

A New Pledge Approach

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Background

The development of a new pledge was set out in the skills strategy, Skills for Sustainable Growth:

We will ask the UK Commissioners to work with leading employers, Sector Skills Councils, trade unions and other representatives of workers to develop a pledge setting out their commitments to work together to create high performance workplaces. The new pledge, which will replace the Skills Pledge, will include a number of core commitments together with specific commitments decided by each sector. Core commitments, which will be agreed with the UK Commissioners, may include action on leadership and management, engagement with employees, investing in skills especially for those with the lowest levels at present and increasing the number of Apprenticeships. Employers in each sector will be encouraged to agree workplace commitments in support of the sector pledge.

BIS (November 2010). Skills for Sustainable Growth, p46 paragraph 20.

The Commission has developed proposals for an approach which fits firmly within our employer ambition strategy. We aim, through the development of a new pledge, to encourage increased investment in skills and to drive enterprise, create more and better jobs and support economic growth.

The development of this approach was informed by:

- A consultation with employers, Sector Skills Councils (SSCs) and stakeholders on what a “new” Pledge might look like .
- Lessons learned from the previous Skills Pledge initiative
- An examination of existing employer-led pledges, commitments and accords that have emerged outside of the government driven model.

What is a pledge?

A pledge is a collective commitment by employers to take action to address skills issues. The pledge is applicable to private, public and voluntary sector organisations.

The purpose of a new skills pledge is to raise employer investment in skills. It is a 'means to an end', not an end in itself.

The pledge is an umbrella term used to describe the overarching concept of employers agreeing collective commitments. Each sector or spatial area's version of the pledge will be expressed in language that works for that group of employers, for example it could be referred to as an accord, a protocol or a charter. The "brand" needs to be dynamic to respond to changes and keep the process live.

Why create a new pledge?

The new pledge is a tool to support the development of skills solutions across sectors and spatial areas. It supports employers and their ambitions for skills and strengthens the value proposition of a sector. It demonstrates where groups of employers are working for the interests of the sector and their employees

The skills and capabilities of the workforce provide the basis for the long-term competitiveness of the economy. Whilst our leading employers are amongst the best in the world, much greater commitment is needed from all businesses to invest in the skills that drive enterprise, productivity and growth. This is the key driver of our employer ambition strategy.

The primary role of the Commission is to invest in sector leadership that can raise skills levels and drive enterprise, jobs and growth: wherever it is strongest. We are, therefore, proposing to encourage the development of 'employer-led pledges. These will come first from sectors, industries or local areas where employer collaboration is strong and where significant skills issues need to be addressed .

An employer-led pledge

We know from the consultation that **there is an appetite amongst employers and their representatives to develop collective action and to use a pledge** as a way of signing up to collective action. We also are clear that development must be driven by employers so that the pledge has relevance to company, industry, sector or spatial area.

Key messages from the consultation were:

Be clear on the overall objective for the new pledge;

Don't impose a uniform model;

Enable bespoke solutions for specific industries;

Build on sector approaches that are already working;

Keep it simple – no bureaucracy;

Be clear on the reciprocal offer;

Use existing measures to evaluate or demonstrate success.

A bespoke model

Our consultation told us that employers would not welcome a government-led, 'one-size-fits all' initiative. The approach described in this document is based on a strong belief that that **employers are best placed to determine the solutions to their business challenges**. They understand the key drivers and know what skills they need.

The benefits of adopting a genuinely employer-led pledge are:

- Commitment is likely to be stronger - the problem and the solution are 'owned' by the employer ;
- The best solutions are based on industry knowledge;
- There is evidence that pledges developed by groups of employers are already working well;
- It is possible to achieve a greater number of pledges with very limited resource, because the impetus comes from the employers.

How will it work?

This section of the approach shows how the new pledge will work. It explains our approach to:

1. Coverage
Who will pledge?

2. Commitments
What will
employers sign up
to?

3. Implementation
How will we make
this happen?

4. Sign up
How will
employers *pledge*
to act?

5. Measuring
success
How will we know
it's working?

6. Quality
assurance
How will we
maintain consistent
standards?

1. Coverage

Who will pledge?

Key factors in the development of the new pledge are that it must be:

- Wholly employer-determined and driven
- Support employer collaboration where it is strongest and adds most value

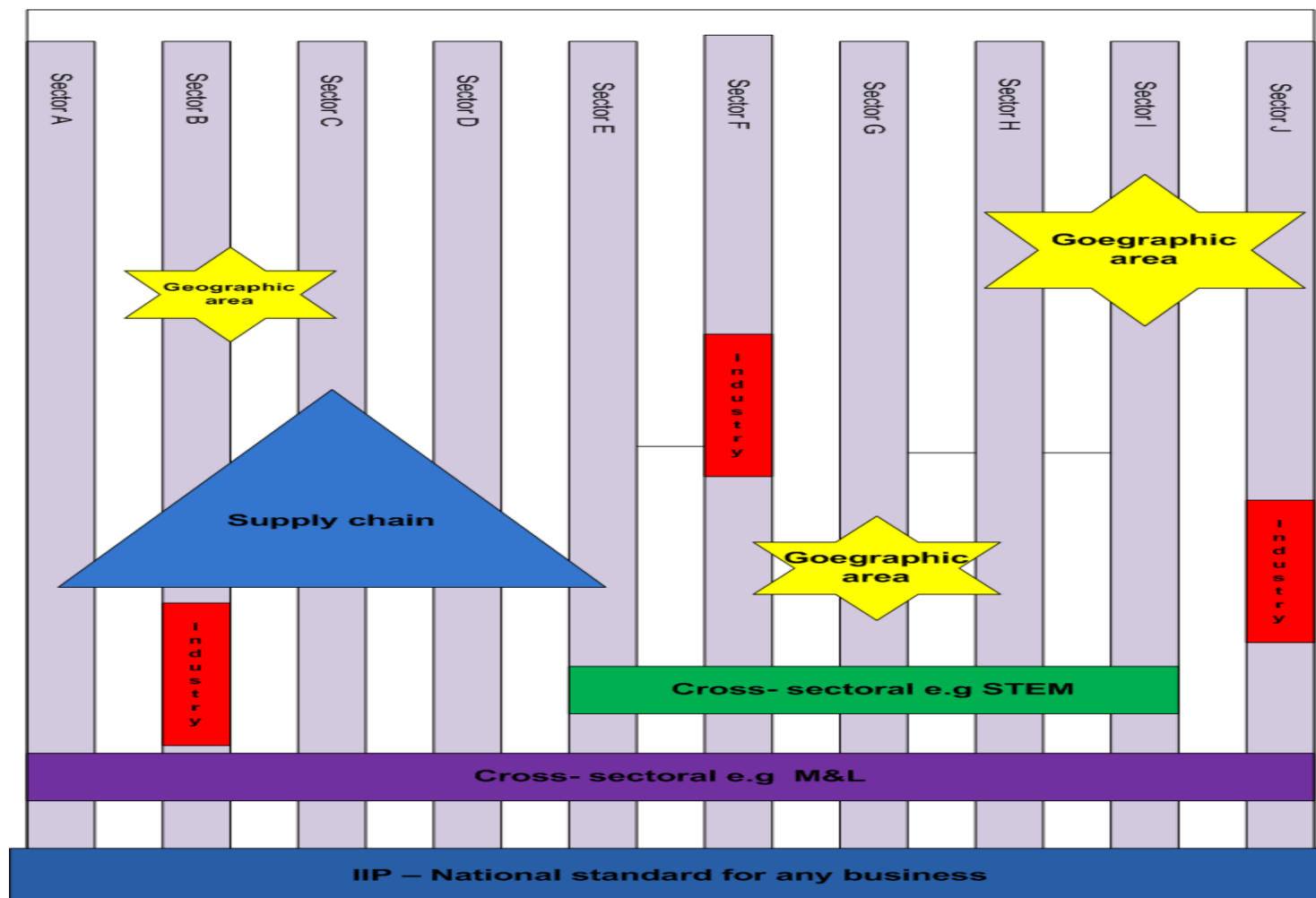
The approach must be flexible and allow for pledges at **cross-sector, sector, industry or spatial level** (i.e., wherever employers perceive relevance). The skills challenges employers face vary in nature and scope. Some are very specific problems affecting a specialised industry. Others, such as employability or STEM skills are widespread concerns. This means that:

- The type and scale of pledges will vary;
- The pattern of commitments will not be uniform;
- Take up may be higher in some sectors;
- There will not be 'blanket' coverage;
- Employers could choose to sign up to more than one pledge.

The benefit is that impact is likely to be greater where the commitment is driven by need and 'owned' by those who must deliver change

Patterns of Coverage

Pledges can be stimulated in sectors, industries, supply chains or specific geographies. The aim is to support employer collaboration where it is strongest and adds most value: the diagram illustrates that this will result in uneven coverage of the economy .



2. Commitments

What will employers sign up to?

Employers will be more likely to 'pledge' and deliver on their commitments if they are able to decide on the action to take for themselves.

The Skills Strategy suggested that the pledge feature core commitments (see page 1) alongside sector-specific commitments. Many of those who responded to the consultation suggested that this would not be attractive to employers. There were strong views that **employers must be in a position to determine their commitment to act**, based on the skills issues they need to address. The approach should not be prescriptive about *what* employers sign up to, but should **create the conditions that will enable them to collaborate in ways that best meet business needs**.

Underpinning any commitments is a range of values that could support delivery of pledges. These apply to private, public and voluntary sectors of the economy and are:

- Good employment practice;
- Employee engagement;
- Social mobility;
- Good industrial relations and joint enterprise between employers and their employees;
- Employability of young people;
- Gender equality and diversity ;
- Etc.

Examples of commitments employers might choose to make

CORE COMMITMENTS



Induction and appraisal
Training plans for all employees
Apprenticeships
Qualifications
First level 3
Progression into higher education
Management and leadership
Productivity improvement training
Employability and customer service
training
Continuing professional development
High performance working
Employment opportunities for young
people

3. Implementation

How will we make this happen?

The aim is to make the case and create momentum. The first step could be to show that leading employers are pledging to invest in skills and to create increase interest amongst employers and their representatives. The main ways of doing this are:

To encourage SSCs and other intermediaries to promote the benefits as part of their role to raise employer investment in skills;

To encourage leading employers to create publicity around their involvement in pledge model to incentivise other employers to model leading- edge practice;

To create a push as part of Commission's wider work on employer ambition and ask Commissioners to support the pledge approach.

Implementation

How will we make this happen?

Consultation identified the need to ensure an employer-led and owned model and to **keep it simple**. We do not intend to establish a complex (or costly) system to manage the process of developing a pledge.

There will not be:

- A marketing campaign;
- Extensive promotion specifically about the pledge;
- A dedicated web site;
- Targets;
- A 'field team' with responsibility for stimulating pledges.

It will be essential to find ways to increase awareness of the new pledge to drive commitments. We believe that the roll-out of a new pledge will best be achieved through business-to-business promotion. This means a gradual process that begins with 'showcasing' the benefits of existing employer-led pledges. Initially work will be needed to actively stimulate interest and sell the benefits. In the first year we hope that SSCs and other intermediaries will actively support the development of a number of new pledges. In the longer term, the aim is for pledges to become more widespread and for increasing numbers of employers to become aware of the benefits and act independently.

The stages of 'amplification' are illustrated in the diagram on page 17.

Implementation

Roles and responsibilities

The UK Commission will:

- Identify the benefits for employers;
- Identify where best practice exists and promote these models;
- Communicate lessons learned ;
- Keep the Department and Ministers informed of progress and encourage them to recognise success and offer support;
- Encourage SSCs and other intermediaries to promote and support pledge developments where they think it will work.

Proposed roles for employers, intermediaries and BIS / Ministers as detailed in the table below:

Role for Employers	Determine whether a pledge is an appropriate mechanism to resolve specific skills issues; Identify what commitments are appropriate and galvanise support through networks and supply chains; Commit and self-regulate.
Role for Intermediaries	Promote pledges as a tool to address skills issues and demonstrate commitment where appropriate; Adopt pledges as an integral part of raising investment and engagement; Help employers to agree and articulate appropriate 'asks' of Government.
Role for BIS / Ministers	Be ready and willing to respond to employer asks - within BIS and across Government; Promote pledge best practice at appropriate events.

Implementation

How will we make this happen?

The development of Pledges could be facilitated by:

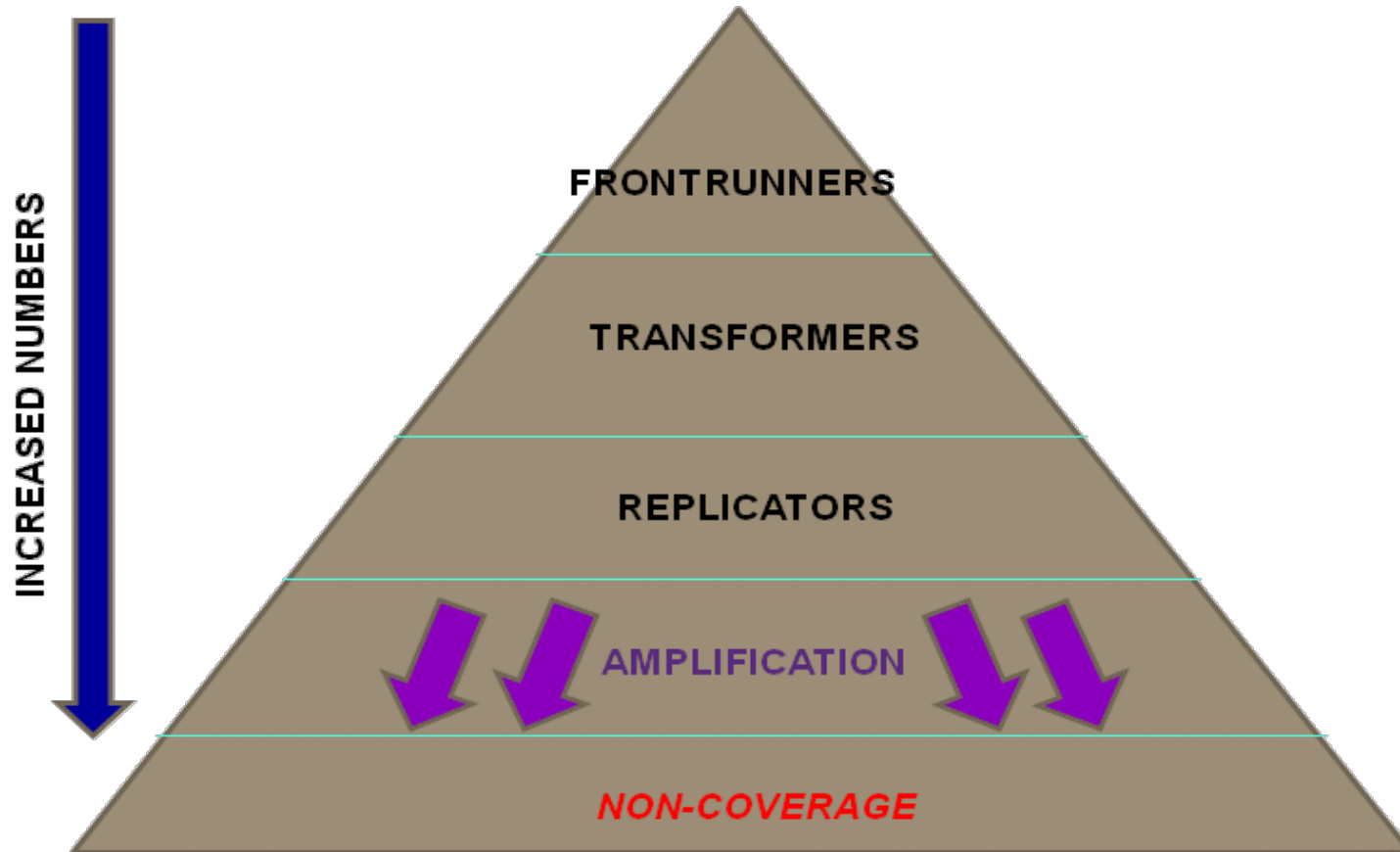
- Sector Skills Councils;
- National Skills Academies;
- Professional institutions ;
- Employer representative organisations such as trade associations and local Chambers;
- Area-led networks such as Local Enterprise Partnerships (LEPs).

Initial discussions indicate that most of these bodies are supportive of the development of a new pledge. Some are already involved in developing pledges, accords and commitments with the employers they represent. The level of support that these organisations can provide will need to be explored further following the agreement of an approach.

Whilst there is no discrete funding for pledge activity, there are funds that could provide resources where bidders make a strong case for the solutions that pledge activity could support. The development of a new pledge sits alongside the launch of the Growth and Innovation Fund (GIF) and a differentiated and contestable funding model for SSCs (Employer Investment Fund (EIF). The Best Market Solutions (BMS) supported through the GIF are an opportunity to demonstrate tangible, collective commitment of employers to address critical skills issues. Where employers have decided to develop a pledge for their sector this could be used as a way of showing the level of support for the initiative or act as a tool to increase investment in skills.

Implementation

‘Amplifying’ the pledge



PLEDGE MARKET PENETRATION MODEL

Implementation

‘Amplifying’ the pledge

The above model identifies how we envisage the market will respond to this approach. The different segments of the model are described below:

Frontrunners are leading employers who sign up to a pledge and act as respected messengers. They communicate the message resulting in broader market penetration. Incentives for frontrunners include: enhanced status, positive publicity, corporate social responsibility and altruistic reasons such as being seen as a good employer;

Transformers are the employers that are influenced by the Frontrunners and develop activity on the back of this. This promotes the benefits of pledges and further primes interest through promotion of best practice and impact;

The development of pledges and on-going sign up is nudged further across the economy to **Replicators** – employers who now see the benefits pledges can bring to their sectors or industries. The pledge has salience and relevance as they are employer-determined and bespoke to specific sector or industry needs. Support and interest of government and Ministers seals commitment further and the public declaration of intent vastly increases the likelihood of implementation;

All of this activity generates a “buzz” and the peer pressure effect that “everyone else is doing it” and so develops norms across the economy or within certain parts of the economy. Further promotion of the benefits in terms of productivity, competitiveness and impact will sustain this “norming”. At this point the pledge approach is amplified and penetrates the market further.

4. Sign-up

How will employers pledge to act?

The sign-up stage is critical to the development of pledges because making a public commitment drives employers to act and to hold themselves to account. Sign-up could consist of a number of elements elements:

Employer sign-up to a document that states specific commitments will be met

Supporting sign-up could be:

A dialogue with Government about issues and barriers where Government could intervene

Support from key stakeholders to deliver the pledge

Ministerial involvement to ensure that employers are heard and provide PR opportunities

A launch and associated PR to ensure that a public commitment is made and delivered upon.

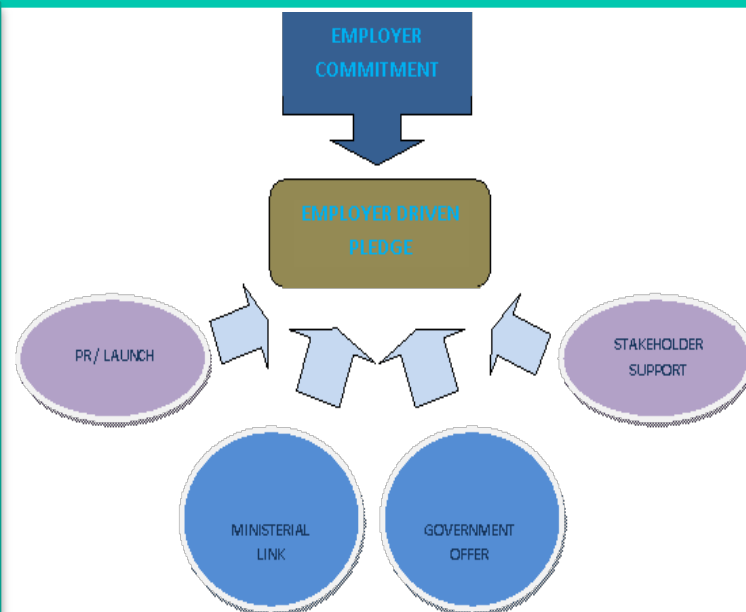
Sign-up

How Government could reciprocate

Government support is not an essential component of the pledge. There are examples of pledges already developed that demonstrate action taken independent of government intervention.

However, the response to the consultation suggested that employers would be very willing to pledge their commitment and act, but in some cases they would like Government to do something in return for that investment.

This could mean a range of different things depending upon the nature of the pledge. Government support might involve removing barriers to delivering the proposed solutions or revisiting policy or regulation. Employers would particularly welcome Ministerial involvement to ensure that their concerns are listened to and Government provides support where possible.



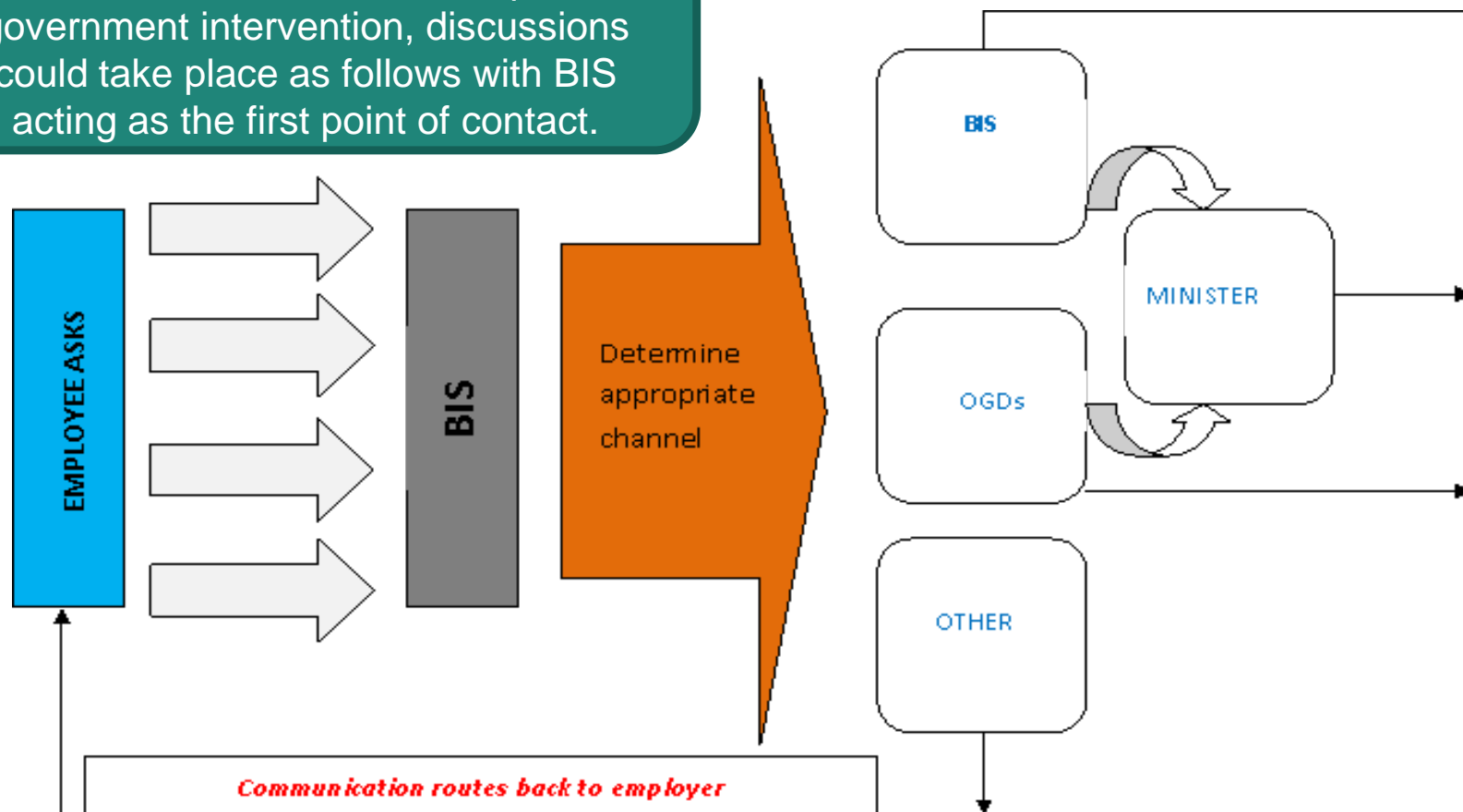
There is no real expectation that this means funding. Employers consulted were realistic about the availability of public money. What they would like is that Government:

- Recognise their contribution;
- Listen to their concerns;
- Reciprocate.

Sign-up

Informal process for requesting Government support

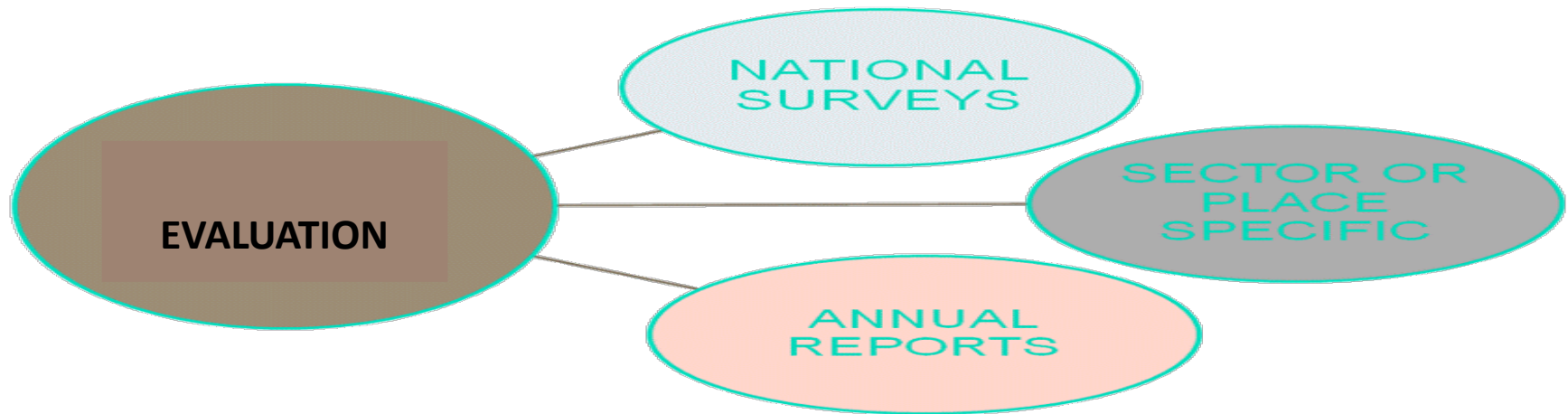
Where employers have identified a range of barriers or issues that require government intervention, discussions could take place as follows with BIS acting as the first point of contact.



BIS = Department for Business Innovation and Skills
OGD = Other Government Departments

5. Measuring success

How will we know if it's working?



Monitoring and evaluation of pledge activity should be done using existing information. This will keep costs low and avoid unnecessary bureaucracy for employers. Sources of information that could be analysed to measure success include:

- National surveys that report on productivity and skills
- Sector-specific or place-specific measurement such as the monitoring that SSCs do for their sectors or economic data gathered by LEPs;
- Human capital improvements where these are reported in annual reports.

Sources such as these could provide adequate baseline information for any future evaluation to measure success and determine key lessons learned.

6. Quality assurance

How will we maintain consistent standards?

We believe that the approach outlined in this document will result in greater impact as employers are determining their own solutions to issues they are familiar with. The risks of adopting a blended approach are that the resultant picture of pledges will be:

- Fragmented;
- More difficult to measure;
- Variable in quality;
- Not recognisable as a uniform concept.

There is an option for the UK Commission to provide light touch quality assurance where groups of employers deem it appropriate and also value-adding. The exact process will need further exploration but it could result in official recognition to use in marketing literature and a review date.

Any QA process would be optional to employers developing their versions of the pledge.

Advantages	Disadvantages
Consistent quality	Bureaucracy
Recognition	Perceived government-led approach
Visible alignment to government policy	Potentially resource intensive

Next steps.....

Guidance and case studies are available on www.ukces.org.uk/pledge