

# Towards a National Employer-Led Skills Pilot

On 17th November 2011, the Prime Minister announced a new pilot initiative to move towards an employer-led skills system, committing up to £250 million over the next two years to test this new approach. The central aim of the employer ownership pilot is to give businesses the space to step up and develop new and innovative proposals for tackling the current and future skills needs of sectors, supply chains and local areas. The pilot will test the potential for employer ownership to deliver the changes needed to secure a competitive skills base for the UK.



In the pilot, businesses will be asked to work together to develop radical proposals to train and develop the workforce and support their productivity and growth ambitions. Businesses will set out the public investment needed to support their investment in skills, training and Apprenticeships. Public funds will be provided directly to businesses to complement their private investment. Employers will need to show how public investment can leverage business investment aimed at raising skills levels in their sector, supply chain or local area. The pilot will be launched early in 2012 with a prospectus issued by the Government and the UK Commission of Employment and Skills (UKCES)

In December 2011 the UKCES published an explanation of the thinking behind the employer ownership of skills pilot. Over the past two decades successive governments have driven the reform and expansion of the vocational skills system but during this time the UK has become less competitive globally on skills. Many employers have found the skills system is too complex and have been put off by a system that appeared to them excessively centralised.

UKCES suggest that Government should create the space for employers to step up and take ownership of the skills agenda as part of the growth strategy of their industry. In the past skills policy tried to engage employers in a Government led enterprise. The new approach is to create the conditions where the best employers, working with their employees and training providers, can take charge and develop quality training. Employers are invited to drive the design and delivery of skills solutions to secure a world class skills base.

UKCES find that the UK currently has two training markets: a publicly funded market providing qualifications built around government



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priorities, and a private training market delivering skills in response to business need. What is needed is a single market for skills development, where further education colleges and other training providers respond to genuine demand rather than state funding incentives. Training should deliver economically valuable skills, which people and businesses are prepared to pay.

UKCES propose that Government funding should follow ownership. If employers are to collectively own the skills agenda, public expenditure should shift from provider grants to incentives and investments which flow through employers into a single market for skills development. The current publicly funded skills system is built around a complex funding model that often leaves employers and individuals unaware of government's contribution which makes it difficult for employers and individuals to make a considered decision based on quality and value for money. Employers and employees should be prepared to contribute more to a system in which they own the training which brings them real benefits and value.



Industry Forum competes globally, offering training and coaching, which is highly valued around the world. Some of this training is based on international standards such as ISO/TS16949, VDA 6.3 and the JIPM TPM Excellence Award - standards which are often specified by customers for their supply chain. In this way IF already meets the basic idea behind the employer led training pilot of delivering training which has been specified by business and contributes directly towards global competitiveness. IF's client list includes a number of blue chip companies from the UK, from Europe and from the US who work in this way. Currently Industry Forum is evaluating the employer led pilot and keenly awaits the more detailed specification which should be published shortly by the Government and UKCES.

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