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Pocket Watch – Employer ownership of skills

Introduction

We're likely to see some important changes coming through in 2012 to both the funding and the operation of the adult skills system. This will be driven by an increasing need to try and stimulate economic and employment growth. Much of the focus will be on simplifying the skills system and granting greater 'ownership' to employers. As part of the build up to this, the UK Commission for Employment and Skills (UKCES) launched a Report this week, that has been welcomed by Government, on what employer ownership might mean

The context

Four weeks ago, the Prime Minister made an important statement about the future operation of the skills system with the announcement of a £250m two-year Employer Ownership Pilot. The prospectus and bidding procedure for this will be launched early in 2012 but essentially it's an effort to channel initial investment to employers to help them design and develop the vocational provision they need. Potentially, as the UKCES who have been championing this model indicate, this could lead to a skills system in which provision is more closely aligned to market needs and employers more attracted because they have a direct stake

What is the UKCES saying about how employer ownership might work?

The Commission has looked at underlying weaknesses in the present system, the heavy focus on Government targets rather than employer needs, the sense that employers are left on the margins rather than at the centre of the system and so on, considered the current economic climate as well as some models from abroad, and come up with a vision for the future.

It's a vision that would take shape over time and in two stages with employers first taking over ownership of much of the vocational training for 16-24 year olds and then moving forwards to an employer-owned form of adult workforce development

How might it all work?

The Commission identify a number of high level design principles but also some initial proposals for action. These include:

- Directing the funding of many vocational programmes for 16-24 year olds through employers so that a clear sense of ownership is established. Some of this could be achieved quite simply through the tax system
- Being much more innovative about employer investment models, such as perhaps routing the proposed adult apprenticeship loans through employers, to help shift some of the emphasis from funding qualifications to investing in workforce development generally
- Further flexing up the skills system so that employers have greater 'space' in which to design radical skills solutions that might differ from area to area, sector to sector
- Using investment funding more innovatively to encourage more partnership and proactive behaviour by all players across the skills system

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