

## Appendix D

### Skills Bank Operating Model – Recommendations agreed by ESE Board

Skills Bank Principle	Skills Bank 2 model (current)	Other options/Additional information	Comments/notes from consultation	Recommended proposal /Agreement reached
<b>Skills Bank Operator</b>	Independent of the training delivery infrastructure Contractually prohibited from training delivery thus maintaining an independent overview.	<p><b>External</b></p> <ul style="list-style-type: none"> <li>• Procurement exercise required to secure an independent managing agent. Much reduced resource required at MCA for programme and contract management. Maintains independence and increased transparency</li> </ul> <p><b>Internal</b></p> <ul style="list-style-type: none"> <li>• Closer management of activity/control of spend/retention of stronger links to SEP/RAP strategy and removes the need for a procurement exercise but has already been ruled out by ESE Board. Resource issue.</li> </ul> <p>Models of delivery where the management of a programme is integrated alongside a delivery function could lead to an increased likelihood of a business being sold the training offer of the Managing agent rather than the offer that might best meet the business' needs.</p>	Should remain independent of training delivery infrastructure  Less visibility of Managing Agent  Important to retain independent brokerage into other elements of support	Independent Managing Agent  Operator should not be part of training delivery

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<p><b>Independent Brokerage</b></p>	<p>Skills Advisors are currently employed on a consultancy basis rather than as direct employees but are an integral part of the business support offer through the Growth Hub, their role 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.</p> <p>This was a change from the original programme where Brokers were employed by the Managing Agent and brokerage integrated into delivery model.</p>	<p>Other options could include:</p> <ul style="list-style-type: none"> <li>• Direct employment by Managing Agent as in Skills Bank 1.</li> <li>• Direct Employment by MCA. Possibly a cheaper option than current but would require more control over hours worked and workloads.</li> <li>• Link Skills Advisors to LA's similar to current RAP Advisor model. Would assist collaboration/links with RAP Advisor teams. Risk of operating in silo's and becoming disjointed. Less control from Managing Authority to direct focus/work when changes are required.</li> </ul> <p>The first phase model was perceived to perversely skew the operator to delivery of Skills Bank first deals as opposed to exploring other options including AEB and apprenticeships</p>	<p>One of the strengths of SB is that the Advisors are not associated with the Managing Agent Maintain clear separation between Managing Agent and Skills Advisors</p> <p>Impartial and working together as a team seen as a real positive The interface between the Growth Hub and Skills Advisors is key as it is linked to growth – need to retain the cross working/referrals between them</p> <p>Businesses value an impartial service that could have a wider discussion on other options including apprenticeship provision or mainstream AEB</p>	<p>Brokerage and support should not form part of Managing Agent role and is kept fully independent.</p> <p>Skills Advisors to become direct employees of MCA and linked to Growth Hub</p>

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<p><b>Co-investment in deals linked to business growth</b></p>	<p>Recipients make a contribution to their training costs. The extent of the co-investment is determined by the perceived return to the economy and made where there is a credible and demonstrable business growth story and a requirement for training to realise this growth. In response to the current issues facing businesses a limited number of training offers have been made at a higher rate, some fully funded to support business recovery.</p>	<p>Other options to consider:</p> <ul style="list-style-type: none"> <li>Remove co-investment need and offer fully funded training. Reduces value placed on training. Creates confusion with other programmes e.g. SSW which is fully funded. Would reduce impact in terms of number of businesses/learners supported. Funding would run out earlier.</li> <li>Match with funding from other sources (SPF?). Little match available at present. Would bring additional rules/parameters which might not fit with Skills Bank. May make programme more complex. Could reduce co-investment amounts required. May delay programme if other funding not available in time.</li> </ul>	<p>This was a mandatory design principle and should not be changed.</p> <p>All deals should be growth centric</p> <p>Value of training higher when contribution is made by employer</p>	<p>Co-investment is a mandatory design principle, so should remain through to the next programme.</p> <p>Not 100% funded</p>
<p><b>Differential Deals</b></p>	<p>Varying intervention rates awarded to applicants with businesses rewarded for growth potential and elements of social value, limited to recognition of activity which supports local supply chain and raising ambition amongst local residents (Up to 5% max awarded for each)</p>	<p>Other options to consider:</p> <ul style="list-style-type: none"> <li>Operate with set intervention rates - remove varied intervention rates and the link to growth story/social value. Easier message for PR/Comms. Perceived to be fairer as all applicants would receive same proportion of funding. Could reduce funding/funding could run out earlier. Does not support investment in region by businesses. Does not encourage social value activity/environmental focus. Little reward for those businesses supporting local economy/environment. Removes incentive</li> </ul>	<p>Economic and Social Outcomes table presented to ESE Board in March.</p> <p>Link this to the RAP and connect to the Fairer/Greener/Stronger agenda</p>	<p>Retain the differential deals approach but link further to social return on investment/rewarding desirable employer behaviours.</p> <p>Link outcomes to Fairer/Greener/Stronger principle of SEP</p>

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		<p>for businesses to look at social value. Does not support principles and key aspects of SEP.</p> <ul style="list-style-type: none"> <li>• Lower base intervention rate but increase amount placed on social value elements. Increased rewards for those committed to social value, encourages ‘good employer behaviour’.</li> </ul>		
<b>Locally Based training delivery supply chain</b>	<p>The Managing Agent recruits and manages a (primarily) locally based training supply chain, made up of our colleges and Independent Training Providers complemented by regional or national providers where local provision does not exist, e.g. where specialist training is required.</p>	<p>Other options to consider:</p> <ul style="list-style-type: none"> <li>• Removal of provider network linked to Skills Bank. Quality and efficiency of provision may be an issue. Inconsistencies in provision would be difficult to manage. Communication of offer complicated.</li> <li>• Procuring a smaller list of training providers. Easier to manage delivery/consistency/quality of training. Capacity of individual providers may be an issue. May not be able to offer full range of training required by employers</li> </ul>	<p>Recruitment of training providers should not be restricted to those on ROTO – but need to secure quality Due diligence process for training providers needs to be simplified and made easier for smaller training providers.</p>	<p>Operate a training supply chain model to ensure variety of training offer to employers but inclusion on framework should not be linked to ROTO.</p>
<b>Marketing and Communication of the Skills Bank service</b>	<p>Brought in house for Skills Bank 2 within the MCA Executive function and is developed in conjunction with the Managing Agent.</p>	<p>Other options to consider:</p> <ul style="list-style-type: none"> <li>• Outsource all marketing and Comms activity (procurement exercise would be needed). Removes resource requirement from contract. Responsiveness to changes may be compromised. Less control over key messages/parameters and way of working.</li> </ul>	<p>Branding impartiality is key. Need to be clear on our customer base – who are we targeting Identify gaps and operate a more targeted approach, e.g. sector/geographic/size of business Scope for closer work with LA’s</p>	<p>Retain Marketing and Comms activity within MCA.</p>

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	<p>Dedicated Comms resource (part of Comms team) allocated to Skills Bank, working alongside Growth hub Comms.</p> <p>SB 1 Comms were managed directly by the Managing Agent with little input or influence from MCA</p>	<p>Costs could be higher. Would still need an approval route for all Comms.</p> <ul style="list-style-type: none"> <li>• Retain as part of MCA function</li> </ul> <p>Stronger link and closely aligned to Growth Hub Gives greater control of the key messages, greater alignment with LEP, MCA and Growth Hub communications and campaigns. Opportunity to flex communications to respond to specific business priorities as and when required</p>	<p>Consider use of existing training providers to target those employers we haven't yet reached.</p>	
<b>Three application routes to access a Skills Bank deal</b>	<p>The application process was overhauled by the second Skills bank operator to make full use of the three application routes rather than the single business application that had been most heavily used:</p> <ol style="list-style-type: none"> <li>1. A direct single business application</li> <li>2. An aggregated application made on behalf of a group of businesses (usually for very small businesses who do not have the capacity to apply individually)</li> <li>3. A training provider application where there is shared demand</li> </ol>	<p>Options to consider:</p> <ul style="list-style-type: none"> <li>• Retain the three existing routes to application. Possibly need to promote wider.</li> <li>• Remove the aggregated route</li> <li>• Focus on direct single applications only. Increases the potential for lots of smaller applications, administration and resource implications.</li> </ul>	<p>Recognition that for some smaller companies/applications the admin task of application becomes a deterrent.</p>	<p>Retain the existing three routes</p>
<b>Outcomes based focus</b>	<p>Current programme not outcomes based</p>			<p>Focus on outcomes based programme to include both economic and social outcomes.</p>