

# A guide to the UK Commission for Employment and Skills

Autumn 2014



# Sir Charlie Mayfield, Chairman



After one of the most challenging economic periods for a generation, a decisive return to growth is great news. We are already seeing the effects in employment which is rising as economic output improves and business confidence strengthens.

However, productivity is lower than the pre-crisis peak and remains stubbornly behind what is achieved in many of the markets with which we compete. For growth to be sustained and competitiveness and opportunities to flourish, productivity has to rise. That's why the skills and capabilities of people in the workplace are so important.

Skills are the heartbeat of an economy – the pulse that fuels productivity across sectors and up and down supply chains, enabling businesses to succeed.

To achieve better productivity and to spread growth across the UK, industry, government and everyone providing education and training must form better partnerships to ensure that the workplace acts as a transmission mechanism for progression, productivity and competitiveness.

Our conviction here is based on quality insight developed by UKCES. We run some of the world's most comprehensive studies into skills

and employment, which are then used by Commissioners with an extraordinary range of experience, to ensure we focus on the right issues.

As a result we have been consistently clear that this agenda must be led by employers and that's why our focus over the last year has been to scale-up the vision we set out three years ago to establish greater employer ownership of skills. We have encouraged the formation of industrial partnerships of forward thinking employers, co-investing with them to create the collective leadership that's vital to sector wide progress.

We are also committed to helping address the UK's low rate of youth employment. We have made progress in encouraging the UK to reinvent work experience and employability for young people, and have pressed for fundamental reform of apprenticeship funding.

Scaling up what has been achieved requires more effective 'ladders

of opportunity' that enable people to get in and on in work. For the employer, this is how they develop and deploy the skills they need to compete. For the employee, it is how they develop a fulfilling career and achieve progression in earnings.

It's no accident that the most successful sectors are those where the ladders are working best. In most cases, it is because the industry is clear on its requirements and has invested in people and their development. This is the role of the emerging 'industrial partnerships', which come in many shapes and sizes according to the needs of their sectors. UKCES Commissioners will be asking each to show leadership and to build momentum in delivery to demonstrate the potential of collective action in addressing skills needs.

Progress has been encouraging, but the UK economy needs, and is capable of, more.

***Sir Charlie Mayfield***

# The UK Commission for Employment and Skills: Key Facts

- The UK Commission for Employment and Skills (UKCES) is funded by government as a UK-wide non-departmental public body. We work with industry and government to help achieve better outcomes in how people get into work and how businesses succeed through the skills and talents of their people.
- We are a social partnership led by 26 Commissioners, appointed by Ministers, who are leaders of large and small enterprises (including non-profits), and further and higher education institutions from across the UK.
- The combination of intelligence, insight and investment in UKCES is unique. No other skills system in the world combines this expertise and activity in to a single body. Confirming this, the OECD has recognised UKCES as a policy innovation in its own right and is using it as an example of best practice.
- Through our Employer Ownership of Skills Pilot, to which the government has committed £340 million in funding, we have worked with industry and government to create greater employer ownership of skills. The projects supported by the pilot have demonstrated that employers are willing and able to assume more responsibility for workforce development, and we are now encouraged by the emergence of up to eight industrial partnerships. These will create the space for sectors to take end to end responsibility for skills and ensure a long-term talent pipeline.
- By the end of 2013, our Growth and Innovation Fund (GIF) and Employer Investment Fund (EIF) had helped 7,600 people into work, 26,800 people to start apprenticeships and 14,400 people to secure work placements. These figures will increase as more projects are completed.
- Our Employer Skills Survey is the first UK-wide and the largest survey of its kind in the world, surveying 91,000 employers.
- Over 15,000 employers are interviewed about how they engage with the employment and skills system to meet their skills needs for our Employer Perspectives Survey.
- In May 2013 we released a pilot version of LMI for All, an online data portal which, for the first time, brings together reliable labour market information which can be used to create user-friendly tools to help inform career decisions, job applications and business planning.
- In the past year we have published over 80 research reports and briefing papers, and run seminars and workshops to support their dissemination. Our role as 'thought leaders' has resulted in our work being used to inform policy analysis and innovation within and outside government.
- We have refreshed the Investors in People brand and developed new services and products to deliver a relevant, tailored and inspiring service for businesses.
- Over 17,000 businesses and organisations across the UK have either achieved the Investors in People standard or are working towards it.
- At the end of 2013/14, 67% of Investors in People clients were private sector businesses – up 7% from 2012/13.
- Our Futures Programme challenges are now pioneering a new mechanism for skills investment, to stimulate ongoing employer-led innovation in this area.
- Our Commissioners lead and contribute to many government reviews and programmes, including the Review of Adult Vocational Qualifications in England, led by Nigel Whitehead; the Wales Employment and Skills Board, chaired by Scott Waddington; and the Joint Skills Committee in Scotland, chaired by Paul McKelvie.
- Following a two year industry-backed initiative to reform apprenticeship funding, led by our Commissioner, Scott Johnson, recommendations which put employers' needs at the heart of the system and give them more control over funding are being taken forward.
- Our work streamlining National Occupational Standards and apprenticeship frameworks has reduced costs to the public purse from £16 million to £2.1 million.

# Who we are

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The UK Commission for Employment and Skills is funded by government as a UK non-departmental public body. We work with industry and government to provide strategic leadership on skills and employment issues across the UK.

We are sponsored by the Department for Business, Innovation and Skills and the Department for Work and Pensions on behalf of the Department for Education and the Treasury, together with the Devolved Administrations of Scotland, Wales and Northern Ireland.

Our Commissioners comprise a form of social partnership of employers – large and small – from the commercial, public and third sectors, unions, universities and colleges, and from the four nations that make up the UK. They set the direction for UKCES and ensure our proposals are developed and considered from every angle.

We partner with many other organisations to achieve our goals, including businesses and their representatives, the Confederation of British Industry, Education Employers Taskforce, Chartered Institute of Personnel and Development, British Chambers of Commerce, Education and Training Foundation, Find a Future, Chartered Management Institute, Chartered Institute of Management Accountants, Federation of Small Businesses, Joseph Rowntree Foundation, Economic and Social Research Council, OECD, Local Enterprise Partnerships, Unionlearn, trade unions, Sector Skills Councils, National Apprenticeships Service, Universities UK, Work Foundation, colleges including the 157 Group and Gazelle Group, National Institute of Adult Continuing Education, trade associations and professional bodies.

## **Our team**

The UK Commission for Employment and Skills employs around 100 people. We are a strong advocate for providing opportunities for young people; 20% of our workforce are graduate interns, apprentices and students on sandwich placement courses.

Our people are organised into three areas:

1. Research and Technical – delivering specialist labour market intelligence, research, evaluation and policy analysis.
2. Project Delivery – providing technical expertise and project management for investment funds, policy implementation and delivering projects across UKCES' work.
3. Business Services – providing specialist communications, organisational planning and corporate services.

## **How we work**

We are a single team taking responsibility together to deliver the organisation's goals. Our work is Commissioner-led, evidence-based and focused on impact. We work openly and collaboratively. Our people are encouraged to challenge where things aren't working or could be improved and to help others to develop and to get involved wherever possible.

# Our work

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The UK Commission for Employment and Skills is a driving force for change – producing and promoting robust business intelligence, influencing policy, and working on large-scale projects, often in partnership with government departments, agencies and other employer organisations. Commissioner networks and strong working relationships ensure our work has impact across and beyond the skills and employment landscape.

## **Commissioner-led**

Our unique perspective lies in the diversity and independence of Commissioners who are able to reach out into industry and take a long-term, big picture perspective on skills and jobs for the UK. The Commission is made up of 26 high-calibre Commissioners who work with Ministers and business leaders to head-up policy inquiries and provide valuable independent insight into what works.

## **Focused on impact**

Outwardly, we look for opportunities where we can make the biggest difference. Our impact relies on working as a single team to ensure that the sum of our activities is greater than its parts. In 2011 we developed the strategy for employer ownership of skills, which is now a key government policy. We led the case for the reform of public investment in work-based training and our investment projects are projected to achieve a return of £3-£6 for each £1 of public money spent.

## **Evidence-based**

We bring together impartial and robust national and international business and labour market research to inform choice, practice and policy. Uniquely, we combine robust business intelligence with Commissioner leadership and insight. We produce the largest employer skills surveys in the world and the most comprehensive set of labour market projections available in the UK. Over the last year we have published over 80 research reports and briefing papers.

## **Open and collaborative**

As a social partnership, our strength and influence comes from the partnerships we form across business, trade unions, government, industry bodies, and education and training organisations. We work with government to push forward effective policy, and with industry to change business behaviour. We are transparent and open in how we work. We have contributed to numerous policy reviews across the UK including the Growth Review, Industrial Strategies, Doug Richard's review of apprenticeships in England, the review of apprenticeships in Northern Ireland, Ian Wood's review in Scotland and the set up of Qualifications Wales. We have also joined forces with the CIPD, CIMA and CMI to influence how businesses value talent, and set up strategic partnerships with the OECD, ESRC and NIACE.

# Business Plan Overview for 2014-15

## Vision

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

## Ambition over the next three years

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

Improve the skills, productivity and progression of those in work

Build stronger vocational pathways into higher level skills and jobs

## Objectives over the next year

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

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

Test out employer-led innovation to address persistent skills challenges

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

## Approach

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Focused on impact

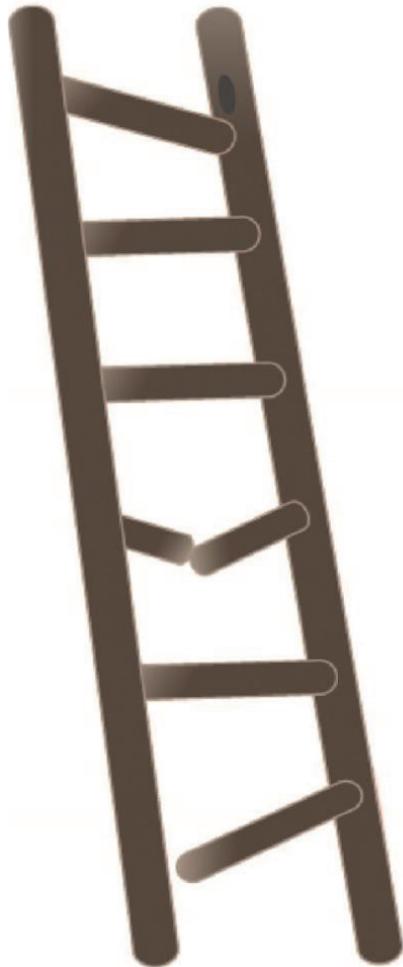
Evidence-based

Open and collaborative

# Ambition – three key challenges

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



## 3. Moving up (top rung)

Our prosperity depends on rising productivity, and so we need to continuously improve people’s skills and make the most of their talents. But persistent skills shortages for high skilled workers, combined with poor use of the skills we already have, are hampering competitiveness. More businesses need to act but limited established work-based routes to higher middle skills are inhibiting progression.

## 2. Getting on (middle rung)

Changes in the world of work through accelerating technology, globalisation and longer working lives are changing career paths. For those in work there is the challenge of how to progress. We’re better educated, meeting a rising demand for skills. But better businesses need to develop new middle skill career pathways as old ones decline to prevent an hourglass economy.

## 1. Getting in (bottom rung)

The recession accelerated difficulties for people looking for work, and a decade long trend of falling youth employment. Education continues to be vital, and supports employment growth, but there are still declining opportunities for study and work which enhance long-term prospects. Employer gaining more business need to ensure more and better opportunities to support new entrants and their progression.

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

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Core to our remit is maximising the effectiveness of employment and skills policies through the insights of our Commissioners. The dynamic mix of their experience, and their status within industry, makes UKCES a force for action and influence. We leverage their knowledge and networks to work towards our ultimate ambition of economic growth through employer ownership of skills.

Our Commissioners drive much of our communications activity, raising awareness of employer ownership opportunities throughout business sectors and supply chains, and encouraging employer engagement in investing in skills. They have been quoted in hundreds of press articles and interviewed on radio and TV, to deliver powerful messages to employers about skills development.

Our Commissioners are also a key channel through which we influence policy. By building on links between government departments, Ministers and business

organisations, our Commissioners feed directly into future skills and employment strategy to help strengthen vocational pathways into sustainable employment and improve productivity and prosperity for individuals and businesses.

Led by our Commissioner Scott Johnson, our two-year initiative to reposition the employer as purchaser of apprenticeships has proved to be a game changer. In 2013, the Chancellor's Autumn Statement announced that from 2016/17, employers will be given direct control over apprenticeship funding. Our work around improving employment prospects for young people, including reforming work experience, is also influencing policy and attracting attention across government.

Our world-class research programme drives our reputation as the 'go-to' organisation for authoritative intelligence on skills and employment. Organisations as diverse as the Migration Advisory Committee, Local Enterprise Partnerships (LEPs) and the OECD draw upon our robust, high quality intelligence as examples of good practice, partnership working, and the most innovative thinking. Our research has two audiences: employers and government. Over the last two years, we have worked to further enhance the profile and influence of our research. As a part of this we have sought to broaden the reach of our research products and insights so that they shape public opinions, attitudes and behaviours beyond the skills system. In the past our

research has been most well-known and highly regarded amongst central government audiences and within the employment and skills research community. Our aim has been to widen our influence beyond this core audience, and in pursuing this we have worked closely with Commissioners and other key partners.

## Our research includes:

- The Employer Skills Survey. Launched at Westminster in January, the second of our biennial flagship surveys revealed the results of 91,000 interviews, forming the largest and most authoritative study on employer skills needs in the world. The survey looks at the actual and potential development of the UK workforce as a key driver of growth.
- The Employer Perspectives Survey is a major survey of 15,000 UK employers. This complements the Employer Skills Survey, looking at how employers meet their skills requirements. In particular it focuses on their perceptions and use of skills and employment initiatives including vocational qualifications and apprenticeships.
- The Future of Work study. Launched by our Commissioner Toby Peyton-Jones earlier this year, the Future of Work is a ground-breaking report which analyses the trends and disruptions shaping the UK's labour market up to 2030, together with the most comprehensive set of labour market projections available in the UK.

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

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In 2011, we launched a transformational vision for the way the UK invests in skills – our vision for employer ownership.

After reviewing the skills challenges facing the UK, we set out a plan – rooted in robust research – to empower employers as a crucial means of enhancing skills investment.

## **Five guiding principles form the backbone of this employer-led skills system**

1. Create the space for the best employers to step up, collaborate, and take end-to-end responsibility for workforce development
2. Customer focused and outcome driven services, to ensure businesses and people are at the heart of operations
3. Alignment of strategy and investment to leverage more and better outcomes. Routing public contribution through the employer to create a single market for skills, where supply responds to genuine demand.
4. Simple and transparent systems to engage customers and steer them towards higher quality vocational learning
5. Greater collaboration between employers, unions and training providers

This vision has resonated strongly with government, providers and employers.

The Prime Minister initially committed £250 million to test the approach. The success of two rounds of pilots led to further funding through to 2015/16, making up a total of £340 million in government investment to date.

Employer ownership has challenged employers to collaborate with one another, unions and providers, and called for employers to have a far larger role in setting rigorous standards, designing provision to meet employers' future needs and in the distribution of public funding.

We have worked with industry and government to secure the agreement of Ministers to invest in up to eight industrial partnerships – exceeding our original ambition – in the energy, aero, auto, IT, tunnelling, science, nuclear and creative sectors.

### The Energy and Efficiency Industrial Partnership

(EEIP) has set itself the three year goal of achieving at least 20,000 learners, of which at least 5,500 will be recruited onto apprenticeships, at least 7,700 into Traineeships or Youth Employment programmes and at least 6,000 current employees will be re-skilled.\* The strength of employer leadership within the Partnership is highlighted by the calibre of the 67 employers working together to fill the training and skills void in the power, gas, water, renewables and waste management industries, as well as some of the household names that sit on the Board, including National Grid, E.ON UK and United Utilities. The Partnership will become a forum for strategic discussion on current and future energy skills challenges, contributing to the delivery of a low carbon economy that will ensure the security of the UK's utilities. It will develop an industry-wide view on growth innovation and sustainability, as well as sustainable ways of improving skills that ultimately drive productivity. Through pioneering training development, delivery and assessment, the Partnership aims to yield the skills the sector so desperately needs.

Our competitive Growth and Innovation Fund (GIF) and Employer Investment Funds (EIF) have produced an impressive array of skills infrastructure, with employers contributing £95.1 million - a contribution of over 50% of the total investment. A high proportion of these projects

will be sustainable after funding has ceased.

Our total investment portfolio for EIF and GIF included 124 employer-led skills projects, which have supported 7,600 people into work, 26,800 people to start apprenticeships and 14,400 to gain secure work-placements.\*\*

The UK Commission for Employment and Skills drives forward the development of National Occupational Standards (NOS) and Apprenticeship Frameworks, on behalf of the four nations.

NOS provide an internationally acknowledged and UK industry recognised benchmark for competence in the workplace, which supports essential recruitment demands and underpins skills solutions.

Apprenticeship frameworks form the basis of the work based training programmes taken by thousands of apprentices each year, allowing them to work towards a nationally recognised qualification while gaining valuable 'on the job' work experience.

Year on year, our Standards and Frameworks team, working alongside Commissioners, stakeholders and the four home nations, ensure that NOS and apprenticeship frameworks meet business needs in a changing economy.

\*EEIP Operations Board endorsement is currently pending and these figures are awaiting final confirmation

\*\* EIF and GIF management data up to December 2013

### National Occupational Standards at Swizzels

**Matlow:** Confectionary manufacturer Swizzels Matlow, which makes household favourites such as Lovehearts, Drumsticks and Refreshers, used NOS to help them formalise job descriptions and define the skills its people needed.

This had the direct effect of achieving consistency, boosting confidence, improving performance and aiding further employee progression.

Training at Swizzels Matlow is now carried out in a constructive, smooth way; everyone knows what they need to know and what their role is, reflecting exactly what is needed on the shop floor. Employees are better equipped to transfer between departments, because wherever they work, they are working to the same standards.

*"National Occupational Standards are an invaluable aid to our business. They represent a gold standard of knowledge and understanding which anyone working in food and drink manufacturing can access and use. After 12 months employment, every one of our employees undertakes a Level 2 National Vocational Qualification (NVQ). NVQs are based on National Occupational Standards, so everyone who gains the qualification is being assessed against an industry-agreed benchmark of competency and knowledge."*

*Tony Salt, Training and Development Manager, Swizzels Matlow*

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

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Our Futures Programme is forging new mechanisms to stimulate ongoing employer-led innovations.

The Futures Programme takes the lessons and expertise from our GIF and EIF investments to develop our vision for true employer ownership of skills.

The focus is on investing alongside industry to co-create and prototype genuinely innovative solutions to tackle market failures in workforce development.

Rather than managing large scale participation, our investment will initially focus on projects that build capacity and infrastructure.

We are encouraging employers to come up with solutions to tackle specific workforce development problems that we know are holding back business and economic performance.

We want to work with industry to encourage 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. In doing so, we will seek to demonstrate required changes to both policy and practice.

Launched in April 2014, the Futures Programme operates by running individual challenges put out to the marketplace.

We have successfully promoted two challenges as part of the programme. The first is in the off-site construction sector, and the second is Management and Leadership through the supply chain across four specific sectors.

**Proposals must meet the core criteria of:**

- Strong employer leadership/engagement
- Public and private contributions
- Innovation
- A clear path from problem to solution which demonstrates the potential for impact
- Testing and shared learning

# Objective 4 – Help businesses realise the potential of their people

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Investors in People (IIP) is the world's most widely used and longest standing people management standard, with 17,671 clients either achieving or working towards achieving the standard.

Our evaluation shows that 62% of firms saw improvements in management effectiveness since achieving the IIP standard. It also showed that IIP employers are more likely to:

- Fund training (80% compared to a UK average of 63%)
- Arrange or fund training to qualifications and NVQs (57% compared to 28% on average)
- Have apprentices (26% compared to 15% on average)
- Offer work placements (38% compared to 27% on average)
- Have a business plan setting out objectives (80% compared to 56% on average)
- Predict business growth (60% compared to 47% on average)

IIP is the 'employer facing' brand of UKCES, and complements our investment activity by providing another direct lever to achieve skills objectives.

In the last few years there has been a dramatic shift in the type of new organisations working with IIP. Around 67% of accreditations are now in the private sector, reflecting a renewed focus on business improvement.

This year, the IIP Academy has been launched, an online resource which provides leaders and high potential professionals with an extensive collection of resources for essential leadership and management skills.

## IIP case study – MPM Products

MPM Products is a small but rapidly growing pet food business heading for £12m turnover in 2014. With IIP, it has ensured that all employees felt part of the business, and understood how their contribution was vital to ongoing success. The support of IIP has enabled MPM to expand sustainably.

## IIP case study – Lafarge Tarmac Contracting

"Investors in People shows to customers that we are 100 per cent committed to people development and ensuring that our employees are skilled, well-informed and professional. Moreover, it helps us to demonstrate the modern face of our business to young people and show that we are a progressive, evolving sector that can provide long-term career opportunities."

*Paul Fleetham, Managing Director, Lafarge Tarmac Contracting*

IIP is on track to be a self-sustaining business by 2015, as a result of licence fee negotiations, securing long-term partnership with our delivery network, and stabilisation of revenues.

# Our Commissioners

## Voluntary and Third Sector

## FE, HE, and Careers

## Small / Medium Enterprises

## Devolved Administrations

## Trade Union

## Large Employers

### Jeremy Anderson CBE



Chairman,  
Global Financial Services,  
KPMG Europe LLP

### Toby Peyton-Jones



Director of HR, Siemens  
UK & North West Europe

### Valerie Todd, CBE



Director of Talent  
and Resources at  
Crossrail Ltd

### John Cridland CBE



Director-General of the  
CBI

### David Fairhurst



Chief People Officer,  
McDonald's Europe

### Nigel Whitehead



Group Managing Director  
Programmes & Support,  
BAE Systems

### Fiona Kendrick



Chairman & Chief  
Executive,  
Nestlé UK & Ireland

### James Wates CBE



Chairman, Wates  
Construction Limited

### Douglas McCormick



Engineering professional

### Barbara Spicer



Chief Executive of  
Plus Dane Group

### Frances O'Grady



General Secretary of  
the TUC

### Gail Cartmail



Assistant General  
Secretary, Unite the Union

### Dave Prentis



General Secretary,  
UNISON

### Grahame Smith



General Secretary,  
Scottish Trades Union  
Congress

### Dr Bill McGinnis CBE DL



Northern Ireland Advisor  
on Employment and Skills

### Paul McKelvie OBE



Training & Development  
Professional

### Scott Waddington



Chief Executive,  
SA Brain & Co Ltd

### Scott Johnson



Chief Executive,  
Chas Smith Shopfitters Ltd

### Julie A. Kenny CBE DL



Chairman and Chief  
Executive, Pyronix Limited

### Sean Taggart



Owner and Chief  
Executive of  
The Albatross Group

### Will Butler-Adams



Managing Director,  
Brompton Bicycle Ltd

### Prof. John Coyne



Vice-Chancellor,  
University of Derby

### Dr. Deirdre Hughes OBE



Chair of the  
National Careers Council

### Seyi Obakin



Chief Executive of  
Centrepoint

### Liz Sayce OBE



Chief Executive,  
Disability Rights UK

### Sir Charlie Mayfield

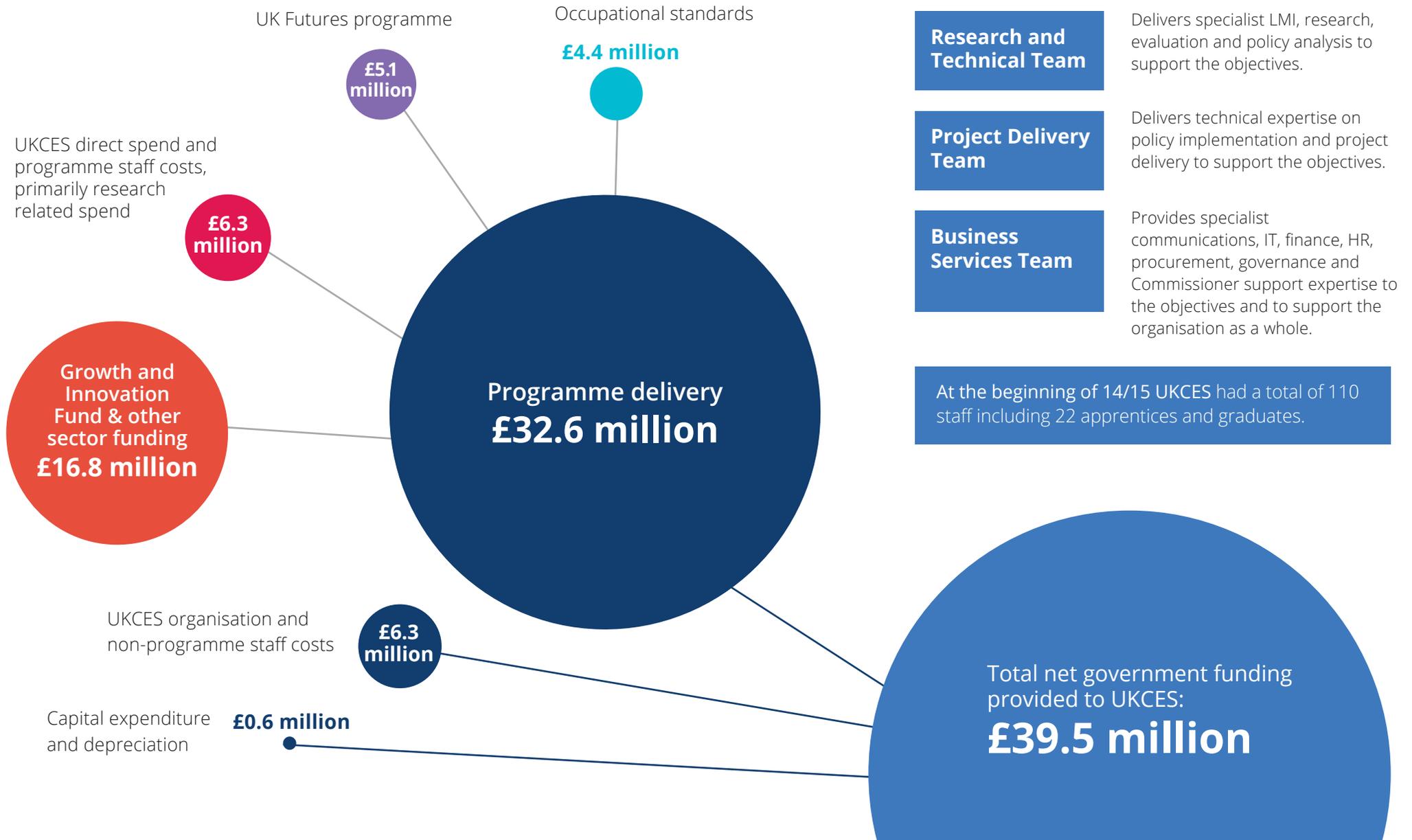


Chairman of the  
John Lewis Partnership

## Chairman

# Our Resources

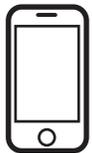
Where we will spend our funds 2014/15



# Contact Us

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Please get in touch with us if you would like more information about the UK Commission for Employment and Skills. We have offices in Yorkshire and London.



Call our main reception:  
01709 774800



Email:  
[info@ukces.org.uk](mailto:info@ukces.org.uk)



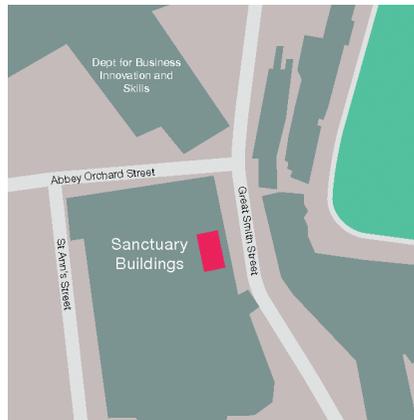
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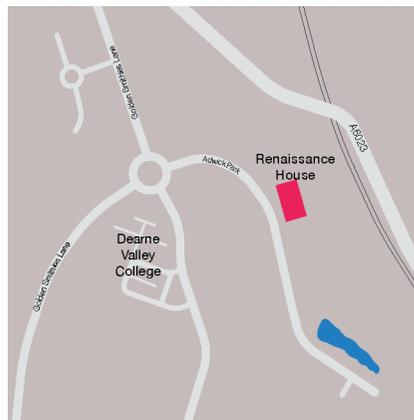


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## **London:**

Sanctuary Buildings  
Great Smith Street  
Westminster  
London  
SW1P 3BT



## **Yorkshire:**

Renaissance House  
Adwick Park  
Wath-upon-Deerne  
South Yorkshire  
S63 5NB



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EMPLOYMENT AND SKILLS