

Appendix A

Skills Bank Operating Model

The Skills Bank Operator

The operator of the Skills Bank is independent of the training delivery infrastructure. This was designed into the model following feedback that identified models integrating management of a programme alongside delivery had an increased potential for a business to be sold the training offer of the Managing agent. This was often at the expense of a more dispassionate impartial discussion and the building of a wider local training supply chain.

Independent brokerage

The evaluation of the Skills Made Easy programme, developed as part of the City Deal received business feedback valuing an impartial service that not simply referred to the training offer of the programme but could have a wider discussion with businesses on other options including apprenticeship provision or mainstream AEB.

In the first procurement of Skills Bank the brokerage was integrated into the Managing Agent, this was changed in the second procurement where the brokers are an integral part of the business support offer through the Growth Hub. The primary role of the independent brokerage is as much about supporting a business access other national and regional offers including apprenticeships, AEB and Kickstart for example as it is about accessing the Skills Bank funding. The first phase model was perceived to perversely skew the operator to delivery of Skills Bank first deals as opposed to exploring with the business the other options including AEB and apprenticeships.

A locally based delivery training supply chain

The model requires the Operator to develop a locally based training supply chain, made up of our colleges and Independent Training Providers. The stipulation of the Operator not being able to deliver training activity means they need to access and work with a breadth of suppliers to ensure the offers meet the specific requirements of businesses.

Marketing and Communications of the Skills Bank Service

The marketing and communications activity in the first three years of the Skills Bank was managed directly by the Operator. In the second procurement this was brought in house within the MCA Executive function to be developed in conjunction with the Operator. This gives greater control the key messages about Skills Bank, and enables greater alignment with LEP, MCA and Growth Hub communications and campaigns. It provides the opportunity to flex communications to respond to specific business priorities as and when required.

Co-investment in deals linked to business growth

Continuing on from the Skills Made Easy model, co-investment of the business with the training offer was hard wired into the Skills Bank model. A Skills Bank deal would be made where there was a credible and demonstrable business growth story and a requirement for training to realise this growth. This potentially could be a company with expansion plans leading to the creation of new jobs, the introduction of new technology, or access to new markets etc.

The requirement is for every business to make a contribution to their training deal. The extent of the co-investment made by the Skills Bank is determined by the perceived return to the economy of the co-investment. Once a deal has been secured the employer has the autonomy to select a training provider of their choice.

The employer co-investment in deals currently stands at £5.44m.

In response to the current issues facing businesses a number of agreed training offers have been made that have been fully funded to support business recovery.

Differential Deals

Linked to the co-investment requirement the potential to do differential deals with businesses linked to the social value and public return was built into the model. This has been the hardest element to operationalise under the management of the ESFA. The operating principle for this was that the level of contribution to a deal made by the Skills Bank should be differentiated based upon the return on investment for the public purse.

As an example. Company A and Company B are both seeking a deal to train 5 middle managers. Company A during the negotiation of the deal with the Skills Bank agree to take on an apprentice and participate in providing work experience linked to a local school. Company B are unwilling or unable to take on apprenticeships and are not interested or able to support work experience. The potential return on investment of the management training to both businesses is broadly similar however the social value associated with the Company A deal is greater given the wider benefits for young people. The operating model allowed therefore for a higher contribution to be made to Company A than to Company B.

Three application routes to access a Skills Bank deal

In recognition of the need for the Skills Bank to support businesses of all sizes, not simply those that had the size and internal training capacity to make an application, the operating model provided three routes to accessing a Skills Bank deal:

- A direct single business application,
- an aggregated demand application made on behalf of a group of businesses (usually for very small businesses who do not have the capacity to apply individually) or
- a training provider application where they can evidence, they are working with businesses with shared demand.

The application process was overhauled by the second Skills bank operator, taking this through a portal and fixing key KPIs for business responsiveness.