focused on making our recommendations matter for the employment and skills systems to work together in this new landscape. This is not about top-down process-led integration but genuinely where through coherent information, collaboration and customer focus the employment and skills systems can achieve a better outcome of progression.

The UK Commission’s 2011/12 Business Plan identifies that our Commissioners will continue to work with employers to maximise opportunities for the unemployed and disadvantaged. As part of this work we will continue to support local partners and employers to maximise the impact of employment and skills services.

BASIS FOR RECOMMENDATIONS

The recommendations are based on observations from fieldwork activity and captured examples of effective joint working between stakeholders in the employment and skills systems. The report includes case studies tailored to how these could apply in the context of greater freedoms and autonomy for local partners.

As such, the recommendations and ideas proposed are not prescriptive, but are ways of working that stakeholders can take forward to achieve better outcomes. These recommendations contribute to:

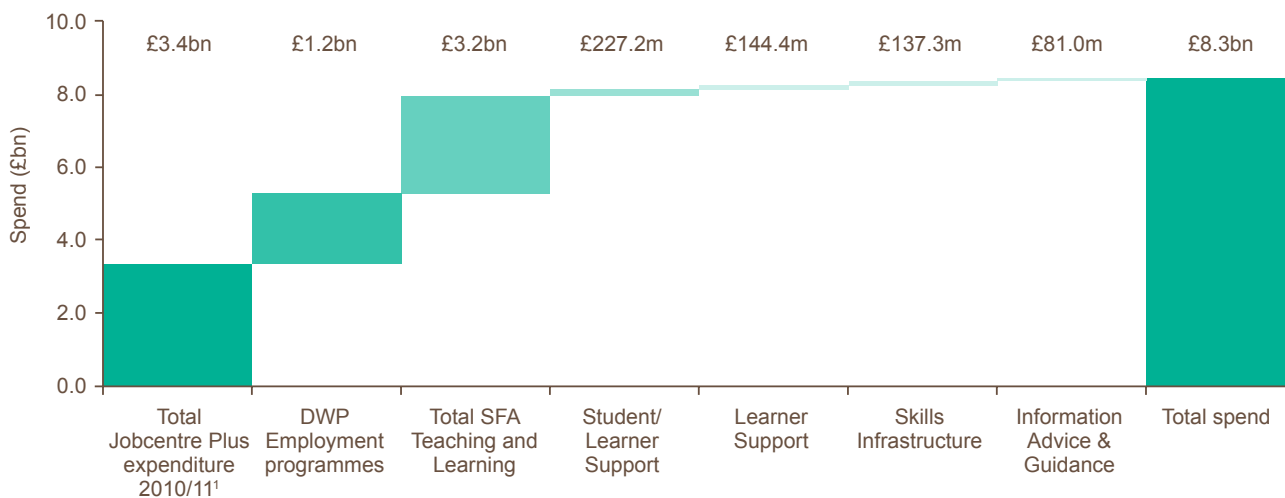
- **Enhance employer engagement** – improving the capability of local partners to engage with employers (particularly SMEs) and therefore increasing the number of individuals moving into work with the opportunity to progress.
- **Provide greater clarity** – making roles and responsibilities within the employment and skills landscape easier to understand and therefore easier for all to engage with.
- **Achieve better for less** – securing positive cost benefits by either accelerating improved performance or securing better outcomes for public investment.
- **Collective responsibility** – acknowledging that outcomes are not the responsibility of central government alone, but of all local partners, individuals and employers.
- **Equality** – promoting fairer and more equal employment and skills systems with greater accessibility for all.



CONTEXT OF THE REVIEW

In 2011/12 the total spend on the employment and skills systems England is projected to be £8.3bn. This spending aims to help many millions of individuals to increase their skills or to move into or progress in employment. As previously identified, the focus of this review is to identify how the money spent on employment and skills could be spent more effectively to move individuals into employment and to progress in work.

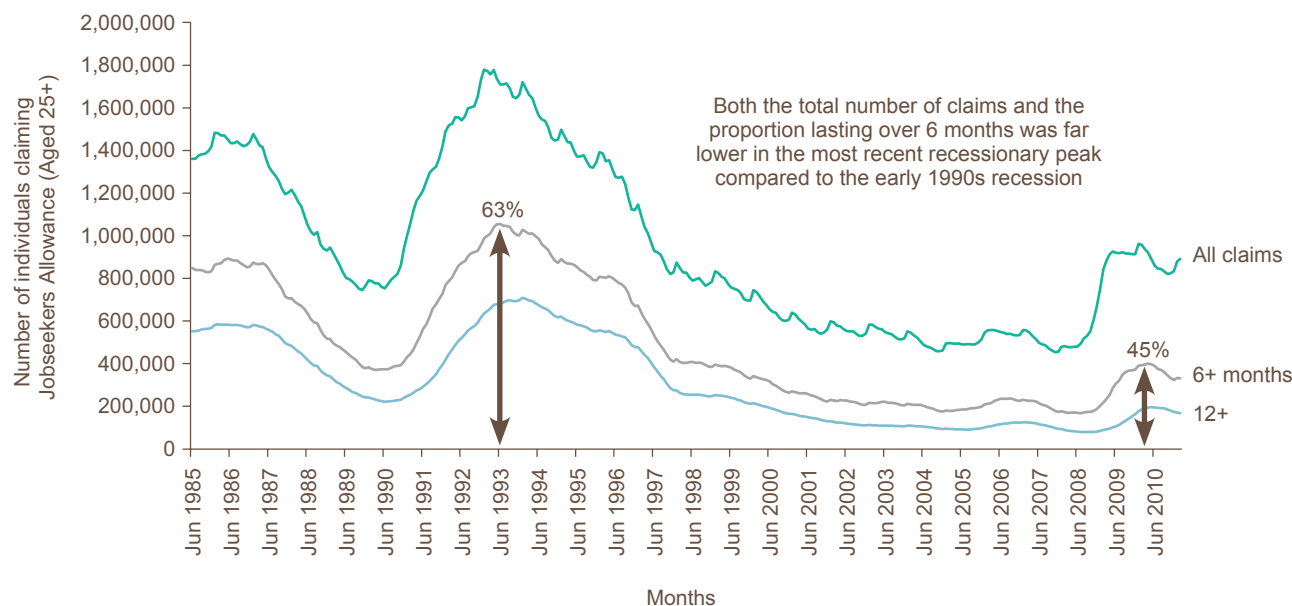
Figure 1: Projected total spend on employment and skills services, 2011/12



Source: DWP – Delivery Plan 2011-12, BIS – Investing in Skills for Sustainable Growth

At a high level, the employment and skills systems are performing well. Throughout the recession, the number of individuals claiming unemployment benefit (Jobseekers Allowance) that lasted over six months, never climbed over 45%. Learning participation levels continue to rise, with more achieving higher level skills, and the number of individuals with few or no qualifications falling.

Figure 2: Number of individuals 25 years and over claiming Jobseeker's Allowance by duration of claim



Source: Claimant counts, by age and duration, NOMIS

1 This is the total Jobcentre Plus expenditure so includes costs of benefits processing as well as supporting individuals into employment.



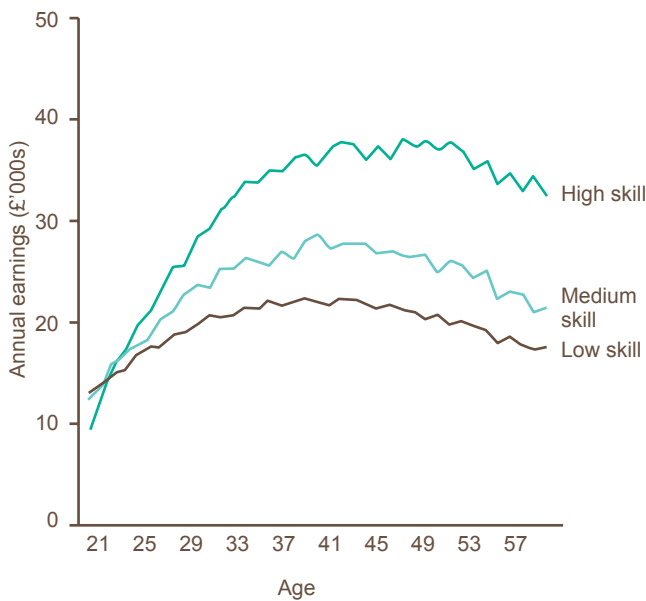
There is though a significant opportunity and a real need to achieve more from this spend.

For every ten individuals who make a new claim for unemployment benefits just under five had a claim less than six months previously. Reducing the rate that individuals move back onto unemployment benefits provides a significant opportunity to for not only benefit savings but also to ensure the support that individuals receive when they are unemployed is a better fit with the individuals own needs and those of local employers.

One of the reasons that individuals move back onto unemployment benefits is that often work does not pay. Changes to the welfare system to be introduced as part of the Universal Credit, seek to ensure that individuals are always better off in work. Ensuring the success of this policy is potentially very expensive given that the labour market has higher levels of low pay by international standards². One opportunity to increase pay, is to improve the skills levels of individuals to meet the needs of employers. Higher skill levels (see Figure 3) improves earning potential and progression opportunities in the long term. There is scope to improve the support available to ensure skills gaps are addressed before individuals become long term unemployed.

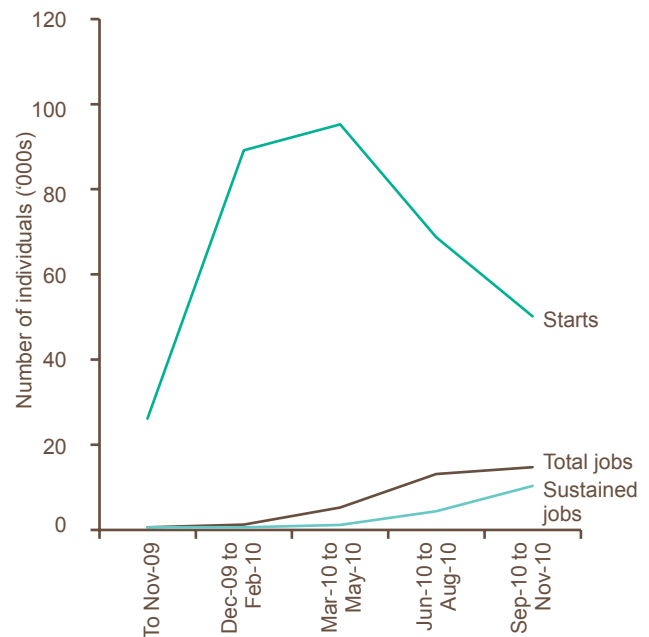
Individuals that remain out of work for longer than 12 months (less in some cases) receive specialist support to move into employment. The recent performance of this support (see Figure 4), particularly during the recession, has been challenging with a relatively small proportion of those individuals that start provision moving into employment. DWP's new Work Programme aims to significantly improve the performance achieved from support to the long term unemployed. To improve performance requires not only the right support for the individual to remove barriers to employment but also the availability of suitable employment opportunities.

Figure 3: Average earnings by skill level (£'000s)



Source: Cabinet Office, *Opening Doors, Breaking Barriers: A Strategy for Social Mobility, 2011*

Figure 4: Starts and job outcomes on Flexible New Deal



Source: DWP Quarterly Statistical Summary March 2011 table 1.10 <http://research.dwp.gov.uk>



Employers do support increased skills, but a step change is required in the way local partners that deliver employment and skills services engage with employers to ensure increased skills improves the number of individuals that move into and remain in work.

The proportion of employers providing training for their staff has increased, from 53% in 2003 to 69% in 2009³. However, this training is now offered to fewer employees, with low skilled workers that are at greater risk of moving onto unemployment benefits far less likely to receive training from their employer.

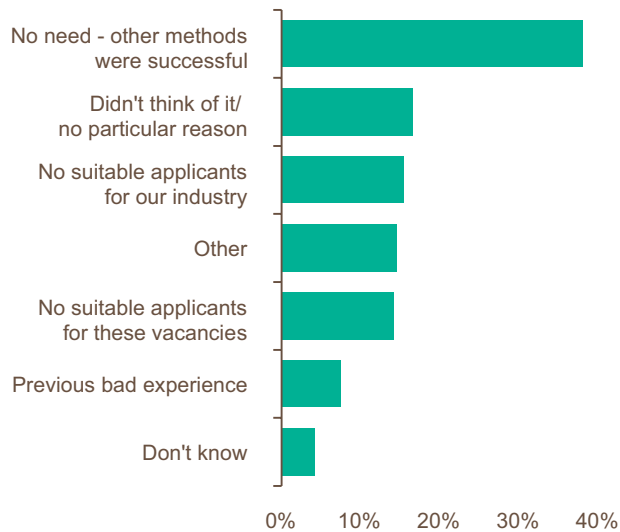
The case for training staff and opening up more opportunities for unemployed people by employers needs to be 'made and won'. The proportion of employers that use colleges (see Figure 5) and Jobcentre Plus services (Figure 6) suggest there is an opportunity to improve engagement and the relevance of their offer with employers.

Figure 5: Reasons why employers do not use FE colleges



Source: UKCES National Employer Skills Survey 2009

Figure 6: Reasons why employers do not use Jobcentre Plus



Source: UKCES Employer Perspectives Survey 2010

To improve performance and deliver better for less requires individuals to be supported to gain the right skills for local employers, and for local employers to come forward and open up more entry level jobs and more training opportunities for low skilled workers. This report sets out suggested actions for local partners and employers to achieve this.



THE EMERGING EMPLOYMENT AND SKILLS LANDSCAPE

THERE ARE SIGNIFICANT CHANGES TO THE EMPLOYMENT AND SKILLS SYSTEMS

The employment and skills systems are undergoing unprecedented change. The Skills Funding Agency is completely changing the way it funds and works with colleges and other training providers and DWP is about to roll out the largest welfare to work programme of its kind: the Work Programme. Over the next five years the benefits system itself will be radically changed as a range of benefits are rolled into one universal credit to 'make work pay' for many more individuals.

In addition to policy changes, there are also significant opportunities to embrace new technologies to deliver employment and skills services, for example Jobcentre Plus digital strategies which will allow individuals looking for work and employers to access services online.

There are some common aspects to these changes which present significant opportunities for employers and stakeholders in the employment and skills systems. There are three principal themes being introduced to the systems:

INCREASED FLEXIBILITY

Colleges and other training providers now face less ring-fencing of their budgets and are no longer driven by centrally planned targets. In parallel, Work Programme providers will have flexibility to respond to the needs of individuals, ensuring customers are given the most appropriate support to move them into employment. Additionally, Jobcentre Plus district managers will have the freedom and autonomy to make decisions locally. The outcome of these freedoms is that providers will be better able to tailor services to meet the needs of individuals, employers and communities.

To deliver on these freedoms providers will need:

- Clear articulation of the needs of individuals.
- Effective engagement with employers to understand their needs.
- A way of identifying the challenges that communities face are seeking to address.



EMPOWERING INDIVIDUALS, EMPLOYERS AND COMMUNITIES

Individuals and employers will soon be expected to contribute far more in financial terms to their learning, and as a direct result will have increasingly higher expectations. The increase in fees for both Higher Education in 2012 and Further Education from 2013 will result in a greater focus on the outcomes from provision, in turn becoming a significant driver of performance. This provides an opportunity for employers and individuals to take a direct role in influencing the final outcomes of provision, engaging and working in partnership with colleges and welfare to work providers.

To empower individuals, employers and communities to deliver results it requires:

- Individuals, employers and communities to have a voice to come forward and engage, supported by a clearer case on the benefits.
- A more open approach to information to allow customers to make better-informed decisions about their learning.
- Organisational culture to support effective identification of customer needs.

ACCOUNTABILITY

There is a shift of focus towards outcome-based payments, with far less central control. Measuring performance on outcomes is a key enabler in a more demand-led system, placing more power in the hands of the individual and employer and, in turn, placing more responsibility on the training and welfare to work providers to really understand the needs of individuals and employers.

Additionally, there is the opportunity for providers to take a much more strategic role in their local system. The Skills Funding Agency is actively stepping away from strategic intervention at the local level. Instead colleges and other providers will need to develop robust local strategies. In parallel, the Work Programme replaces a multitude of contracts, meaning that delivery partners will be in a much stronger position to take a strategic role in their local areas.

For greater accountability to deliver results, it requires:

- Understanding and engagement with the priorities of the community.
- Greater sharing of timely and relevant information and transparent outcomes to allow customers and communities to hold providers to account for delivery of outcomes.
- Greater collaboration between partners to help the most disadvantaged where existing funding and competition is not delivering results.



HOW TO MAXIMISE OUTCOMES IN THE EMPLOYMENT AND SKILLS SYSTEMS

Maximising outcomes from the policy changes requires the employment and skills systems to work together. Previous approaches to integrate employment and skills systems between DWP and BIS were:

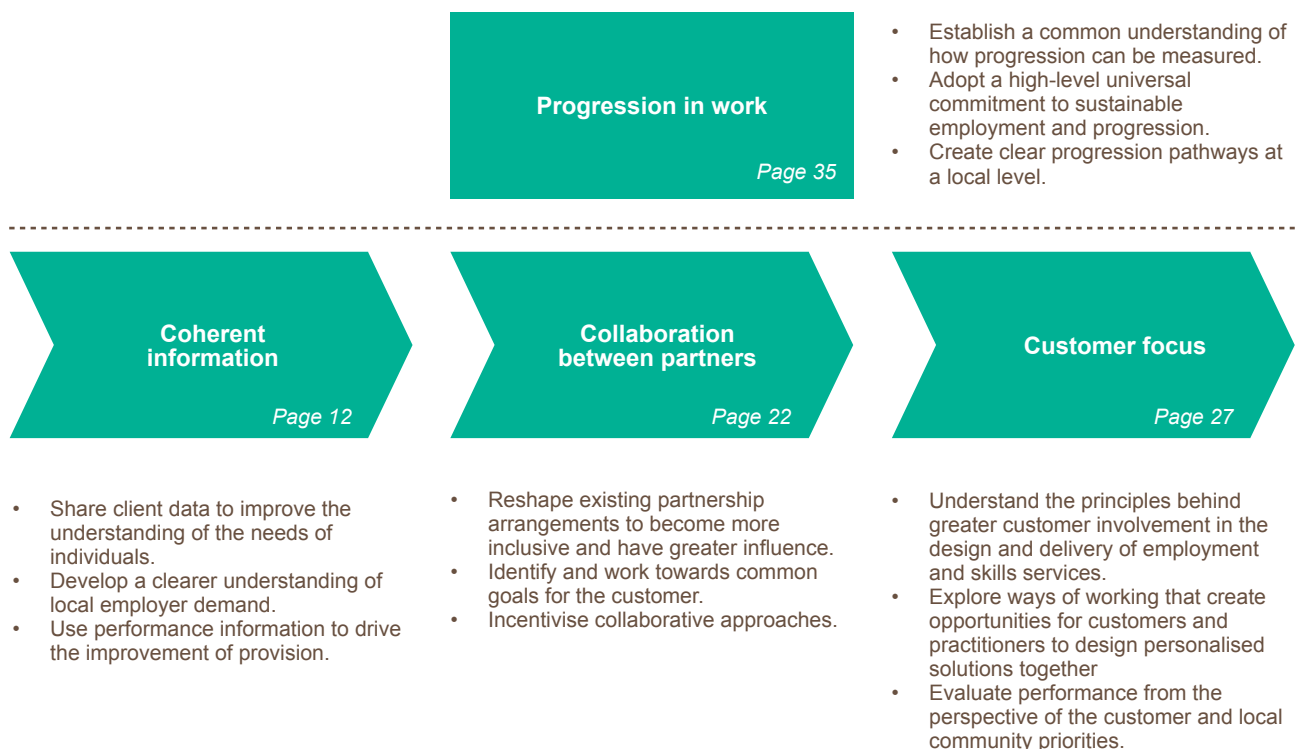
- Driven at a process level with an assumption that integration would lead to better outcomes.
- Hindered by focusing on trying to align organisations and internal processes.

Joint working has occurred between providers and agencies, however, this has not been consistently supported by national processes. The flexibility offered in the new landscape provides an opportunity for local partners, employers and individuals to work together more effectively to maximise the outcomes from the employment and skills systems. This will also improve the prospect of accelerating support to individuals before they move into long-term unemployment and require specialist employability support.

This report sets out four areas for action:

- Coherent information to increase awareness of the needs of both individuals and employers to improve the performance of and participation in local provision.
- Collaboration between partners through fair and inclusive partnership arrangements facilitating local flexibility.
- Customer focus that gives communities a voice to influence and engage to tackle local priorities effectively.
- Once the above enablers are in place, progression in work should be the focus and ultimate collective goal for the employment and skills systems to support individuals to move out of low-paid work.

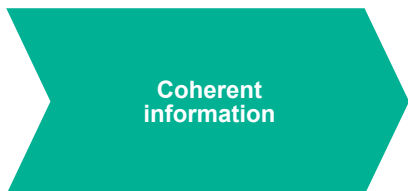
Our report is structured as follows:



The recommendations in this report are for local partners to take forward, supported by national government.



COHERENT INFORMATION

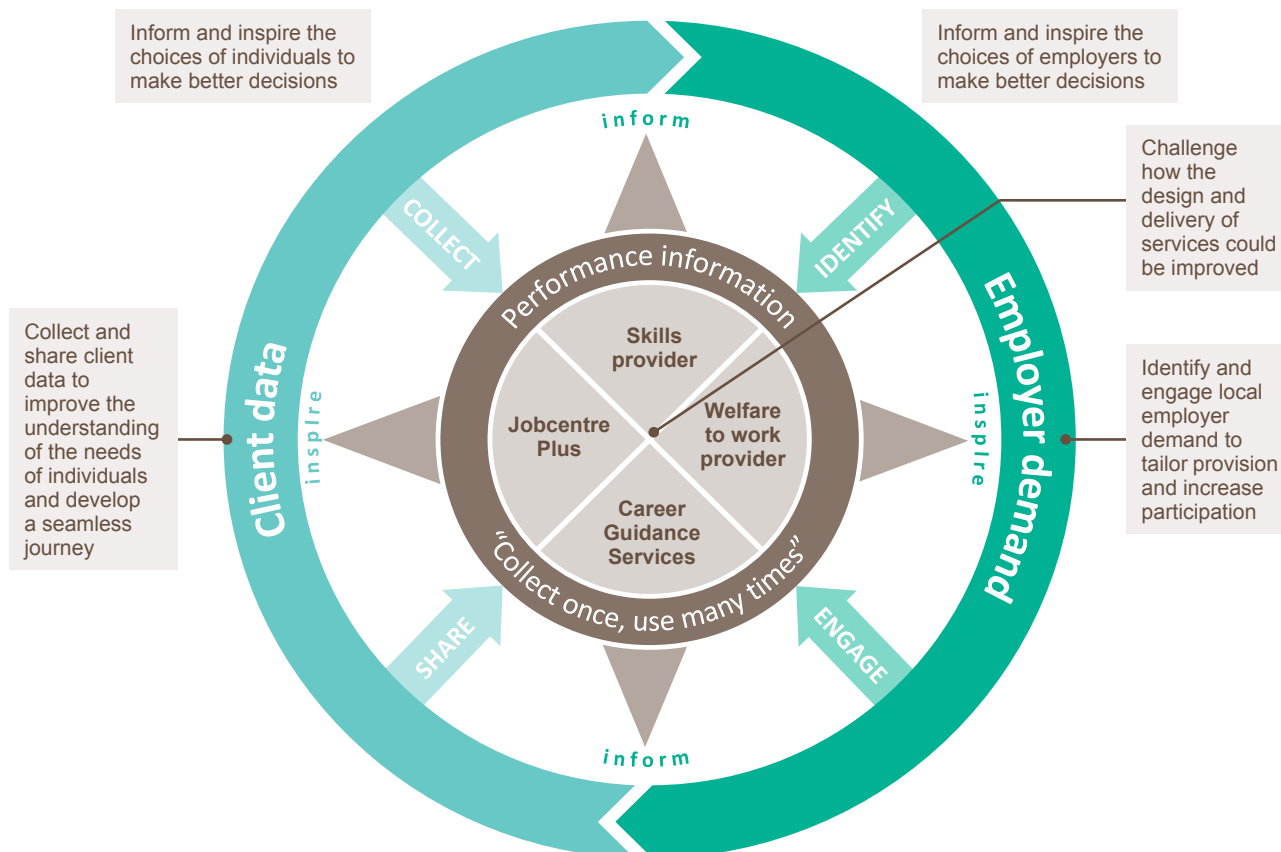


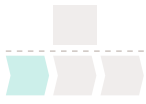
Use coherent information to increase awareness of the needs of both individuals and employers to improve the performance of and participation in local provision.

The employment and skills systems are allowing greater autonomy for local partners to identify and respond to needs of individuals and employers.

A demand-led system puts increased pressure on local partners to collect and share relevant and timely high-quality information and to identify and engage employer demand to deliver effective provision. Supplying good-quality information increases transparency on the results of provision to inform and inspire better choices of individuals and employers.

Figure 7: Information flows of client data, employer demand and performance information across the employment and skills systems





THE CHALLENGE

CLIENT DATA

There are barriers to local partners gathering a complete understanding of individuals' needs:

- Individuals often move between different local partners. However, the information systems that capture and record client data are separate and unconnected. Where systems fail to share client data electronically, local partners use paper-based systems. This prevents client data being transferred and updated automatically, increasing bureaucracy and hindering ability to keep up to date and track individuals' progress⁴.
- A different template is used by local partners to capture and record information on individuals. Differences in this record and the level of detail captured make data difficult to transfer. This prevents local partners from gathering a complete understanding of the needs of individuals.
- The information shared is of inconsistent and of varying quality. The lack of clear standards impacts on how effectively services are tailored to meet individual needs.
- Not all practitioners have the capability to use and interpret client information from different organisations.

Application of data protection legislation hampers efforts to share client data:

- Fear of breaching the Data Protection Act (DPA) is a barrier to sharing information. Local partners that do share apply procedures to comply with the DPA that are expensive and often lead to delays in information being transferred. For example, Jobcentre Plus and Next Step use secure couriers to transfer paper-based client records.
- Informed consent is often sought from clients to share information (note the legal requirement to obtain consent has been removed, but not implemented across across local partners). Obtaining consent is bureaucratic, adding to the cost of delivery and reducing the efficiency of the support received by individuals who exercise their choice not to give consent.

CASE STUDY: SHARING EMPLOYABILITY INFORMATION BETWEEN JOBCENTRE PLUS AND THE PROBATION SERVICE

The lack of data-sharing protocols and potential silo working between the two agencies can create duplication, resulting in disjointed services to individuals. When working to help ex-offenders into employment, a joined-up approach is essential to ensure that support achieves the greatest impact.

Both agencies independently collect client data to tailor skills and employment support to ex-offenders, who are often a client of both agencies. Considerable amounts of data are collected on offenders in custody, however, this is not consistently shared with Jobcentre Plus on release, often delaying support received as individuals have to give their details a number of times due to the lack of formal coordination between the services.

In the North East, Jobcentre Plus and the Probation Service tried to overcome data-sharing issues by getting together and developing a collaborative approach to improve the service for ex-offenders seeking employment. Building on existing protocols, they jointly developed an employability action plan/datashare agreement which built in a customer consent section to share records between the two agencies (this has now been adopted nationally). This allowed the two agencies to provide a coordinated and personalised service which improved impact on referrals to provision, with an increase in ex-offenders notified to Jobcentre Plus who subsequently found employment.

Source: Tyne and Wear City Region fieldwork

4 Qualitative Evaluation of Integrated Employment and Skills trials (DWP), 2010

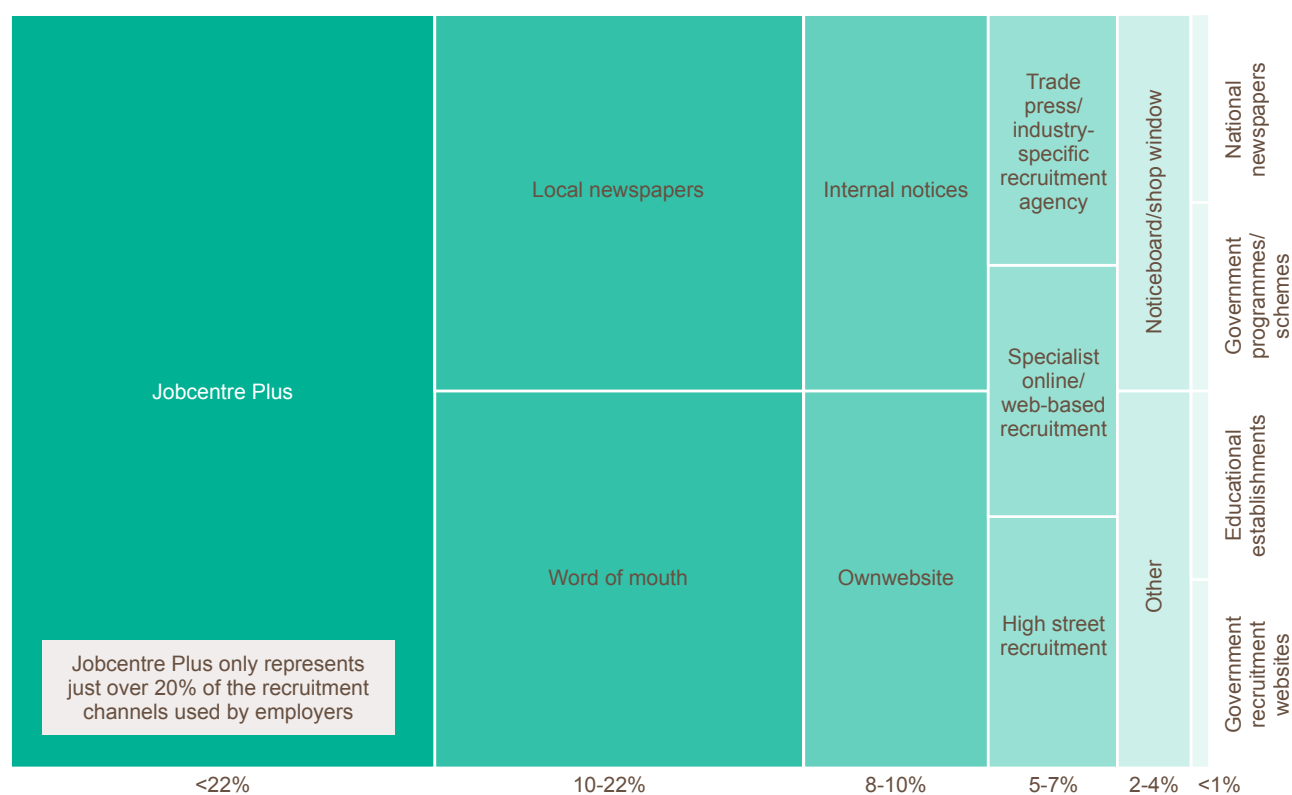


EMPLOYER DEMAND

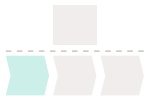
Establishing what employers want at a local level is challenging. Labour market surveys alone do not provide a clear picture of local employer demand.

- Surveys and analysis provide a comprehensive picture of the needs of employers at a national or sectoral level. Review of over 20 labour market surveys found that the majority do not provide information at a local authority level or below (see analysis in Annex D). There is no common understanding of how these labour market surveys should be used by local partners to identify employer demand.
- Employers use multiple channels to fill vacancies. Vacancy data is rarely pooled into a single source and provides a challenge for local partners and individuals to get a complete picture of employer demand to help inform better choices.

Figure 8: Channels used by employers to fill vacancies



Source: UKCES Employer Perspective Survey, UK Commission for Employment and Skills, 2011



The capacity and expertise to identify employer demand at a local level are at risk.

- The abolishment of the Regional Development Agencies and funding changes are leading to potential gaps in the collection and commissioning of labour market surveys at a local level. Regional Skills Observatories (RSOs) played a key role in collecting and analysing information which was made accessible for other local partners. Local partners have to look for different routes to capture and analyse the needs of employers. Local Economic Partnerships (LEPs) could have a potential role, but this is not currently clear.
- Centralised planning played a greater role in the previous employment and skills systems. In the more commercially driven landscape, providers and agencies will be rewarded for responding to need, but not all have the expertise and capacity to collate, analyse and interpret sources of labour market information or to engage directly with employers to identify demand.

PERFORMANCE INFORMATION

Good-quality performance information is not readily available to inform individual and employer choices or to allow local partners to act strategically.

- There are multiple and incompatible performance management systems used to monitor the outcomes of provision from different agencies. Agencies use different data definitions, making the sharing and analysis of performance information difficult. This lack of alignment between information systems presents a specific challenge for providers who hold contracts from different agencies (see case study below).
- Recent national policy change has seen the emphasis move towards greater transparency and publishing of information on government-funded services. However, this movement is still in its infancy and not all information is easily available to inform individuals and employers on the performance and impact of the services available.

The primary customer for information collected is government departments rather than the individual or employer. Performance information is not used to inform or inspire customer choices.

- Existing information systems created to monitor the performance of employment and skills services have been designed under a plan-led system to report on an individual programme or service. As such, information systems are often structured to report information which enables Government departments and agencies to monitor the impact and delivery of a specific policy (for example delivery of the number of level 2 qualifications).
- Individual systems are adept at flowing information 'vertically' from providers to government departments or agencies, but they are limited in their ability to share information horizontally to individuals and employers.

CASE STUDY: MANAGING THE DATA BURDEN, SEETEC

SEETEC is one of the largest providers of government-funded welfare to work and skills training programmes, aimed primarily at the long-term unemployed. SEETEC uses several information systems to meet the requirements of different agencies and managing lead contractors for performance and audit quality purposes as well as analysis of the labour market.

Managing multiple information systems creates a large amount of unnecessary bureaucracy within the organisation. The same information is required to be entered multiple times, and different skillsets are required to operate different information systems. Requirements to comply with the demands of the contracting agencies have meant SEETEC now has one administrative member of staff for every five delivery staff (21% of total workforce).

Source: UKCES one to one interviews



There is uncertainty over the capacity of local partners to utilise performance information to drive more responsive provision.

- There is a lack of capacity and experience to analyse and interpret performance information on the outcomes of provision. Not all local partners have the experience to interpret performance information and identify how they can respond more effectively to the needs of employers and individuals.
- Whilst quality improvement services provide guidance for certain providers to use performance information, they do not support the effective sharing of information between local partners, employers or individuals nor the alignment of performance information with local labour market sources (to create labour market 'intelligence'). For example, Ofsted promotes the analysis and use of information, however, it is not specific on types of information which should be used to drive performance or how to link with labour market information. Within welfare to work services, the Merlin Standard does not provide guidance on effective sharing of performance information within a supply chain relationship nor any guidance on the effective use of labour market information.

CASE STUDY: SHARING CLIENT DATA BETWEEN LOCAL PARTNERS

The Tyne and Wear City Region (TWCR) Partnership for Employment and Skills procured a data management system to produce an information system which tracks clients and shares management information between service delivery partners across the North East region.

The main benefits of the system were cited as:

- A single client record that follows the client across geographical boundaries and multiple organisations.
- An agreed common data framework (single set of activities and client groups) that all users work to, which enables reporting of activities and performance across a number of spatial boundaries.
- A single database at a cost model that enables access to be purchased locally at a reduced cost.

While the data system's current coverage does not cover all local partners, it has provided the North East region with a good platform for sharing information and reducing duplication within the employment and skills services.

However, despite the improvements made by using the system, there are a number of limitations to this approach:

- Changes to the funding arrangements in the employment and skills landscape mean that this approach may not be sustainable or applied throughout other areas. In other locations, for example Yorkshire Forward, are facing similar pressures.
- Sharing of performance information is limited as the system does not capture information from local partners who choose not to use this system.
- The system is not connected with wider systems used by national delivery partners.

Source: Tyne and Wear City Region fieldwork session

RECOMMENDATIONS

RECOMMENDATION 1: SHARE CLIENT DATA TO IMPROVE THE UNDERSTANDING OF THE NEEDS OF INDIVIDUALS

National agencies are currently exploring the potential to implement a web enabled system that will facilitate the sharing of individual data on skills between Jobcentre Plus, skills providers, welfare to work providers and Next Step. The objective is to improve operational efficiency, customer experience and outcomes by streamlining information to better address individuals' skills needs and help them gain, remain in, and progress in work.

In advance of a solution being implemented there are a number of actions local partners could take to share and use client data more effectively.

- a. Identify the different types of information already recorded on individuals who are engaged in employment and skills services. For each of these sources, consider how this information could be used to improve the impact of provision. These include:

Table 1: Potential client data to be shared

CLIENT DATA	DESCRIPTION
Personal details	Such as name, address etc. that only needs to be recorded once
Qualifications	Qualification history and achievements, including identified outstanding employability skills or support which has been delivered in the past
Employment history	Record of previous employment (full or part time)
Employability	A broader understanding of the fundamental skills (literacy, numeracy, IT) and personal skills that individuals need to move into work
Future goals	To ensure that the support or services to be received are seeking to achieve a consistent goal for the individual
Previous support received	This would include the history of support and interventions received from local partners. This could also be extended to other services where relevant, for example health
Duration of benefit	The period out of work to prioritise support
Reasons for the referral	A clear rationale and purpose of the referral

- b. Local partners should collectively work to improve the procedures for sharing information that would have an impact on the performance and costs of services. Specific examples could include:
 - i. Greater co-location of services and joint review to work around barriers of transferring client data between local partners.
 - ii. Using powers available in the Welfare Reform Act 2009 that remove the requirement for informed consent.
- c. Challenge the information that is shared to identify how this could give a more comprehensive understanding of the needs of an individual to improve services. Specific examples could include:
 - i. Ensuring that the information that is shared is actually used by staff within local partners consistently and on a timely basis where appropriate.
 - ii. Providing support and training to all staff that handle client data from other agencies and providers to ensure they have the ability to understand and use the information.
 - iii. Making information accessible and easy to understand and translate between different organisations.
- d. Implementing a partnership between national departments and agencies and local partners to lead a cultural change in the sharing and use of client data throughout the employment and skills systems.
 - i. National departments responsible for the delivery of employment and skills services should work with local partners to identify the changes needed throughout the system to share and use information more effectively.



RECOMMENDATION 2: DEVELOP A CLEARER UNDERSTANDING OF LOCAL EMPLOYER DEMAND

APPROACH

- a. Use existing sources of labour market information to develop a broader understanding of employer demand.
 - i. Develop and apply a common framework of labour market information at a local level.
 - ii. Use sources that exist at a national (for example the UK Commission's Almanac) and sectoral level.
 - iii. The information on employer demand in existing surveys should be reviewed to assess suitability.
- b. Develop strategies to provide a complete picture of employer demand.
 - i. While local labour market information is important, it can only ever be part of the solution, and must be combined with active employer engagement. Where gaps in information on employer demand exist, partners should seek alternative approaches to engage with employers. Efficient strategies to identify employer demand are those that are coordinated to have the greatest impact. For example:
 - Developing and using engagement channels with local employer networks or representative bodies. These groups and bodies should be encouraged to articulate a clearer picture of their employer members.
 - Engaging employers in governance arrangements of local partnerships to get direct feedback and awareness of potential opportunities or advice on tailoring provision.
 - Seeking to cluster employers (for example SMEs) together to meet needs more effectively.
 - Sharing and pooling information on significant opportunities (for example developments).
 - Developing employer forums, for example in conjunction with business representative organisations, to exchange ideas on how provision could be tailored more effectively.
 - Providers should look to utilise existing or emerging structures (for example Local Enterprise Partnerships) to coordinate the collation and sharing of local labour market information.
- c. Adopt collaborative approaches to sharing local information on employer demand.
 - i. Through coordination and collaboration, local partners should develop routeways to share 'bottom up' knowledge. Activity which captures employer demand should be freely shared amongst all local partners, to enable them to respond more effectively to the needs of the local labour market (see Figure 9). This 'collect once, use many times' principle allows for more effective use of information.
 - ii. Where appropriate, local partners should look at appropriate models to share information. These include:
 - **Across a local stakeholder network** – Where a broad range of partners collaborate to pool and fund activity to provide a more efficient and consistent routeway to identify employer demand.
 - **Employer sponsorship** – Local partners could build upon existing relationships with employers and employer representative bodies to commission work which benefits both parties.
 - **Lead sponsorship** – Where a key stakeholder could be used to host a shared resource, for example a lead contractor for the DWP's Work Programme.
- d. Consider the changes required to improve service delivery.
 - i. Use employer input to review and improve the outcomes from provision delivered. For example, particular training courses, qualifications and basic employability skills, and also how these services are delivered, for example part time, full time or on the employer's premises.

IMPACT

Adopting a more active approach to identifying employer demand will:

- Improve responsiveness and outcomes of the provision.
- Increase efficiency through ensuring services are tailored to the needs of employers.
- Achieve a consistent message amongst local partners.

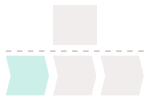


Figure 9: Overarching benefits of sharing information on employer demand across the employment and skills systems



Source: UKCES



RECOMMENDATION 3: USE PERFORMANCE INFORMATION TO DRIVE THE IMPROVEMENT OF PROVISION

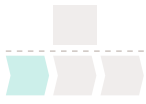
Partners should drive up the capacity throughout the systems to use performance information more effectively in local planning and delivery of services.

- a. Improving consistency of the publication of performance information of employment and skills services will support local partners to deliver services more effectively and allow individuals and employers to make better decisions.
 - i. National departments and agencies should work collaboratively to align the following online services to provide a clearer understanding of performance. They need to make this information easier to understand and more accessible not only for individuals and employers but also for local partners, for example careers guidance services.
 - Higher Education Statistics Authority.
 - The Data Service on Post 16 Education.
 - 14-19 performance information (currently found on ONS).
 - DWP tabulation tool.
- b. National departments and agencies should look at the following areas to achieve greater alignment.
 - i. **Appearance** – websites which publish performance information should look to achieve a consistent appearance and format. A key element of successful government digital strategies adopted in other countries such as Denmark⁵ is a common language and appearance. Common websites should be linked with greater cross-referrals through web-links to other online performance information services.
 - ii. **Format** – ensure that data released is in a standardised format which is made accessible to different audiences. Data should be made available in manipulated formats to facilitate analysis.
 - iii. **Labelling and classification of datasets** – national departments with responsibility for performance information should look to agree on a standardised set of labels for each dataset. This will inform users on the source, timeliness and scope included within the dataset and help in comparison of different datasets. Suggestions for labels include:

Table 2 : Suggested data labels

DATASET	DESCRIPTION
Source	Hyperlink or reference to original dataset.
Regularity of publication	Frequency of published updates to dataset.
Date	Latest update of dataset.
Classification	Overarching classification of dataset.
Spatial Availability	Detail which dataset delivers information to on a spatial scale.

- iv. National departments and agencies should work in collaboration with local partners to identify what additional information is available and what should be published to help inform the planning and delivery of services. This could include:
 - i. Performance information on Next Step services (all age career service from 2012).
 - ii. Referral information between local partners (for example JCP referrals to skills providers).



Support and encourage the utilisation of published performance information.

Increasing the availability of good quality and timely data is only part of the solution to ensure performance information is used more effectively by employers and individuals. National departments, alongside local partners, need to work towards making better decisions based upon good-quality information. The following options could be explored to support this:

- a. Provide support funding to drive capacity within the sector. This could be achieved through existing funding sources (such as the LEP capacity fund) or an additional funding source which looks to practitioners as well as the community to use data which could drive accountability and performance within the system.
- b. Review the role of quality improvement services in using data. Quality improvement services such as Ofsted could expand on their current role in driving up quality within the system to support services to use data.
 - i. Ofsted should look to draw upon the work of the Quality Assurance Agency (QAA) within Higher Education in publishing performance information to customers and assess its application to Further Education colleges and private skills providers.
 - ii. The Matrix Standard which helps ensure high quality of the delivery of information, advice and guidance should be reviewed to ensure that it fully takes account of using performance information from local skills provision as well as labour market information within the delivery of careers guidance to ensure that it is used effectively by the sector.
 - iii. The Merlin Standard should be strengthened in regards to the sharing of performance information within the Welfare to Work supply chain. Within welfare to work services, DWP could review the role which the Merlin Standard should play in utilising data within supply chain relationships.
- c. Develop existing web resources to enable data utilisation. National agencies could look to a variety of options which would improve the performance information being used to make better decisions based on good quality information. This could include:
 - i. Developing a 'wizard' tool as currently provided by the NOMIS service for published labour market information resources which will produce tailored charts.
 - ii. Developing visualisation tools which will be able to visualise performance information instantly. Encouraging users to analyse published information sources. This could use or be developed from existing resources such as the Google public data explorer or Many Eyes website.

CASE STUDY: UTILISING DATA THROUGH THE WEB: THE LONDON DATASTORE

The London Datastore is a part of the Greater London Authority's (GLA) commitment to increasing accountability and transparency of government funded services within London.

The key features are:

- **Centralised access to data.** The datastore houses or provides links to a wide ranging number of datasets which show the performance of all government funded services within Greater London. This includes information provided by central government as well as datasets commissioned locally. This makes it easy for people seeking to access performance information as they only use a single site and also encourages them to analyse and compare different datasets to identify relationships which may improve overall understanding. Within employment and skills services, there are currently four separate sites which house performance information which operate in isolation and are uncoordinated.
- **Standardised classification and accessible publication formats.** Datasets published on the datastore is available in formats which can be tailored by developers which encourages them to not only analyse single datasets, but merge them with multiple datasets which could provide insight. All datasets have a standardised classification template which describes what data is held, its date and spatial availability. Within employment and skills services, data is published within a variety of formats and not all are available to be tailored (for example DWP tabulation tool).
- **Supporting the utilisation of data.** Local partners are encouraged to use the published data on the website to help improve understanding of government funded programmes as well as to support data driven decision making by local partners and customers. This has been achieved through using information to support the development of mobile applications, websites and data visualisations. The Datastore promotes the application of the data through its 'inspirational uses' page and through its twitter feed which has over 1,550 followers.

Source: data.london.gov.uk

IMPACT

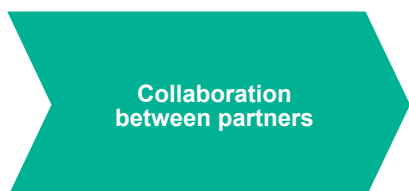
Driving improvement in the quality and accessibility of performance information will:

- Allow customers to hold local partners to account and drive performance improvement.
- Enable individuals and employers to make better decisions.
- Provide a clearer picture on the outcomes of employment and skills services.



COLLABORATION BETWEEN PARTNERS

THE CHALLENGE



Collaboration between partners working to common goals can improve the outcomes of employment and skill services.

The employment and skills systems are becoming more market orientated, offering greater freedom and flexibility to local partners.

In this more responsive landscape, the role of partnerships needs to change, with less need for planning, to a role which articulates and engages local partners in the strategic priorities to be achieved.

WHAT IS THE CHALLENGE?	
<p>The funding that supports local partnerships is undergoing significant change</p> <p><i>“Strategic and provider partners can’t afford to go back into silos.”</i></p> <p>Provider, November 2010</p>	<p>Funding pressures at a local level and changes to regional structures are placing uncertainty over the future of many local partnerships. These partnerships have experience and impact in their collective knowledge and relationships that need to be transferred and retained to enhance the delivery of employment and skills services.</p>
<p>The role of partnerships is changing, with less planning and more influencing</p> <p><i>“Increasingly the skills and employment system is down to the providers, but how do we get them to change and respond to the needs of the community?”</i></p> <p>Agency, November 2010</p>	<p>Previously many partnerships had a direct planning role for discrete parts of the employment and skills system (discretionary funds such as Working Neighbourhoods Fund). With less funding, the role of local partnerships going forward is one that will achieve greater focus by influencing delivery partners and playing a broader strategic role for the local employment and skills systems.</p>
<p>Opportunities to take a whole-system approach are often missed</p> <p><i>“We need to better align opportunities for providers with the needs of the community.”</i></p> <p>Local Authority, December 2010</p>	<p>Addressing challenges of long-term unemployment requires input from partners outside the scope of existing employment and skills services (For example, Health, Justice and Housing Associations). A broad range of partners are often not involved in local delivery and opportunities to achieve greater impact are missed.</p>
<p>Inflexible funding and performance arrangements inhibit collaborative working</p> <p><i>“Some agencies are told what to do and deliver – driven by certain outcomes which makes working together much harder.”</i></p> <p>Provider, November 2010</p>	<p>Stakeholders and delivery partners are often constrained in working together effectively. In the future, greater freedom and flexibility will allow local partners to innovate and work across both the employment and skills systems. However, there remain some fundamental differences in funding and incentive arrangements that prevent the systems working together to support individuals and employers.</p>



RECOMMENDATIONS

RECOMMENDATION 1: RESHAPE EXISTING PARTNERSHIP ARRANGEMENTS TO BECOME MORE INCLUSIVE AND HAVE GREATER INFLUENCE

APPROACH

- a. Refocus partnerships in the absence of direct funding, contractual obligation or regional agencies.
 - i. Challenge how local knowledge and existing relationships in current partnership arrangements can be retained and enhanced by adding value to the new landscape.
 - ii. Consider broadening the range of local partners and employers engaging in partnerships to widen influence and have more impact.
 - iii. Identify where working in partnership improves the performance of overall services. The will to design and deliver services in partnership must be driven by the clear performance advantages and financial incentives of joint approaches.
 - iv. Understand the role LEPs will play in setting the vision for driving local economic growth. Whatever the structure, priorities and makeup of LEPs, local partners must seize the opportunity to deliver improved results by adopting an inclusive, collaborative approach.

Table 3: The benefits of a collaborative approach

BENEFIT	EXAMPLES OF COLLABORATIVE APPROACHES
<p>Improve efficiency</p> <p>There is an opportunity for local partners to reduce the cost of provision and realise efficiencies by working collaboratively while achieving the greatest benefit for the community.</p>	<p>South Tyneside Council developed a new approach to employability services with Jobcentre Plus due to a poor return on investment. The service created uses the local expertise of the voluntary and community sector operating in local communities, and drawing on the resources from mainstream Jobcentre Plus. To date the project has worked with over 1,500 hard-to-reach residents and helped over 600 into work, in a time of deep recession. By working collaboratively, all partners have seen real improvements in performance of provision, and the overall return on investment across the system has improved. By pooling funding between the Council, Jobcentre Plus and training providers, the overall cost of delivery has been reduced.</p>
<p>Greater impact</p> <p>Joined-up public services in response to local need are more than the sum of their parts. Improved outcomes can be achieved by working to common goals.</p>	<p>A national bank had immediate staff needs across four local sites in the North East. Local partners responded with a joined-up approach to ensure that bespoke training was designed and delivered to a large number of unemployed individuals. The collective response, brokered by a single point of contact, was timely and had improved impact through the coordination of resource. The bank has subsequently recruited 565 long-term unemployed individuals, demonstrating that by using partnerships to coordinate resource, the outcomes for individuals and employers has been improved.</p>
<p>Strategic influence</p> <p>Holding a stake in partnerships gives delivery partners and stakeholders collective influence over local priorities.</p>	<p>During the tendering process for the DWP Work Programme, Liverpool City Region developed a single prospectus for bidders that set out 10 'asks' of providers and the key challenges incoming providers would face in this natural economic area. Local partners came together to speak collectively to bidders and articulate the needs of their local economy; individuals and employers. The more clarity and focus local partnerships could provide, the better deal they would ultimately derive for their community. The benefit to providers is that by working with existing structures, the task of understanding the needs and priorities of the communities they wanted to support was simplified.</p>



CASE STUDY: DELIVERY RESULTS THROUGH INCLUSIVE PARTNERSHIPS

The North East Employability Framework was developed to improve joint planning and to promote a more connected service across partners. Previously there was no common understanding of how the range of provision available in the area supported individuals into employment and this was a barrier to joined-up working. Key to the progress of the Employability Framework has been identifying the individual and collective responsibilities of delivery partners.

An inclusive approach

By design, the framework is applicable at different spatial levels in the region, involving partners from Jobcentre Plus, Skills Funding Agency and Local Authorities. The ambition is to involve the entire delivery network at a local level across the North East. The governance structures involve a range of stakeholders from across the organisations that have a stake in employment and skills services in the region.

Collective ownership and responsibility

No single organisation leads the design or delivery of the Employability Framework. The Regional Development Agency played a key role in facilitating the partnerships and structures; however, the responsibility for the direction and ownership of the tool remains with partner organisations that agree to its principles. The future direction and focus of the Framework is established in dialogue with partner organisations ensuring that future priorities reflect the experiences of those closest to the delivery of services.

Competition does not inhibit collaboration

Building trust between partner organisations has been key to the successful delivery of services in the North East. Emphasis has been placed upon ensuring partners make the cultural shift towards ways of working that support effective collaboration. All partners, including private providers, see the commercial value in adopting the Employability Framework principles. Customer referrals, the sharing of good practice amongst partners and having a stake in the future vision for the region brings partners to the common framework for employability delivery. Significantly, the Framework has strengthened the entire customer journey by supporting partners to specialise and build capacity in a segment of the customer journey rather than delivering across the journey to a lower standard.

Source: Tyne and Wear City Region fieldwork

IMPACT

Including a broad range of local partners with a stake or influence in the design and delivery of services:

- Maintain the impact and knowledge base of existing partnerships.
- Allow partners to move from a planning role to strategically influencing provision.
- Improve efficient and effective provision through collaborative approaches to delivery, capitalising on opportunities to align resources.
- Maximise the impact of resources flowing into a locality and ensure they meets the needs of customers and the community.



RECOMMENDATION 2: IDENTIFY AND WORK TOWARDS COMMON GOALS FOR THE CUSTOMER

APPROACH

- a. Work towards common goals for customers. Focus and align resources deployed in an area to deliver the greatest impact:
 - i. Identify common goals by approaching services through the perspective of the individual and the employer, to ensure resources invested achieve the greatest impact.
 - ii. Maximise impact and efficiency by constantly questioning and identifying what other partners are doing that can be aligned to, or combined with, and therefore work towards a common goal for customers.
 - iii. Consider how resources deployed locally are able to complement employment and skills services. For example, working with housing associations to make referrals directly to skills providers, therefore achieving a greater impact from each intervention.

IMPACT

Working towards common goals for customers will:

- Improve the coordination and impact of resource by aligning provision.
- Drive collaborative approaches amongst partners, improving efficiency and impact.
- Ensure greater customer focus and the delivery of a more seamless service through the alignment of resource.
- Support customers more effectively by joining services beyond employment and skills.

CASE STUDY: SHARED GOALS FOR CUSTOMERS DRIVING IMPROVEMENT

Areas of concentrated worklessness exist amongst some of the most disadvantaged communities in Greater Merseyside. A feature of Liverpool City Region Employment and Skills strategy is the development of Local Employment and Skills Plans (LESPs) focused on supporting specific customer groups. In the Northwood neighbourhood of Kirkby, a partnership was formed to focus upon individuals at risk of becoming long-term unemployed and individuals and those on incapacity benefit for more than two years. The partnership worked closely with neighbourhood teams from the voluntary and community sector and adopted 'Total Place' principles to develop plans for these disadvantaged individuals. Key to success has been:

Working towards common goals for customers

Partners in Liverpool City Region began by building a detailed and shared understanding of the customer group across the breadth of organisations. This focused exclusively on the needs of customers and avoided organisational silo approaches, ensuring that services have real impact for customers. Priorities are shared amongst strategic organisations and providers in the area to align resource and form the basis of designing services through the LESP.

Collaborative working that ensures services complement the existing offer

Developing an initial impression of spending was key to unlocking the true cost of existing provision in Northwood, and ensuring that the LESP complemented existing resource. This enabled partners to design effective services and make structural and operational changes to reflect and refocus delivery on this 'whole system' understanding of cost and benefit. Considering interventions in the context of the 'whole system' means it's possible to see inefficiencies and duplication that occur, and the Liverpool City Region partnership operating locally has been well placed to facilitate and challenge partners to adopt this view.

A focus on the customer drives the tailoring and integration of services towards addressing the most significant barriers to employment

The 'citizen viewpoint' is a powerful catalyst for improvement in questioning established ways of working and local barriers to collaboration in Northwood. It has formed the basis of establishing new ways of working and driving improvements through the planning process. There is an expectation that upon conclusion of the pilot, the lead delivery partner will take over the network and continue working in this way. Going forward, practitioners will have the power and freedom to tailor the offer, ensuring that the local residents are connected to mainstream provision through a personal, seamless and less complex journey that addresses the most significant barriers to move into sustained employment.

Source: Liverpool City Region fieldwork



RECOMMENDATION 3: INCENTIVISE COLLABORATIVE APPROACHES

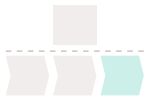
APPROACH

- a. Enable organisational incentives, measures and funding cycles to support joint working. Where funding and performance management arrangements have the local flexibility to support the achievement of joint goals for customers, the needs of the individual and employer become the focus and driver of services:
 - i. Develop more holistic measures of performance that complement shared goals for customers.
 - For example, acknowledge sustainable employment as a successful outcome for a skills provider to ensure that organisations are not penalised for achieving goals for the community. Recognise an employment outcome where colleges have not achieved a qualification, but an individual has moved into employment.
 - Where national quality and performance management processes recognise a provider's contribution to local indicators of performance, such as tackling worklessness, there will be a greater incentive to flexibly meet the needs of the community.
 - ii. Use unit-based qualifications to improve the flexibility of provision to meet the needs of employers and support more individuals into work.
- b. Support collaboration between delivery partners by increasing the flexibility of funding arrangements:
 - i. Trusting providers through stable longer term funding cycles will support organisations to build strategic partnerships with relevant organisations, employers, Work Programme providers, Jobcentre Plus and other delivery organisations. Shorter term funding brings instability and complexity to the system. Re-enforcing three-year indicative funding agreements with skills providers will support effective alignment.
 - ii. With greater focus upon the needs of the employer and individual, consistency over the longer term is key to building and sustaining trusted relationships.

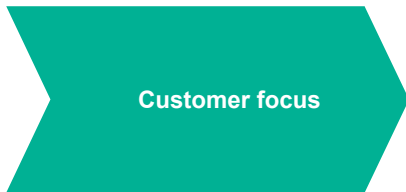
IMPACT

Supporting providers to work together, by aligning performance management arrangements, will:

- Allow providers to develop longer term business plans in partnership with key local organisations.
- Offer the flexibility to meet the needs of the local economy, employers and individuals.
- Give providers the autonomy to identify and set goals that reflect priorities of the community and, therefore, tailor services to respond to local demand.



CUSTOMER FOCUS



THE CHALLENGE

Customer focus that gives communities a voice to influence and engage with tackling local priorities effectively.

There is significant opportunity to improve and innovate the way delivery partners engage employers and individuals in the design and delivery of provision.

The ability to capture the voice and engagement of the community is essential to ensure collective benefit from the new freedoms and flexibilities in the employment and skills systems.

WHAT IS THE CHALLENGE?

Consultation with individuals and employers is inconsistent and has limited impact on improvements to service delivery

“There is recognition that the customer voice in discussions is not strong”

Provider, November 2010

Satisfaction surveys are conducted by many providers and agencies, providing the opportunity for valuable feedback to improve provision and processes. There is often scepticism about whether feedback is really being taken into account, limiting the extent to which customers genuinely feed back.

Individuals and employers are not sufficiently empowered to influence provision

“Provision is not personalised, some employers send 15 employees on the same course but it feels a waste of those employees’ time.”

Employer, November 2010

Personalisation of services is limited and often constrained by the inflexibility of programme design and funding models. Although there is evidence of customer involvement in design and delivery of provision in the skills system, and employer involvement in co-design of services for large-scale recruitment, this is not a regular and consistent feature across the whole range of employment and skills services. Best practice is not systematically shared and opportunities to apply lessons across the whole employment and skills services are not sufficiently explored.

Unemployed customers are recipients of prescriptive referral and participation processes, where a lack of ambition and motivation among many individuals that are furthest away from the labour market can hinder engagement and results. There is limited customer consultation in design and delivery of programmes, offering very few opportunities for customers to influence or develop and take control of their own innovative and positive employment solutions.

There is little culture of collective accountability and shared responsibility for meeting the needs of the community

“Funding is in the hands of the providers so there needs to be some mechanism to influence providers and delivery”

Local authority, November 2010

The absence of a process for ensuring provision is meeting needs of ALL customer groups, and is aligned to priorities as articulated through local partnerships, risks resulting in silo performance management and a lack of accountability for individual and employer needs – particularly the hardest to reach and most disadvantaged who are unlikely to have a strong voice.

There is a need for local partnerships to be even stronger at identifying and aligning economic and social priorities, to create a common commitment and shared responsibility for developing local solutions to help the most disadvantaged and ensure equality across the community.

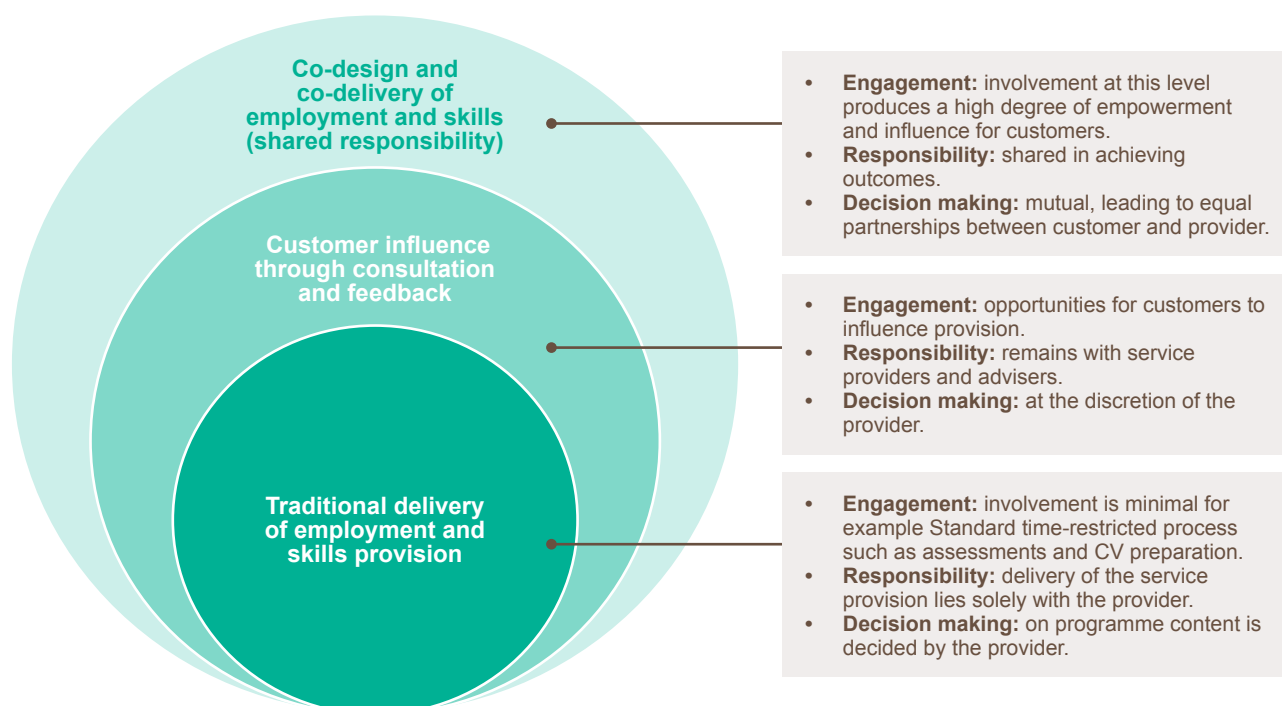
RECOMMENDATIONS

RECOMMENDATION 1: UNDERSTAND HOW TO INCREASE CUSTOMER INVOLVEMENT IN DESIGN AND DELIVERY OF EMPLOYMENT AND SKILLS SERVICES

APPROACH

- a. Understand the different levels of engagement.
 - i. Engaging customers in the design and delivery of provision that goes beyond consultation and feedback is often referred to as co-production. This level of engagement empowers and enables employers and individuals to be more involved and actively participate in design and delivery of employment and skills services by generating solutions to achieve positive outcomes. The responsibility for the design and delivery of services transfers to a model of shared responsibility between provider and customer (employer and individual).

Figure 10: Levels of customer involvement



Source: UKCES

- b. Increase awareness of principles of co-production.
 - i. There are no prescriptive co-production models, it is a way of working that maximises individual and employer experience, knowledge and community networks in much more flexible and creative ways. Supporting individuals by devolving responsibility for shaping provision and allowing them to work in partnership with providers and advisers, to identify their own solutions will bring about a change of culture that moves individuals from 'passive participants' of a pre determined traditional top down programme design to a system that looks at co production and customer collaboration as a default position.
 - ii. There are a number of key characteristics (see Table 4) in co-production models throughout a variety of public sector projects that reinforce messages of higher levels of customer engagement and go much further in demonstrating new ways of designing and delivering services.

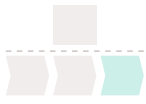


Table 4: Characteristics of co-production for the delivery of employment and skills services

<p>Facilitating rather than doing</p>	<p>Taking a different perspective</p>	<p>Valuing individuals as contributors</p>
<ul style="list-style-type: none"> Enabling employment and skills providers and advisers to become catalysts and facilitators of change rather than traditional service providers. 	<ul style="list-style-type: none"> Reconfiguring the way employment and skills services are developed and 'blurring the distinction' between providers and customers. 	<ul style="list-style-type: none"> Transforming perceptions of customers as 'passive recipients' of employment and skills services to one of equality in designing and delivery of provision.
<p>Building on individual's existing capabilities</p>	<p>Varying incentives</p>	<p>Using peer support</p>
<ul style="list-style-type: none"> Developing programmes that move away from a 'deficit approach' to one that provides opportunities to recognise people's capabilities and support them in putting to use in delivery and design of employment and skills services. 	<ul style="list-style-type: none"> Offering a range of varied incentives to engage in provision, which enable reciprocal relationships with mutual responsibilities and expectations. 	<ul style="list-style-type: none"> Establishing customer peer networks alongside delivery partners as a way of transferring knowledge and supporting change.

Source: Adapted from NESTA, nef and The Lab (2010) *Public Services Inside Out – Putting co-production into practice*

c. Build a case for greater customer involvement.

- i. Using the Table 5 as a starting point, advisers and providers should identify the benefits within their local context at the same time as developing a business case to encourage employers and individuals to be more involved in design and delivery.
- ii. Working in this way has the potential for cost savings that may not be immediately evident. In fact in some circumstances it will be more, not less expensive to deliver services. Cost savings may be constrained by the extent to which labour of service practitioners can be substituted for that of service users. Developing local frameworks for capturing costs, savings and measures of success (including social/community outcomes) will inform future plans⁶.



Table 5: Benefits of engaging employers and individuals in the design of services

Individuals	Employers
<ul style="list-style-type: none">• Shared ownership and responsibility for outcomes.• Intervention and support with greater personal focus.• Opportunity to develop peer support networks.• Positive and equal relationships with advisers and providers – a sound basis for shared responsibility.• Increased control and influence over design of provision and an opportunity to contribute to delivery.• Improved outcomes and increased satisfaction.	<ul style="list-style-type: none">• Opportunity to influence provision to tailor to business needs.• Opportunity to bring own specialist expertise and deliver training to company's standards.• Pooled resources – financial and staff.• Increased potential for staff retention.• Confidence in demand-led training that is fit for purpose.• Shared responsibility for positive outcomes.• Positive engagement with employment and skills systems.
Advisers and Practitioners	Providers
<ul style="list-style-type: none">• Flexibility to develop creative outcomes and contribute to achieving local community priorities.• Opportunity to work in partnership with individuals to establish peer support networks and develop collective responsibility for positive outcomes.• Opportunity to work alongside community groups and explore opportunities for innovative and creative solutions to employment and skills needs.• Opportunity to influence personalised and customer focused outcomes.• Increased motivation of customer base.• Opportunity to develop existing skill base.• Improved starts and completion rates on programmes.	<ul style="list-style-type: none">• Increased awareness and collective ownership of community challenges.• Potential to capitalise on customer knowledge and individual contributions to programme design and delivery.• Mutual and equal partnerships that include individuals and employers in design and delivery of provision.• Flexible working practices that combine own knowledge and expertise with local resource to deliver positive outcomes.• Shared responsibility for delivery of positive outcomes to meet community priorities.

Source: UKCES

CASE STUDY: CO-DESIGNING PROGRAMMES ENSURES EMPLOYMENT SOLUTIONS ARE TAILORED, AND COMMITS PARTNERS TO SHARED RESPONSIBILITY AND ACCOUNTABILITY FOR POSITIVE OUTCOMES

A large construction vehicle manufacturer required a significant training and development programme for its employees as it went through a period of rapid growth. The business then sought to identify opportunities to secure training, and Birmingham Metropolitan College was identified as having a successful track record of delivering large-scale programmes to blue-chip organisations. The college's ability to engage the employer effectively is a key success factor of this programme.

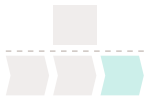
Employers and providers as equal partners – shared ownership and responsibility

The employer and the College developed a programme that would deliver training leading to an NVQ in Business Improvement Techniques (BIT), which would be jointly funded. The college successfully shared responsibility for the programme by making it possible for the employer to take ownership of the training programme.

Providers facilitate and enable flexible working to develop creative solutions

The College is providing the funds and the resources to create a new training environment within a manufacturing site. This will comprise new, fully equipped classrooms, and their training and admin staff based on-site.

Source: Birmingham consultation event



IMPACT

Increasing the extent to which customers are engaged in the design and delivery of services has the potential to:

- Increase individual motivation and ambition to achieve positive outcomes.
- Foster much more innovative, creative delivery solutions that increase the chances of achieving challenging outcomes.
- Produce efficiency by reducing the costs of delivery.
- Increase employer engagement and investment where there is shared control and influence over design and delivery.

RECOMMENDATION 2: EXPLORE WAYS OF WORKING THAT CREATE OPPORTUNITIES FOR CUSTOMERS AND PRACTITIONERS TO DESIGN PERSONALISED SOLUTIONS TOGETHER.

APPROACH

- a. Capitalise on the freedoms and flexibilities to facilitate new ways of working that go beyond traditional customer/adviser/provider relationships, to more dynamic and equal practitioner/customer partnerships.
 - i. Working with individuals:
 - Consider the use of focus and consultation groups as a starting point to develop peer networks. These working groups, with individuals in partnership with advisers and providers, will facilitate greater involvement and influence to develop collective responses to local employment and skills issues.
 - Consider the use of incentives to engage individuals to get involved and share responsibility for developing local solutions and participating in decision making and planning.
 - ii. Working with employers:
 - Extend the opportunity for direct involvement in the design of provision. This could include services replicating in-house training schemes as part of pre-employment.
 - Identify opportunities to involve employers directly in the delivery of services, for example deliver training directly at employers' premises.
- b. Identify what needs to happen to facilitate greater involvement of individuals in design and delivery services. Take a critical look at delivery models, customer/practitioner relationships, and application of flexible working practices and consider better, more inclusive and equal customer partnerships. The following prompts will support that process.

Figure 11: Questions for challenging delivery models, relationships and working practices

QUESTIONS

To what extent do advisers have discretion and autonomy to engage individuals and employers in designing and delivering employment support?

In what ways can individuals and employers develop their own solutions and bring their own ideas and experiences 'to the table'?

How can advisers be supported and trained to understand principles of co-production and opportunities for developing local initiatives in partnership with individuals and employers?

To what extent are providers' organisational structures sufficiently flexible to support individuals and employers input and involvement in design and delivery of programmes?

To what extent are providers trained to explore new ways of engaging with individuals and employers, to work as partners in developing programmes that achieve a higher degree of personalisation and recognise individual ambition?

How can local delivery partners effectively share best practice and develop models of co-production to scale?

To what extent do commissioning strategies support more flexible engagement strategies?

Source: UKCES



APPROACH

- c. Be more systematic in developing best practice and sharing across the systems.
 - i. Develop ways of sharing ideas and best practice to increase awareness and promote more creative engagement strategies and customer involvement.
 - ii. Engage with sectors already working with co-production delivery models. Customer involvement in design and delivery of services has achieved benefits in many public services. In social care, policing, education and health services, individuals are empowered to share responsibility for positive outcomes. Local partners should look for opportunities to search out best practice and replicate it in employment and skills delivery.
 - iii. Consider ways of pooling resources across sectors to address needs that are wider than employment and skills. 'Total Place' and 'Community Budget' approaches reflect this greater focus on holistic community needs and priorities.

CASE STUDY: YOUNG PEOPLE LEADING EMPLOYABILITY PROJECTS

To support young people in improving their employability skills, the Foyer Foundation and Axiom Housing Association created the Working Assets programme. Individuals were involved directly in the design and delivery of services, and Foyer developed a toolkit to illustrate how the Working Assets programme can be replicated.

Success is based on:

Valuing individuals as contributors by enabling them to take the project lead

Individuals owned the entire process from inception to completion, ensuring outcomes were directly relevant to their own employability needs. Driving and leading the process was a valuable experience and meant that individuals were fully engaged in the programme. Young people, with the support of practitioners, chose projects that challenged their existing skills base whilst meeting the needs of the local community. For example, building a community garden and bike recycling. Critically, practitioners played a facilitative rather than a leadership role and provided support and guidance to ensure outcomes were achieved.

'Building individuals' and practitioners' existing capabilities

The programme included areas that covered training and support for both practitioners and individuals. Young people participated in training to develop skills that contributed to the success of the project, for example, project planning, presentation skills and recording skills. The training delivered to staff focused on adapting an approach that empowered young people to set and achieve their goals. These skills included effective questioning, attentive listening and building trust.

Using peer support networks to recognise the skills developed throughout the programme

The programme recognised the achievements of individuals and involved the local community in validating their work-readiness potential. Formal recognition from peers helped individuals acknowledge the progress they made in terms of work-readiness and achievement.

Source: Foyer Federation

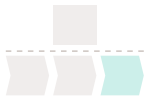


Table 6: Examples of customer-led service design from other sectors

EXAMPLE	DETAIL
<p>Having the opportunity to work in partnership with individuals develops collective responsibility for outcomes.</p>	<p>The Richmond Fellowship is a training programme working with employers and employees to support individuals whose work is affected by mental health problems. The key to this programme is the equal partnership created between the individual and the adviser, where the individual is supported to lead and drive the support they receive. The programme maximises the individual's chances of maintaining their employment when barriers are faced. By working in partnership with an adviser on a one-to-one basis as well as with peer-to-peer networks and their employer, individuals are supported to make their own choices in work.</p> <p><i>Source: Adapted from NESTA, New Economics Foundation (nef) and The Lab (2010); Public Services Inside Out –Putting co-production into practice)</i></p>
<p>Incentivising and supporting individuals to participate in community events can have wider behavioural and cultural benefits for that person.</p>	<p>Taff housing is a community-based housing association that provides specialist supported housing projects for young women. By incentivising them to help deliver services for the association, such as arranging events, sitting on interview panels and watering plants, it builds their confidence and capacity for work and challenges existing cultures and behaviours like the dependency culture. It also helps them build some basic employability skills for future job opportunities.</p> <p><i>Source: Adapted from NESTA, New Economics Foundation (nef) and The Lab (2010); Public Services Inside Out –Putting co-production into practice)</i></p>
<p>Increased control and influence over services can lead to improved outcomes and increased satisfaction for the individual.</p>	<p>The NHS Experts Patient Programme empowers individuals with a chronic medical condition to manage their condition on a daily basis. By providing training in some core skills like problem solving and decision making it allows the practitioner to step back and enables the individual to control and manage their own condition effectively. The benefits for both the NHS and the individual are substantial, with cost efficiencies for the NHS and reduction in the number of ad hoc presentations at local accident and emergency departments.</p> <p><i>Source: http://expertpatients.co.uk/publications/expert-patient-programme-cic-white-paper-response accessed 30/03/2011</i></p>

IMPACT

Being more flexible and open to new approaches in the delivery and design of services, ensuring that best practice is shared, has the potential to:

- Successfully combine employer expertise with the experience and local knowledge of individuals and communities to develop innovative, creative and collective solutions to local needs.
- Ensure best practice is not isolated but becomes a more systemic feature of delivery.
- Have a positive influence on individual responses to participation in welfare to work provision.

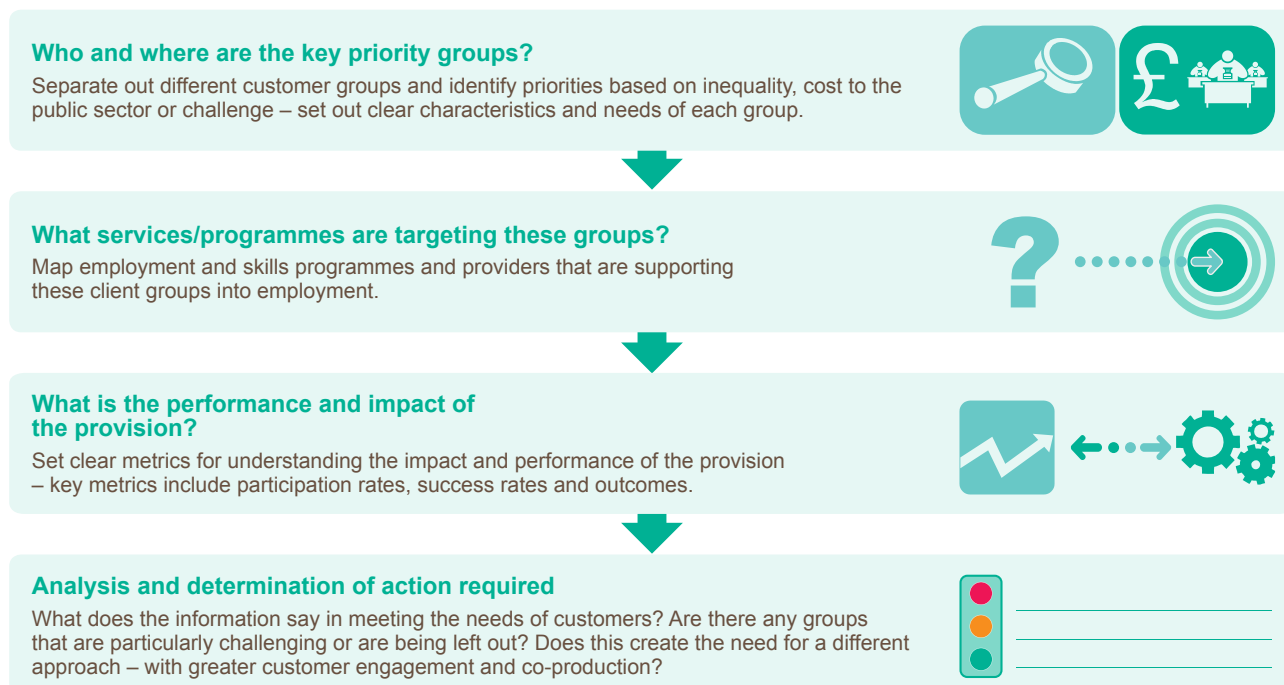


RECOMMENDATION 3: EVALUATE PERFORMANCE FROM THE PERSPECTIVE OF THE CUSTOMER AND LOCAL COMMUNITY PRIORITIES

APPROACH

- a. Understand the impact of employment and skills services from the individual, employer and community perspective to identify how needs are being met and where there would be additional benefit from greater customer engagement.
 - i. Clearly every customer has their own individual needs, but at a community level, customers are often grouped together into different classifications, i.e. lone parents. These groupings can form the basis to which performance can be evaluated against collective need.
 - ii. By collectively evaluating performance around the customer groups, rather than on an organisation or provider basis, the effectiveness and impact of provision as whole can be collectively assessed.
 - iii. This collective perspective is key in the employment and skills systems, particularly one where there is greater transparency of performance information (for example public information for Further Education).
- b. Making sense of the plethora of information that is and will be available from the customer's perspective allows stakeholders and communities to identify where there are issues around:
 - i. Poor performance and gaps in provision meeting particular customer groups or needs.
 - ii. Duplication and poor targeting of resources.
 - iii. Inequality of access (or particular customer groups being left behind or disadvantaged).
- c. Equality of access is potentially a key area of focus, particularly in considering how the needs of certain more challenging or disadvantaged groups, who are not likely to have a significant voice in the employment and skills system, are being met. This forms the basis of understanding where greater engagement is required (the problem to be tackled) and creates visibility of who is currently involved in trying to tackle the issue.

Figure 12: Evaluating the impact of services for priority groups



IMPACT

Creating a collective understanding of performance against community priorities will increase:

- Awareness of the priorities for communities to inform local partners of where services could be focused.
- Knowledge amongst communities of how the needs of priority groups are being met and creating a case for involvement.
- Endorsement and challenge of how local resources should be focused, removing duplication and improving performance.
- Ownership for local partners of wider community challenges.



PROGRESSION IN WORK

Progression in work

THE CHALLENGE

Put progression in work as the focus and ultimate collective goal of the employment and skills systems to support individuals to move out of low-paid work.

In order for welfare reform to ‘make work always pay’ and to be cost effective, a greater number of individuals that move into employment will be required to move out of low-paid work⁷.

To support progression, local partners and employers will need to work together to identify progression routes that benefit individuals and employers. There are a variety of influences on an individual’s chances of progressing in work, many of which are beyond the scope of the employment and skills systems to influence. Indeed, the difficulty of the task is perhaps one of the reasons it has not yet been a serious policy goal. Providing coherent information, collaboration between local partners and making the system more customer focused will contribute to achieving progression in work. This section sets out some additional actions to achieve progression in work.

WHAT IS THE CHALLENGE?	
Local partners do not currently have the incentive to achieve progression	<ul style="list-style-type: none"> • There is no overarching objective of progression in work for the employment and skills systems. Currently incentives seek to achieve qualification or employment outcomes. • The DWP’s Work Programme will promote job retention but not necessarily progression outcomes. Changes to performance management at Jobcentre Plus do not have a clear focus on progression. • The skills system is using a proportion of the Further Education budget to achieve employment outcomes. The focus on progression remains unclear.
Progression is difficult to tackle at a national level alone	<ul style="list-style-type: none"> • Achieving progression relies increasingly on the motivation and mindset of individuals⁸. Modern Labour Market puts a stronger emphasis towards individuals to find their own opportunities for progression. • Studies into progression identify that many individuals are not sufficiently interested in progressing for a variety of reasons. Changes to welfare reform through the introduction of the Universal Credit should remove barriers to making work pay, but there is still a significant underlying motivational issue that local partners need to address.
Opportunities for progression in the labour market are becoming more limited due to globalisation and technological progress	<ul style="list-style-type: none"> • The opportunities for progression are declining as the number of ‘middle’ jobs are falling across the US and Europe⁹. Employers may not necessarily want or need their staff to ‘progress’. In-work progression is constrained by organisational size, flat organisational structures or lack of training/career routes. • The evidence suggests that low-skill workers gain more (in wage terms) from moving externally than higher skilled workers. This presents a tension for any support for progression, as it may be in the employee’s best interests (i.e. moving on to better things) but not in the employer’s best interests.

7 “More than a foot in the door Job sustainability and advancement in London and the UK” – IPPR (Ben-Galim, Krasnowski, Tanning) 2011
 8 “Rewarding Responsibility? Long-term unemployed men and the welfare to work agenda” (Ray and Hoggart) 2009
 9 “Explaining Job Polarization in Europe: The Roles of Technology, Globalization and Institutions” (Maarten Goos, Alan Manning and Anna Salomons)



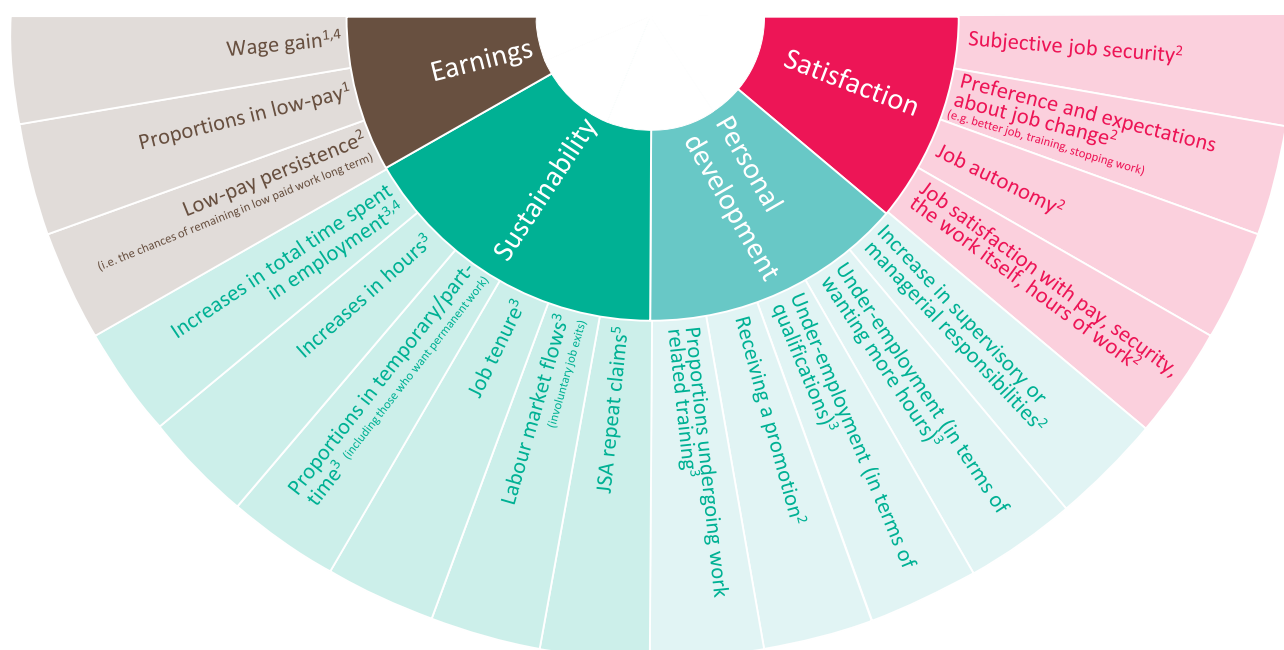
RECOMMENDATIONS

RECOMMENDATION 1: DEFINE PROGRESSION USING A BASKET OF MEASURES

APPROACH

- a. A starting point is to define and measure progression in the labour market. Current evidence on progression mainly comes from academic sources without an agreed definition of what progression actually is and how this could be measured.
 - i. Rather than continue to seek the ultimate definition of progression, a practical approach is to base measurement on a basket of measures including 'hard' measures such as wage gain and employment durations along with 'softer' measures such as job satisfaction.
 - 'Hard' measures may include wage gain, increases in hours, shifts from temporary to permanent work, duration of employment, labour market flows (involuntary job exits), repeat claims from benefits, proportions in low pay, low pay persistence, proportions undergoing work-related training and under-employment (both in terms of wanting to work more hours and work in a job that uses their qualifications).
 - 'Soft' measures might include job satisfaction, increases in autonomy/discretion and increased responsibility.

Figure 13: Potential indicators and sources for measuring progression in work



Key: Potential sources for indicators

- 1 Annual Survey of Hours and Earnings
- 2 "Understanding Society" longitudinal survey replacing the BHPS and other surveys
- 3 Labour Force Survey
- 4 Matched administrative data (DWP/HMRC/BIS)
- 5 Joint Unemployment & Vacancies Operating System Cohort (JUVOS)



- b. Assess measures over time to create an evidence trend of progression in work (for example are individuals progressing from low pay more or less than previously?).
 - i. At a national level there is potential for the use of existing longitudinal surveys and new matched administrative data to be used for 'hard' measures such as sustained employment and wage gain.
 - ii. At a local level, a 'mini' basket of indicators could be made available, as many of the overall indicators are only available nationally. One source for departments to support this is to continue to investigate the viability of matching DWP/HMRC/BIS data, which has the potential to describe the employment and earnings outcomes that result from particular qualifications/providers.
 - iii. Figure 13 sets out a series of potential measures and their sources. The sources include the Labour Force Survey, matched administrative data and the new expanded Great Britain wide longitudinal survey "Understanding Society" which expands on and replaces the British Household Panel Survey.

IMPACT

Developing a clearer definition of progression for the delivery of employment and skills services will:

- a. Enable a clear understanding of the current trends in progression in the labour market and the influence that the employment and skills system has on this.
- b. Drive increased awareness and understanding of the impact on provision on individuals and employers.
- c. Provide a baseline to track and monitor performance.

RECOMMENDATION 2: ADOPT A HIGH-LEVEL COMMITMENT TO SUSTAINABLE EMPLOYMENT AND PROGRESSION IN WORK

APPROACH

- a. Local delivery partners and employers should support individuals to not only to move into work, but to progress.
 - i. Create a cultural and behavioural shift in the actions of local partners and employers within the employment and skills systems.
 - ii. At a national level:
 - A high-level ministerial commitment is required between DWP and BIS.
 - The importance of progression in work is highlighted in the recently published Cabinet Office Social Mobility Strategy.
 - iii. Local partners need to drive a collective commitment. This could be made through LEP arrangements.
- b. Government should then support and monitor the commitment through:
 - i. Regularly (annual/biennial) assess and publish the progression chances of the low skilled/low paid.
 - ii. Ensuring progression in work is included in the evaluations of all employment and skills programmes.
 - iii. Continuing to investigate the potential of matched data between BIS/HMRC/DWP to provide robust information on the long-term employment and earnings outcomes from employment and skills services. This information has the potential to provide information at the provider, local area and qualification level. Providers of skills and employment services should be provided with this information so they can see the long-term outcomes of their work.

IMPACT

Adopting a high-level commitment to progression will:

- a. Allow greater collaboration by giving local partners a common goal.
- b. Create a common focus for local partners and employers to work towards.
- c. Enhance the focus of provision on the long term impact of outcomes.
- d. Mean each part of the system has to develop an understanding of its impact on progression in work.



RECOMMENDATION 3: IDENTIFY LOCAL PROGRESSION ROUTES

APPROACH

- a. Identify local sectors and employers with the potential to support progression in work.
 - i. Labour markets and the opportunities to progress vary from place to place. Local partnerships understand their local labour markets and are well placed to establish the local sectors/employers that may provide progression routes. Solutions should be tailored to develop progression pathways through detailed work between individual or small groups of providers and individual or small groups of employers.
 - ii. Local partners can review information on skills gaps and shortages, sectors in growth/decline, replacement demand, retention/job turnover, wage progression etc. In conjunction with employers. Findings should be discussed with a broader set of local employers to gauge potential support. The approach set out in the information sections is vital to success here. Local partners should assess how well their current programmes are meeting the needs of those sectors and/or occupations and what impact this is having.
- b. Explore relevant methods to establish 'routeways'.
 - i. Local partners can set up consortiums of all the relevant local partners and employers to include in a strategy for local progression. Employers must be involved in the mapping of local jobs, job requirements and progression pathways and the design of programmes. The consortium must understand if and how local employers progress their staff and on what basis and therefore what the potential barriers are.
 - ii. National Occupational Standards could be used to map out how different jobs relate to one another and the competencies required to progress. Some Sector Skills Councils have begun to map out progression routes in their sectors, for example see the case studies overleaf.
- c. Implementation and monitoring.
 - i. Agree roles and responsibilities and clear lines of accountability, including horizontal accountability to the other partners around the table.
 - ii. Monitor local programmes for their effect on progression in work. Local partners need to stay abreast of changes in requirements for advancement at each level of education and employment that may result from market or technological changes.
 - iii. If the career progression pathway is shown to be successful then it should be expanded into other sectors and occupations.

The above steps are abridged from the 'Career Pathways How-To Guide' by the US-based Workforce Strategy Centre.

IMPACT

Developing local progression routes in partnership with employers will:

- Create more opportunities for individuals to move out of low paid work.
- Increase the role and participation of employers in local employment and skills services.
- Contribute to the success of welfare reforms.



CASE STUDY: ESTABLISHING CAREER PATHWAYS

City University of New York established a network of employers, agencies and unions to enhance the opportunities to progress in employment for individuals who are unemployed and in low-paid work. The Career Pathways programme links basic education to both occupational training and integrated support to advance individuals into higher-wage jobs in targeted industry sectors such as health, hospitality and retail.

The approaches applied to make this programme a success are:

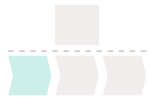
- Establishing a sector focus – targeting specific sectors and occupations is critical to this approach working. This involves assessing the strengths and weaknesses of existing education and workforce development services for the target sectors and identifying gaps where needs are unmet. Careers Pathways need robust and timely information to identify sectors and occupations that are high growth and high demand. For example, Kingsborough College commissioned a regional analysis of the tourism and hospitality sectors to design their pathway.
- Involving employers – mapping the structure of the jobs, job requirements and advancement in the target industry sectors at the start of the process is crucial. Attempting to gain buy-in from employers over time has proved difficult for partners trying to sustain the programme.
- Engaging partners – use different approaches to develop and map pathways over time. For example, in the health sector the colleges built a relationship with hospitals that evolved into a career pathway model. In retail the CUNY colleges established a consortium to support the pathway: the New York City Sales and Services Training Partnership which involved employers, employer representative bodies, colleges and public agencies. The partnership engaged in joint planning and implementation strategies as well as leveraging resources.
- Co-ordinate the work of partners, including programme development, marketing and recruitment, delivery of programmes and support services.
- Linking education and training provision as formal steps along a career pathway. For example, Lehman College in New York has adopted an approach of granting credit for life experience to support career pathway initiatives. It is important to improve career pathways programmes and services continuously by tracking outcomes.

Source: Designing local skills strategies, OECD 2009

CASE STUDY: THE SECTOR APPROACH

Considerable work has been undertaken in the UK to map the skills requirements (qualifications) of occupations within key sectors. Each Sector Skills Council (SSC) has published a sector qualifications strategy which seeks to reflect the skills needs of employers and workers. The strategies map out occupational pathways and 'typical progression routes' in a variety of ways and connect these with the skills and qualifications typically required to work in specific occupations. Building clearer progression pathways can attract new recruits into work and help retain experienced workers.

Some SSCs have developed interactive tools to help individuals plan their careers. Cogent is the SSC for a number of industries including pharmaceuticals, oil and gas, nuclear and chemicals. The Cogent website features a "career pathways" interactive tool that sets out the various roles in an industry and how they relate to one another in terms of progression. For each role the tool sets out a job profile, entry requirements, potential salary and any industry standards. This tool allows individuals to map out their potential career within an industry. The tool can be found at www.cogent-careers.com/careerpathways/Other. SSCs have developed or are in the process of developing similar tools; one other example is Lantra's Career Pathways tool which can be found here www.lantra.co.uk/careers/career-pathways.aspx.



NEXT TIME AROUND

COHERENT INFORMATION

Set out below are longer term recommendations for national policymakers to consider now for implementation in the long term.

COHERENT INFORMATION

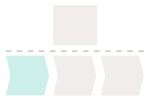
Build the sharing of customer information into the specification for all future procurement of information systems which monitor the performance of employment and skills services.

- a. National departments should look to implement this through the development of forthcoming customer-facing information systems supporting the all age career service and the Jobcentre Plus digital strategies. Designing information systems with the customer, rather than the institution at the core will help enable the system to be more accessible to individuals or employers seeking employment and skills support.
- b. Long term, national departments should work collaboratively to ensure that information systems which are used to monitor performance of services (such as PRAP and the ILR) are equipped to freely share customer information electronically. Improved and more effective electronic referral to different areas of employment and skills services will support customers to make more informed choices in support which they can access and invest in to ensure they can achieve their goals.

Commission a comprehensive vacancy service which provides information on the vacancy needs of the future labour market.

- a. Jobcentre Plus is seeking to aggregate vacancy data from private providers and recruitment sources to develop good quality, robust vacancy information to provide a central source for jobseekers to access information.
- b. The project should explore the possibility to match current vacancy information with projected vacancy information for jobseekers. The policy shift to make individuals take an increased financial responsibility for access to Further and Higher Education has increased the emphasis for individuals to become more informed before making learning choices. By making projected vacancies available and accessible through customer-facing sources such as Jobcentre Plus digital channels or careers guidance services, individuals will be much better placed to make learning choices which will have a direct impact upon their employability and progression within work.
- c. One potential route to achieve this is to utilise information produced by Working Futures. Led by the UK Commission, Working Futures produces a detailed analysis of current and future labour market demand by industry and spatial/geographical location. Other sources, such as local knowledge gained through employer networks and knowledge gathered from individual employer engagement teams, could also support a greater understanding of the future labour market.
- d. This linked information source should look to be made accessible through existing or planned customer-facing sources such as the all age career service and Jobcentre Plus digital channels. Where possible information collected on these sites should be linked, enabling customers to access a wide range of information which may help them to make informed employment and skills services (this is reflected by models adopted by other countries such as the Swedish Public Employment Service¹⁰).

¹⁰ "Research Report 686 'A Qualitative overview of vacancy filling services for employers', (Bukowski, Jenkins, Roberts). DWP 2010



CASE STUDY: COMBINING FUTURE LABOUR MARKET PROSPECTS WITH REAL TIME VACANCY DATA

The New York State Department of Labour (NYSDOL) portal, an online source of labour market information for New York City which matches employers with job seekers, provides links to federal sources and supports forecasts to be made using data available in the system. The portal draws on regular employment projections provided by the Bureau of Labour Statistics (BLS). One of the main features of the BLS model is the Occupational Information Network (O*NET), an online system which provides nationwide occupational competency information and detailed data on a range of occupational specific indicators which are updated regularly using customised surveys and other material.

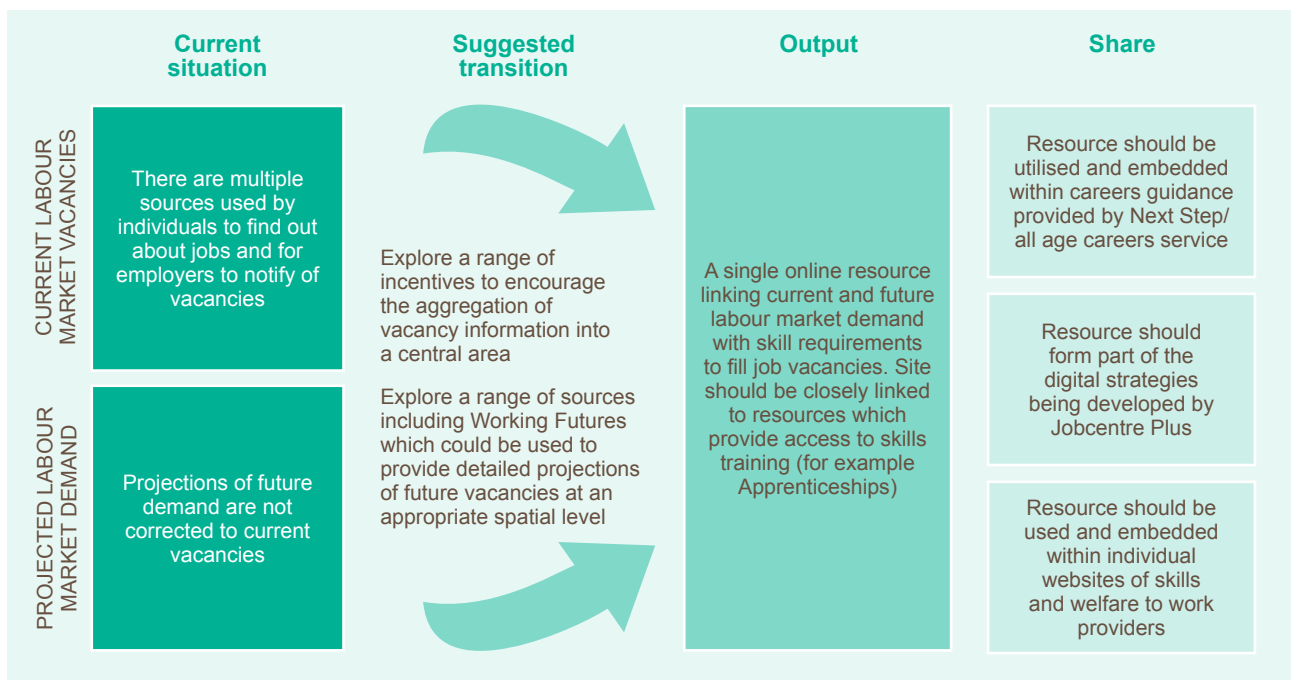
The main element of the NYSDOL website is that it caters to the needs of both individuals and employers, helping them make informed decisions as well as assisting educators and training providers to plan for the future. This should be borne in mind when planning a future vacancy service within England. The site provides information on:

- **Jobs in Demand** – a real-time list of occupations currently in demand.
- **Employment Prospects** – the site offers employment prospect information for over 700 occupations indexed by median wage, annual average openings and training time required, to help individuals make informed education and career decisions.
- **Long-term Occupational Projections** – projection of expected employment growth and annual openings covering 10 years and updated annually.
- **Long-term Industry Projections** – long-term employment projections and patterns by industry.
- **Occupational Supply Demand System** – it shows high skill, high wage and high demand occupations for New York State and other states. (The definition of high skill, high wage and high demand is developed by each state individually.)

Source: The New York State Department of Labour – <http://www.labor.ny.gov/home>

Garrett, R and R Pinto (2010). Lesson from America, Research and Policy Briefing: UKCES <http://www.ukces.org.uk/upload/pdf/Lessons%20from%20America%20briefing%20paper.pdf>

Figure 14: Potential approach to combine future labour market demand with current vacancy data





COLLABORATION

There should be a common measure of employment outcome to include a significant element of sustainability throughout an unemployed individual's journey.

- a. This should be applied universally across employment and skills providers and be attached to a significant financial incentive.
- b. Skills providers should be able to earn the right to more control over their business planning processes and therefore receive five-year funding allocations.

Align incentives in the system so that Jobcentre Plus has the same incentive to deal with repeat claimants as Work Programme providers.

- a. The Work Programme has longer term measures of success than previous programmes. However, Jobcentre Plus does not share the Work Programme's measure of a sustainable job and refers to the Work Programme those claims that last for 12 months (although early access is possible). Most repeat claims are very short with only 6% of claims lasting longer than 12 months, (46% last less than 12 weeks) and so the claimants would not be eligible for the escalating support offered by Jobcentre Plus or referral to the Work Programme.
- b. This means that either Jobcentre Plus needs to share the same sustainable employment outcomes as the Work Programme or it needs to have the scope and capacity to identify and refer repeat claimants to the Work Programme before the 12 month point of the claim.

CUSTOMER FOCUS

Commissioning strategies should include an expectation of higher levels of individual and employer involvement in design and delivery of provision.

- a. This should include all levels of commissioning from Prime to Subcontracts skills and welfare to work provision.

Consider developing the skills of frontline delivery staff to increase understanding of co-production.

- a. To understand the principles and benefits and the potential to develop working practices at a local level.

PROGRESSION

Future procurements of skills and careers advice present opportunities to change the way that services are commissioned.

- a. In the future all employment and skills provision should be commissioned on the basis (at least in part) of achieving sustainable employment and progression.
- b. Without changes to the way that contracting and procurement work there is unlikely to be much change of provider behaviour. Changing this would provide the necessary incentive at a provider level to achieve progression.

Establish common frameworks to assess and track individuals as they progress.

- a. Create a more comprehensive and consistent framework to be used to assess individuals' employability and "progress-ability" in the employment and skills system and in low-paid/low-skilled work. This would incorporate skills and employability together (using the UKCES employability framework as a basis) to allow individuals to have greater awareness of their own employability and chances of progressing.
- b. Employers should see how their work environment and experience is contributing to developing the individual. Providers and careers advisers to assess the needs of individuals.



ANNEX A

ACKNOWLEDGEMENTS

The UK Commission would like to acknowledge the invaluable contributions of all those involved in the Review of Employment and Skills. In particular, we would like to thank:

- a. The National Steering Group for their positive support and guidance throughout the whole review process.
- b. Members of the Core Planning Groups in the North West, North East and South West, for their assistance in planning and organising fieldwork sessions and for their guidance and support, and valuable contribution to the working sessions.
- c. Consulting in Place for their facilitation and assistance with logistics and organisation.
- d. Officials from the Department for Work and Pensions, Department for Business Innovation and Skills, Jobcentre Plus and the Skills Funding Agency for their guidance and support.
- e. All the organisations involved in the national engagement events, for their input and challenges.
- f. And finally, all of those who attended the working sessions, for giving their time, sharing their experiences and providing such a comprehensive view of the challenges and opportunities in the new delivery landscape.

STEERING GROUP AND SENIOR STAKEHOLDERS ENGAGED

Association of Colleges	Teresa Frith, Andy Wilson
Association of Learning Providers	Paul Warner
Business, Innovation and Skills	Jane Belfound, Katherine Cowell, Kirsty Pearce
Communities and Local Government	Alice Bradley, Richard Turl
Department for Work and Pensions	Chris Guest, Peter Loosley
G4S Welfare to Work	Sean Williams, Tom Richmond
Higher Education Funding Council for England	Paul Hazell
HM Treasury	Tony Wilson, Andrea Geoghegan
Jobcentre Plus	Denise Horsfall, Kathy Prior, Lindsey Harman, Tony Johnson
NIACE	Jane Ward
Office of Public Management	Chi Hoong Sin
Scottish Government	Karen McAvenue
Skills Funding Agency	Karen Riley, Gareth Thomas
Skills Third Sector	Jane Slowey
South West Regional Development Agency	Wendy Matthews
Welsh Assembly Government	Jo Banks



ANNEX B

SUMMARY OF METHODOLOGY

INTRODUCTION

To develop an understanding of the employment and skills landscape from the perspective of local partners and practitioners including; providers, Jobcentre Plus, FE colleges, Skills Funding Agency, policy makers, employers and representative groups, we conducted a broad range of fieldwork activity across several locations in the UK. Three day working sessions provided an opportunity for key people and organisations to share best practice, present their perspective on the challenges and opportunities in the delivery of employment and skills provision and conduct an assessment of how well their locality was performing in a time of significant change and uncertainty.

ASSESSMENT FRAMEWORK

Initial workshops were held to agree and develop an assessment framework (see Figure 15). Local partners then used this tool during the working sessions to take a comprehensive and critical look at local delivery, identify strengths and barriers and develop a set of recommendations for implementation at a local and national level. The framework outlined five headline success criteria against which local partners would assess local delivery; the success criteria included;

Agile to respond to the needs of individuals, communities and employers.

Ambitious in its aspirations for employers and individuals as customers.

Affordable for Government in all economic conditions.

Accountable to its users as customers.

Aligned goals, behaviours and resources.

WORKING SESSIONS

These were held in seven locations across England, Scotland and Wales, including: Dorset and Somerset, Liverpool City Region, Tyne and Wear City Region, Northumberland County, Edinburgh, Lothian and Borders, Aberdeen and Wales. The workshops were structured around conducting a self assessment and producing a report that would assist local partners in their planning and shaping future services.

A core planning group was established in each location. They worked with the UK Commission to engage key stakeholders and ensure the working sessions were designed and delivered in a way that reflected an understanding of local partnerships structures and the economic and social challenges faced in that area.

On the first of the three working sessions, partners presented a comprehensive picture of delivery in the form of case studies. The second day was spent conducting the self assessment and developing recommendations and the final session gave partners an opportunity to critique and agree the final self assessment report.

ONLINE CONSULTATION

The UK Commission established a dedicated micro-site for the Review. The purpose of the site was to sit alongside the fieldwork and publish progress, conduct surveys and keep participants up to date with key themes or activities coming out of the fieldwork.

EMPLOYER ENGAGEMENT

A number of workshops were held with local businesses. The aim of these sessions was to present local partners' self assessments and take provide an opportunity for local employers to feed into the assessment and if appropriate, challenge the findings. Employer workshops were held in; Tyne and Wear City Region, Liverpool City Region, Edinburgh, Lothian and Borders and Aberdeen.



NATIONAL ENGAGEMENT

A workshop was held with representatives from national agencies including government departments. The aim of this session was for the UK Commission to feedback on initial findings from the fieldwork and to provide an opportunity for national stakeholders to feed into the recommendations and provide a national perspective on local assessments.

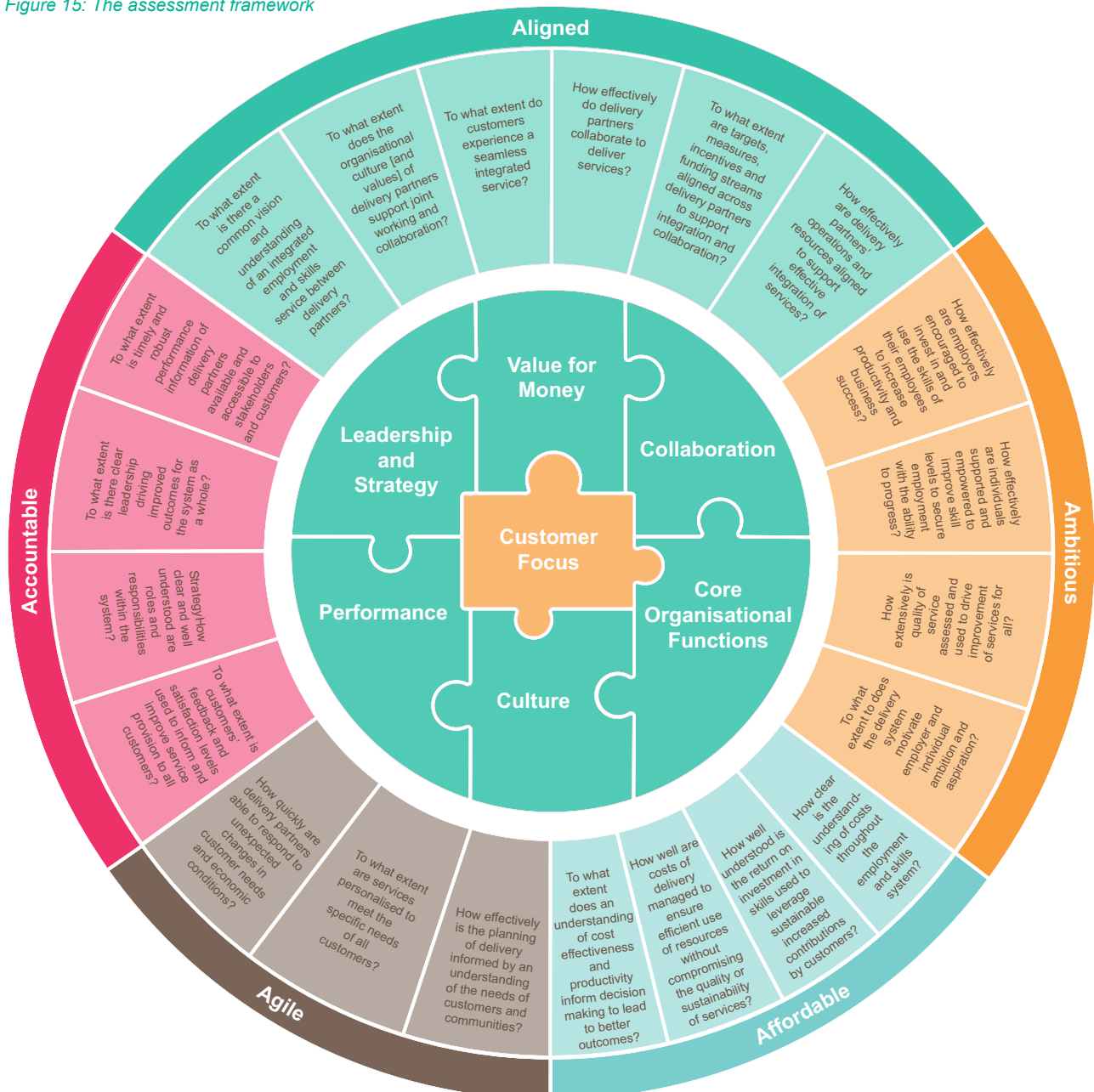
CONSULTATION SESSIONS

Two sessions were held in Leeds and Birmingham City Region. These sessions provided an opportunity for the UK Commission to present emerging findings and recommendations and capture feedback and reactions of local stakeholders.

GOVERNANCE

A steering group was established in 2009 to oversee and advise on the Review. The Chair was Julie Kenny, UKCES Commissioner and Managing Director of Pyronix Ltd. During the life of the Review, the steering group offered valuable advice, support and challenge and have made a significant contribution to the final report and recommendations.

Figure 15: The assessment framework





ANNEX C

FIELDWORK SUMMARY

A short summary of the different fieldwork locations and messages are set out below:

DORSET AND SOMERSET

Timing – the workshops took place in June and July 2010, beginning some six weeks after the General Election and taking in the launch of the Work Programme; the Emergency Budget; and confirmation of the abolition of Regional Development Agencies. The timing meant that there was considerable speculation about the scale and extent of the Coalition Government's policy intentions, and what this meant for the employment and skills system, but little in the way of detailed information.

Culture and outlook – the workshops suggested that the sub region had a more diffuse and less formally structured approach to collaboration than was perhaps the case in other areas. But this did not suggest a lack of cooperation or effectiveness. Beyond the sub region, it was clear that the Regional Development Agency played a significant role in setting a strategic direction.

Structures – participants stressed the importance of regional structures to the sub-regional employment and skills system, in particular the Regional Employment and Skills Board and its vision for the South West. More generally, collaboration was viewed as a more 'organic' process built up from personal relationships, rather than something that could be heavily structured.

Local conditions – the sub-region's rural nature means that delivering services can be more expensive than similar provision in urban areas. Linked to this was the issue of an ageing population, which suggested to participants that the sub region needed to give greater consideration to adult learning.

Key messages – the participants noted that a reduction of public sector funding may actually increase collaboration. They were keen to see the development of pooled funding and shared outcomes between employment and skills bodies, to improve levels of integration and ultimately the effectiveness of delivery.

LIVERPOOL CITY REGION

Timing – the workshops took place in November and December 2010. October had seen the announcement of the Comprehensive Spending Review and the Local Growth White Paper. November and December saw the publication of the Skills for Sustainable Growth Strategy; the Schools White Paper; and the Localism Bill. Discussions reflected participants' growing awareness of the scale of public sector cutbacks, and the extent of the Government's market-based approach to employment and skills activity.

Culture and outlook – Liverpool has a strong local identity. Its employment and skills partners believe that they have a 'can do' attitude to addressing the challenges they face, and that their track record of strong performance means that they are able to influence national employment and skills policy.

Structures – the City Region has well-established structures, having retained the same boundary and key players for a Multi Area Agreement, a City Region Partnership, and now a Local Enterprise Partnership. This was viewed as having strengthened cooperation among key employment and skills partners.

Local conditions – Liverpool is a major economic centre, but has significant areas of extreme deprivation. Three particular local challenges were raised during the workshops. First, the private sector economy in Liverpool is relatively small, and would therefore struggle to accommodate all those currently seeking work. Secondly, there was some concern that a more market-based system of provision and support might not target the hardest to reach in the city's communities. Finally, the City Region was facing future reductions in its EU financial support on top of UK public sector cuts, making the challenges it faced all the more difficult.



Key messages – The City Region is ambitious about what it can achieve in future. To do this, it would like to retain those structures which have worked well to date, while increasing the number of local stakeholders that are involved in partnership activity. From national departments, the City Region would like to see a longer term and more consistent employment and skills policy; and a greater willingness to be influenced by local areas.

TYNE & WEAR CITY REGION

Timing – the workshops took place at the same time as the Liverpool City Region sessions, November and December 2010.

Culture and outlook – the City Region lies in an area with a strong identity. The region has until recently been a key focus for strategic direction in the employment and skills system, guided by the RDA. Initiatives like the Employability Framework and the pan-region information system demonstrate its significance.

Structures – the structure of the employment and skills system in the City Region is heavily influenced by the Employability Framework which was developed by regional partners. It acts as a common framework for employability, reducing duplication of delivery and mapping available provision.

Local conditions – participants raised the challenges faced by businesses in the North East because of their distance from key markets around London and the South East, and the potential impact of government expenditure reductions in an economy where the public sector is a major employer.

Key messages – participants were keen to ensure that existing partnerships and structures were maintained through the period of substantial policy change, while recognising that some reshaping will be necessary. They also stressed the importance of the City Region retaining a 'single voice' on employment and skills issues, possibly through the new Local Enterprise Partnership.

NORTHUMBERLAND COUNTY

Timing – the workshops took place January and February 2011. No substantial new relevant policies were announced during the period.

Culture and outlook – the participants characterised the sub region's employment and skills system as being founded on the willingness and enthusiasm of its partners to collaborate wherever possible.

Structures – the structure of the employment and skills system in the county is heavily influenced by the Employability Framework (the same framework as for Tyne & Wear City Region). At a county level, activity is coordinated through the Northumberland Strategic Partnership and its Thematic Partnerships.

Local conditions – the county is a mixture of sparsely populated rural areas and coastal former mining towns with substantial levels of deprivation, offering a range of challenges to the delivery of employment and skills. Participants anticipated that policy change, freeing up the capacity for local flexibility of provision, may encourage more creative and technology-focused solutions for these communities.

Key messages – participants were keen to build on the local commitment to partnership working, in particular through the development of a clear strategic vision for the county's employment and skills system. Maintenance of a level of local accountability was important to participants, but recognised as a challenge due to the direction that national policy was taking.



ANNEX D

LABOUR MARKET INFORMATION MAPPING

This analysis looked to review the spatial availability of a broad set of key sources of labour market information which could be used by key partners to shape services as well as develop and test policy. This is not a fully comprehensive list of sources of labour market information but were selected as a sample of key sources which would be used by various stakeholders within the employment and skills system.

LMI SOURCE	DESCRIPTOR	SPATIAL AVAILABILITY
Annual population survey	Combined survey of households in Britain which provides information on key socio and socioeconomic variables.	
Annual survey of household earnings	Provides information about the levels, distribution and make up of earnings for employees within industries, occupations and sectors.	
Ambition 2020 ¹⁰	Annual report on the progress the UK is making to becoming a world class leader in employment and skills.	
Balance of payments	Detailed annual assessments of UK balance of payments including trade in goods and services, income and current transfers.	
Business register and employment survey	The BRES collects data to update local business structures on the Inter-Departmental Business Register and provide employment statistics via NOMIS.	
Census of population	The most detailed source of information on the population which is carried out once every ten years.	
Claimant count	Measured by the JCP administrative system, it measures the number of people claiming unemployment related benefits (JSA).	
Economic outlook	Published bi-annually, it provides near-term and medium-term projections for the global economy across a number of indicators.	
Employer perspectives survey ¹¹	Gathers views from employers on the employment and skills system to inform key stakeholders.	
Indices of deprivation	Provide information at a local level on different indices including income, employment, education and health.	
Labour force survey ¹²	Quarterly sample survey which provides information to support labour market policies, containing information on respondents' personal circumstances and labour market status.	



LMI SOURCE	DESCRIPTOR	SPATIAL AVAILABILITY
National accounts	Published annually, they provide a detailed overview of macro-economic indicators within the UK.	National
National employer skills survey ¹³	Provides largest survey of employers training and recruitment practices and skills needs. From 2011, will cover the whole of the UK.	National
Population estimates	National estimates of population size and key characteristics, including age and gender.	National
Population projections	Estimate future trends in population (for example the 2008 projections went up to 2033) and available at age, gender and different spatial areas.	National, Regional, County, Unitary Authority (Upper), Unitary Authority (Lower), JCP District, Local Authority, Ward, Super Output Area
Productivity and competitiveness	Set of indicators used by the Department for Business, Innovation and Skills for benchmarking and comparing the UK's performance to that of its main competitors.	National
Regional accounts	Published annually, it provides a detailed overview of key economic indicators within the specific regions in the UK.	Regional
Sector skills assessments ¹⁴	Provided by individual SSC's, they map out skills profiles and demands from employers within specific sectors.	Regional
Strategic skills audit	Provides detailed intelligence about the operation and structure of the labour market to inform the choices of individuals, employers and providers.	National
UK Economic accounts	They provide detailed estimates of national product, income and expenditure for the UK.	National
UK Trade in Goods Analysed by Industry (MQ10)	Value of UK exports and imports of goods grouped by industry. Goods are attributed to the industry of which they are principal products (as grouped by Standard Industrial Classification codes).	National
Working Futures	Commissioned by the UKCES, Working Futures provides a statistical foundation for informing key partners on the future demand for skills.	National, Regional, County, Unitary Authority (Upper), Unitary Authority (Lower), JCP District, Local Authority, Ward, Super Output Area

Key: Spatial Area¹⁵

- National
- Regional
- County
- Unitary Authority (Upper)
- Unitary Authority (Lower)
- JCP District
- Local Authority
- Ward
- Super Output Area

10 Data from Ambition 2020 is available at a regional level but with a restricted number of fields.

11 Provides data at a regional level but with a restricted number of fields.

12 Anything more disaggregated than regional data is only available through the Quarterly LFS which is subscribe only.

13 From 2011, this will be the UK Employer Skills survey.

14 Available at a regional level dependent upon the specific sector.

15 Several spatial areas were not included because they are either not used in future planning processes, despite being used in the past (for example Government Office Regions, Learning and Skills Council areas), not specific to employment and skills (for example Primary Health Authorities), or information is not yet available at the spatial scale (for example Local Enterprise Partnerships).



UK COMMISSION FOR
EMPLOYMENT AND SKILLS

The UK Commission for Employment and Skills is a social partnership, led by Commissioners from large and small employers, trade unions and the voluntary sector. Our mission is to raise skill levels to help drive enterprise, create more and better jobs and economic growth.

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