

2012 – 13 Business Plan

for the UK Commission for Employment and Skills

Introduction

The world economy is again creating difficult conditions for growth and employment in the UK. The business climate is challenging and rising youth unemployment is a particular concern. The last decade of continuous growth and high employment is a distant memory unlikely to be enjoyed again any time soon.

Economic renewal in this decade will be a long haul. To be sustainable it must be powered by the skills of people up and down supply chains in different sectors of our economy. Developing these skills is an intrinsic part of securing growth and prosperity for the UK. It is central to the Commission's vision of a more dynamic and employer-led approach as a source of competitive advantage for the UK economy.

Our ambition is to transform the UK's approach to investing in the skills of our people. In support, Commissioners have taken it upon themselves to spread this message. We also want to reinvent work experience for young people, as something that gives real opportunity for those who have yet to establish the 'rhythm of work'. We will continue to nurture the ambitions of employers, working in partnership with unions and providers, to invest in their capacity to connect the most pressing of sector and business needs to the recruitment and development of people.

We are pleased that the Prime Minister has responded so positively to the Commission's vision for greater employer ownership of skills. The employer ownership prospectus which has been published recently is a real opportunity to test our vision, and to work with forward-looking employers who are prepared to step up and take responsibility for a skills agenda which is employer, rather than government, owned.

There is clearly much to do, but the leadership of Commissioners, combined with the commitment of the Commission team and the partnerships we are building, gives me confidence that we will continue to make a positive contribution to skills and employment in the UK.

Charlie Mayfield
Chairman



Charlie Mayfield
Chairman of the UK Commission
for Employment and Skills and
the John Lewis Partnership

The UK Commission for Employment and Skills is a non-departmental public body providing strategic leadership on skills and employment issues in the four nations of the UK.

Together, our Commissioners comprise a social partnership that includes CEOs of large and small employers across a wide range of sectors; trade unions and representatives from the Devolved Administrations.

Our Commissionersleaders in their fields



From Left to Right Key: Chairman Devolved Administrations Large Employers Small/Medium Enterprises Trade Unions Voluntary Sector FE and HE

Charlie Mayfield, Chairman of John Lewis Partnership		Dr Bill McGinnis, N. Ireland Advisor, Employment & Skills		Scott Waddington, Chief Executive, SA Brain & Co Ltd		Paul McKelvie, Training & development professional		David Fairhurst, Chief People Officer, McDonalds Europe			
Trevor Matthews, Executive Director Developed Markets, Aviva		James Wates, Deputy Chairman of Wates Construction Ltd		Valerie Todd, Director of Talent & Resources at Crossrail Ltd		Nigel Whitehead, Group Managing Director of Programmes & Support, BAE Systems		Lucy Adams, Director of Business Operations, BBC			
Jeremy Anderson, Chairman Global Financial Services, KPMG LLP		Toby Peyton-Jones, HR Director for Siemens in the UK & North West Europe		Neil McLean, DLA Piper and Chair of Leeds LEP		John Cridland, Director General, CBI		Scott Johnson, Co-owner & Chief Executive, Chas Smith Group Ltd			
Sean Taggart, Owner & Chief Executive, The Albatross Group		Julie Kenny, Chairman and Chief Executive, Pyronix Ltd		Gail Cartmail, Assistant General Secretary, Unite the Union		Grahame Smith, General Secretary, STUC		Dave Prentis, General Secretary, UNISON		Brendan Barber, General Secretary, TUC	
Seyi Obakin, Chief Executive, Centrepont	Liz Sayce, Chief Executive, Disability Rights UK	Lord Victor Adebowale, Chief Executive, Turning Point	Dr. Deirdre Hughes, Chair of the National Council for Careers		Tony Lau-Walker, Chief Executive Officer, Eastleigh College		Prof. John Coyne, Vice Chancellor, University of Derby				

Business Plan for 2012 – 13

Ambition

To transform the UK's approach to investing in the skills of people as an intrinsic part of securing jobs and growth

Strategic objectives

Our remitted strategic objectives from government for 2011-14 are to:

Impact

- Maximise the **impact** of employment and skills policies and employer behaviour to support jobs and growth and secure an internationally competitive skills base

Investment

- Work with businesses to develop the best market solutions which leverage greater **investment** in skills

Intelligence

- Provide outstanding labour market **intelligence** which helps businesses and people make the best choices for them

Outcomes

Key to our ambition is the need to encourage greater employer ownership of skills, working to secure sustainable partnerships for the long term. Over the next 12 months Commissioners will focus on four outcomes:

More employers investing in the skills of their people

More career opportunities for young people

More collective action by employers through stronger sectors and local networks

More employers stepping up and taking ownership of skills

Assets

To secure these outcomes the Commission has five distinct assets to draw upon:

Commissioner Insights & Networks

Research

Investors in People

Investment Funds

Standards and Frameworks

Resources

As a small and dynamic organisation our 100 people are grouped into three professions:

Research & Technical

Project Delivery

Business Services

Supported by efficient, high quality core services

Finance, HR, IT, Facilities, Procurement, Communications

Our delivery, core services and people are supported by the following budgets for the year:

Investment funds of up to £61m

Programme funding £18m (excl investment funds)

Organisation's running costs £8m

Looking back, looking forwards

Our journey over the last 12 months

With a revised remit for 2011-12, last year we oversaw a real change in how the Commission operates and progression of our new objectives.

In practical terms, the outcome can be demonstrated in three different ways:

1. We are now investing in skills solutions that have real impact on jobs and growth. Our new, investment-based relationship with Sector Skills Councils and others is fundamentally different from our previous model of grant-funding.
2. Through our Commissioners' insights, we are now testing the principle of 'employer ownership of skills' to leverage a better deal for the taxpayer, employers and individuals. We are piloting this approach in England with a substantial public investment of up to £250m, and we will be reporting on this work throughout 2012-13.
3. We have produced the first-ever UK-wide employer skills survey, of 87,500 employers, enabling us to provide data and analysis on sectors and occupations across the UK. This kind of work is vital in helping our home governments understand long-term patterns and trends in employment and skills.

At the same time we have substantially reduced our operating costs through a combination of measures including a voluntary exit scheme, an office move and matrix working. These measures have resulted in a 21% reduction in 2011-12 running costs compared with 2010-11 and a 24% reduction in our direct programme costs.

For 2012-13 our Commissioners are keen to sustain this momentum and have therefore evolved the four priorities of 2011-12 to four outcomes, seeking to inject further focus and impact into how the Commission works.

11-12 Priorities:

P1 Make and win the economic argument for greater investment in skills

P4 Work with employers to maximise opportunities for unemployed and disadvantaged people

P3 Galvanise industries and sectors to improve the skills and productivity of their workforces

P2 Enhance the value and accessibility of vocational training, especially apprenticeships

12-13 Outcomes:

More employers investing in the skills of their people

More career opportunities for young people

More collective action by employers through stronger sectors and local networks

More employers stepping up and taking ownership of skills

Outcome: More employers investing in the skills of their people

Our task is to develop a great story and tell it well

Why are we focusing on this outcome?

Whilst the majority of businesses do invest in their people's skills, there is significant scope for improvement. Around 40% of businesses don't invest at all in any one year. There are substantial variations between different sectors and size of businesses, and levels of investment are uneven in their reach, excluding key parts of the workforce. There are also questions around management and leadership and how we utilise staff. Only 29% of businesses achieve higher performance working, whilst 40% of people report that their skills are under-utilised. This outcome will use our research to develop compelling stories that grab attention and promote a call to action to increase employers investment in the skills of their people.

Commissioner team leading this outcome:



Lead Commissioner:
Jeremy Anderson CBE,
Chairman, Global Financial
Services, KPMG



Julie Kenny CBE DL, Chairman
& Chief Executive, Pyronix
Ltd



Brendan Barber
General Secretary,
TUC



Lucy Adams
Director of Business
Operations, BBC



Dr. Deirdre Hughes OBE,
Chair of the National
Council for Careers



Scott Waddington
Chief Executive, SA Brain
& Co Ltd

Deliverables by end of 12-13		Assets to deploy				
		Commissioner Insights & Networks	Research	Investors in People	Investment Funds	Standards and Frameworks
1.1	Attention grabbing "stories" are developed from our research , and kept fresh, to promote a positive call to action		•			
1.2	The effectiveness of the stories are piloted in key sectors with potential, through at least eight Investors in People and other business and professional networks by end Q1			•		
1.3	Subject to a successful pilot, the calls to action are used to promote investment through wider business networks in sectors with potential (Q2 - 4), resulting in innovative, high quality bids to our investment funds				•	
1.4	Our Commissioners, through their networks, have communicated our stories to key audiences and ensured our call to action has greater investment focused on impact	•				
1.5	The number of businesses working with Investors in People in the promoted sectors has increased relative to other businesses by Q4, indicating that employers are starting to change their behaviour			•		

Outcome: More career opportunities for young people

Our task is to reinvent routes into work for young people

Why are we focusing on this outcome?

Over 1 in 5 (1.5m) young people in the UK are not in education, employment or training, including 0.25m unemployed for over a year. By 2022 this will result in c. £28 billion in costs to the exchequer & lost output to the economy, on top of the human & social costs. Opportunities for young people to get in and move up in the workplace are diminishing – under a quarter of employers recruit young people straight from education. Work experience needs to be reinvented as an integral part of the transition from education into work. Under this outcome, the Commission will set out and promote a compelling business case, particularly for small employers, for offering more opportunities to young people.

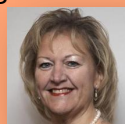
Commissioner team leading this outcome:



Lead Commissioner:
Liz Sayce OBE
Chief Executive,
Disability Rights UK



Seyi Obakin
Chief Executive,
Centrepoint



Julie Kenny CBE DL
Chairman & Chief
Executive, Pyronix
Ltd



Valerie Todd
Director of Talent &
Resources, Crossrail
Ltd



Lord Victor Adebowale
Chief Executive,
Turning Point



Dr. Deirdre Hughes OBE,
Chair of the National
Council for Careers



Dr Bill McGinnis CBE DL
N. Ireland Advisor,
Employment and Skills



Paul McKelvie
Training &
Development
Professional

Deliverables by end of 12-13		Assets to deploy				
		Commissioner Insights & Networks	Research	Investors in People	Investment Funds	Standards and Frameworks
2.1	The challenge is clearly defined through a series of four Commissioner reports on the changing nature of work for young people and what it means for employers, published by end of Q1	•	•			
2.2	A strategy and targeted delivery plan for a call to action is in place by Q1	•	•			
2.3	The scope of the Commission's competitive investment funds is extended, resulting in increased investment in employer owned work experience and career opportunity solutions for young people by Q4				•	
2.4	The Commission has received new investment proposals from at least 10 to 12 sectors and localities that feature employability, recruitment and/or progression of young people by Q4				•	
2.5	Depending on the bids, around three to five Employer Ownership pilots featuring work experience-type solutions for young people by Q2	•				
2.6	A new Investors in People product is developed by Q3 to help promote the benefits of high quality recruitment practices			•		
2.7	Contributed to the development of resource materials for career practitioners by Q4		•		•	

Outcome: More collective action by employers through stronger sectors and local networks

Our task is to nurture employer ambition and capacity for skills development

Why are we focusing on this outcome?

Strong employer commitment and leadership is vital if there is to be collective action by employers to tackle the big skills challenges in their sectors and localities and deliver the skills solutions required for economic growth. The Commission will work with networks of ambitious employers to create the conditions needed for them to invest more in skills by encouraging the development of sustainable employer-owned infrastructure to deliver skills solutions which drive jobs and growth.

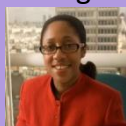
Commissioner team leading this outcome:



Lead Commissioner:
Toby Peyton-Jones
Director of HR,
Siemens UK & North
West Europe



Prof. John Coyne
Vice Chancellor,
University of
Derby



Valerie Todd
Director of Talent
& Resources,
Crossrail Ltd



Sean Taggart
Owner & Chief
Executive,
The Albatross Group



**Lord Victor
Adebawale**
Chief Executive,
Turning Point



Grahame Smith
General Secretary,
Scottish Trade
Union Congress



Gail Cartmail
Assistant General
Secretary,
Unite the Union



Neil McLean
DLA Piper & Chair
of Leeds LEP



Dr Bill McGinnis
CBE DL N. Ireland
Advisor,
Employment & Skills



Scott Johnson
Chief Executive,
Chas Smith Group
Ltd

Deliverables by end of 12-13

Assets to deploy

Commissioner Insights & Networks	Research	Investors in People	Investment Funds	Standards and Frameworks
	•			
•			•	
			•	
			•	
	•		•	
		•		
				•

3.1	We have a clear understanding about where there are gaps in employer-led infrastructure in sectors (by Q2) and localities where there is strong potential for growth
3.2	The Commission has actively supported the development of innovative investment proposals to address these gaps and has invested in at least a total of 35 employer networks of all sizes, working through sector networks, supply chains and local networks by Q4
3.3	Growth and Innovation Fund investment spend on high quality proposals in 2012-13 has increased by £28m by Q4, and is achieving cash and in-kind leverage of at least 40%
3.4	There is evidence that the investment portfolio is being actively managed, with funding being redirected from low to high performing investments by Q3
3.5	40% of the Employer Investment Fund 1 investments have yielded sustainable results by end of Q4
3.6	More employers are working with Investors in People, as a business improvement tool, leading to greater take-up of sector skills solutions at an individual company level
3.7	Employers and networks are testing and sharpening the relevance of National Occupational Standards as part of their collective skills and employment solutions (including Apprenticeships)

Outcome: More employers stepping up and taking ownership of skills

Our task is to test the Commission's vision for greater employer ownership

Why are we focusing on this outcome?

To achieve sustainable growth, employers of all sizes must have the space to step up and work within their supply chains and business networks with employees and providers to develop the skills they need. This must be framed within a skills agenda which is employer rather than government owned. This outcome aims to test this approach by piloting and evaluating the principles of employer ownership of skills.

Commissioner team leading this outcome:



Lead Commissioner:
Nigel Whitehead
Group Managing Director,
BAE Systems



Prof. John Coyne
Vice Chancellor,
University of Derby



James Wates CBE
Deputy Chairman,
Wates Group Ltd



Tony Lau-Walker
Chief Executive Officer,
Eastleigh College



Seyi Obakin
Chief Executive,
Centrepoin



Dave Prentis
General Secretary,
UNISON



Scott Johnson
Chief Executive,
Chas Smith Group
Ltd

Deliverables by end of 12-13

Assets to deploy

		Assets to deploy				
		Commissioner Insights & Networks	Research	Investors in People	Investment Funds	Standards and Frameworks
4.1	A balanced portfolio of significant, innovative Employer Ownership proposals supported in Phase 1 to test the principles (by Q2) and an agreed commissioning approach for Phase 2 by Q3	•			•	
4.2	Early evidence from the phase 1 pilots has been evaluated with employers, colleges, training providers and government, to assess their achievement to date and future potential impact by Q3	•	•			
4.3	Principles established about how a mainstreamed model could work by Q4	•	•			
4.4	Evidence has been provided to government which demonstrates how greater employer ownership of skills can be achieved, challenges government policies that are getting in the way, and showcases employer ownership best practice by Q3	•	•			•

Asset Description

(Each asset has a three year strategy)

Commissioner Insights & Networks

Lead Commissioner:
Charlie Mayfield,
Chairman,
John Lewis Partnership



Core to the remit of the UK Commission is maximising the effectiveness of employment and skills policies through the insights and influence of our Commissioners. Commissioners provide strategic leadership which has the potential to transform employer behaviour towards skills, in support of jobs and growth across the UK.

As a social partnership, Commissioners bring a range of unique insights from large and small employers, colleges and universities, trade unions, the voluntary sector and the Devolved Administrations.

Research

Lead Commissioner:
Jeremy Anderson CBE,
Chairman,
Global Financial Services,
KPMG



Delivering a robust evidence base through the production of high quality research, intelligence and insights is vital to the work of the UK Commission.

The evidence base drives messaging, investment decisions and objective assessments of best practice and what works. The unique added value of the Commission's research comes from its UK, international and sector-wide perspectives; and its impartiality comes through the leadership of social partners and the transparency of approach. Crucially, its distinct expertise means the Commission is well placed to deliver two large-scale surveys of UK employers and, in combination with other core evidence sources and Commissioner insights, analyses of the labour market that improve policy and help businesses and people make better investment choices.

Investors in People

Lead Commissioner:
Valerie Todd, Director of
Talent and Resources,
Crossrail Ltd



Investors in People is the UK's leading people management standard. It is a business improvement tool designed to help all kinds of organisations develop performance through their people.

Approximately 22,000 employers are accredited as Investors in People across the UK. Collectively they employ 26% of the UK workforce. Consequently, Investors in People is a well recognised and trusted brand – resulting in it climbing 10 places to 157th in the 'Superbrand' league. A UK-wide network of 530 Investors in People advisers and assessors help businesses achieve their ambitions. Through harnessing the Investors in People network, and targeted marketing, the Commission's objective is to galvanise more employers to work with Investors in People, which in turn will increase the number of businesses investing in the skills of their workforce.

Investment Funds

Lead Commissioner:
Prof. John Coyne,
Vice Chancellor,
University of Derby



Investment will create the skills solutions, infrastructure and capacity to stimulate a step change in employer ownership and investment in economically valuable skills. The aim is to ensure that during 2012-13 the UK Commission continues to invest in strong business networks that are able to deliver sustainable skills solutions across a range of sectors and locations.

Commissioners have already committed £73m through GIF and EIF and a further £52.5m is available, through GIF, for investment in 2012-13 and 2013-14. Investments made in 2011-12 are expected to attract a further £15.5m of private investment, creating leverage of at least 53% of initial business investment in support of these projects (cash and in-kind). By identifying priority sectors for future investment decisions, Commissioners will look to further focus investment where it has greatest potential to leverage transformation.

Standards and Frameworks

Lead Commissioner:
Tony Lau-Walker, CEO,
Eastleigh College



High value, high quality National Occupational Standards (NOS) and Apprenticeship Frameworks are critical tools which underpin employers' ambition to raise skills levels and support individuals' career aspirations. They provide an internationally acknowledged and UK industry-recognised benchmark for competence in the workplace, support essential recruitment demands and underpin transformational skills solutions.

The UK Commission will only buy NOS and Apprenticeship Frameworks which meet the demand of economically valuable skills solutions, thus reducing volumes of outputs by 10% in 2012-13 and will leverage better value for money by reducing the budget to £6m for 2012-13, buying NOS at a fair price whilst maintaining and improving quality outputs. The Commission's research capabilities will respond quickly to innovation and emergent demands in priority sectors for NOS, working through an agile and responsive supplier network.

Executive Director Priorities

In support of the Commissioner outcomes and in recognition of the ongoing expectation that the Commission continues to reform, the Executive Director team will also focus on the following organisational priorities:

Executive Director Priority:

Why this priority is important:

By the end of 2012-13, we will have delivered:

Demonstrating impact and accountability

The Commission has a strong track record in demonstrating accountability for the funding it receives and transparency for the outputs delivered. Working with co-sponsors it is important that the Commission has a robust set of outcome indicators by which to demonstrate impact. The Executive Team will develop and implement smart indicators for the contribution and impact the Commission is making towards its purpose and strategic objectives. To support impact and governance, it is also critical that there is a full team of Commissioners who are as influential as possible.

- An evaluation plan by end of Q1
- Two updates to our Impact and Outcome narrative report - at end of Q1 and Q3
- The 'Demonstrating impact to Government against our remitted objectives' report, with initial data, by end of Q1 and an updated report by end of Q3
- Recruitment of at least four new Commissioners by end of Q1

Embedding a single team approach

Over the last 12 months the Commission has moved from a directorate-based structure to a single team approach in which people can be deployed more fluidly to Commissioner outcomes whilst at the same time seeking to maximise the Commission's staff skills and capabilities. There has been good progress, but there is still have more to do to embed a culture of a single team approach and the associated behaviours, to continue to invest in capacity and capability of staff to meet the reformed remit and to ensure that all staff see the value and opportunity in a single team approach.

- Behaviours identified in Q4 of 2011/12 Q4 embedded and tested through 360 degree staff feedback by end of Q4 2012-13
- Action learning as a vehicle for embedding single team working by Q2
- Increased focus on championing/role modelling single team working and associated behaviours
- A streamlined resource allocation process and continued provision of opportunities for staff to move around on projects to help reinforce the single team
- A new London office by end of Q2 with a layout that helps engender greater single team working

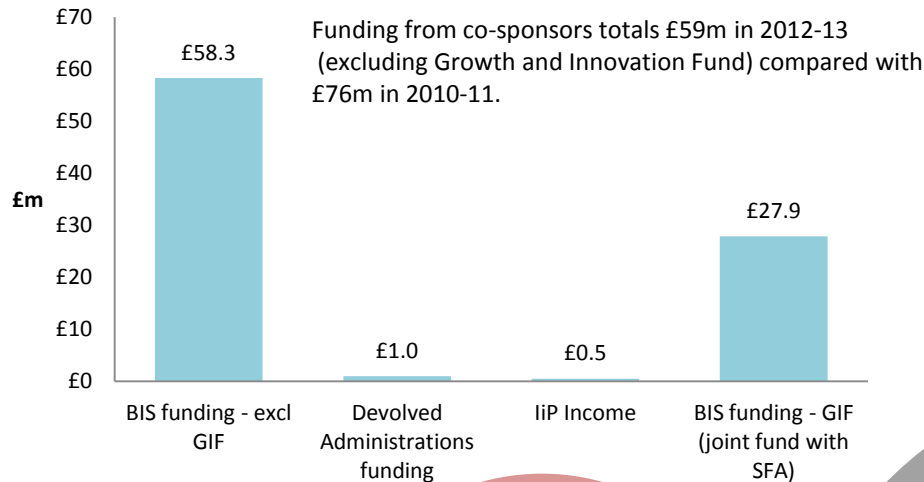
Developing medium term options for the Commission's organisational model

All non departmental public bodies are subject to triennial reviews. The UK Commission will be reviewed in February 2014. It is important that the Commission assesses the different options and identifies the organisational model that best supports its delivery before the triennial review starts. In the meantime the Commission needs to ensure it has sufficient resources over the next two years to deliver its remit.

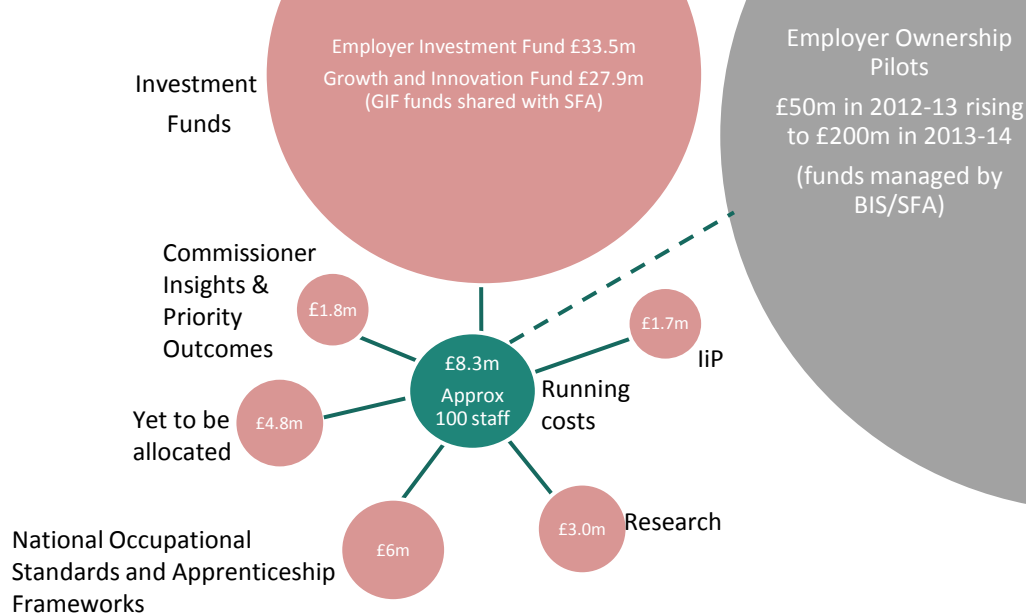
- A number of scenarios and options for Commissioners by February 2013, so that Commissioners have the opportunity to go into the triennial review with their own preferences worked through
- Co-sponsors agreement by end of Q1, on how the organisation's staffing needed to deliver its remit can be funded for the next 2 years

Our resources

Where our funds come from:



Where we will spend our funds in 2012-13:



Where the professional expertise of our 100 people resides:



Our resource allocation over 5 years

£ millions	Actual 2010-11	Forecast 2011-12	Budget 2012-13	Indicative 2013-14 *	Indicative 2014-15 *
UK Commission Running Costs	9.9	7.8	8.3	7.0	7.0
Cap Ex & Depreciation	0.7	0.7	0.7	0.6	0.6
Programme Delivery	61.2	55.8	78.7	84.2	87.8
Total Expenditure	71.8	64.3	87.7	91.8	95.4

Programme delivery is allocated to the following areas:

UK Commission spend, primarily Research and LiP	6.7	5.1	6.5	6.5	6.5
SSC Strategic funding including funding for NOS	45.6	40.8			
Universal Services – committed			4.5		
Universal Services – uncommitted			1.5	5.0	5.0
Employer Investment Fund 1 & 2 – committed		5.5	33.5	27.3	
Employer Investment Fund – uncommitted					27.0
Growth and Innovation Fund – committed by UKCES**		3.1	7.8	4.0	0.0
Growth and Innovation Fund – uncommitted***			20.1	32.4	42.9
Other sector funding	8.9	1.3			
Programme delivery budget not yet allocated			4.8	9.0	6.4
Total Programme Delivery	61.2	55.8	78.7	84.2	87.8

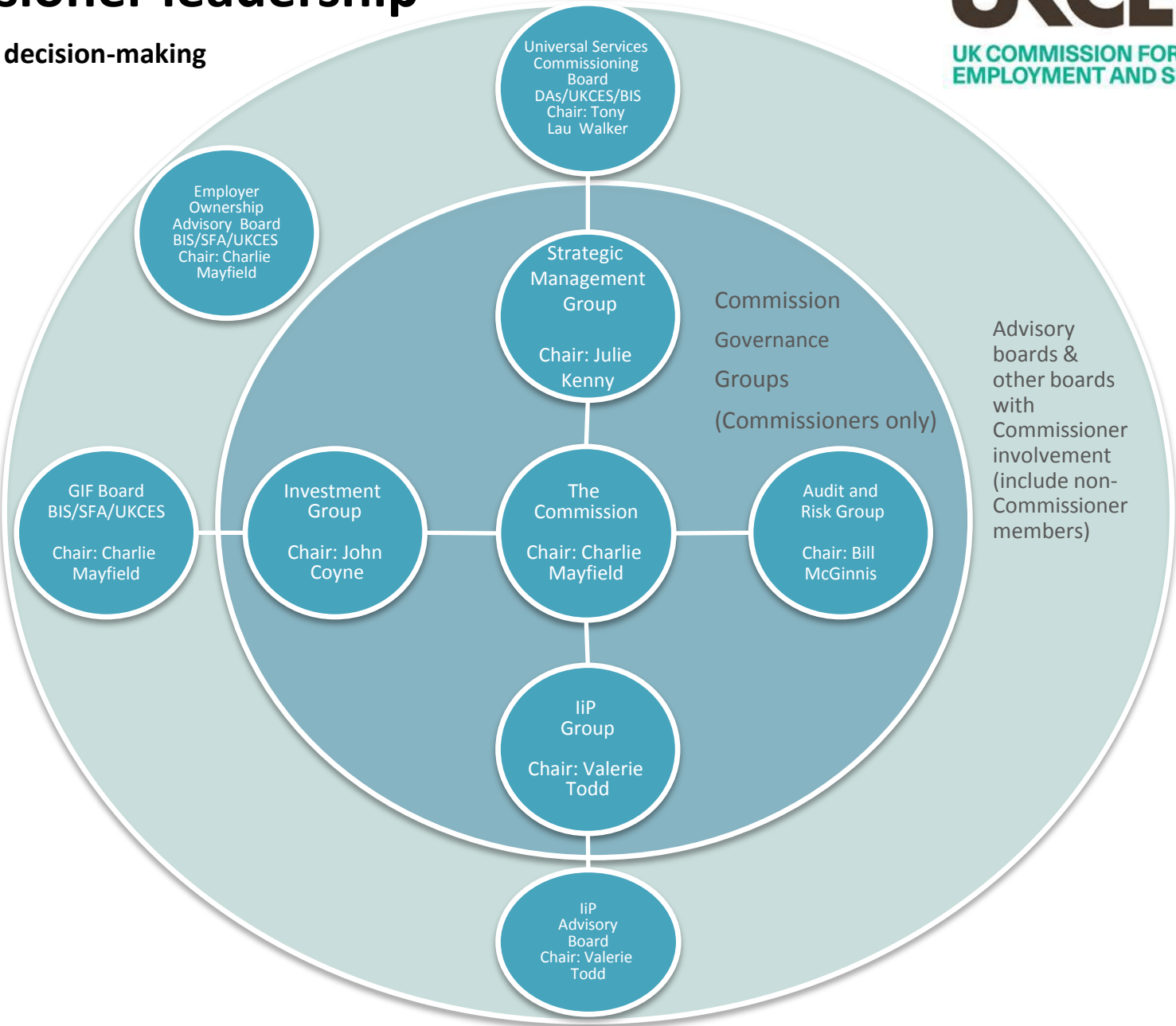
* Assumes £1m p.a. will continue to be received from the Devolved Administrations and £0.6m p.a. income from LiP in these years

** Includes GIF 1 and provisional commitments for GIF 2 made by UK Commission

*** 2012/13 figures onwards represent remaining balance of GIF uncommitted across UKCES and Skills Funding Agency budgets

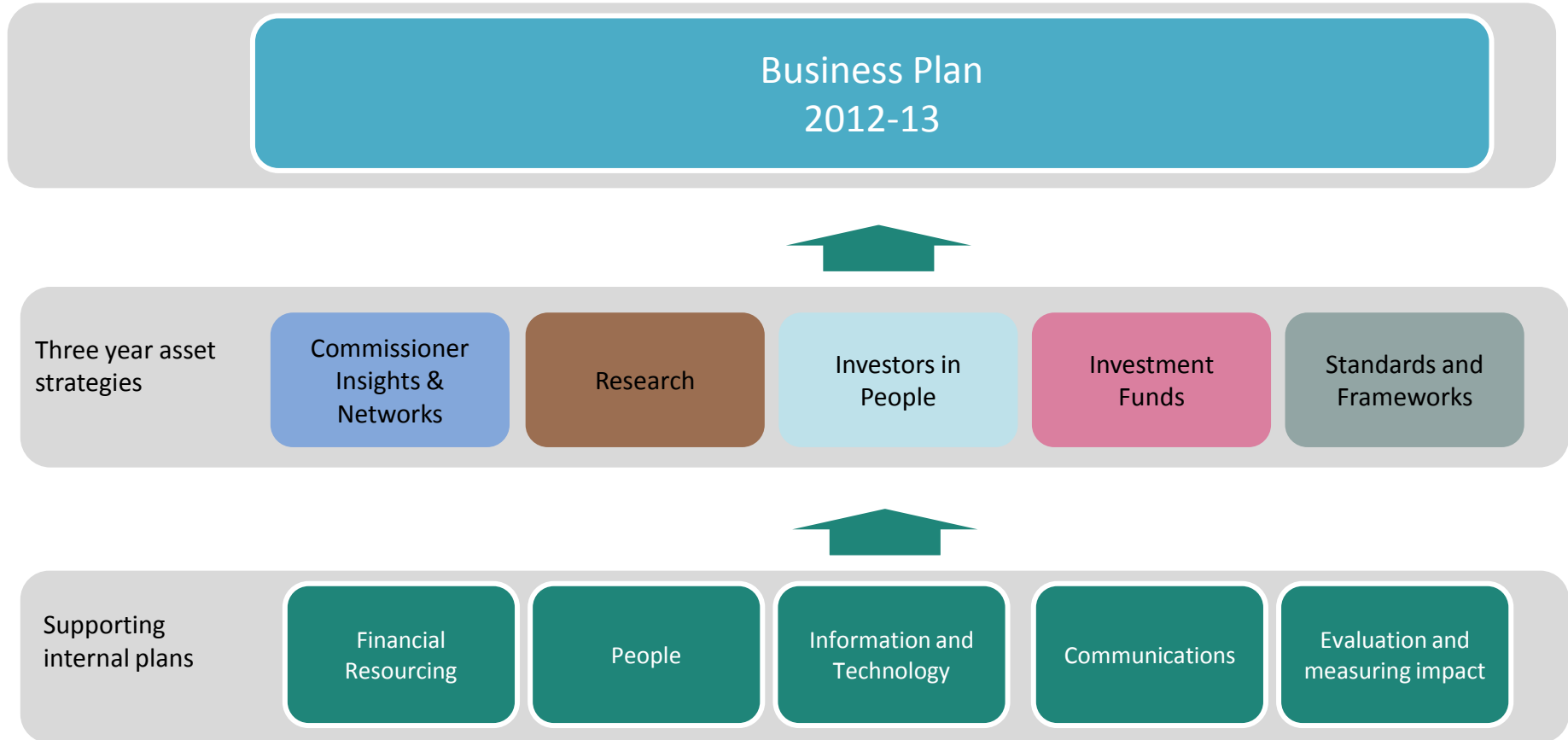
Commissioner leadership

Governance and decision-making



Ensuring delivery

Supporting strategies and plans



Demonstrating impact to government against our remitted objectives

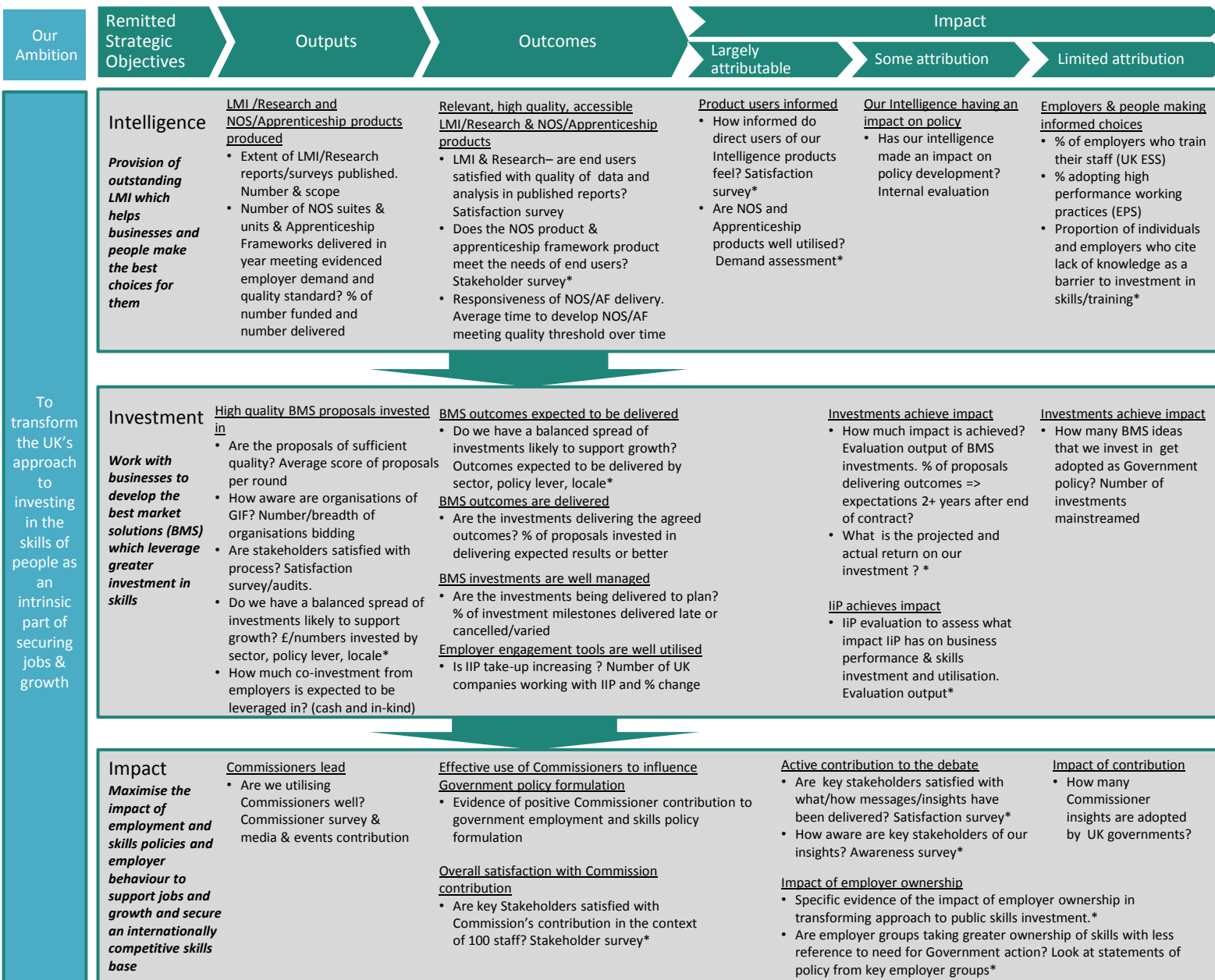
Links to wider UK skills & employment position - measures monitored by BIS/DAs & other sponsors

BIS relevant measures analysed by nation where relevant:

- £ Investment in training & skills by employers and individuals
- % of employers training
- % of employees receiving training
- % of employees who are training towards recognised qualifications
- % of employers reporting skills shortages and gaps
- Number of Apprenticeships completed
- % Apprenticeship completion rates
- % of young people in jobs & % in jobs with training
- Employer satisfaction re work readiness of young people
- Qualification levels of workforce – Levels 2, 3, 4+

Other measures:

- Comparison to international competitors on skills and training measures
- Employment & underemployment levels
- Economic returns to qualifications
- Number & proportion of population NEET



*Precise wording of this measure may be further refined

For further details...

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.

You can email us at info@ukces.org.uk or call our main reception on 01709 774800

Wath-Upon-Dearne office

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

London Office

28-30 Grosvenor Gardens
London SW1W 0TT
Tel: 0207 881 8900

www.ukces.org.uk

©UKCES v1.1 27/07/12