

UK Commission for Employment and Skills

Strategic KPI report

October 2009

Introduction

- This first UK Commission Strategic KPI report constitutes a baseline for future performance. Annex 1 provides information supporting the KPI scores and Annex 2 provides some information on the background of the report and future intentions.
- While the data in part 1 (accountability) is current, the data in part 2 (influence) is primarily based on data collected in 2007 and published in 2008 or 2009 (as referenced in Annex 1). Updated data will be available for the next Strategic KPI report due in June 2010.

Headlines

- Organisational excellence: Operationally the UK Commission is performing well, with plans in place to improve performance.
- Credibility and acceptance: The UK Commission is making some significant contributions to policy debate on the employment and skills system(s) through its recommendations (e.g. simplification) and participation in a number of forums. This has been a priority in the first 18 months. It is taking longer to build relevant relationships and to complete research and recommendations to make a similar contribution to policy debate relating to individual opportunity and employer engagement, although some progress has been made (e.g. around employability and skills utilisation). The current work programme and anticipated work for 2010/11 should enable us to increase our contribution to these policy areas.
- Strategic outcomes and impact: This is data from the start of the UK Commission representing our ambition. There will be a time-delay between our advice to government and devolved administrations, their policy decisions and implementation; and the penetration and impact of that policy. (Similarly for our influence on other parties). However, these measures will be reported on an annual basis to help the UK Commission focus and prioritise its work.
- Strategic outcomes and impact have been given an Amber rating as a baseline assessment. In future reports Green rating will indicate improvement and Red rating a negative change in the indicator.

Gaps in the report

- Mechanisms for more direct measures of take-up of our advice and recommendations have yet to be set up, but will be incorporated into our project management and reporting structures in time for the next KPI report.
- Stakeholder perceptions of our contribution will be sought through future stakeholder surveys. The next survey will be completed in time for the next KPI report.
- An appropriate and sufficient indicator for individual perception of the E&S system has not yet been identified, but will be added as soon as one becomes available.
- 'ACTIONS' or 'milestones' for strategic outcomes have yet to be determined.

UK Commission KPIs: October 2009

Part 1 (accountability)

> Organisational excellence >		> Credibility and acceptance >	
<u>Delivery of the Business Plan</u> ¹		<u>Employment and Skills System</u>	
<ul style="list-style-type: none"> Proportion of planned deliverables completed year to date (due to date – end Q2) 		25/70 = 36% (25/29 = 86%)	MED
<ul style="list-style-type: none"> Proportion of planned ongoing services delivered as agreed 		14/14 = 100%	tbd
<u>Operational Efficiency</u>		Stakeholder perception of positive contribution ²	
<ul style="list-style-type: none"> Non-pay organisation cost/ head³ 		£26.95k	tbd
<ul style="list-style-type: none"> Back/ Front office headcount 		24.2%	
<u>High Performance Working</u> ⁴		<u>Individual opportunity</u>	
<ul style="list-style-type: none"> UK Commission's progress against IIP standard (no. of evidence requirements met) 		not yet accredited (tbd)	LOW
<ul style="list-style-type: none"> UK Commission HPW practices 		8 of 16	tbd
<u>Staff Satisfaction</u> ⁵		<u>Employer engagement and investment</u>	
<ul style="list-style-type: none"> Staff satisfied to be working for the UK Commission at this time (difference from govt benchmark) 		79% (+20)	LOW
<u>Key Stakeholder Perceptions</u> ⁶		Contribution to policy debate	
<ul style="list-style-type: none"> Familiar 		75%	tbd
<ul style="list-style-type: none"> Favourable 		64%	100%
SSC relicensing recommendations accepted (to date)		Stakeholder perception of positive contribution	

Targets/ ambitions, benchmarks (where appropriate) and supporting evidence of UK Commission performance are contained in Annex 1.

¹ From UK Commission Q2 2009/10 operational performance scorecard report

² This information not currently collected – steps being put in place to collect data for June 2010 KPI report

³ From 2008/09 Annual Report

⁴ Assessment for IIP accreditation due in 2010

⁵ From staff survey October 2008, next staff survey due December 2009

⁶ From UK Commission stakeholder survey October 2009

UK Commission KPIs: October 2009

Part 2 (influence)

> Strategic Outcomes >		> Strategic Impact >																										
<u>Employment and Skills System</u>		(2007/ 2008 data)																										
Increased relevance and reduced complexity and bureaucracy of E&S service provision																												
<ul style="list-style-type: none"> Employers who are confident in knowing who to approach for advice on training and skills Employers who disagree that the education system does not supply enough people with the skills needed to start working with them [Indicator from perspective of individuals to be identified/ developed] 		72%																										
		36%																										
		tbd																										
<u>Individual opportunity</u>																												
Improved equality of opportunity, employment and skills outcomes and satisfaction for individuals																												
<ul style="list-style-type: none"> Employment rate/ population groups <table> <tr> <td>Over 50s (working age)</td> <td>%</td> </tr> <tr> <td>71.6</td> <td></td> </tr> <tr> <td>Ethnic minority people</td> <td></td> </tr> <tr> <td>60.1</td> <td></td> </tr> <tr> <td>Lone parents</td> <td></td> </tr> <tr> <td>57.2</td> <td></td> </tr> <tr> <td>Lowest qualified</td> <td></td> </tr> <tr> <td>50.1</td> <td></td> </tr> <tr> <td>Disabled</td> <td></td> </tr> <tr> <td>47.2</td> <td></td> </tr> </table> People participating in L&D in last 13 weeks 		Over 50s (working age)	%	71.6		Ethnic minority people		60.1		Lone parents		57.2		Lowest qualified		50.1		Disabled		47.2		26%						
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<u>Employer engagement and investment</u>																												
Increased employer engagement and investment in workforce development and skills utilisation																												
<ul style="list-style-type: none"> Employer investment in Learning and Development Establishments with 10 or more High Performance Working Practices 		£38.7bn																										
		30%																										
<u>Productivity</u>																												
<ul style="list-style-type: none"> UK GVA/ person employed OECD position (GVA/ hour worked) 		£45.3k																										
		11 th																										
<u>Employment</u>																												
<ul style="list-style-type: none"> UK employment rate OECD position 		74.7%																										
		10 th																										
<u>Skills</u>																												
<ul style="list-style-type: none"> UK profile of qualification levels <table> <tr> <td>No qualifications</td> <td>%</td> </tr> <tr> <td>12</td> <td></td> </tr> <tr> <td>Below Level 2</td> <td></td> </tr> <tr> <td>17</td> <td></td> </tr> <tr> <td>Level 2</td> <td></td> </tr> <tr> <td>20</td> <td></td> </tr> <tr> <td>Level 3</td> <td></td> </tr> <tr> <td>20</td> <td></td> </tr> <tr> <td>Level 4+</td> <td></td> </tr> <tr> <td>31</td> <td></td> </tr> </table> OECD position <table> <tr> <td>Low</td> <td>17th</td> </tr> <tr> <td>Medium</td> <td>18th</td> </tr> <tr> <td>High</td> <td>12th</td> </tr> </table> 		No qualifications	%	12		Below Level 2		17		Level 2		20		Level 3		20		Level 4+		31		Low	17 th	Medium	18 th	High	12 th	
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Medium	18 th																											
High	12 th																											
<u>Inclusion</u> (Ratio of earnings)																												
<ul style="list-style-type: none"> UK ratio of earnings (top 10%/bottom 10%) OECD position 		3.63																										
		14 th																										

Key:



- On track/ met target OR positive progress towards ambition
- Moderately behind target OR no significant change against ambition
- Significantly behind target/ OR negative progress against ambition

Strategic outcomes and impact have been coloured Amber as this is a baseline report.

ANNEX 1 – INFORMATION SUPPORTING UK COMMISSION STRATEGIC KPIs

> Organisational excellence >

Delivery of the Business Plan 2009/10

Target:

- 100% of commitments delivered on time (subject to changes imposed on us by sponsors or external events – as negotiated with sponsors), ongoing/ each quarter.

25 of 29 = 86% of individual items specified for delivery in spring or summer 2009 have been completed on time as stated in the Business Plan.

14 of 14 = 100% of ongoing work/ services are being delivered to agreed plans and service levels.

The following items of work have not been delivered to the original timelines:

- IIP UK “integration into the UK Commission” (and “transition of staff”) – the timescales for this have been changed and integration and transition are now planned to take effect from 1st April 2010.
- VQ reform project 1: “define key qualifications” – this has been extended by the UK Vocational Qualifications Reform Programme to December 2009 to combine it with completing population of the Qualifications and credit Framework (QCF).
- Women and Work: “strategy agreed with stakeholders” – the target was moved on the advice and agreement of key stakeholders to autumn 2009.

Going forwards (from Q2 performance report), of the 37 confirmed projects/ work areas in the Business Plan:

- 19 report being on/ ahead of target
- 16 report only minor issues/ deviation from plans
- 2 report moderate issues/ deviation from plans and are being actively managed.

Operational efficiency

Target:

- Total non-pay cost/ head and back/ front office headcount targets to be set after CIPFA benchmarking exercise.

Benchmarks:

- Non-pay cost/ head £33k, range £15k-95k (dipstick benchmark of NDPBs < 250 headcount, Oct 2009)
- Back/ Front office headcount average 28% (dipstick benchmark of NDPBs < 250 headcount, Sept 2007)

Value for money benchmarking of Corporate Services is being carried out with CIPFA. The reports from this exercise will be available in January 2010. Parts of the reports will be used to support the operational efficiency indicators.

High performance working

Target:

- 14 High performance working practices by end September 2010 (15 if employees vote for union representation)

Benchmark:

- 10 HPWP (Skills for the workplace: Employer Perspectives, UKCES, Nov 2008 – recognising that it is not always appropriate for all business to adopt all practices)

Of the 16 high performance working practices the UK Commission currently uses 8:

- Employee consultation;
- Training budget;
- Conducted training in last 12 months;
- Conducted staff appraisals;
- Individual performance related pay;
- Business Planning;
- Creates teams to work on specific projects; and
- Formally assesses performance.

7 of the 8 further high performance working practices are currently either in development or under review:

Further HPW practices...	UK Commission intentions...
Consults with trade unions	Employee ballot on union representation in December 2009
Conducts training needs assessments	In development
Training plan	In development
Conducted any work shadowing/ stretching/ supervision structure	May form part of training plan
Bonuses based on overall company performance	Pay and reward review underway
Flexible benefits	Final part of the pay and reward review
HiP accredited	Will be assessed in 2010 (after integration of HiP UK staff and establishment of Research Institute)
ISO 9000 accreditation	No current intentions to pursue ISO 9000

Stakeholder perceptions

Target:

- Familiarity 85% by April 2011
- Favourability 75% by April 2011

Benchmark:

- Not yet identified

The key stakeholder perception survey will be conducted twice/ year. The UK Commission is ranked on a scale of 1 to 10, where 10 is high (good). The scores given for familiarity, favourability and performance are the proportion of respondents giving a score of 7 or higher (Low scores = 4 or lower).

	All	Govt + DA	Interest groups	Employers/ trades	Academics	SSCs
Familiarity - high (low)	75% (8%)	72% (12%)	72% (3%)	72% (14%)	91% (9%)	76% (0%)
Favourability - high (low)	64% (11%)	60% (20%)	66% (0%)	55% (14%)	100% (0%)	53% (12%)
Performance - high (low)	50% (13%)	44% (24%)	52% (3%)	41% (21%)	91% (0%)	41% (12%)
Expectation - high (low)	40% (10%)	38% (8%)	41% (7%)	40% (17%)	40% (0%)	33% (7%)
Responses	115	25	29	29	11	17

Notes: Expectation = expectation that the UK Commission can improve the performance of the E&S system
There were 4 anonymous responses that can not be assigned to a sub-group

The % high for familiarity and favourability are almost unchanged from December 2008 (75% and 63% respectively), however the sample surveyed in 2008 was smaller, focussed on Government and Devolved Administrations. The survey in 2009 was much larger and included a wider range of stakeholders therefore a detailed comparison of these results is not appropriate.

Other stakeholder surveys target specific groups of stakeholders:

- **Captains of Industry survey, 2009**
Results due December 2009

- **Ipsos-MORI Summer survey of MPs, 2009**
122 respondents, 95 answering UK Commission questions

Headline findings:	UK Commission for Employment and Skills	Chosen comparator organisations [*]
Familiarity - know very well/ a fair amount (never heard of)	9% (31%)	54-92%
Favourability – of those who have at least heard of the UK commission (unfavourable)	20% (4%)	25-70% (30-7%)
Speak highly of – of those who have at least heard of the UK commission (speak critically)	8% (3%)	18-56% (25-9%)
Offers helpful independent advice to government (perceived above average)	36%	31%
Able to raise issues into the news (perceived above average)	25%	66%
Quality of management (perceived above average)	30%	3%
Financial performance (perceived above average)	5%	3%

^{*}Chosen comparator organisations: CBI, Audit Commission, CEHR

Much more could be done to raise the profile of the UK Commission's work with this important group of stakeholders.

> Credibility and acceptance >

Credibility and Acceptance Targets

- Contribution to policy debate High by April 2012
- Stakeholder perception of contribution High by April 2012
- Take-up of delivery outputs/ target 100% by April 2010 and ongoing

Employment and skills system

Request from BIS to take responsibility for strategic skills research with an additional £2.8m to set up a research institute.

Simplified access to the skills system for employers by 'hiding the wiring' through the TalentMap and the acceptance of, and ongoing action on, our report on the Simplification of Skills in England.

Productive discussions with lead individuals on the Skills Strategy Programme Board (High).

Invited to join the Integrated Employment and Skills (IES) Programme board and IES - employer offer project board (Medium).

Invited to join National Improvement Partnership Board (Medium).

Maximising individual opportunity

Uptake of our Employability Challenge has led to: commitment to specific actions supporting improved teacher training and capacity building in the learning and skills sector; our additional input to the Qualifications Reform Programme Board in England; discussions with Ofsted on assessing the employability offer of providers; and the opportunity to speak at a number of events reaching wider stakeholders in England, Wales and Scotland with the employability challenge.

The first 10 Diplomas developed with employers were ready for delivery providing young people (14-19) with more employment-relevant qualifications. Positive early results from Diplomas and indications are that uptake will increase to 40,000. Influenced direction of travel in Diplomas (phase 4) and Apprenticeships.

Strategic partnership with ESRC and invited to join advisory group for ESRC research centre LLAKES, looking at the role of lifelong learning in promoting economic competitiveness and social cohesion and in mediating the interactions between the two domains.

Employer engagement and investment

Contributed to the MacLeod review of employee engagement and to the review's recommendations on improving organisational performance through employee engagement which includes the development and utilisation of skills.

Made a contribution to and had influence on the Scottish strategy for improving the use of skills in the workplace ('*Reaping the benefits: Encouraging Employer Engagement in Skills Utilisation*') and work going forward.

Some evidence of Collective measures recommendations in BIS skills strategy (e.g. occupational re-licensing).

To date, all recommendations for SSC relicensing have been accepted – resulting in 8 SSCs about to be relicensed and 2 SSCs subject to review regarding their future. The re-licensing process will continue to make recommendations on the remaining SSCs. Re-licensed SSCs will continue working with and on behalf of employers to stimulate employer voice, engagement and investment.

Input to the Employer Engagement Board (low)

Invited to join the BIS Leadership and Management network (low)

Invited to join advisory group for ESRC research centre SKOPE - examining the links between the acquisition and use of skills and knowledge, product market strategies and performance

Stakeholder perceptions of our contribution to policy debate

Not yet available. This will be asked in future stakeholder surveys.

The table below will be developed from the above information using a simple traffic light rating.

	UK-wide	England	Scotland	Wales	Northern Ireland
Contribution	tbd	tbd	tbd	tbd	tbd

Take-up of delivery outputs/ target

Mechanisms for measuring this are not yet in place.

> Strategic Outcomes >

Further details on all of these indicators – including details by nation, population segment, business size/type etc may be found in UK Commission reports including *Ambition 2020* (2009) and *Skills for the Workplace: Employer perspectives* (2008) as well as in the National Employer Skills Survey (NESS, 2007) and other data sources as referenced below.

	<i>Indicator</i>	<i>Source of further information</i>	<i>Geographic coverage and detail available</i>
Employment and Skills System	Employers who are confident in knowing who to approach for advice on training and skills	Skills for the Workplace – UKCES Employer Perspectives Survey (2008)	UK-wide By nation, sector (public, private, voluntary) and organisation size
	Employers who disagree that the education system does not supply enough people with the skills needed to start working with them	Skills for the Workplace – UKCES Employer Perspectives Survey (2008)	UK-wide By sector (public, private, voluntary) and organisation size
	[Individual perspective tba]	tba	tba

	<i>Indicator</i>	<i>Source of further information</i>	<i>Geographic coverage and detail available</i>
Maximising Individual Opportunity	Employment rate/ population groups	DWP Opportunity for all Indicator (from Labour Force Survey data) (2007)	Great Britain For population groups as listed in the KPI report
	People participating in L&D in last 13 weeks	Labour force survey (July-September 2008)	UK-wide By nation, age, gender, disability, ethnicity, contract and employment status, qualification level, occupation
Employer engagement and investment	Employer investment in learning and development	National Employer Skills Survey, NESS (2007)	England only By type of training, organisation size, iIP status, sector (SSC), English region
	Establishments with 10 or more HPW practices	Skills for the Workplace – UKCES Employer Perspectives Survey (2008)	UK-wide By sector (public, private, voluntary) and organisation size

Ambition

Employment and Skills System

Employers who know who to approach for advice on training and skills

Ambition to be determined
(in consultation with sponsors)

Employers who disagree that the education system does not supply enough people with the skills needed to start working with them

[Indicator from perspective of individuals to be identified/ developed]

Individual opportunity

Employment rate/ population groups

- Over 50s (working age)
- Ethnic minority people
- Lone parents
- Lowest qualified
- Disabled

Ambition to be determined
(in consultation with sponsors)

People participating in L&D in last 13 weeks

Employer engagement and investment

Employer investment in Learning and Development

Ambition to be determined
(in consultation with sponsors)

Establishments with 10 or more High Performance Working Practices

40% (2014 milestone)

> Strategic Impact >

Further details on all of these indicators may be found in *Ambition 2020* (2009) and/or its data sources.

Ambition 2020 (Impact)

(by 2020 unless otherwise stated):

Employment

UK Employment Rate	78%
OECD position	Top 8

Skills

Profile - no qualifications	4%
- below level 2	6%
- level 2	22%
- level 3	28%
- level 4+	40%

OECD position	Top 8
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Productivity

OECD position	Top 8
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Ratio of earnings

OECD position	12 th (2014 milestone)
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ANNEX 2 – ABOUT THE STRATEGIC KPI REPORT

Background:

The KPIs are based on our Strategic and annual Business Plans (which, in turn, are based on our remit) and follow the logic that:

- To be successful we demonstrate organisational excellence in **managing the organisation and delivering each year's Business Plan**, which has the effect of
- building our **credibility, reputation and influence** so that stakeholders across the UK listen to us and are influenced by us to take up our outputs and recommendations.
- This, in turn, should lead to changes in stakeholder activities with results in accordance with the desired **outcomes set out in our strategic plan** and so
- **contribute to improved UK employment, skills, productivity (and social inclusion)** as set out in Ambition 2020.

The report is in two parts because, in this logic, we are directly accountable for the first two levels – achieving organisational excellence and the direct influence we gain with others so that they accept and value our work (part 1). We have set ourselves targets for these indicators.

The last two levels (part 2) represent our wider influence and our ability to meet the purpose for which we were set up but are less controllable and more open to other influences. Hence we have set (or will set in consultation with sponsors and stakeholders) ambitions for these indicators.

Even if we are/ will not always be working directly towards all the chosen outcome indicators (e.g. employment rates of disadvantaged groups), we should be conducting all our work in such a way as to also achieve these benefits. By reporting them as KPIs we both assess whether we are achieving the outcomes we have set ourselves and identify whether additional effort/ new work needs to be targeted towards specific outcomes.

There will be 2 reports per year – a full report following the end of each financial year alongside, and incorporated into, the Annual Report; and a 6 month (October/ November) update of the 'accountability' indicators (Part 1 of the report).

However, this first report is a full report, to enable our Commissioners and Sponsors to comment on its sufficiency, utility, content and format; and for any necessary alterations to be made based on this first report in time for the next full report in June 2010.

Due to the current availability of data, much of the outcome and impact data is from 2007 and, as such, provides a baseline for the UK Commission. New data will become available over the next few months allowing much of the report to be updated for June 2010.

Contextualisation/ supporting evidence:

The KPIs are deliberately limited in number and detail but are supported in Annex 1 by additional information and contextualisation, analysis and reference to other reports or documents. This has been kept as brief and focussed as possible.

The 'credibility and acceptance' section and its supporting information will be critical in claiming that we have had a positive influence on the changes seen in the outcome indicators (which have been chosen to best reflect the areas where we expect the UK Commission to have most impact, based on our strategic and business plans).

Future development:

It is expected that the set of KPIs will evolve slowly through use and as new, better data becomes available, although reasonable stability is required in order for progress to be tracked.

Anticipated developments include:

- the completion of data collection mechanisms for 'credibility and reputation' indicators;
- development of supporting evidence for 'credibility and reputation' and 'outcome' indicators to reflect our achievements/ change in each nation;
- the extension of some data to cover the whole of the UK (where it does not already do so); and
- the introduction of a more 'individual' focussed indicator for measuring change in the E&S system.