



The
manufacturers'
organisation



A MORE PRODUCTIVE AND FLEXIBLE WORKFORCE

SKILLS MANIFESTO 2015

INTRODUCTION

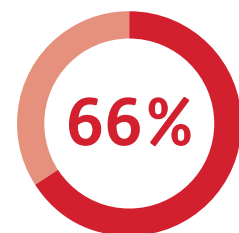
New and existing technology, manufacturing processes and process development requires ever-increasing skills levels from both the current and the future manufacturing labour force. This in turn puts ever-increasing demands on education and training institutions, which must work hand-in-hand with business to ensure an adequate supply of these skills today and in the future.

UK manufacturers are currently being hindered by decisions taken over past decades, which have eroded the pipeline of talent into the industry. This must not be our future. Business can and will do more to support continuous improvements in the skills of the UK's current and future workforce, but this will only bring real change if government investment and reforms both facilitate the work of employers and support them in achieving their aims.

Only by setting goals—and measuring performance against them—can government departments have confidence that policy choices and spending decisions are delivering the best outcomes for manufacturers.

We have established key ambitions to be achieved by 2020 that will lead to improvements in manufacturers' ability to access skilled employees and meet the skills demands of the industry. These are:

- 1) For the proportion of maths and science teachers at secondary school that hold at least a post-A level qualification in their subject to increase to 90%¹
- 2) To increase the number of Advanced and Higher Engineering and Manufacturing Apprenticeship achievements by 25%²
- 3) To increase the number of UK engineering graduates by 25%³
- 4) To reduce the number of hard-to-fill vacancies in manufacturing to 25%



of manufacturers plan to recruit an engineering graduate in the next three years

plan to recruit an engineering apprentice in the next 12 months

Achieving these targets will help to progress towards our final target taken from EEF's Manifesto 'Securing a manufacturing renaissance: priorities for government'⁴:

5) For three-quarters of employment in the UK to be classified as medium or high skilled.

There is enormous potential to secure competitiveness gains for business, as well as better employment prospects and higher living standards for individuals, if government and manufacturers collectively make progress on the skills agenda in the next Parliament.

A future government should therefore prioritise the following:

- I. There must be sustained growth in the talent pipeline for manufacturing
- II. Investment in the national skills infrastructure must be levered to deliver the greatest economic benefit
- III. Employers must play a greater role in driving forward the skills agenda

4 in 5

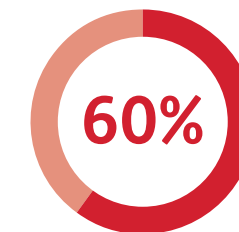
manufacturers are currently experiencing recruitment difficulties

SUSTAINED GROWTH IN THE TALENT PIPELINE FOR MANUFACTURING

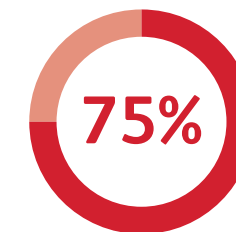
From primary to tertiary, skills and education policy must equip young people with the skills and knowledge needed to enter into manufacturing

Radically overhauling careers provision

For too long, careers provision has been a 'postcode lottery' and the overwhelming feedback from both young people leaving the education system and employers has been that careers advice is non-existent. A future government must radically overhaul careers provision by introducing careers inspiration in primary schools and an industry-led approach to careers advice in secondary schools. Given that a fundamental element of careers guidance is face-to-face advice, young people should have access to an independent careers advisor from the ages 15/16 (Year 11) onwards. The recently announced Careers and Enterprise Company should continue under the next government. It must remain employer-led and act as a one-stop-shop to those who co-ordinate the initiatives that broker relationships between employers and schools.



of manufacturers think better careers advice at schools will encourage more young people into manufacturing



of manufacturers prioritise attainment in English, maths and the sciences when recruiting apprentices

Emphasising the importance of key subjects and raising the standards of teaching them

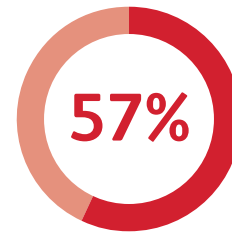
Whether a young person leaves secondary education to pursue further academic study, undertake an apprenticeship or other form of training, or move into employment, they will require a basic level of English and maths. Therefore, a future government must set higher national expectations for the number of school-leavers achieving the crucial five GCSE grades A*-C, including English and maths. Manufacturers, as well as many other employers, greatly value the STEM – science, technology, engineering and maths subjects. Therefore, the next government must strengthen the value of these subjects and ensure they are taught to the best international standard. This includes raising the standard of STEM teachers by recruiting more STEM specialists and, in the short term, allowing STEM professionals to teach in schools on an ad-hoc basis. Conversely, STEM teachers should also spend time in industry as part of their continuous professional development.

¹For the proportion of publicly funded secondary school maths, physics, chemistry and biology teachers who have a post A-level qualification in the subject they teach to increase to 90%
²To increase the number of Advanced and Higher Engineering and Manufacturing Technologies Apprenticeship achievements by 25%
³To increase the number of UK domicile First Degree qualifiers in engineering by 25%
⁴EEF, 'Securing a manufacturing renaissance: priorities for government' (2015)

Giving young people practical experience of the world of work

Manufacturers struggling to fill job roles tell us that it is not just a lack of qualifications that are the problem; increasingly, candidates are lacking experience of real work. Giving young people experience of the world of work is pivotal for them to secure and succeed in a job. The decision to remove compulsory work experience at Key Stage 4 sent out the wrong signals to both employers and young people. A future government should actively encourage more work-based learning activities, particularly at Key Stages 4 and 5. If schools fail to deliver on this then the next government should restore compulsory work experience. Industry experience should continue beyond Key Stage 5 and become particularly focused at higher education level. The next government should work

with universities and employers to create more placements and sandwich courses at HE level so that every STEM course includes a placement year. This may require incentives for small and medium-sized companies to ensure the practice is widespread.



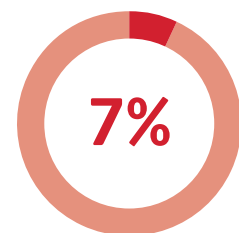
of manufacturers struggling to recruit said applicants lacked relevant experience

Future policy decisions on increasing the talent pipeline must also focus on the gender balance

Encouraging more females into manufacturing industry at all levels

Almost half of manufacturers tell us they struggle to recruit because they have an insufficient number of applicants. Essentially, half a talent pool is being left untapped as manufacturing struggles to attract more women into the industry at all levels. The next government must clearly set out its intentions to combat this imbalance, working with industry, educators, young people and their parents. The implementation of our above-mentioned proposals on careers advice and driving up standards on teaching of STEM subjects will play a key role. But more must be done. The image of manufacturing remains a significant challenge.

Overcoming this will only be achieved if we increase the number of opportunities available to young females to experience working in the manufacturing sector. We must also encourage more female role models from manufacturing to go back into schools and share their experiences. Such activities should begin in primary schools on a 'light touch' basis and continue into secondary schools, where greater attention should be paid to the impact subject choices have on future careers. Campaigns such as Tomorrow's Engineers Week, Your Life and the Big Bang Fair should continue with a focus on increasing female participation.



of those starting an Engineering and Manufacturing Technologies apprenticeship in 2012/13 were female¹

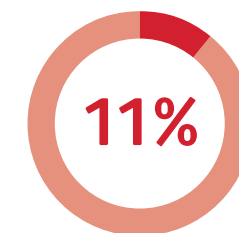
Skills policy must give manufacturers constant access to highly skilled workers

Developing a migration policy that gives manufacturers access to highly skilled workers

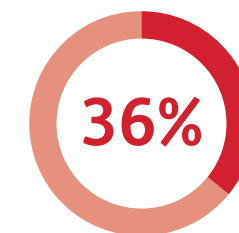
Manufacturers may wish to recruit employees from outside Europe in the event that they cannot find the skills required in the domestic labour market. Others may specifically choose to recruit employees from overseas to acquire specialised skill-sets. However, businesses (particularly SMEs) are frequently deterred from engaging with the current migration system on the grounds of its cost and complexity. The current system restricts companies from acquiring the highly-skilled employees they need, with particular challenges being faced by employers wishing to recruit international students graduating from UK universities. Therefore, the next government should increase opportunities for international graduates to stay in the UK in order to seek employment upon completing their studies. It must also reduce costs for SMEs wishing to recruit overseas; reduce the overall complexity of the UK migration system; and provide more tailored support for small businesses.

Supporting workers back into manufacturing

We must not forget that the existing labour market contains a wide array of skilled employees. However, matching up these potential employees to manufacturers can be difficult. Support is offered through services such as the Talent Retention Solution, and such initiatives should continue. However, a future government should work with employers to determine how best to incentivise workers previously employed in manufacturing industry to return. It should also review relevant current unemployment initiatives, such as Sector-Based Work Academies, to determine whether they are the most effective means of providing those detached from the labour market with the skill-sets to enter into manufacturing.



of manufacturers specifically recruit employees from outside Europe and a quarter have recruited a non-EEA graduate



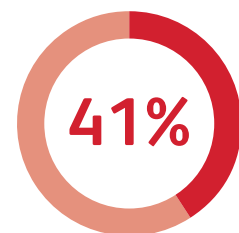
of manufacturers acquire new skills by recruiting employees from other industries with transferable skills

INVESTMENT IN THE NATIONAL SKILLS INFRASTRUCTURE MUST BE LEVERED TO DELIVER THE GREATER ECONOMIC BENEFIT

Apprenticeship funding must lie in the hands of employers

Developing a simple, sustainable voucher mechanism for giving employers control of apprenticeship funding

A step-change in the way that apprenticeships are funded is needed to enable employers to buy the training provision their businesses need. A demand-led, responsive system will only be achieved if employers have control of the funding and thus greater purchasing power. A 'voucher' model is the best way to achieve this and the next government should work with industry to create this. Developed correctly a voucher model would provide employer choice, free up the price of training and allow employers to select their chosen provider in the marketplace. Such a model would need to give employers transparency, knowing exactly how much funding they are eligible for and the cost of training. It must not add significant administrative burden or involve employers in the payment mechanism between government and providers. Subject to such constraints this model would create the demand-led system employers urgently need. Once developed this model must be retained to give employers greater certainty around funding in the long-term.

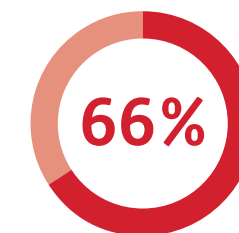


of manufacturers would be encouraged to offer Higher Apprenticeships if funding was directed through the employer

Higher education funding must take a longer-term approach to ensure universities have the capacity and capability to deliver high-quality STEM courses

Ensuring universities have the capacity and capital to recruit STEM students and deliver STEM courses

We have seen some positive trends in recent years on the number of UK students applying to study engineering at university – this must be continued. We must ensure universities have the capacity and capital to supply places for applicants. This includes sufficient funding to cover teaching infrastructure to accommodate additional STEM learners. Whilst short-term funding pots to support STEM teaching and infrastructure are a starting point, a longer-term approach is necessary to capture the demand from both learners and employers alike. Therefore the next government should review higher education funding for STEM courses.

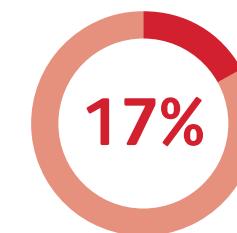


of manufacturers plan to recruit an engineering graduate in the next three years

The Employer Ownership of Skills agenda should continue and become more accessible to SMEs

Continuing the employer ownership of skills agenda and making it more accessible to SMEs

The Employer Ownership of Skills initiative has demonstrated how governments can lever the greatest private investment from public skills funding. Match-funded skills projects and schemes have demonstrated commitment from both the government and businesses to invest in their current and future workforces. This approach should continue and become targeted at those sectors where skills are in scarce supply. The initiative must become more accessible to SMEs, both through an awareness-raising campaign and the introduction of new thresholds and criteria that are more realistic for small- and medium-sized enterprises.



Before the Employer Ownership Fund for engineering firms was introduced, only 17% of manufacturers agreed it was easier to access funding for skills provision than two years previously

EMPLOYERS MUST PLAY A GREATER ROLE IN DRIVING FORWARD THE SKILLS AGENDA

Future governments should not underestimate the role employers can play in the early years

Supporting employers to engage with schools and increasing the number of education establishments with an industry focus

As we have identified earlier, there are many initiatives that broker the relationship between schools and employers; these should continue and be pulled under one umbrella. The next government must allow new innovations in education such as University Technical Colleges time to become embedded in the skills system.” Such innovations which have a clear industry focus, giving learners the opportunity to combine relevant qualifications with practical learning, and involve a number of national and local employers. Employers should continue to play a role in the roll-out of UTCs and Studio Schools but should also play a bigger role in other primary and secondary education establishments to ensure all have a clearer business focus. Furthermore, the recent National College initiative should continue to be supported. EEF are joint lead in the design and creation of the National College for Advanced Manufacturing. National Colleges, which are being developed and led by industry, are best placed to serve employers with the specialist higher-level technical skills needs.



Industry should be given ownership of the development and retention of vocational qualifications

Rolling out apprenticeship Trailblazers to give employers control and governance of standards

Employers must control the creation and maintenance of apprenticeship standards, and this is best achieved through the roll-out of the Trailblazers scheme. To date, larger employers have taken the lead; the next government must also encourage participation amongst SMEs. It is important to remember that initiatives such as Trailblazers, which involve a range of stakeholders, require a long-term commitment and a significant investment to succeed. The next government should not tinker with this initiative but rather should allow it time to become embedded into the wider skills system.



Support should be given to businesses to better engage with higher education so that it becomes more responsive to industry needs.

Strengthening the relationship between business and universities to deliver relevant courses and high-quality graduates

There are numerous benefits to increased engagement between businesses and universities. Businesses can influence HE provision through engagement activities such as sharing resources and facilities, and involvement in course design. Employer engagement can enhance the employability of graduates through offering internships and placements, which give students the industry experience that employers demand. Moreover, partnerships with business can enable universities to secure finance for investment in faculties and departments. The next government should look to expand an existing portal (such as UCAS or the National Apprenticeship Service) to include information about the recruitment of graduates, and channels of engagement to increase communication between the HE sector and industry. It should also explore existing successful partnerships that have been formed between universities and industry, and determine how best this model can be rolled out.



SUMMARY OF POLICY PRIORITIES FOR THE NEXT GOVERNMENT:

1. Radically overhauling careers provision
2. Emphasising the importance of key subjects and raising the standards of teaching them
3. Giving young people practical experience of the world of work
4. Encouraging more females into manufacturing at all levels
5. Developing a migration policy that gives manufacturers access to highly skilled workers
6. Supporting workers back into manufacturing
7. Developing a simple, sustainable voucher mechanism for giving employers control of apprenticeship funding
8. Ensuring universities have the capacity and capital to recruit STEM students and deliver STEM courses
9. Continuing the employer ownership of skills agenda and making it more accessible to SMEs
10. Supporting employers to engage with schools and increasing the number of education establishments with an industry focus
11. Rolling out apprenticeship Trailblazers to give employers control and governance of standards
12. Strengthening the relationship between business and universities to deliver relevant courses and high-quality graduates

EEF is dedicated to the future of manufacturing. Everything we do is designed to help manufacturing businesses evolve, innovate and compete in a fast-changing world. With our unique combination of business services, government representation and industry intelligence, no other organisation is better placed to provide the skills, knowledge and networks they need to thrive.

Because we understand manufacturers so well, policy makers trust our advice and welcome our involvement in their deliberations. We work with them to create policies that are in the best interests of manufacturing, that encourage a high growth industry and boost its ability to make a positive contribution to the UK's real economy.

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