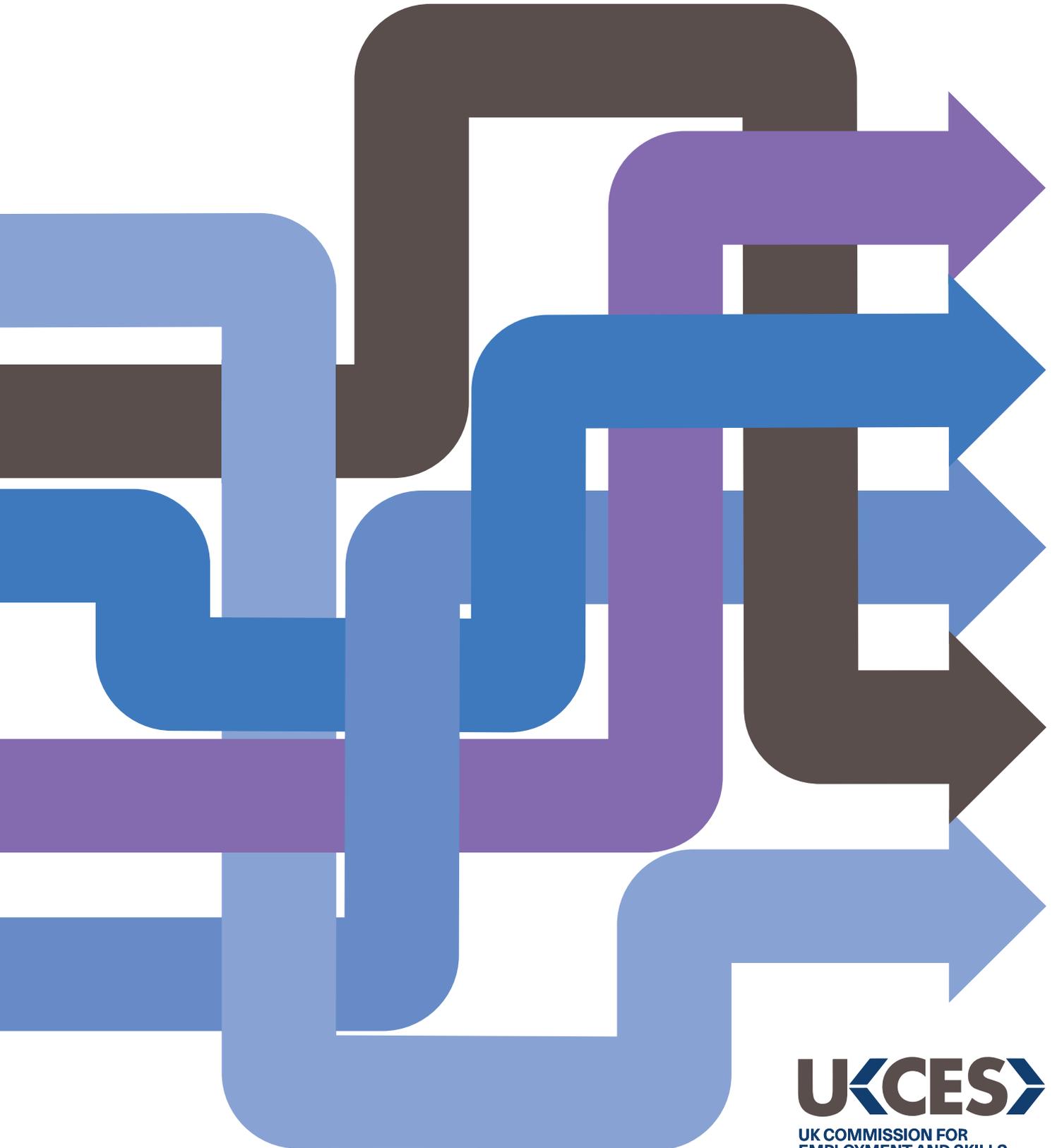


UK Futures Programme: an introduction

April 2014



Foreword: Scott Waddington, UKCES Commissioner



Having endured one of the most difficult economic periods for decades, the signs of renewed optimism and stronger growth that we have seen over the past few months are very welcome. Our banks are in better financial shape, company balance sheets are slowly recovering and green shoots of confidence are beginning to emerge. All are important pre-conditions for recovery. However, we cannot be complacent. Productivity still remains low, youth unemployment stubbornly high and the distribution of growth uneven across the UK. To remain competitive at an international level in the future, we need to realise our capability of delivering more.

Three years ago, the UKCES embarked on a journey of co-investment with employers, launching first our Employer Investment Fund (EIF) and then our Growth and Innovation Fund (GIF) to encourage a long-term approach to changing policy and practice with regard to skills development. Through EIF and GIF we have co-invested in a range of industry sectors, business sizes and in a variety of activities. We have also worked with Government in England to secure greater employer ownership of, and responsibility for, skills as the fulcrum for change. The Employer Ownership of Skills Pilot has had a fantastic response from employers in stepping up to the challenge.

We now take our next step with the UK Futures Programme. From April 2014, we want to encourage employers to come up with solutions that tackle specific workforce development problems, that we know are restraining both business and wider economic performance. We want to co-create with industry to encourage innovation, particularly in creating better pathways from school into work, to help people progress in work, and in the development of higher level skills. By being more targeted in our investments, by conducting new research where needed and by capitalising on a culture of learning and improvement, we expect to learn more about what works, and what doesn't, in areas of persistent or new skills and performance problems. And in so doing, we will seek to demonstrate required changes to both policy and practice.

Testing new products and services is the lifeblood of many businesses. At Brains, we have a micro-brewery facility where we brew small batches of new and interesting craft beers to sell in our pubs around Wales and further afield. If a beer sells well, we will upscale production into our main brewing plant. Our brewers are constantly learning something about the mix of ingredients and the brewing process to improve upon next time. Innovation in the market is good for all of us.

I look forward to using these testing principles in a different context – to tackle our skills and employment challenges – for the ultimate goal of achieving strong and sustainable growth.

Scott Waddington

Chief Executive, SA Brain & Co Ltd.; Commissioner, UK Commission for Employment and Skills

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1. Introduction

This document introduces the UK Commission for Employment and Skills' (UKCES) UK Futures Programme. From April 2014, the UKCES will co-create and co-invest with industry in innovative ideas which address current or anticipated workforce development problems that are restraining business performance.

Here, we outline: the aims of the UK Futures Programme; what the UKCES can offer in terms of co-creating solutions; what we would expect from successful applicants; the broad themes which indicate where we are looking to create impact through the Programme; and information about the targeted individual competitions we expect to run through the Programme in year one.

As we launch each competition through the Programme, individual competition briefs will be issued, outlining in detail the scope of each competition (see section 7 for more information on individual competitions and likely timings).

2. The UK Futures Programme – an overview

At the UKCES, we have a driving ambition to encourage more and better investment in skills and employment opportunities for people in the UK. This is crucial to enhancing the UK's global competitiveness and to providing good jobs, and people with the capabilities to enable businesses to thrive and grow. Critically, fostering greater collaboration amongst businesses and understanding 'what works' in addressing workforce development issues, are important steps to achieving that ambition.

Therefore, from April 2014, the UKCES will operate the UK Futures Programme. This Programme will co-create with industry to research, develop, pilot and scale innovative solutions to tackling current and emerging workforce development issues that restrain business performance.

Through this Programme, we aim to achieve the following objectives:

- to support collaborative approaches to workforce development issues amongst employers and, where applicable, wider social partners;
- to encourage innovative approaches to addressing workforce development issues;
- to identify ways to address new or persistent market or system failures which act as a brake on UK workforce competitiveness;
- to identify 'what works' when addressing market failures in relation to workforce development, for adoption in policy development and wider business practice.

3. Key features of the UK Futures Programme

This section sets out the key information regarding the UK Futures Programme.

Public funding: From April 2014 around £4-5m of public money will be available annually to support multiple projects identified through a number of individual and targeted competitions.

Eligibility: The Programme will run across the UK. Collaborations of employers and collaborations of employers and other social partners will be eligible. However, we will also support single employer proposals where there is potential for impact/learning to be applied elsewhere. Intermediaries can pull together collaborative solutions, but it must be clear how employers are driving the proposal. All successful proposals will have to demonstrate the following criteria: strong employer leadership/engagement; private contributions; innovation; the potential for impact; testing and shared learning (see section 5 for further details).

Targeted competitions: Highly specified and targeted competitions will be issued in response to the areas where we are looking to create impact through this Programme (see section 6 for further details). The competitions we run will be identified following dialogue with industry, through the insights of our Commissioners and from our research base.

Driving innovation: The Programme will prototype innovative approaches to tackling workforce development issues; we will support four different 'stages' of innovative project – 'research', 'development', 'piloting', and 'scaling'. Broadly, these different stages, or types of project sit along an 'innovation spectrum', from 'transformative' to 'adaptive' innovation (see section 5 for further details).

Public and private contributions: The competitions we operate through the Programme may each offer different levels of public co-investment. The balance may vary according to the specific nature of each competition and whether it primarily delivers public or private benefits. Further information will be provided in the brief for each competition. Table 1 (see section 5 for further details) gives a broad indication of the balance of public and private contributions we anticipate for each of the four different 'stages' of project.

Co-creation: All projects that are supported through the Programme will benefit from the experience, expertise, research and connections of the UKCES and our Commissioners, due to the emphasis we are placing on co-creation through the Programme (see section 4 for further details).

Evaluation: We are keen to understand and learn from 'what works', with regards to the projects we support through the Programme. Therefore, evaluation, the sharing of learning and continuous improvement will be integral to project design and delivery. This is consistent with the wider 'developing/testing' approach we are taking through the Programme.

Communication: There will be little value in learning what works if we do not use this knowledge to influence policy and wider practice. The success of the Programme therefore also depends on communicating our findings and sharing good practice.

Exclusions: There are a number of things that we are not looking to support through the Programme. These include; large scale delivery of training ('participation'); projects that could be supported through already existing routes ('mainstream'); and costs not directly linked to delivery of projects.

4. What can successful projects expect from UKCES?

This section sets out what successful applicants can expect to receive from UKCES as we work with industry to ‘co-create’ solutions in response to the competitions we issue through this Programme.

A key aim of the UK Futures Programme is for the UKCES to develop substantial and lasting relationships with the organisations / projects which we support. Historically, the UKCES’ involvement in the investments it has made focussed primarily on financial co-investment and active contract management. We now want to play a much more substantial ‘co-creation’ role, where we offer on-going support to those projects in which we invest, that goes above and beyond monetary investment (for example, helping to transfer knowledge to other organisations and share best practice that emerges).

We outline below the non-financial ways in which the UKCES would help to support and co-create successful projects through the Programme:

- **Leadership:** The strategic direction of the UKCES is set by our 30 Commissioners, forming a social partnership. They come from employers, large and small, from the commercial, public and third sectors, from unions, from universities and colleges, and from all the nations that make up the UK. They set the direction for the UK Commission. Our Commissioners will be at the heart of the Programme, engaging with employers, stimulating innovation, working with their networks to generate interest and ideas with business and other thought leaders. Their reach and influence is fundamental to the Programme and their involvement will permeate throughout.
- **Experience:** The UKCES has considerable experience of co-investing with employers to identify and tackle problems that are restraining businesses performance and of identifying and championing successes. Since 2011, we have successfully co-invested in over 150 employer-led projects, generating substantial benefits for businesses and individuals.
- **Agile and responsive approach:** The Programme will operate in a way that is as responsive as possible to the needs of our partners. From running prior competitive investment competitions, we have learnt that public co-investment needs to be agile and flexible, and work to timescales that suit the employers we are looking to work with.
- **Research and evidence:** The UKCES has a wealth of research and data to support the Programme. We conduct two large scale business surveys on employers’ skills and employment needs and we forecast future skills demand. We have researched ‘what works’ in driving up skills levels and developed a substantial evidence base which is freely available on our website and will be drawn upon to support the development of the projects.
- **Supporting R&D and sharing lessons:** ‘Testing’ is integral to the UK Futures Programme and so must be built in to the design of all projects: testing innovative ideas or prototypes with a cross-section of the market is critical to learning about what makes the biggest difference. We will support projects to implement testing methods where necessary. Successful applicants will also benefit from learning about the experiences of other investments.

5. What does UKCES expect from successful applicants?

This section elaborates on the success criteria highlighted in ‘eligibility’ above and includes the lessons we’ve learnt from running previous investment programmes (conditions for successful projects).

Strong employer leadership and engagement

Employers must provide the leadership for the success of the UK Futures Programme. All successful teams will have strong employer leadership and strong foundations for growing wider collaboration with employers and other partners.

Public and Private contributions

The UKCES will contribute to projects to a varying proportion depending on the type or stage of the

project and dependent on whether the project has mainly a public good or mainly benefits employers. In projects where employers are the main beneficiaries, public contribution may not be necessary, but will help mitigate risk, ensure results are published and learning is shared for wider benefit or to inform policy.

Applications will need to demonstrate that they are able to deliver the project with an appropriate balance of public and private contributions. Table 1 provides an indication of the typical expected balance of contributions according to the stage of the project. Throughout the four stages the UKCES will provide the non-financial support described above.

Table 1: Stages of projects and balance of contributions

Project ‘stage’	Description	Balance of contributions
 Research	Increasing collective understanding of a problem and identifying the potential solutions.	Research will be generated as a social good and will therefore attract a UKCES contribution close to the full cost of the project.
 Development	Progressing and refining existing ideas into products and services.	Employers will have an active interest in shaping the product/service being developed and can see long term benefit to supporting the project. Public investment mitigates risk allowing the project to go-ahead and supports innovation and wider learning. UKCES is likely to provide the majority contribution.
 Piloting	Piloting products on a small scale in the ‘real world’ and evaluating their outcome and feasibility to scale up.	Piloting identifies if the product/service works and is of benefit to the intended user. We expect employer contributions to be higher than the development stage reflecting proximity to market. Risks are present but less than in the development stage. UKCES contributions aim to mitigate risks and support the emphasis on wider learning about what works. Although the public contribution is expected to be less than the development stage it may still provide the majority investment.
 Scaling	The growing and spreading of a product/practice/idea.	The implementation or scaling-up of a product or service may be more costly but if success and the benefits are more likely, private contributions are expected to cover the majority of the project costs. The public contribution will again facilitate wider learning, mitigate risk and will continue to be backed with non-financial support

The UK Futures Programme will accept in-kind private contributions alongside cash contributions. The nature, quality and timing of the contributions will be critical to delivering success as will getting the appropriate balance between cash and in-kind contributions. There should be a sound rationale for the approach: the balance between the two should be right for the problem, the starting point of the solution, the audience (e.g. hard to reach employers) and the context. This relies on having a good understanding of what can be achieved (and how) with different kinds of contribution.

Where the contribution positions employers in a passive and/or distant role from the project this will not be considered sufficient to ensure the viability of the approach in question.

Employer cash contributions are vital to the success of a project, but donations made without an active role, or contributions made in exchange for a product or service, will, again not be sufficient.

Innovation

The UK Futures Programme is centred on supporting the development of innovative employer-led solutions to workforce development challenges that are currently limiting business performance. This includes the way in which skills and training are delivered, developed and used in the workplace. It will be important for applicants to specify the type of innovation they are proposing.

What is innovation? By its very nature innovation is something which is live and changing. Broadly speaking, innovation is about the design and delivery of something new or different. This can include new ways of working, as well as the development of new products and tools. However, ultimately, a measure of innovation must be based on the extent to which it has a practical value and provides a service offering new benefits to employers. Through the Programme, we will support a broad range of 'innovative' approaches to tackling these barriers, from 'transformative' to 'adaptive' innovation (see diagram 1 below).

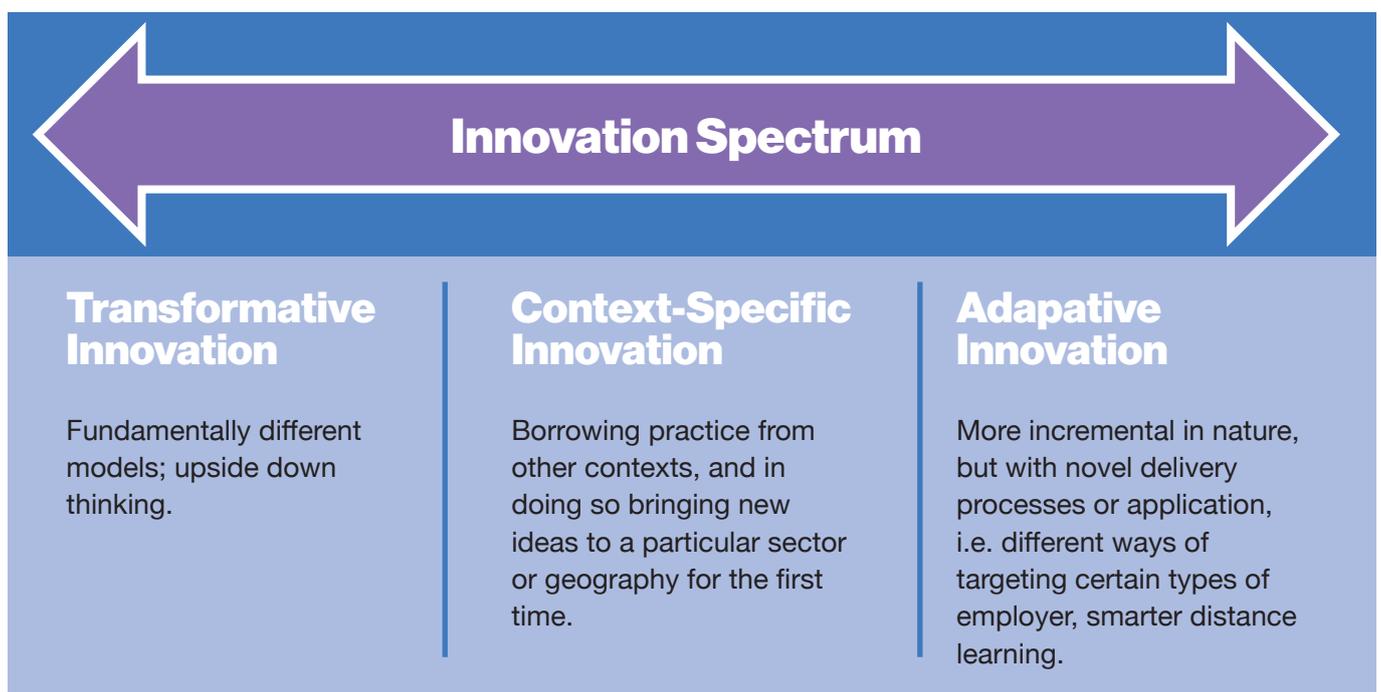
Testing and Shared Learning

'Testing' is crucial to the UK Futures Programme and so must be built in to the design of every project: testing innovative ideas or prototypes with a cross-section of the market is critical to learning about what makes the biggest difference. We will support projects to implement testing methods where necessary. Successful applicants will also share their learning to inform wider practice.

Potential for impact

Successful projects will show how the innovative solution will seek to address the problem (or capitalise on the opportunity) through clear pathways or cycles from problem to solution to potential impact.

Diagram 1: Innovation Spectrum



Conditions for successful projects

The UKCES has already co-invested alongside industry in workforce development solutions through a variety of investment programmes. These programmes have taught us a number of specific lessons about the conditions needed to create successful solutions to workforce development problems. The following lessons have been crucial in helping us to shape the UK Futures Programme:

Start with the problem in mind: A project founded on a rich understanding of the problem / opportunity key players are looking to tackle, and how it is experienced by a cross-section of its audience, is better placed to respond to it than one that isn't.

Don't just engage the 'usual suspects': For a project to really meet the needs of the 'wider' audience, it needs to move beyond those employers that engage readily and reach out to a representative cross-section of employers. Sometimes these can be the 'hardest to reach'.

Start early and put resource behind it: Moving beyond the 'usual suspects' is not easy. Projects need to be realistic about the resource and time required to engage employers, plan for it, and actively review and manage the risks.

What's in it for employers? Clearly articulating the challenge, how the proposed solution tackles the problem, what's 'new' about it, plus the benefits/risks of action/inaction, will help build employer engagement.

Quality counts: The nature, quality and value of the employer contribution (whether cash or in-kind) matters. Where an employer actively engages in shaping, testing and championing the project, it pays dividends.

It's never too early to plan for sustainability: The benefit of grappling with this challenge at an early stage is that it rehearses and tests the financial model as part of the development of the solution. Projects are then hard-wired to plan for the future. Testing for sustainability will be a key plank of the Programme.

6. Where we are looking to create impact

There are three broad themes where we want to focus activity through the UK Futures Programme.

These themes (see table 2 below) were identified following dialogue with industry, by using the insight of our Commissioners, by working with and

through Government departments, by evaluating the investments we have made to date through previous investment programmes, and by examining our extensive Labour Market Information. All of the targeted competitions that we run through the Programme will relate back to one or more of these themes.

Table 2: focussing activity on three broad themes

	Broad theme:	Why are we focussing attention here?
1	Create more opportunities for young people to get in and on in work.	Youth unemployment remains high and there is declining demand for entry level jobs in the UK. The employment market has become more fragmented and harder to navigate for young people. Fewer young people are combining learning and earning, just when employers are wanting young people who are work ready. We need to inspire young people about the career possibilities open to them and improve entry routes into the labour market.

2	Improving productivity and progression for those in work.	Our evidence shows that employers are experiencing global skill shortages in critical business areas, yet at the same time too many employees find their skills underutilised. As the economy recovers, we need to support employers to reinvest in their workforce, building resilience, and to deploy skills in a way that drives value. We need to better understand what employers can do to offer quality work as part of strategies for growth and to improve the capacity for people to progress and be productive in work. This means businesses considering job design, skills investment and employee productivity alongside other competitive capabilities.
3	Building strong vocational pathways into higher level skills and jobs	Compared to our competitor nations, the UK has very limited vocational training at higher levels and relative to potential demand. Building strong career ladders into higher level skills will boost the status of vocational careers, as well as helping to build a more highly skilled and productive workforce. We need to review how employers and industry can most effectively expand the volume of vocational pathways leading to higher level skills for those in work.

7. Activity in financial year 2014/15 – targeted competitions

This section sets out the individual competitions that we will be looking to take forward through the UK Futures Programme in the financial year 2014/15 (at the time of going to press).

The UK Futures Programme will operate by issuing targeted competitions to tackle the broad themes identified in section 6. Each competition will have a competition brief that will be published on the UK Futures Programme website (www.gov.uk/ukces), and provide more detailed information including:

- The scope of the competition, including the rationale for running the competition (the problem we are seeking to address).

- Balance of public and private contributions.
- The constituencies at which the competition is targeted (eligibility).
- Details about the application process (including submission deadlines).
- Contact details for further information.

Activity in 2014/15:

Our intention is to give as much notice as possible to potential applicants about the competitions which will be launched in year one of the Programme. Table 3 outlines two competitions that we are confident we will put out to market in year one of the Programme.

Table 3: Competitions that will be operated through the Programme (2014/15)

Competition:	Aligned to:	Launch in:
Addressing skills deficiencies in the Off-site construction sector to capitalise on the growth potential of this sector	Broad themes: 2 and 3	April
Raising the demand for and quality of management and leadership in the supply chain.	Broad themes: 2 and 3	TBC

We are also intending to run a number of other competitions through the Programme in 2014/15. We will update our website with details about these additional competitions when we are in a position to publicise them.

8. Timeline

This section provides indicative information about key dates with regards to the UK Futures Programme. These include various deadlines for each of the competitions we will issue through the Programme in 2014.

April 2014	UK Futures Programme launched
	Off-site construction competition: <i>published</i>
May 2014	Off-site construction competition: <i>webinar</i>
	2nd competition: <i>published</i>
June 2014	Off-site construction competition: <i>deadline for applications</i>
	2nd competition: <i>webinar</i>
	3rd competition: <i>published</i>
	4th competition: <i>published</i>
July 2014	2nd competition: <i>deadline for applications</i>
	3rd competition: <i>webinar</i>
	4th competition: <i>webinar</i>
August 2014	Off-site construction competition: <i>decisions announced</i>
	2nd competition: <i>decisions announced</i>
	3rd competition: <i>deadline for applications</i>
	4th competition: <i>deadline for applications</i>
September 2014	Off-site construction competition: <i>commence delivery</i>
	2nd competition: <i>commence delivery</i>
	3rd competition: <i>decisions announced</i>
	4th competition: <i>decisions announced</i>
October 2014	3rd competition: <i>commence delivery</i>
	4th competition: <i>commence delivery</i>

9. Contacts and further information

Contact us:

Questions and queries regarding the UK Futures Programme can be submitted to:

enquiries.futuresprogramme@ukces.org.uk.

We aim to respond to questions within five working days. It is important to note that, in order for all applicants to have access to the same information, responses including significantly new information will be shared publicly on the UKCES website:

www.gov.uk/ukces.

Details of those asking questions will not be made public. The website will be updated regularly and applicants should ensure that they have taken account of the latest information provided when preparing applications to any of the competitions we operate through the UK Futures Programme.

Freedom of information and Data protection:

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

Any personal data that is provided as part of your application will be processed in accordance with the Data Protection Act 1998, in particular in full compliance with the data protection principles in schedule 1 of that Act. The personal information will

only be processed by UKCES (and its administrators) for the purpose of assessing your eligibility for the UK Futures Programme. It will not be used for any other purpose without your permission, nor will it be shared with any third party, subject to the provisions of the 1998 Act.

Intellectual property:

“Intellectual Property” means patents, inventions, trademarks, service marks, logos, design rights (whether registrable or not), applications for any of those rights, copyright (including Crown copyright), database rights, domain names, trade or business names, moral rights and other similar rights or obligations, whether registrable or not, in any country (including but not limited to, the United Kingdom) and the right to sue for passing off.

For Intellectual Property (IP) created or developed directly as a result of any Grant awarded by the UK Commission, the following rights will apply:

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- You will agree to grant a licence for the IP to any other organisation as reasonably requested by UK Commission.
- In granting the licence to UK Commission, You shall ensure that any materials in which there are pre-existing intellectual property rights owned by You or Your agents, sub-contractors or third parties:

You will provide, or procure from such agent, subcontractor or third party a non-exclusive licence (or sub-licence) allowing UK Commission to use, reproduce, modify, adapt and enhance those materials as UK Commission sees fit. Such licence (or sub-licence) shall be perpetual, irrevocable and granted at no cost to UK Commission.

You indemnify UK Commission against all claims and proceedings, and all costs and expenses incurred in connection with any infringement of the use of the Third party's intellectual property in performance of the grant.

Further information:

The following documents provide information which may be of use when considering submitting an application to one of the 'competitions' that we run through the UK Futures Programme:

UKCES, "Employer Ownership: Building a sustainable partnership for the long term", (2011)

UKCES, "Employer Ownership: Building the Momentum", (2013)

UKCES, "The Value of Skills: An evidence review", (2010)

UKCES, "UK Employer Perspectives Survey 2012" (2012)

UKCES, "UK Employer Skills Survey 2013" (2014)

UKCES, "The Future of Work: Jobs and Skills in 2030", (2014)

UKCES, "Working Futures 2012-2022", (2014)

This publication is available on the following website: www.gov.uk/ukces

Any enquiries regarding this publication should be sent to:

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