

Future-Ready Skills Commission

Employers' talent management

Technical paper
September 2020



<p>Recommendation: Employers should take greater ownership of their talent management and skills development, aided by a joined-up approach to business support that means they can find the help and support they need, regardless of the route they take to find it.</p>
<p>Ambition Statement:</p>
<p>Employers can access the support they need through a coordinated skills offer founded on a strong network of providers. More businesses engage with education at all levels. Individuals report that their skills and qualifications are used in the workplace, with learning provision focusing on skills of low economic value minimised and shorter technical courses are made available, that make good use of technology. Greater numbers of employers demonstrate increased levels of productivity and innovation as a result of increased investment in and utilisation of workforce skills, thus contributing to economic growth and better living standards that benefit everyone.</p>
<p>Rationale:</p>
<p>It is well documented that the UK faces a considerable productivity challenge, and workforce skills are a key to unlocking productivity growth, at firm level and across the economy. Only one in 10 businesses report that they have adopted high performing workplace practices, which seek to achieve higher levels of business performance through more effective employee engagement. People in professional occupations are twice as likely to access training compared to those in manual occupations</p> <p>Employer investment in skills is far greater than public and individual investment, but more employers need to be persuaded by their peers to take up a range practices to address how to make the best use of the skills of their workforce and create diversity in the workplace particularly within leadership and management. Many large employers have developed talent recruitment and retention practices including running boot-camps, and training academies to re-train and convert skills. Employer collaboration on training opportunities should extend to a 'no empty chair' approach offering spare places to small business. This approach could be extended via best practice networks, particularly as many adults (39% - Skills for Londoners 2018 Strategy Consultation) prefer to learn on the job.</p> <p>Innovation support for employers to drive firm competitiveness and productivity is an important part of the local skills offer to business, for example through knowledge transfer partnerships.</p> <p>SMEs do not always have access to the same resources as larger employers to raise business performance. Recent efforts to co-design national qualifications such as apprenticeship standards have not always captured the breadth and diversity of the local pattern of skill needs. Local partners need to take the lead on identifying skills needs at this level and putting in place effective responses.</p>

A more personalised and local approach could also address the disengagement employers are demonstrating as result of the near constant reform and change in technical training, and where national offers and messages fail to resonate. Faced with direct approaches from a plethora of education institutions as result of an increasing emphasis and demand for employer engagement in relation to apprenticeships, traineeships and the new T-level placements, many SMEs report being overwhelmed.

There is evidence of increased employer ownership of skills through the apprenticeship levy although this is increasingly used for higher skilled workers. There are also some opportunities to support SMEs to maximise workforce skills offers, for example through the transfer of apprenticeship levy. Yet there is almost no opportunity to provide the coordinated offer at a local level that employers want and seek from local enterprise partnerships and business intermediaries.

It is important to ensure that the first engagement experience of business is a positive one and that businesses are signposted appropriately regardless of their entry point to the skills system. To achieve this the skills offer to business needs to be simplified and coordinated so that a business's first engagement with any part of the system is a positive experience. Regardless of the point of contact with the system, the advice the business received should reflect the breadth of offer available from a range of institutions in a functional economic area, avoiding a disjointed approach.

Key facts:

1. By international standards, there is a lack of investment in technical skills through public investment and within some sectors of the economy. [fewer than 25% of adults aged 16-64 receive job related training –slide]
- 1.
2. There is a significant economic gain to be achieved where more workers are paid the living wage. In Leeds City Region it is estimated that if a quarter of the 302,000 workers who earn below the living wage benefitted from this uplift, this would result in a local economic benefit of c.£54m, and benefit the public finances by c. £32m.
- 2.
3. By international standards the UK spends relatively little on vocational skills and investment in labour market support to increase adult skill levels. For example, in 2015, the amount spent per employee on training in the UK was just half of the EU-28 average ¹
- 3.

¹ Figures taken from <http://ec.europa.eu/eurostat/web/education-and-training/data/database> 'Cost of CVT courses by type and size class - cost per person employed in all enterprises (trng_cvt_17s)'

Data considerations:	
<ul style="list-style-type: none"> • National surveys such as ‘Employer Skills Survey’ used to identify skills needs and employer skills investment practices need to be cut at local level • More timely publication of national data sources like Working Futures and Employer Skills Survey is required • More data needs to be collected about workplace progression • Publish Census data on travel to work patterns by occupation • Share employer information for apprenticeship levy payers 	

Government to:	Regions (and local) to:
<p>Co-design of national technical qualifications with regional areas to capture a broader employer input, increasing confidence in new training pathways such as T-levels</p> <p>Create entitlements and levy systems to encourage both greater numbers of employers, and increased volume of investment in a broad and inclusive range of workforce qualifications, training and skills</p> <p>Set national standards and obligation for social contracting in the public sector</p> <p>Remain responsible for national qualifications, standards and frameworks</p> <p>Oversee quality assurance of learning providers receiving public funds</p> <p>Review in partnership with regional areas, the effectiveness of the apprenticeship levy, including its inclusivity at lower levels, broadening the use of the levy, and increasing investment from employers.</p> <p>Design of new skills funding, such as National Skills Fund, to be designed closely with regional organisation responsible for economic development</p>	<p>Deliver national messaging through campaigns delivered at the regional level, with responsibility for integration of the key messages within local business networks and localising the messaging to ensure effective targeting of employers.</p> <p>Act as an amplifier of small business and regional employer voice through local strategies and governance and through representation at a national level</p> <p>Use skills funding (e.g. NSF) that allows for the courses needed by employers in the local labour market to be delivered, removing barriers for training providers and employers.</p> <p>Work with higher education to develop an integrated support offer around innovation and skills.</p> <p>Strengthen employer brokerage at the level of a functional labour market areas and connect employers with the services they need</p> <p>4. Support collaboration and sharing of best practice amongst employers on developing and utilising skills</p> <p>Work with job centre plus to support people to achieve sustained work, including developing programme for the</p>

<p>and to take into account employers' requirements for shorter vocational / technical courses.</p>	<p>jobless and low-paid [see work, health and skills paper]</p> <p>Be responsible for:</p> <ul style="list-style-type: none">• devolved National Retraining Scheme so that it can be flexed to meet the needs of local employers and integrated with regionally commissioned programmes• devolved National Skills Fund including brokerage to encourage employer ownership and co-funding in skills against local economic priorities• employer engagement with education.• joining up business support services that result in encouragement and contractual conditions to invest in training when receiving support for other business priorities• commissioning training to match to local economic needs.
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Find out more

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