

EMPLOYER WORKSHOP 14th SEPTEMBER 2009 – REPORT

1. BACKGROUND

The UK Commission for Employment and Skills (UKCES) is undertaking a one year project to maximise the impact of the employer voice on the employment and skills system. To achieve this, we have begun to examine the current system to understand what works well, what can prevent the employer voice from having impact and ultimately how employer leadership of the system can be improved.

Phase 1 of the project has involved stakeholder interviews, the development of place-based case studies (Yorkshire and the Humber, Greater Manchester and Wales), mapping of existing employer voice structures across the four nations, a literature review and desk research on the policy affecting this area to date.

Additional research is now being gathered to understand the views of employers currently involved in employer voice structures such as employment and skills boards, Chambers of Commerce and Sector Skills Councils (SSCs). To inform this, a series of interviews with employers in the case study areas has been conducted and a workshop was held on the 14th September 2009. This report details the headline messages and key points from the discussions at the workshop.

2. WORKSHOP PARTICIPANTS

A total of 25 employers attended the workshop. Other than the employers with links to SSCs, all were from employer voice structures within England and companies based in England. A range of employer voice structures were represented including local, sub-regional and city region employment and skills boards, Sector Skills Councils, Chambers of Commerce and trade associations. The full list of attendees is at annex A.

3. HEADLINE MESSAGES

The agenda invited employers to focus on the level of influence that they had in their respective employer voice structure and that the structure had on the employment and skills system. In breakout groups, the participants were asked to identify the key successes that they had achieved and the factors contributing to that success. They were also asked to identify where they had not achieved influence and the barriers they had faced that contributed to that lack of success.

As a full group, they were then invited to determine what could be done to enable stronger employer influence, either at an individual employer voice structures level, or at a system level. A series of headline messages evolved throughout the discussions:

- There was no clear consensus of opinion as to what an effective system should look like. The participants saw themselves as aligning with the interest group that made most sense, was most accessible and met their personal and business motivations. From this, however, **a strong message evolved about the need for the system to recognise the different employer interest groups, e.g., distinguished by size, sector, geography etc., and capture employer voices according to what works best in a specific set of circumstances.** This was set within a clear need for simplification of the system, which

although, at first glance, may seem at odds with the mixed model approach, could be factored in as a key principle to any re-design of the system.

- There was a strong sense of frustration with the constant change of policy in relation to employment and skills resulting in different funding streams and initiatives being developed, changing rules and eligibility criteria, different organisations and structures being created with seemingly similar roles. There was also a recognition that some of this was created through change of structures at government department level and changes to Ministerial responsibilities. This makes the system difficult to understand and difficult for employers to know how and where to influence, in addition to access the right products and services for their businesses. This led participants to conclude that **the flux needed to be taken out of the system though the development and adoption of a basic platform of long-term (minimum 10 years) principles with the role for employers within it clearly defined.**
- The employment and skills boards in the group had emerged in different ways, some were evolving from previous structures, others were newly created. They also had different membership with, in some cases, majority employers and in others, majority public sector employment and skills partners. However, there was a view that a clearly defined remit for either the role of individual employers or their employer voice structure in its own right did not exist. It was therefore felt that **guidance and clarity in relation to their purpose and accountability would be helpful.**
- Joining-up
- There was a discussion about how employers' skills needs should be funded. There was no consensus on allocation of public funds for skills development with the discussion ranging from a demand for tax credits to be awarded against employer total spend on training and development of their workforces through to government setting the policy framework to enable employers to collaborate, fund and manage their own training needs through mechanisms such as a levy or training association. The clear feeling through was that **there is too much government interference and not enough employer leadership and that government should enable employers more control!**

4. SUCCESSES

- Membership
 - High levels of employer membership – Employers-only groups.
 - A combination of – Local and sector specific approaches are needed where they can influence.
 - Consortia of third sector employers have more influence.
- Changes to ESBs have made them more effective and member-driven (e.g. Exeter)
 - Employers need a few key messages... repeat! E.g. Rolls Royce / semta
 - Working across sectors is very effective for sharing best practice and lobbying purposes.
 - Employers will pay if the body has value and influence e.g. trade associations
 - Chamber of Commerce. There is stability, ongoing presence and they are influential.
 - Sector Skills bodies are good for lobbying industry-wide issues.
 - A different approach for SMEs – National contracts are suitable for large employers, SMEs require more local, discretionary funding.
- High rapport and engagement of private sector in defined project delivery

- Entrepreneurship Award Scheme in Liverpool. The scheme provided a rapport with businesses and engaged at the private sector level. A similar scheme was successful in Hereford and Worcester.
- In the construction industry training levies work well and they directly influence training.
- Mechanisms have allowed employers to understand policy issues.
 - Employers-led mechanisms are strong and can influence ministers more effectively through directly lobbying than via 3rd party mechanisms.
 - Agencies are willing to come together either as part of an employer voice mechanism or as a result of influence from employer voice mechanisms to resolve issues.
 - Employers can work together to result in economies being achieved in training costs by forming partnerships.
 - Employers respond to regulation as it creates a business imperative.
- Solutions are imposed and employers are not consulted first.
 - Complex network of bodies i.e. trade associations and SSCs. Takes too long to get changes driven through (lobbying).
 - No apprenticeship programmes independent from employment.
 - Funding allocation does not always suit.
 - One solution does not fit all.
 - Constant change.
 - System complications due to jargon/acronyms.
 - Need a basic and consistent/constant skills platform.

5. BARRIERS

- Difficult to communicate directly with policy makers.
 - Too much change in terms of structures, policy and funding (e.g. 25+ funding).
 - “Terminology soup.”
 - Everyone wants to be the employer voice of ‘front end.’
 - Are governments targets flawed?
 - Friction between national, regional and local priorities.
 - Funding too heavily focused on disadvantaged areas and sectors.
 - Strategy is unclear. Ministers may articulate their vision but too many filters means vision is never implemented.
 - Private sector workforce is not well understood. The regulator could collect data.
 - No clear language about how to describe skills and qualifications.
 - Short-termism because of the political cycle.
- Difficulty of demonstrating impact.
 - Complex system. It is difficult for individual employers to engage as there is no single point of contact.
 - Constant change in policies.
 - Clarity of purpose, accountability, terms of reference for ESBs.
 - Too many players and different roles within the system.
 - Need to think about how we get from current ESBs to Section 4.
 - Do we need a standardised structure for ESBs?

6. SOLUTIONS

- Government should ‘get out of the way’. They have a stronghold over the public purse. Employers must set up and pay for the skills agenda. For example the construction industry pays their levy and get what they pay for. Employers should fund, own and

manage training as part of a local, community-based system. Employers should pay £2000 for two delegates to formulate a strategy and network. There are too many players trying to get at the same plot.

- We should try to aim for a level of consistency over the next thirty years. Rather than tweaking the system every four years which only serves to reinvent the wheel.
- We should introduce a system of tax credits. The employer should determine their skills needs and get approval. A simple funding system was suggested like that which is already in place for R&D funding. The employer knows what is best for their business. Tax credits remove governing bodies, the armies of people and infrastructure. We have to look at how much the learner receives out of what is actually put into the system. The employer just needs to put in a justified business plan for approval based on skills expenditure.
- Tax relief for Investors in people accredited employers. Licence to practise and standards would make better use of the money. For any public procurement activity, these standards force the private sector to 'raise their game'. It will work and force employers to up-skill if it is mandatory.
- The 'middle-tier' is too costly. A simple accreditation system which gives credits to businesses for improvements to UK plc is more efficient.
- If SSCs deliver what they are meant to deliver and given the necessary time to work can be successful. By mandate they are supposed to touch every business in the UK. Structurally SSCs are close to where we want it to be.
- Having mechanisms that influence versus having a direct relationship with government.
- FSB states that over 80% of UK businesses are small. Whatever format the employment and skills system takes, going forward we must regulate. The definition of a large business is to employ less for efficiency reasons.
- Large employers want national contracts. Small, local employers need flexible pots at local level to work with similar businesses and similar issues.
- ESBs need clarification in terms of aims and accountability, roles and responsibilities. For example, Birmingham has an MAA and four ESBs which are essentially all competing for a slice of the cake. ESBs need consistency so that employers can then focus in on which governmental body they can use for which purpose. Too many bodies are claiming to be the 'one-stop shop.'
- Skills shouldn't be a political issue. The skills agenda should be an all-party agreement and form part of a 10-year plan, along with a core proposition and guiding principles.
- For businesses to engage, employer voice mechanisms need to be clearly meaningful and worthwhile, they need to identify and share good practice and be able to effectively evaluate and share outcomes.

7. NEXT STEPS

This report will form part of the evidence base that is being gathered in phase 1 of the employer voice project. A further phase of evidence will be gathered to supplement this, which will include:

- Developing a more detailed understanding of how the employer voice impacts in an HE setting; how the role of employer representative organisations (Confederation of British Industry (CBI), Chambers of Commerce, Institute of Directors (IoD), Federation of Small Businesses (FSB) and others) adds value to wider employer voice mechanisms; and, a detailed analysis of the differences in approach to capturing employer views about matters relating to employment or skills;
- An assessment of the specific arrangements in place in Scotland, Northern Ireland and Wales to develop tailored recommendations for each nation;
- A detailed look at impact and how much this varies across different types of employer voice structures.

The findings from the research will form the basis of a consultation exercise that will take place in autumn of 2009. A final report, based on the findings from both phases of research, is expected to be with governments across the UK by April 2010. This final report will contain recommendations on how employer influence on the employment and skills system can be strengthened and what needs to happen at both an individual employer voice structures level and a system level to achieve this.