

Security Level:	Confidential <input type="checkbox"/>	Restricted <input type="checkbox"/>	Unclassified <input checked="" type="checkbox"/>	Commercially Sensitive <input type="checkbox"/>
------------------------	---------------------------------------	-------------------------------------	--	---

Meeting & Date:	Joint Strategic Economic Committee – Wednesday, 28 June 2017		
Subject:	Higher Futures proposal		
Attachments:			
Author:	Simon Patten / Amanda Burnside	Total no of sheets:	14

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
---------------------------------	--	-------------------------------------	--------------------------------------

1. Purpose

- 1.1. To set out the delivery model for Higher Futures and the associated revised outputs. Once agreed with the LEP Board, these will be taken to the funder the Department for Education (DFE) for approval.

2. Summary

- 2.1. Higher Futures was set up following a £1.4m grant from government in 2014 to help SWLEP address its higher level skills gap. The approach is ground-breaking in providing completely impartial advice and brokerage to employers, together with organisational development support and expert sector knowledge of skills requirements. The service has been well received by employers.
- 2.2. The proposed outputs and operating model have been reviewed in light of numerous changes since the grant was received. This paper proposes incorporating Higher Futures into the new Growth Hub and extending the service to a broader skills advisory service, working in partnership with local colleges and training providers to address lower level skills. Revised outputs are also proposed.

3. Recommendations

- 3.1 The Swindon and Wiltshire Local Enterprise Board is recommended to agree:
 - 3.1.1 That Higher Futures provides employers with access to a range of impartial skills advice, support and brokerage, the priority being higher level skills following the model set out at section 4 below.
 - 3.1.2 That Higher Futures is to become part of the Growth Hub so that it is integrated into the wider framework of support for business.
 - 3.1.3 That the Board seeks approval from Government for a new delivery model and revised outputs, namely 2000 learners embarking on level 4+

programmes through Higher Futures by 2020, including doubling the number of learners embarking on higher or degree apprenticeships across the LEP area between 2015/16 and 2019/20 academic years.

3.2 Reasons for recommendations

- 3.2.1 As set out in this paper, many employers have not taken stock of their skills needs and what level those needs are at. A comprehensive skills advice service would therefore better meet the needs of employers and make it easier for them to access existing and new provision. By incorporating the service into the new Growth Hub, this further integrates Higher Futures into the business support landscape for Swindon and Wiltshire.
- 3.2.2 The original proposed outputs have been shown to be unrealistic, and original unit costs completely out of line with similar programmes, such as the Supporting Skills for the Workforce programme currently delivered by Serco. The proposed revised outputs are aligned to benchmarks and should be achievable over the next four years.
- 3.2.3 This proposal sits within the context of the emerging Higher Education strategy for Swindon and Wiltshire which is the subject of a separate Direction of Travel paper.

3.3 Implications of not agreeing the recommendations

- 3.3.1 If the recommendations above are not approved and a new delivery model not agreed with Government, Higher Futures would need to continue in its original form as per the original City Deal bid from 2014. However this would not deliver what employers require for the SWLEP area and not make best use of the remaining City Deal funding. Furthermore, the original outputs have been shown to be unachievable and these therefore need to be revised with agreement by the SWLEP Board and Government.

4. Detail

4.1. Background

- 4.1.1 In 2014 £1.4m was received by SWLEP to deliver the City Deal (Higher Futures) programme. The programme aimed to address the higher level skills gaps experienced by local employers, to reverse the decline in part-time participation in Higher Education and to provide Service Leavers and civilian employees with the opportunity to extend their skills towards gaining full higher level qualifications. The original programme outputs anticipated 18,000 learners to be starting on level 4+ programmes by 2020. The model was to deliver impartial advice and brokerage for higher level training as well as upskilling service leavers to meet employer demand.
- 4.1.2 The Higher Futures programme was officially launched during 2016 through a variety of activities. Early findings indicated that the military part of the programme was proving difficult to achieve due to the re-contracting of Career Transition Partnership as the MOD sole supplier of resettlement services,

which includes upskilling and employment support. This support now extends to spouses and veterans.

- 4.1.3 With the Armed Forces being one of the largest employers in Wiltshire, it is widely acknowledged that there is scope to offer a service to the military community. Higher Futures continues to actively promote the benefits of employing service leavers to the business community and works in partnership with CTP to advertise vacancies.
- 4.1.4 Implementation of the project has shown that the original outputs were over ambitious. The needs of businesses are now better understood. A paper was developed for the Department of Business, Energy and Industrial Strategy (BEIS) in June 2016, highlighting the findings and recommending a review of the original outputs. BEIS has made it clear that they want to see an increase in higher level skills in Swindon and Wiltshire, however they are open to our recommendation about the best way to achieve this and revised outputs for the programme. This paper sets out revised outputs and a different delivery model for approval by the SWLEP Board.

4.2. Strategic fit

- 4.2.1 Higher Futures will support the Strategic Economic Plan (SEP) objective to increase the proportion of the workforce with a level 4 qualification from 39.5% to 52% by 2026. Higher Futures cannot affect this level of change alone, therefore SWLEP has committed to developing a Higher Education strategy to tackle this issue on several fronts. A Direction of Travel document for HE is due to be considered by the SWLEP Board at the same time as this proposal. Higher Futures will provide a clear interface with employers, ensuring that an offer is developed which reflects emerging needs. Additionally Higher Futures will begin to make a positive impact on the numbers by providing an additional progression route for level 3 qualified learners and enhancing the current offer of degree and higher apprenticeships available to employed residents, meeting demand through a range of providers.
- 4.2.2 The SWLEP Strategic Economic Plan (SEP) highlights key high value sectors that need support in meeting skill gaps. Higher Futures is engaged with each of these sectors and is beginning to provide the support required.
- 4.2.3 There is no university within the SWLEP area, with very limited opportunities to do an honours degree in a Science, Technology, Engineering or Maths (STEM) subject at a university locally.
- 4.2.4 Higher Futures is working closely with a network of universities to ensure that employers have influence over the training that they invest in. These universities can all deliver courses in Wiltshire and Swindon. The introduction of degree apprenticeships and the apprenticeship levy offer an opportunity for provision to be delivered flexibly and meet business needs.
- 4.2.5 The Government's Industrial Strategy which was released in January 2017 highlights skills as a key pillar of the country's prosperity. In particular, it

stresses that addressing sector-specific skills gaps is a key issue to be tackled, which is something Higher Futures can help with.

4.3. Findings and performance in the first year of operation

- 4.3.1 The table below sets out a summary of performance since the SWLEP Commissioning Group deep dive took place in November 2016.
- 4.3.2 The figure for number of contacts represents businesses contacted by phone, email or face to face and includes presentations delivered by the Higher Futures team.
- 4.3.3 The stages of engagement are: 1. Initial meeting, 2. Consultation with a Higher futures Broker, 3. Tendering, 4. Selection of provider, and 5. Delivery.
- 4.3.4 During the consultation stage, businesses identify a potential number of learners who will be supported by the consultancy. This figure is reflected in the predicted pipeline column and is a very rough estimate. In order to produce a tender document, the business estimates a number of learners for the course. This is a more accurate figure but does not always translate to actual learner starts.

	No. of business contacts	Businesses actively engaged	Stage of engagement					Learners linked to tender	Actual learner starts	Predicted pipeline learners
			1	2	3	4	5			
Cumulative to Nov 2016	893	35	26	5	2	1	1	45	11	154
Cumulative to April 2017	4178	74	46	14	4	5	5	65	26	260

- 4.3.5 Swindon and Wiltshire employers report feeling confused about what skills support is available and often struggle to know which option is the best for their business. Organisations such as the Federation of Small Businesses (FSB), Chambers of Commerce and The Enterprise Network (TEN) offer signposting to programmes and providers but they do not have the time to fully explore needs and recommend the best solution. There are many providers and intermediaries working with the same businesses, and the market is saturated with providers offering apprenticeship levy support. Businesses indicate that providers are only promoting their own offer.
- 4.3.6 The MOD has not been in a position to engage with the programme as originally envisaged, therefore it has been agreed that Higher Futures will now support the MOD as it would any other employer.
- 4.3.7 It is apparent that businesses need a variety of support to enable growth and that there are a number of barriers preventing them upskilling their workforce. The key barriers and potential solutions to overcome them are set out in

Appendix I.

4.4. What are other LEPs doing?

- 4.4.1 A number of LEPs have specialist skills support including brokerage as part of the Growth Hub offer. Some have used ESIF funding to provide skills support including brokerage for businesses. This is either delivered by the LEP/LAs or commissioned. The commissioned organisations are in most cases providers.
- 4.4.2 Further work is taking place to gain a clear understanding of models and approaches in other LEPs, but it would appear that Higher Futures is unique in currently focusing solely on higher level skills and in its ambition to be fully self-financing.

4.5. Providing a skills service

- 4.5.1 Once the Growth Hub is established it is proposed that Higher Futures would be incorporated into the offer to create an impartial skills service for the SWLEP. Greater collaboration with partners will ensure that the skills landscape is less confusing and easier to navigate for businesses. Strategically placing Higher Futures within the Growth Hub will provide increased referrals and a clear point of entry to the programme. The one-stop-shop would provide:
- Organisational development, including sector intelligence, workforce and succession planning and sourcing training provision at all levels;
 - Information, advice and guidance on all aspects of apprenticeships and higher level learning;
 - A triage service for all businesses on anything skills related, passing referrals to the best fit provider;
 - Brokering university level courses to meet bespoke needs of businesses; and
 - Other skills support such as applying for grant funding to invest in skills development; provision of excellence academies; support with accessing graduates and university placement students; developing cohorts of learners to make course provision viable locally.

4.6. The Growth Hub

- 4.6.1 The SWLEP Board noted at its meeting in March 2017 that the local and national policy framework since the City Deal was set up has moved on.
- 4.6.2 The framework for business support in most LEPs including SWLEP is now through the Growth Hub and it is proposed that Higher Futures is delivered under this umbrella. This has the following benefits:
- a. It is part of one clear offer of business support under the Growth hub banner providing a clear point of entry
 - b. It is easier to navigate the range of support

- 4.6.3 The wider Growth Hub services will add value to Higher Futures providing the website and face to face business support elements will act as a point of referral.
- 4.6.4 The recently agreed proposal for the new Growth Hub involves a highly interactive web platform which will enable business customers to access a range of advice and support 24/7. The website will include a customer data platform which will enable the system to understand the needs of the customer better and outline recommendations which will be tailored to individual users.
- 4.6.5 The Growth Hub website will have information on the range of skills programmes available to businesses. There is an opportunity to promote the educational offer of our local colleges and providers and to promote apprenticeships.
- 4.6.6 The Growth Hub face to face skills service will be a triage, identifying initial needs and signposting without brokerage to the relevant provision (mostly funded and local). The brokerage will come into play for level 4+ only where needed and this may be through a referral from a partner organisation, initial discussion with the business indicating this is the preference or as a progression. The delivery model would include a higher level skills brokerage service, offering local businesses the opportunity to collaborate with colleges and universities to develop bespoke higher level upskilling opportunities. These courses would be funded by the employers, with commission received from the universities for each programme.
- 4.6.7 Apprenticeship support is expected to be the area with the most demand for the first few years. With the introduction of the apprenticeship levy, we are already starting to see a huge increase in the number of businesses requiring support. An increase in demand for higher and degree apprenticeships is anticipated which will provide long term support for businesses experiencing potential skills shortages. Information, advice and guidance on all aspects of apprenticeships is provided by all apprenticeship providers, however the Higher Futures team can support by increasing awareness of local opportunities for apprenticeships and can facilitate the development of minimum cohorts required by some of the training providers. Higher Futures can also offer support to coordinate trailblazer groups where there is a need for a standard which has not yet been developed.
- 4.6.7 Micro and small to medium sized businesses are frequently requesting support with workforce planning and organisational design which will be provided by the skills hub.

4.7. Partnership with local colleges

- 4.7.1 It is important that we avoid duplication in approaching the same pool of businesses. Higher Futures adds value by offering choice of provision to businesses. The new model would see the Higher Futures team responding to referrals from provider partners, intermediaries and Growth Hub. FE colleges and training providers have substantial employer engagement teams who

provide initial training needs analysis and information on apprenticeships. These employer engagement teams will be expected to refer businesses to Higher Futures for specialist support at levels 4+.

- 4.7.2 We propose a model of “local first” when it comes to meeting the lower level skills needs of our businesses. When approached by employers with needs that can be met locally, Higher Futures will first check whether the local college is able and willing to respond to the request before putting the work out to tender with our university and national providers. This will support local colleges to increase their learner numbers, collaborate with university partners and develop an employer responsive curriculum.
- 4.7.3 There is currently no clear higher education offer for Swindon and Wiltshire. Each of the FE colleges and training providers have their own offer but these are not widely communicated, resulting in employers and potential learners not realising what is available locally. It is recommended that the FE colleges, universities and Higher Futures develop a Higher Education offer for the SWLEP area. The offer would be promoted through the Higher Futures (then Growth Hub) website and a prospectus developed. Further discussions need to be had with HE providers in the area to map the current provision and consolidate the offer.
- 4.7.4 Higher Futures will provide intelligence to the FE sector on emerging trends and business needs, ensuring that the offer remains fit for purpose. A collaborative approach with FE partners would ensure that future HE curriculum development reflects the needs of local industry.
- 4.7.5 Key points from a workshop with the FE colleges and training providers held on 7 April 2017 are included at Appendix 2.

4.8. Financial position

- 4.8.1 The remaining City Deal grant for Higher Futures on 31 March 2017 is £660,000. Measures to ensure cost effective delivery are on-going and it is anticipated that working within the Growth Hub will result in more cost effective approaches. Income will be built annually through a range of sources leading to the programme becoming self-sustaining. A range of options are currently being explored through income modelling.
- 4.8.2 The annual operating costs for the current Higher Futures service totalled £310,000 in 2016-17. It is anticipated that by excluding one-off costs from the first year of operation (for example, developing the website), as well as taking into account income and efficiencies, the annual operating budget can be reduced to £220,000 per annum from now on.
- 4.8.3 With £660,000 remaining of the original £1.4m, the programme can therefore continue for 36 months, even without drawing down further funding or generating income.
- 4.8.9 Efficiencies by working with the Growth Hub include:
- Sharing the marketing executive who could utilise her skills and expertise in developing the brand for the growth hub and managing website content;

- A shared website; and
- Shared customer relationship management software.

4.8.10 To-date there have been three bespoke projects where commission is payable, earning £2,845 in total. Another £2,500 commission is likely to be earned through current tenders, with more in the pipeline. Commission cannot be met from the apprenticeship levy therefore will not be achieved for apprenticeship brokerage. Given that apprenticeship advice, guidance and levy support (for higher and degree apprenticeships) is the most popular request currently for the Higher Futures team, this will limit further income from commission.

4.8.11 Expansion to a Skills Hub will require additional funds. Potential sources of funding include ESIF and Growth Hub funding. The Higher Futures brand is now better established and there is an opportunity to charge for some aspects of the service. Other sources of funding could include match funding from SWLEP and match funding from the Local Authorities and FE sector (each local authority provides £100k pa in kind match).

4.9. Revised outputs

4.9.1 Benchmarking against other LEP skills support services shows that there are few with tangible learner outputs. A new University centre set up in Shropshire has a target of only 2,000 learners over four years and has managed to recruit 40 in year 1 and only 80 in year 2. The current SWLEP Supporting Skills for the Workforce programme delivered by Serco is aiming to support 2,000 learners at level 3, with access to funding for training. Level 3 learners are much easier to attract. These benchmarks show that the original output of 18,000 learners over five years was over ambitious.

4.9.2 The awarding of Local Growth Fund capital at Wiltshire College in Salisbury and Lackham will result in the following outputs:

LGF Outputs: Growth as a result of new facilities			
Starts by 2021/22	Higher Apprenticeships	Degree Apprenticeships	HE (Level 4 Plus) non apprenticeships
Salisbury	10	10	196
Lackham	15	0	166
Total	25	10	362

4.9.3 Our aspiration for the skills hub is to support the SEP target to increase the number of people with higher level skills in the Swindon and Wiltshire workforce. This will be achieved through the collaboration with providers in developing a fit for purpose HE offer for the future.

4.9.4 Revised outputs would be:

- 2,000 learners embarking on level 4+ programmes through Higher Futures by 2020, including:
 - Doubling the number of learners embarking on higher or degree apprenticeships across the SWLEP area between 2015/16 and 2019/20 academic years.

4.9.5 It is proposed that the measures for the success of the Higher Futures programme focus on the following KPIs:

- Learners embarking on level 4+ programmes through Higher Futures;
- Number of employers offering higher and degree apprenticeships following contact with Higher Futures;
- Growth in learners embarking on higher or degree apprenticeships;
- Number of new recruits with level 4+ skills entering the workforce of Swindon and Wiltshire through Higher Futures;
- Number of businesses supported with a skills related issue; and
- Number of university level courses brokered through Higher Futures.

4.9.6 These KPIs can also be measured for the SWLEP area as a whole, to include the contribution of partners including local colleges.

4.10 Conclusion

4.10.1 Higher Futures has had meaningful engagement with 74 businesses since February 2016 resulting in positive feedback. It is apparent that businesses need a variety of support to enable growth, and not just access to a level 4+ brokerage service which is all the original HF offer could provide. Early findings have indicated that skills support available locally for businesses is currently uncoordinated, which results in a confusing landscape. A single point of contact is required where skills needs can be initially assessed and then referred to the relevant support route.

4.10.2 As a SWLEP programme, Higher Futures is valued by businesses as a truly impartial service, tailored to meet their individual needs. Higher Futures will work in partnership with the local colleges and the new skills hub will be seen as a gateway to new learners and businesses rather than a competitor.

4.10.3 There remains a need to improve the number of residents with level 4+ qualifications and Higher Futures is well placed to work with partners across the SWLEP to achieve this ambition.

5. Appendices

5.1 Appendix 1- Key Barriers and solutions for businesses accessing the skills offer

5.2 Appendix 2 – Key points from Higher Futures workshop with colleges on 7 April 2017

6. Other relevant documents

6.1. Strategic Economic plan

<http://www.swlep.co.uk/resources/document635997701081146000.pdf>

6.2. Industrial strategy

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/586626/building-our-industrial-strategy-green-paper.pdf

Appendix I - Key Barriers and solutions for businesses accessing the skills offer

Barrier	Potential solution
<ol style="list-style-type: none"> 1. Knowledge of the future skills needs for the sector. 2. The internal resource or skills to undertake workforce planning, that is getting the right number of people with the right skills employed in the right place at the right time to deliver business objectives 3. Navigating the complex skills provider arrangements and securing the most appropriate provider. 	<p>Impartial advice and brokerage addresses the first three barriers, by injecting some workforce planning capacity into businesses to help them clarify their future skills needs and acting as an impartial broker to obtain the best training solution for them. Higher Futures also brings expert sector knowledge to the table, helping businesses understand their skills challenges and how to address them.</p> <p>Businesses would benefit even more from this impartial advice if it was provided holistically for all skills needs and not just for higher level skills. This would address barrier number 4.</p>
<ol style="list-style-type: none"> 4. Readiness / current skill levels – many employees are not yet ready for level 4 training, requiring intervention at level 3 in the first instance 	<p>This could be resolved by signposting them to the right level of training in the first instance and having training providers referring level 3 completed learners back through to Higher Futures so that courses could be brokered to meet their progression needs.</p>
<ol style="list-style-type: none"> 5. Capacity to release staff for training. (This is a particular issue for smaller businesses and management training in all businesses.) 6. Cost – funding to do the training can also be an issue for businesses. Large employers will have access to their apprenticeship levy pot from 1 May 2017 and this is a significant opportunity for 	<p>Capacity and costs are barriers which are difficult to address. Several large organisations have stated they would be willing to pay for bespoke short leadership and management courses as an alternative to the Chartered Managers Degree Apprenticeship, citing the requirement for 20% off job training as a key barrier. In response to this and as a progression from the SSW (Serco) programme, Higher Futures has put out a tender for a leadership programme and has two university partners</p>

Barrier	Potential solution
funding higher level apprenticeships.	<p>interested in delivery. Higher Futures can therefore continue to offer the option to create bespoke packages which are employer led.</p> <p>The £660,000 remaining in the Higher Futures budget would have minimal impact if it was used to fund training for individuals. As a benchmark, Serco is currently delivering an ESF funded programme to upskill the workforce (mainly level 3) at a cost of £4m for 2,222 learners, equating to £1,800 per head to cover both training and administration. Assuming a similar cost per head for level 4+ courses (which usually cost more), the remaining Higher Futures budget would stretch to funding 366 learners at most. This does not seem to be the best use of this one-off funding, which can more effectively be used as a lever to release employer funds for higher level training. Therefore Higher Futures can maximise its impact by targeting businesses which have funds available for upskilling their staff and are able to release their staff for this purpose.</p>
7. Uncertainty has been cited by many businesses which are not sure about the future direction of their business in light of Brexit and other uncertainties.	The uncertainty faced by businesses is not something that can be addressed, but it will mean that Higher Futures needs to work in the short term with those businesses that are confident about their future direction.
8. With 98% of businesses employing less than 49 people, it is difficult to develop the cohorts required by FE colleges and Universities to make delivery possible. Cohorts depend on a minimum number of people with the same requirement at	Higher Futures is well placed to develop the minimum cohort numbers required by the providers. For example, there is currently a project underway to develop a cohort for degree apprenticeships in the cyber security sector, which will see collaboration between a local FE college and a partner university. Higher Futures will further support by engaging

Barrier	Potential solution
the same time in the same area.	with businesses and intermediaries to secure sufficient learner numbers.
<p>9. Due to the first two points above, businesses with skills shortages have an immediate need for skilled employees and therefore do not wish to wait for existing staff to be upskilled, preferring to recruit graduates instead.</p>	<p>Addressing the immediate need for skilled employees is something the Higher Futures Team has been assisting with. Having links to a network of universities enables businesses to access graduates. Higher Futures can also advertise vacancies on the website and support businesses with accessing the military leaver's talent pool. This has been very successful with 26 businesses accessing recruitment support to date and a further 24 businesses accessing the military talent pool. The skills and expertise of the team in providing tailored information, advice and guidance to service leavers has been of benefit to the charity sector in their work with veterans and one of the businesses utilised this support to reach out to recruit their target group of digitally skilled ex-military personnel with great success.</p>



swindonwiltshire

Local Enterprise Partnership

Joint Strategic

Appendix 2 – Key points from Higher Futures workshop with colleges on 7 April 2017

Key points agreed with FE Colleges about Higher Futures operating model

A workshop with the FE colleges (Swindon College, New College and Wiltshire College) and training providers held on 7 April 2017 identified the following key points:

- When an employer coming through the Skills Hub requires lower level skills provision/Apprenticeships, referrals/signposting will be made direct to the colleges/training providers;
- We will agree with local providers and colleges the criteria for which referrals are made to existing courses;
- The priority for HF is higher level skills;
- That there is a local first approach where provision is already available and of an agreed quality standard;
- That Higher Futures adds value to employers through its expertise in areas such as workforce planning and organisational development and is well placed to provide intelligence on trends, to articulate the higher level skills needs and where there are the gaps in provision;
- In line with the emerging SWLEP HE strategy, Higher Futures should have a key role in developing pathways and creating the local higher level provision offer including Higher and Degree Apprenticeships and enabling sufficient numbers to create viable cohorts.
- That a cluster/sector approach is advantageous, for example supporting skills shortages in health and social care sector.

That we should set partnership targets for learner numbers which all providers and Higher Futures will contribute to achieving. We will identify the direct contribution of HF as part of this.