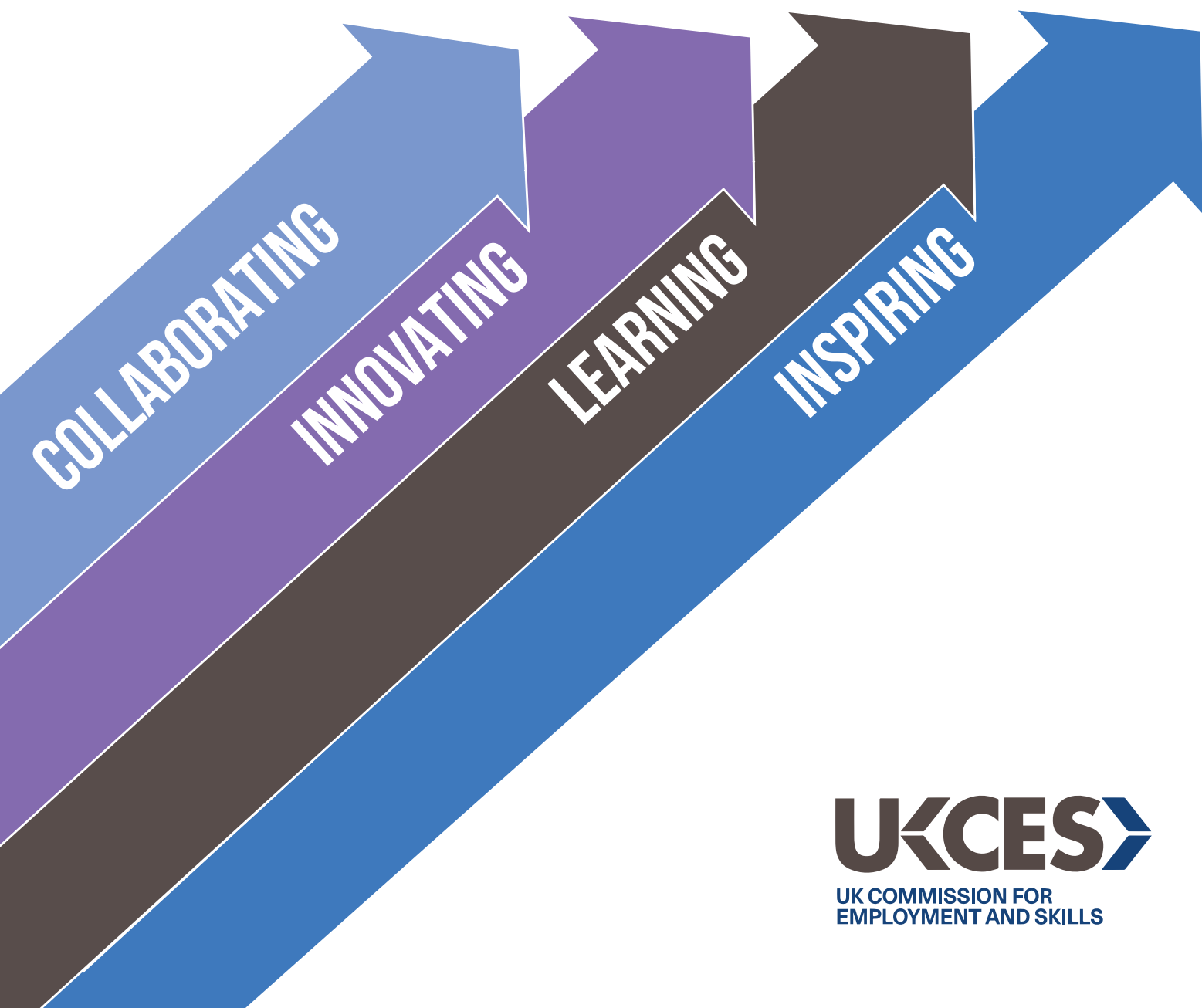


The UK Futures Programme

Solving the productivity puzzle through innovative skills development



Introduction

At the UK Commission for Employment and Skills (UKCES), we have a driving ambition to encourage more and better investment in skills and employment opportunities for people in the UK. This is part of the answer to resolving the UK's productivity puzzle.

Since April 2014, we have pursued this ambition through the UK Futures Programme. This programme is allowing us to trial innovative ideas with industry to test 'what works' in addressing workforce development problems.

We have launched 5 'Productivity Challenges' - each focussed on a specific skills problem which is hampering productivity and growth. We invited organisations to come up with new ideas to tackle the problems identified. Over the last 2 years, UKCES has co-invested in 32 business collaborations to design and test the most innovative solutions to some of the UK's most pressing skills challenges.

This programme has demonstrated that, with good project management and communication, businesses who would otherwise be competing can work together to solve challenges they share.

The Productivity Challenges cover three main themes:

- Unblocking productivity barriers in growing sectors
- Improving management & leadership in small firms
- Tackling the problem of low skill, low pay jobs

"The UK Futures Programme is a hugely exciting opportunity to test and trial new ways of developing skills and making better use of them in the workplace, to enhance business productivity. The ambition, innovation, vision and leadership shown by our projects has been exceptional and we are building powerful evidence about what works, and what doesn't, as well as toolkits and models that can be widely used and shared. I hope you enjoy reading about our work and, more importantly, that it catches your imagination and you look again at how your business invests in and uses the skills of your people."



Scott Waddington
Chief Executive, SA Brain & Co Ltd and Commissioner,
UK Commission for Employment and Skills

1 Addressing skills deficiencies in offsite construction



2 Management & leadership in supply chains and networked organisations



3 Progression pathways in retail and hospitality



4 Skills for innovation in manufacturing



5 Developing leadership and entrepreneurship skills in small firms



Addressing skills deficiencies in the offsite construction sector

This Productivity Challenge focused on addressing skills deficiencies associated with technological developments in the offsite construction sector.

UKCES' own research¹ found that the sector faces a number of skills barriers to realising its growth. These include the fragmentation of the sector, with a qualification offer considered inadequate by employers, and specific skills problems including:

- Little collaboration between professions in offsite construction;
- Marketing and business development: combining technical knowledge with strong customer-facing skills;
- Project management, particularly the interface between offsite and onsite activities; and
- Design and IT skills, covering the design, construct and operation of buildings.

The five projects:

Skanska - *Offsite Management School*: This project created an employer-led Offsite Management School with over 200 unique member companies and almost 300 individual learners.

Laing O'Rourke - *Addressing Skills Deficiencies in the Offsite Construction Sector*: They developed a live site scenario for training solutions allowing changes to be implemented in real time, cutting delays, improving ways of working and reducing waste.

Steel Construction Institute (SCI) - *Best Practice Guidance and Management Training for Light Steel and Modular Construction*: SCI consulted with over 75 companies to develop and test online learning and training resources, with over 1000 requests for best practice tools from the sector.

Edinburgh Napier University - *Offsite Construction Hub*: This project created an 'Offsite Construction Hub' to define and showcase skill requirements and encourage collaboration between professions, engaging with over 200 employers to gather a broader sector understanding.

Buildoffsite - *Comparator project*: Buildoffsite expanded its online 'comparison tool' to evaluate onsite and offsite solutions at the early development stage; encouraging employers, surveyors, architects and engineers to consider offsite alternatives before committing to design solutions.

What have we learned from this Challenge?

The findings of the Challenge were published in October 2015. Lessons from the projects can be extracted for the sector as a whole, and to other sectors where technological advances offer opportunities for growth. For example:

- Clear industry leadership is important and can galvanise competitors to become collaborators where there is a commonly experienced challenge.
- The breadth and depth of skill gaps were sometimes greater than projects first realised, but in recognising the gaps, corrective action could be taken – in fact it is crucial for employers in the sector to take responsibility and recognise these gaps otherwise they risk being left behind.
- Educators and businesses must work more closely together to ensure educational institutions and professionals keep up with technological advancements and ensure innovation can be capitalised upon.

Management and leadership in supply chains and networked organisations

This Productivity Challenge aimed to test the hypothesis that supply chains, or networked organisations, can be an effective means of developing management and leadership by sharing skills, ideas and values through existing business relationships.

The UK has a 'long tail' of poorly managed firms that undermines UK productivity. This Challenge focused on enhancing management and leadership skills by supporting prime organisations to work with their supply chains to develop skills and embed excellent management practices. It targeted manufacturing, construction and legal sectors – identified in UKCES' research² as having high levels of managerial skills deficiencies, particularly in small firms, and/or low levels of high performance working businesses.

The seven projects:

Action Sustainability – *Supply Chain School Leadership Programme*: They created an online supply chain management programme and leadership network, featuring videos and e-learning resources.

Civil Engineering Contractors Association – *Infrastructure 21 programme*: This project conducted research into what good management and leadership looks like, led by key businesses in the sector. This research informed tailored learning programmes to meet the needs identified.

Legal Aid Practitioners Group – *Legal Aid Management and Leadership Skills Project (Certificate)*: This project created a flexible and affordable modular practice management training resource, which can fit around business demands for both private and not-for-profit organisations.

Black Country Consortium (BCC) – *Management and Leadership Best Practice Based Training*: BCC delivered a Manufacturing Supply Chain Management programme consisting of 'bite-sized modules' for small to medium sized enterprises (SMEs), aiming to address specific business needs.

Robert Woodhead – *Good to Gold*: Robert Woodhead is a medium sized firm, who developed its own supply chain by developing a construction industry-specific Business Leadership and Management Support programme.

Jaguar Land Rover (JLR) – *JLR Supplier Leadership and Management Skills Programme*: JLR worked with suppliers to implement high performance working practices, including an auditing tool to help them assess and future-proof skills capability, identify management and leadership needs and tailor individual development programmes.

University of Chester – *Understanding Human-Centred Management in Food and Drink Supply Chains*: This project took current thinking and research into leadership approaches and trialled them on live projects to see their effectiveness in different organisations.

What have we learned from this Challenge?

The Challenge findings were published in March 2016. Overall we found it is possible to enhance interest in management and leadership through supply chains and networked organisations. In particular, we learned:

- There is significant scope for supply chain leads, intermediary organisations and members of supply chain networks to influence, engage and motivate supply chain businesses to build their management and leadership capabilities in many ways.
- Existing business needs and clear business benefits are important to maintaining changes in supply chain leads and suppliers.
- Engaging supply chain businesses in the tailored design of the learning solution was critical to meet their needs and build up trust.
- Skills accrue not just through direct training, coaching and mentoring but from better engagement with prime organisations and with other supply chain businesses.

Full evaluation reports for this Challenge can be found at <https://www.gov.uk/government/publications/uk-futures-programme-management-and-leadership-competition-brief>

Progression pathways in retail and hospitality

This Productivity Challenge aims to test new ways of developing progression pathways for low paid workers in the retail and hospitality industries. We are testing the extent to which improved progression opportunities, in a variety of forms, can have the effect of increasing earnings for low income workers whilst also addressing the costly retention, recruitment and skills gaps faced by businesses in these industries.

Latest UKCES research³ shows that businesses in the hotels and restaurants industry are more likely to experience difficulties retaining their staff than other businesses: 14% of them reported this difficulty compared to an average 8%. Employers report a variety of reasons for this including people not being interested in the work offered, too much competition from other employers for workers or other businesses offering higher wages. The retail and hospitality sectors tend to pay less than other sectors and also the seasonal nature of much of the work can hamper progression opportunities. To try to break the cycle, we wanted to test findings of other research which suggests changing practices to help low earners progress at work can lead to improved customer service, better decision making abilities, reduced turnover, better morale and increased customer spending.⁴

The seven projects:

National Coastal Tourism Academy - *Fast Track: Addressing Pay and Progression in Coastal Tourism SMEs*

Hotels in Bournemouth are trialling new recruitment methods, staff induction processes and management training to test the impact on skills, customer service and, ultimately, 'the bottom line'. The project is testing the 'service-profit' chain principle that is well-used in larger firms, but not often applied in smaller firms. If successful, this model has the potential to be rolled out across coastal towns nationally.

Realm - *London Designer Outlet Skills Academy*

Realm manages the London Designer Outlet shopping centre in the shadow of Wembley Stadium. This project is setting up an onsite skills academy. Employees will be offered individual training plans and mentoring that enhance their understanding of the retail sector. In parallel, several high profile retailers operating at the centre will work together to define how talented people can forge a career in retail.

Jamie Oliver's Fifteen Cornwall - *Experts Grow*

Jamie Oliver's Fifteen Cornwall has partnered with Watergate Bay Hotel, St Austell Brewery, the Cornwall College Group and Visit Cornwall to help small hospitality employers in the region improve business productivity by investing in training and supporting career progression. The project's hospitality toolkit is now engaging businesses in strengthening high quality working practices and encouraging staff to develop across different roles and skillsets to improve business performance. They are working with Cornwall & Isles of Scilly Local Enterprise Partnership to attract new investment to extend the project.

Living Wage Foundation - *Living Wage in Retail*

The Living Wage Foundation is working in partnership with leading retailers including Hobbs and EE to develop a 'Good Jobs' toolkit. The project will draw on UK research and the work of Professor Zeynep Ton at the Massachusetts Institute of Technology to pilot new roles for shop workers which improve the quality of their job and company performance. The toolkit will be designed to offer practical support and advice to a wider range of retailers.



People 1st - *Developing a Human Capital Model*

Working with major hospitality firms Hilton Worldwide, Accor, Mitchells and Butlers and Whitbread, this project is developing and testing different models to help their staff to progress. For example, analysis tools, behavioural and career coaching and multi-skilling of roles are some of the models being used to assess and develop the aptitude and skills of the workforce to identify where people, especially apprentices, have what it takes to step up to the next level.

Timewise Foundation - *Building Flexible Career Pathways for Retail*

Working with the UK's largest pet retailer, Pets at Home, this project is radically redesigning jobs to provide clearer routes and opportunities for promotion for part-time and flexible working colleagues, particularly women. One of the key changes is to offer more family friendly flexible roles at a managerial level for workers to progress into.

Rocco Forte Hotels - *Map My Future Application*

Rocco Forte Hotels, working in partnership with Artizian Catering and People 1st, are developing a series of online accessible interventions to highlight, promote and support career progression. They are developing an intuitive career map to show all of the possible routes and training materials needed to progress employees in their careers. Alongside this employees can also set career goals, access relevant training content and receive job advice from career coaches 24 hours a day. All of which will be accessible to staff via an online mobile application that will be integrated into HR practices and processes within business. The online app will also be available to purchase as a white label product to wider hospitality employers.

This Challenge has been jointly funded by the Department for Work and Pensions.

**What will we learn from this Challenge?**

By August 2016, we expect to report on a number of issues such as:

- **Barriers to progression:** How can barriers to progression faced by workers, such as caring responsibilities, a lack of confidence or a lack of the right skills, be tackled with the support of their employer and at their place of work?
- **Job design:** How can jobs be designed that are rewarding for staff and improve workplace productivity and how can more businesses implement them?
- **Progression pathways:** What works in developing a good progression pathway both within companies and across companies in the same space? How do businesses benefit from these pathways?
- **Sector-wide action:** How can we influence the sector as a whole to take action to tackle the problems they face through providing a stronger case for change and for the benefits of change, especially in light of the introduction of the National Living Wage? How can the barriers business might face to implementation be addressed?
- **The role of intermediaries:** What role can different types of intermediary organisations play in supporting this change – from the charity sector to a commercial landlord?

Skills for innovation in manufacturing

The UK has risen up the Global Innovation Index in recent years, moving from 14th in 2010 to second place in 2014, a position it maintained in the 2015 rankings.⁵ This is encouraging because innovation is vital for our national prosperity due to its critical role in productivity and job creation.

However, an assessment of the UK's science and innovation system identified planning, recruitment, training, retention, progression and performance management of people as some of the weakest parts of the system with worrying deficiencies in basic skills, Science, Technology, Engineering and Maths (STEM) skills and management. The economic benefits of innovation are realised through businesses so the skills, workplace practices, and management at play within them are critical to ensuring the value of innovation is maximised.

UKCES' research and consultation with stakeholders suggests that while businesses commonly recognise some shortages in STEM skills, there is less of a focus on issues associated with those skills which support the innovation process. Such skills include those required to manage the innovation process and then commercialise an innovative product or service - which are vital to success in the marketplace.

Through this Productivity Challenge we are focusing on these non-STEM skill areas, and we are exploring the best ways of boosting the skills and business practices needed to maximise the value of UK innovation.

The five projects:

BAE Systems Maritime Naval Ships - *Schedule Based Working*

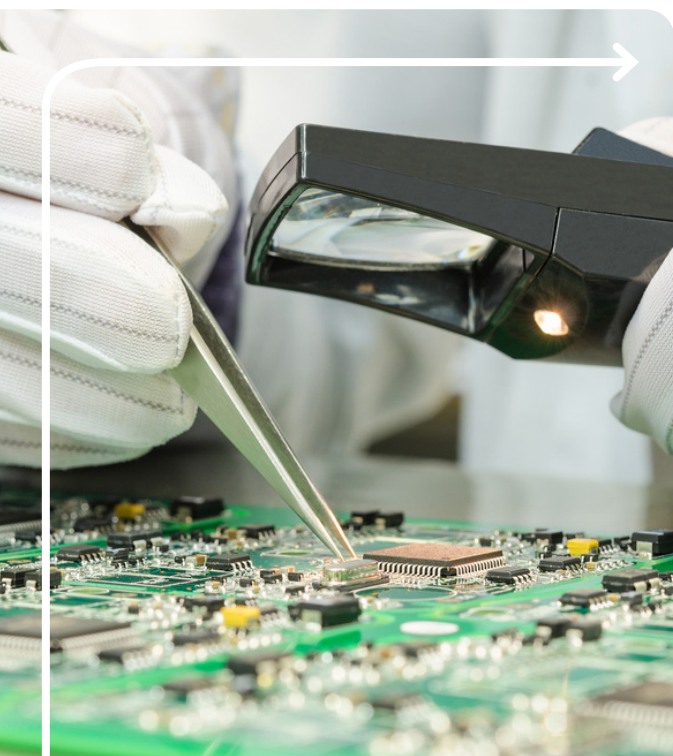
BAE Systems Maritime Naval Ships is widening the introduction of schedule-based working (SBW) into a complex maritime manufacturing facility in Glasgow. SBW, which was developed in conjunction with Trade Unions, empowers people to work more efficiently and innovatively by giving teams the autonomy to manage and adjust their working environment, find areas for improvement, and determine their working hours - rewarding teams for their level of output, rather than for their attendance. This way of working should encourage innovation as teams look for ways in which they can improve their daily work in order to benefit from non-financial incentives, such as a shorter working week. The organisation will benefit in turn from increased productivity and efficiency. Their experiences in introducing SBW will be made available for other businesses to benefit from.

Cardiff Metropolitan University - *Enhanced Flexible Innovative Supply Chain*

This project is led by Cardiff Metropolitan University's International Centre for Design and Research, which is supporting the creation of a new innovation-focused supply chain. The healthcare supply chain will work together to pilot a 'Unified Innovation Model' (UIM) approach to new product development. The UIM will act as a blueprint for other supply chains on how to bring together the unique insights of designers, manufacturers and end users to develop an effective product. It will also demonstrate how to manage this collaborative innovation process, ensuring these different perspectives contribute to delivering a marketable product.

Northern Ireland Polymers Association - *Innovation Management and Market Exploitation*

The Northern Ireland Polymers Association (NIPA) and CITB Northern Ireland are working together to develop



innovation skills between the polymers and construction industries in Northern Ireland. Building on the respective strengths of the polymers industry, in designing innovation, and the construction industry in extracting the commercial value of innovation, the project seeks to fuse these skillsets. 24 employers will test out new 'innovation interventions' to improve their own innovation capabilities and will then share what they have learnt. The intention is to identify ways of improving the management and commercialisation of innovation across these industries and, by sharing good practice, beyond.

BAE Systems (Operations) Ltd - Innovation in Manufacturing and Engineering (IME)

BAE Systems (Operations) Ltd, in conjunction with Lancaster University, is building on the university's leadership and management programme, LEAD. They are piloting a new programme focusing explicitly on the innovation capacity of owners and managers of small to medium sized enterprises (SMEs), in the Advanced Engineering and Manufacturing sector in the North West of England. The pilot will cover strategic thinking, innovation capacity and leadership and management skills, through masterclasses, workshops, innovation challenges and action learning groups. The effective programme design will be shared through case studies and other materials. Participants will also gain access to regional and national innovation infrastructure.

Swansea University - Skills for Innovation in Manufacturing

Building on its successful leadership programme for SMEs (LEAD Wales), Swansea University is piloting a programme which focuses on increasing the innovation management skills and knowledge of leaders and senior managers, to help them develop the innovation culture of their organisations. Supported by Industry Wales and the Engineering Employers Federation (EEF), the project will help manufacturing firms in Wales understand the challenges of encouraging and exploiting innovation for commercial ends. The model will help develop their commercial skills and knowledge, and practices around incentivising innovation. A key way this will be achieved is via experiential learning. The learning from this project will be disseminated through case studies, evaluation and good practice reports, and a summative learning event.

What will we learn from this Challenge?

By August 2016, we expect to report on a number of issues such as:

- **Engaging with innovation:** What are the best models of engaging small and medium sized firms in management development and the management of innovation in particular? What attracted them to the pilot programme? What was it about the other organisations involved which attracted them, whether a professional body, university, innovation centre or the involvement of other businesses?
- **Innovation-relevant management and commercialisation skills:** What are the effective ways of developing innovation management and commercialisation skills through the various models trialled – from workshops to site visits to live design problems?
- **Role of individuals:** How can increasing the skills and knowledge of individuals help to develop and embed innovation culture of organisations?
- **Innovation culture:** What workplace practices are conducive to better exploitation of innovation and how can they be implemented more widely? How can these practices encourage the generation and exploration of ideas and foster an organisational culture of accepting risk and tolerating failure and learning from these experiences?

In addition, these projects will produce a number of learning programmes, toolkits and case studies to share effective means of impacting on innovation management and commercialisation more widely.

Developing leadership & entrepreneurship skills in small firms through local anchor institutions

Anchor institutions are not well established or recognised in the UK. Various reviews⁶ have advocated a bigger role for anchor institutions in developing local economies, which have been defined as place-based institutions which are major employers, purchasers of goods and services and attractors of business and individuals to a locality. This Productivity Challenge enables us to explore whether anchor institutions could play a more proactive role by using their influence, purchasing power, networks and supply chains to encourage more small businesses to take up the offer of leadership and entrepreneurship training to improve their performance. UKCES' latest Employer Skills Survey finds that small firms are significantly less likely to provide management training than their larger counterparts. Across the UK 34% of firms with less than 50 staff provided management training, whilst 72% of those with more than 50 staff did.

This Challenge complements our other Productivity Challenges by seeking to test the impact of place-based organisations to drive up management skills and business practices in small firms, alongside the challenges focusing on the role of supply chains and the 'hook' of innovation management.

The eight projects:

The Causeway Enterprise Agency, Northern Ireland - *Micro Firm Leader Development Programme*

Nearly 90% of firms in Northern Ireland have fewer than 10 employees. However, currently, leadership training is more suited to SMEs with a management structure than these micro businesses. Accessibility is also a problem for these firms, with programmes predominantly being run in Belfast. The Causeway Enterprise Agency is running a Micro Firm Leadership programme to reach out to these very small businesses. Based on an existing Harvard Business School leadership programme, this project will test if the concept of 'purpose driven leadership', which is often used by large corporate firms, can also be relevant to micro firms.

Inverness College University of the Highlands and Islands (UHI) - *The Catalyst Project*

In this highly dispersed region, take up of leadership training is low, as is entrepreneurial aspiration. Poor transport on the periphery and island communities impacts on access to training. The Catalyst project is developing a new training programme that involves experienced entrepreneurs mentoring and inspiring other small businesses. It will also develop and test the value of online peer networks and online learning programmes alongside face to face delivery of training.

Regional Learning Partnership – South West & Central Wales - *Support Programme co-created by Regional SMEs in Entrepreneurship and Leadership Skills*

Current mechanisms to engage small firms in learning and development in this area are viewed as ineffective, as take up of the training on offer is low. The geography of the area also makes leadership support difficult to access. The project is bringing together a pilot group of small employers to co-create and test new ways of reaching other small businesses like them. Existing support will be comprehensively mapped out and tested to challenge its relevance, accessibility and appropriateness for small businesses.

Newcastle University - *CAPTURED*

This project is engaging large regional employers who will release a number of their senior managers to support small firms in the North East who tend not to invest in management skills. This is through an innovative short programme designed to provide the small firms with leadership skills that they can implement in their business immediately.

University of Sunderland - *LEAP (Leadership & Entrepreneurship Advancing Productivity)*

The University of Sunderland is seeking to attract small firms to develop leadership skills through use of the first 'Fab Lab' in the region – one of an international network of innovation centres which provides open workshop access and lab space, access to specialist equipment and support for the commercialisation of new products and services. This

project is offering small firms drawn from the two main sectors in this region – manufacturing and creative skills – the chance to work together to share learning and expertise. The project will test different approaches to leadership training at the Fab Lab. For example, evening and weekend access, mentoring and peer networking and self-directed study online.

Teesside University - *The Leadership Forge*

There are a large number of SMEs in the Teesside area, yet a high proportion are not growing. This is partly due to the fact that owner managers of small firms in this area do not currently see leadership development as a valid route to business growth. This project will challenge the low value attributed to leadership development by local small businesses. They are developing a community of experiential and shared learning via workshops, coaching, site visits to large employers and peer learning sessions.

Doncaster Council - *Doncaster Leadership & Entrepreneurship Academy*

The Doncaster economy has suffered from a decline in traditional industries and lags behind regional and national performance indicators. The area has low business start-up rates and low levels of growth amongst existing businesses. This project hopes to unlock talent growth within small firms via a 12 month Leadership & Entrepreneurship programme derived from European best practice and expert local knowledge. The programme is taking an action learning approach, with small group workshops, exploring real world problems, peer to peer networks, 'behind the scenes' company visits and one to one 'surgeries' with local professional service providers.

St Helens Chamber Ltd - *The Leadership Project*

Small firms in the St Helens region feel that they do not have the time to invest in their own skills and knowledge of management and leadership. As such take up of existing support in these areas is low. Medium-sized firms however are more likely to take up opportunities to develop their leadership skills. This project is giving small firms the opportunity to be mentored by medium sized firms in their area who have gone through a growth curve themselves and can relate to small firms' issues. The project will also enable the companies to work together on a City Growth project that will contribute to the regeneration and economic growth of St Helens.

What will we learn from this Challenge?

By August 2016, we expect to report on a number of issues such as:

- **Engaging small firms:** What makes for an effective local organisation in marshalling the interest of small firms in leadership and entrepreneurship development? What kinds of existing mechanisms to reach small firms work? What kind of networks interest small firms? What sort of organisations are seen as influential at a local level – other small firms, medium sized firms that have 'been there' or other small firms, in the same boat?
- **Local partnerships:** How can local partnerships be drawn together to tackle this issue? And what helps in partnership management and how do you overcome barriers?
- **Fostering skills and culture:** What learning methods most effectively embed leadership and entrepreneurship skills and what helps grow confidence and change mindsets to foster a culture of entrepreneurship in a local community? How can on-line provision be best exploited?
- **Importance of location:** How do you address issues of 'place' in a rural community, which lacks the advantages of 'proximity' of urban areas?
- **Role in devolution:** In the context of greater devolution of skills policy and implementation, what role can anchor institutions or partnerships play in supporting that?

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We hope that the new skills development tools, created through the UK Futures Programme, will be used and progressed by anyone looking to address the skills and productivity issues we sought to tackle.

By being transparent about what works and what doesn't, we leave a legacy of valuable toolkits, case studies and best practice guides to take forward. Importantly, the strong networks that have come together as a result of these Challenges, can continue to use them in order to build a better future and act as exemplars to others for how this can be done.

The evaluation reports, in particular, assess what works and what doesn't work in implementing these solutions and so provide a rich source of data to businesses, learning providers, professional bodies and governments at all levels to draw on, learn from and be inspired by.



The UK Commission for Employment and Skills (UKCES) is a publicly funded, industry-led organisation providing authoritative leadership on skills and employment issues across the UK.

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