



# **Delivery models for skills in London**

**Comparable international models**

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## 1. Introduction

There are comparable international models for adult skills investment that hold key lessons for London. This short paper considers the experience of three skills delivery models with a focus on translational vocational outcomes. We have undertaken a rapid literature review, and combined this with detail from in-country contacts and practitioners. We have chosen case studies that provide learning in three key areas: Delivery and Structure; Outcomes and Impact; and Engaging Employers. Within each theme we have selected a model based on a range of criteria, including applicability to London and ease of disaggregating relevant lessons. We also reference additional models where appropriate.

The models chosen are:

1. Delivery and Structure: New York City Career Pathways
2. Outcomes and Impact: Workforce Training Results, Washington State
3. Engaging Employers: Netherlands VET

In each example the developments described are part of wider transformations in the delivery of vocational skills to adults. The approaches described in the paper have been in place for varying lengths of time – from 2015 for NYC’s Career Pathways to 1991 for the creation of shared metrics by the Washington State Workforce Investment Board, Workforce Training Results. The Netherlands has seen a number of iterations of its skills provision, but the consideration of the role of employers has remained a constant.

Following a description of how each system operates this report looks at evidence of impact and for specific lessons in relation to the tools and actions available to London Councils. On the basis of this evidence, a set of key lessons are drawn out which form part of the wider recommendations we make in the final paper on developing possible models.

Key lessons for London:

- Look for ‘golden nuggets’ in other approaches, rather than whole models
- Partnerships are key to improved delivery
- Employers with ‘skin in the game’ – why will employers get more involved?
- Funding beyond the programme – what opportunities from philanthropy?
- Technology has made the gathering and sharing of data easier
- Moving out of silos – a city vision backed up by a city plan
- Engaging residents – ‘Dear Londoners’

## 2. Approaching international comparisons

Given the time constraints for this paper, we present a rapid review, which does not focus on the wider context in which these case studies sit. During the selection process, we were not looking for ‘off the shelf’ models that could (or indeed, should) be picked up, relocated and replicated in London. Instead, within each of them, there are elements of the approach, structure and delivery that are useful and interesting when considering skills investment in London. Each case study discusses the structure of delivery in that location. We have not sought to identify models that can or should be imported wholesale – that approach is unlikely to be successful. Instead we highlight key elements in each that London can learn from as it approaches the Area Reviews and aligned changes such as devolution.

The three themes identified (delivery and structure; outcomes and impacts; engaging employers) are met in different ways by the selected case studies. New York City Career Pathways have the most tangible points of comparative learning, while the Netherlands example points to how the role of effective intermediaries and incentives in the tax code can be used to engage employers from the design stage of skills delivery.

It should be noted that some of the primary information analysed for this paper is descriptive, and produced by the delivery organisations themselves. With the exception of Workforce Training Results, the available data does not necessarily measure long-term impact (or reforms are new and so there is no long-term impact yet), and has not been collected with an identified control group to compare outcomes with.

This paper synthesises the emerging lessons from this disparate group of studies. It disaggregates the models to find and pull out the ‘golden nuggets’ that are useful for London, and presents them as ideas that can be applied to the development of a new London-specific model for adult skills investment.

Public funding is one part of overall investment learning and skills in the UK. Recent policy changes mean interventions are also funded by employers, through the Apprenticeship Levy, and individuals, through Advanced Learner Loans, private investment and employer subsidy. In the US, collaboration between philanthropic funders has also driven significant change in the ways in which workforce development has been delivered. This paper considers this in the context of NYC, but it is also worth looking at [MSPWin](#), a programme that coordinates 13 local and national philanthropic funding pots to deliver a sector-based career pathways approach in the Twin Cities.

### 3. New York City: Career Pathways<sup>1</sup>

#### Summary

In late 2014, the office of Mayor of NYC, Bill de Blasio, published a report addressed ‘Dear New Yorkers’, which described how the employment and skills systems in the city were to be radically changed, both in terms of the outputs they were measured on, and in the disparate structures that lay behind existing delivery.<sup>1</sup>

The city’s challenge is a familiar one – workers (particularly those with low or no qualifications) struggling with stagnating wages and adverse work conditions and employers complaining of a shortage of skilled labour, alongside an employment and skills system not designed to address these challenges. A Task Force was set up to review the challenges and propose pragmatic, implementable solutions. The report was an important stage in the process – presenting the conclusions of the review and outlining a number of recommendations. It describes the system as “too focused” on job placement, and lacking a strategic focus on high-value sectors:

*“Currently, roughly two-thirds of the \$500 million spent annually on workforce services is allocated to programs that connect jobseekers to entry-level positions with low wages and limited advancement prospects. By contrast, only about seven percent of this budget supports training programs that can provide skills that lead to career-track jobs with opportunities for advancement.”<sup>2</sup>*

It goes on to describe the need to focus on skills in order to improve outcomes for both individuals and employers. How does this compare with investment priorities in London?

The new approach has seen a significant shift of focus from jobs to careers, but equally an investment in engaging employers and sharing data. This change has also had an impact on providers. New ‘concept papers’ were released by the city prior to re-tendering, in order that new and existing providers could understand what the changes would mean.

#### Delivery Structure

*“upward income mobility and better job quality within a co-ordinated, data-driven infrastructure”*

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<sup>1</sup> There are links to the reports at the end of this section – more information about the approach and task force can be found here: <http://www1.nyc.gov/site/careerpathways/index.page>

<sup>2</sup> <http://www1.nyc.gov/assets/careerpathways/downloads/pdf/career-pathways-full-report.pdf>

The existing ‘workforce system’ was complex and confusing – with at least 15 distinct brands. These covered (and still cover) employment services (which assess, prepare, connect people to jobs) and education/training services (adult basic literacy and High School Equivalency, English proficiency classes, as well as occupational/vocational training). The providers of employment services are a mix of for-profit businesses (there are a number of such businesses with a national presence in the US doing this work) and nonprofit organizations delivering employment services. Many have a specific focus, for example young adults, individuals with disabilities, immigrants, individuals with criminal backgrounds, homelessness. A small number have a sectoral focus. Still fewer have both a specific population and sector focus (e.g., young adults and hospitality). The providers for education/training services are a mix of nonprofit and community college providers, as well as for-profit businesses that offer vocational training.

Aggregating performance data across programmes was virtually impossible. This led to the conclusion that systemic change was required. The Mayor’s Office for Workforce Development was created to coordinate the city’s workforce initiatives. The Jobs for New Yorkers Task Force was convened to determine goals/objectives for the system. The core characteristics, and their changes from the status quo, are highlighted in Figure 1.

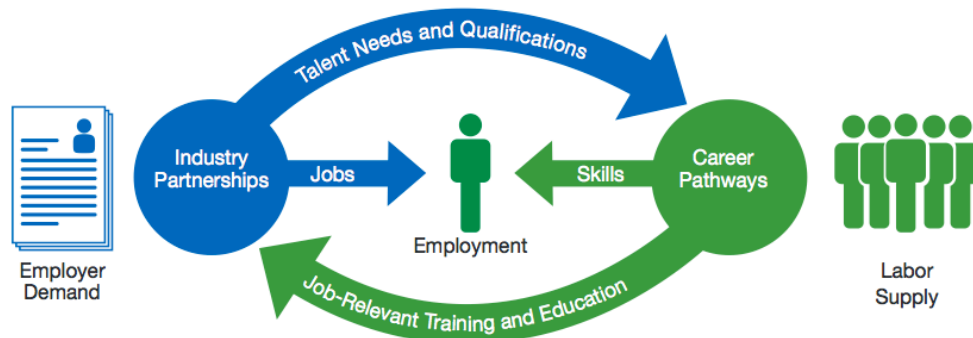
**Figure 1**

**Core Characteristics of the NYC Workforce System**

	<b>Current</b>	<b>Future</b>
<b>Orientation</b>	General focus on hiring entry-level workers with emphasis on quantity	Sector-specific focus on filling quality jobs in high-value sectors and creating pathways to economic mobility
<b>Core strategy</b>	Immediate job placement with limited investment in training and post-placement engagement	Ongoing career development supported by strategic investments in training and education
<b>Job quality</b>	Hiring is the primary consideration	Services, incentives, and policies are aligned to support businesses that offer full-time, consistent work that pays a living wage
<b>Connection to City’s investments</b>	Minimal and voluntary	Targeted hiring outcomes and ongoing training options
<b>Internal alignment</b>	Agencies have different outcomes, definitions, protocols, and employer engagement strategies	Common metrics, shared definitions and systems, and a unified approach to employer and jobseeker customers

Two of the key approaches for delivery are Industry Partnerships and Career Pathways (see Figure 2).

**Figure 2: Industry Partnerships and Career Pathways**



### *Industry Partnerships*

These consist of industry experts in six key sectors addressing local gaps between the labour supply and employer demand. The focus is on the skills, qualifications, training and credentials employers' need, and ensuring they continue to evolve as employers' needs do. The six sectors together account for half of all jobs in NYC. Three sectors (technology, construction, industrial) provide 'middle wage jobs', the other three (health care/social assistance, retail, food service and accommodation) together make up almost a third of NYC jobs.

The industry partnerships are housed within City government, which is unique in the US. The staff -- particularly the Directors -- have extensive experience and networks in their sectors of focus. They work very closely with a group of businesses. They:

- Hear directly from businesses in a given sector to identify the sector's greatest "pain points" and needs in terms of attracting and retaining talent to fill entry and mid-level positions
- Work with businesses to modify existing training curricula or develop new curricula from scratch in order to ensure that training graduates have exactly the right skills for the positions
- Whenever possible, businesses are engaged in assessing individuals interested in training before they start
- Whenever possible and where applicable, businesses offer work experience opportunities to individuals as a part of their training program



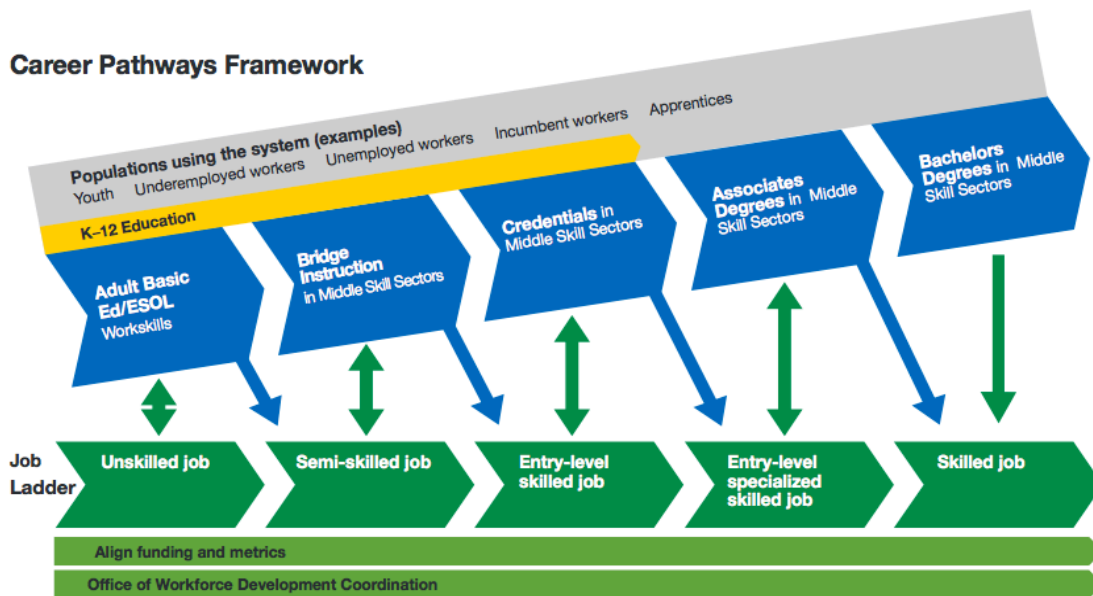
- Effect systems change: overall, the industry partnerships do not play a role in enrolling, training, or placing individuals into jobs. Rather, they are intermediaries that work with contracted service providers and the public workforce system to enroll, train, and place individuals.

The industry partnerships develop buy-in through the staff expertise and through their clear missions to help each sector address critical skills shortages.<sup>3</sup>

### Career Pathways

This is a system-wide framework designed to align education and training with specific progression opportunities for a broad range of jobseekers. The Career Pathways framework requires agencies to work together more effectively and move from a focus on job placement to career progression. The structure means that each focuses its efforts on specific steps along a system-wide career continuum. The programmes are connected through handoffs that are meant to ensure seamless movement through services – an example of this is shown in Figure 3. This has also seen investment in training programmes for people in low-paid work, by covering training costs for businesses that pledged to raise wages for participating workers.

**Figure 3: Moving through the Career Pathways Framework**



### Evidence of impact

<sup>3</sup> From interview with Chris Neale, Director, NYC Workforce Development Board

The introduction of the career pathways framework has also seen the introduction of system-wide outcome data, focusing on rewarding job quality and not just the quantity of job outcomes. A vital component of integrating workforce subsystems has been agreeing and creating one set of metrics for all workforce programmes, with shared job outcome metrics and definitions in all contracts let by the city. These cover employment and skills/qualification outcomes and wage levels.

The Task Force also collected and curated baseline data, enabling them to set targets for performance improvement. For example, the median wages from jobs secured by various into-work programmes funded by the city, state or federal government were low - \$8-\$10 per hour, less than a fifth earned \$13 or more. In order to improve the quality of jobs, the aim is to increase amount of workforce monies spent on strategic workforce initiatives from 7% to 20% of the total budget.

The provider base has not changed significantly since the introduction of the Career Pathways approach. However, many organizations are trying to develop new Bridge Programs (see Figure 3). New funding was not offered immediately. The two City agencies that released major Requests for Proposals to launch new programs in line with Career Pathways are still in the process of launching. More occupational training and bridge programs through both of those efforts will be seen over the next few months.<sup>4</sup>

The healthcare industry employs more New Yorkers than any other sector, but has struggled to anticipate staffing needs or strategically engage with educational institutions and training providers to create a pipeline of qualified workers. The Healthcare Industry Partnership has allowed the New York Alliance for Careers in Healthcare (NYACH) to expand its services to low-skill New Yorkers by integrating healthcare skills training with basic education, establishing new and critical entry points and progression opportunities through the new Career Pathways model.

Bridge programs (see Figure 3) occupy an important place in facilitating transitions to skilled jobs by combining vocational and basic skills. \$6.4 million has been repurposed to launch bridge programs for individuals looking to build basic skills in preparation for job training or further education. In evaluation of the program run at La Guardia Community College, researchers found that participating students were much more likely to pass the GED exam (equivalent of High School graduation), enroll in college, and continue with their learning into the second semester.<sup>5</sup>

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<sup>4</sup> From interview with Chris Neale, Director, NYC Workforce Development Board

<sup>5</sup> <http://www.mdrc.org/project/laguardias-ged-bridge-health-and-business-program#overview>

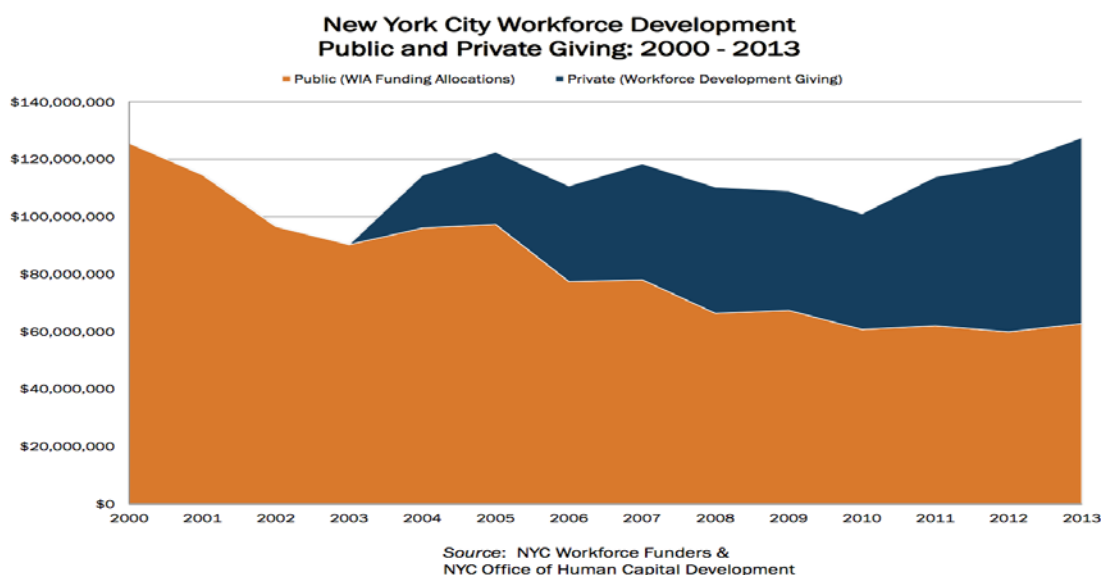
Two program areas have seen particular growth: college support and subsidized jobs. College support funding has more than doubled, and subsidized employment programmes have increased. Some of the additional funding has seen wages for participants rise. For example, the Department of Parks and Recreation’s Parks Opportunity Program saw an increased hourly wage paid to programme participants, from \$9.62 to \$11.97 per hour.

Five of the six Industry Partnerships are currently fully operational, small intermediaries working to redesign or modify curricula to meet industry need. The retail partnership is yet to be launched, and is finding the process of identifying skills and qualifications that will raise wages and support progression more difficult.

Small Business Services (SBS) are part of the city infrastructure, part of their remit is to connect employers with job candidates that they pre-screen. As a result of the career pathways approach they will now only advertise and work to fill jobs that offering full-time employment or at least \$11.50 an hour.

Much of the impact of the Career Pathways approach has been made possible by a significant increase in philanthropic funding for NYC non-profit workforce programmes, from \$18.4m in 2004, \$64.7m in 2013. The proportion of total funding this makes up can be seen in Figure 4. Philanthropy in this area is co-ordinated by the NYC Workforce Funders, who have, since 2004, worked together to ensure less duplication and more even coverage. The Taskforce have recognised the benefit of this structure and have a formal relationship with the NYC Workforce Funders to align philanthropic funding in workforce development and throughout the City.

**Figure 4 Rise in NYC Philanthropic Funding for Workforce Programmes**



**Lessons for London**

- A clear vision with breadth of emphasis. The structure has not been designed just to improve routes into low paid work and better co-ordinate workforce services but also seeks to improve quality of low paid jobs (for benefit of workers and employers), and leverage economic development focus to increase opportunities for New York workers.
- The plan has a very strong sense of place – the initial report opens with the words: “Dear New Yorker”. There is a project to encourage and support employers to recruit locally, called ‘Hire NYC’.
- The pooling and directed use of substantial amounts of philanthropic money has enabled the city to use the national frameworks as a base to develop a tailored city offering. The approach is now attracting considerable interest from across the US and beyond. There are increasing signs from the London Mayor that London will ask for more devolution for employment and skills programmes – even with this, the current projected budgets for these areas are shrinking, and the impact of Brexit on ESF funding is unclear. There has not been much strategic discussion of the use of philanthropic or private monies to counteract this.
- The recommendations in the report have outcomes attached to them, and each has been broken down into short (2015), medium (2016-17) and long-term (2018 onwards). The Mayor’s office is publishing an annual review of performance against the objectives, available for all to see.
- The Task Force was a broad partnership with members from the private sector, trade unions, foundations, voluntary sector, public sector, civil servants and providers. The partnership approach in the development stage secured significant buy-in and meant that the recommendations were agreed across a diverse group of organisations.

### **Where to find further detail**

<http://www1.nyc.gov/assets/careerpathways/downloads/pdf/career-pathways-full-report.pdf>

<http://www1.nyc.gov/assets/careerpathways/downloads/pdf/Career-Pathways-Progress-Update.pdf>

<http://www.mdrc.org/project/laGuardias-ged-bridge-health-and-business-program#overview>

## 4. Washington State: Workforce training results

### Summary

The US [National Skills Coalition](#) (NSC) is leading a charge to improve the collection and use of data. They want to see State policymakers using data to better align workforce and skills investment with employer skill needs, and to measure whether these investments are leading to the acquisition of qualifications which have value in the labour market. Middle skilled jobs, ie those requiring post high school but not undergraduate qualifications, form the largest part of the labour market in each of the 50 states of the US.

The NSC is campaigning for States to compile dashboards of cross program metrics that show the results of skills and employment programmes in a consistent and easily accessible manner. The NSC, through the [State Workforce and Education Alignment Project \(SWEAP\)](#), is helping states develop three types of data tools that can offer high level, system-wide information useful for state policymakers. These tools are dashboards, pathway evaluators, and supply and demand reports. Each has value in its own right, but used together their value is synergized.

**Dashboards** display a small number of common metrics to report education and employment outcomes across workforce development programmes. State policymakers can use dashboards to identify programs that have strong outcomes and warrant expansion. They can also see which programs have weak outcomes and need improvement.

**Pathway Evaluators** show the impact of skills interventions in terms of qualifications and jobs, enabling the building of career pathways that achieve the best employment and earnings outcomes for people with different skill needs.

**Supply and Demand Reports** show how those recently qualified compare to the number of workers that employers demand. They help identify skills gaps.

Workforce Training Results are one of four State programmes that are identified by NSC as exemplars of data driven Workforce Investment Boards.<sup>6</sup> In this section we look at what they do in a little more depth and identify what the key lessons are for London. Created in

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<sup>6</sup> Workforce Investment Boards (WIBs) are governing bodies required by the Workforce Investment Act (replaced in 2014 by the Workforce Innovation and Opportunity Act, but WIBs have remained central to delivery). Their role is to anticipate and respond to local labour markets. They develop and disseminate labour market information, oversee the One Stop Shop system and commission the delivery of services. The Board membership must consist of 51% private sector businesses/industry, and also includes One Stop operators, representatives from the regions welfare, education, health and labor departments. Most WIBs also include community colleges, unions, local school systems, universities, economic developers and service providers.

1991, the Workforce Board established standards for evaluating the performance of nearly 20 workforce development programs and developed a dashboard for reporting key performance outcomes.

## **Delivery Structure**

Workforce Training Results collect and display online accessible data on their programmes' performance. The programmes covered by this are:

- Apprenticeships
- Basic Education for Adults
- Community and Technical College (CTC) Professional-Technical Education
- Worker Retraining
- Division of Vocational Rehabilitation
- Department of Services for the Blind
- Private Career Schools
- Secondary Career and Technical Education
- Workforce Investment Act (WIA) Adult (similar to Jobcentre Plus services)
- Workforce Investment Act (WIA) Dislocated Workers
- Workforce Investment Act (WIA) Youth
- Work First

These programmes are delivered by a mixed market of providers, dominated by 34 Community (public) colleges and c.300 private vocational schools. Last year approximately 30,000 students were part of the private vocational system and 31,000 students went through the Community College structure.

## ***Dashboard Metrics***

The Workforce Board tracks the results and the taxpayer return on investment for 12 of the state's largest workforce programmes. These programs account for over 98% of the federal and state dollars spent on the state's workforce development system.

Workforce Training Results are made available, by programme (see above), for employers and residents, or anyone else with an interest to access. Metrics include: employment, skills, earnings, satisfaction (participant and employer), employment and earnings impact, participant return and taxpayer return. Although not all can be measured for each intervention, most are. Washington State's Workforce Board began creating its dashboard by building consensus among state and local stakeholders as to the best metrics to use — a process that took two years.<sup>7</sup> Figures 5 and 6 are screenshots from the dashboard

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<sup>7</sup>[http://www.nationalskillscoalition.org/resources/publications/file/SWEAP\\_Using\\_Dashboards\\_for\\_State\\_Workforce\\_Planning.pdf](http://www.nationalskillscoalition.org/resources/publications/file/SWEAP_Using_Dashboards_for_State_Workforce_Planning.pdf)

metrics page. Figure 5 shows a results page for Worker Retraining. There is one of these available for each programme each year. These are backed by a fuller report, which also includes survey data from programme participants on value and relevance of the skills they received. Figure 6 is an example of the data over time, which is also available for each programme, allowing identification of trends.

## Figure 5 Dashboard Metrics for Worker Retraining

### Worker Retraining at Community and Technical Colleges

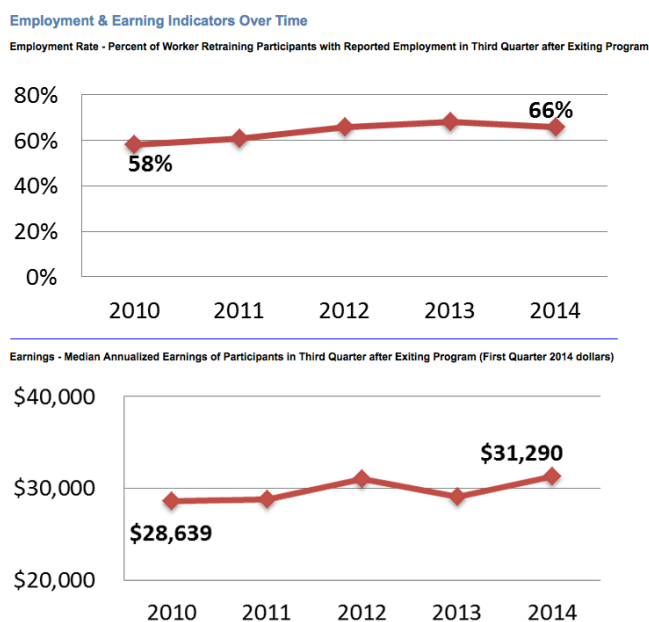
*The Worker Retraining program provides dislocated workers and the long-term unemployed with access to job retraining for a new career. Program enrollments vary from year to year in response to layoffs. During recessions the need increases. The industries from which students are laid off also vary over time. About one percent of worker retraining students receive their training at private career schools. This evaluation, however, is limited to training at the state's 34 community and technical colleges. The colleges provide training in occupational skills and basic skills and literacy. Qualifying students may receive financial assistance to help with their tuition. [Complete 2015 report on this program.](#)*

#### State Core Indicator Results

<b>Employment</b> - Percentage of participants who were employed, as reported to the Employment Security Department during the third quarter after leaving the program.*	<b>All 66%</b> <b>Completers 69%</b>
<b>Earnings</b> - Median annualized earnings six to nine months after leaving the program. (Quarterly earnings are the result of hourly wage rates and the number of hours worked in a calendar quarter. To derive annualized earnings, quarterly earnings are multiplied by four.)	<b>All \$31,290</b> <b>Completers \$32,551</b>
<b>Skills</b> - Percentage of participants who obtained an appropriate credential. (Percentage based on all participants, including those who did not receive training through the program.)	<b>61%</b>
<b>Participant Satisfaction</b> - Percentage of participants, including non-completers, who reported satisfaction with the program, as evidenced by survey responses six to nine months after leaving the program.	<b>91%</b>
<b>Employer Satisfaction</b> - (Survey not conducted because sample size would be too small.)	<b>n/a</b>
<b>Net Employment Impact</b> - Difference between the employment rate for all participants and the control group of non-participants, measured between two and three years after leaving the program.	<b>7.5 percentage points</b>
<b>Net Earnings Impact</b> - Difference between the average annualized earnings for all participants and the control group of non-participants, measured between two and three years after leaving the program.	<b>\$3,004</b>
<b>Participant Return on Public Investment</b> - The ratio of the present values of additional lifetime participant earnings and employee benefits to public costs of the program. Additional lifetime participant earnings and benefits are additional earnings and employee benefits received (minus participant program costs, taxes on added income, and any loss in unemployment insurance benefits), when compared to the non-participant control group.	<b>\$9 to 1</b>
<b>Taxpayer Return on Investment</b> - The ratio of the present values of projected additional lifetime taxes paid by the participant (plus any decrease in unemployment insurance benefits), in comparison to the public costs of the program. Additional taxes are those additional taxes projected to be paid in comparison to the taxes projected to be paid by the non-participant control group. Change in unemployment insurance benefits is the change in benefits paid to participants compared to the non-participant control group.	<b>\$2 to 1</b>

\* Includes some out-of-state employment data but not all of it and does not include data on self-employment.

**Figure 6: Employment and Earning Indicators over time**



The National Skills Coalition advocate this data driven approach, which focuses on better aligning workforce and education investments with employer skill needs to see if these investments create value in the labour market.

WTR aggregate data across the State, and their dashboards show the performance of programmes as a whole. For a more granular look at provider performance, designed for prospective students, the Workforce Board has developed the [Career Bridge](#) website. This enables you to search for providers and to check their performance. The website also provides information on job trends – a ‘demand and decline list’. This is used by job councilors to direct jobsearch/skills programme search towards areas in which there are likely to be opportunities.<sup>8</sup>

### Evidence of impact

Dashboard information has been presented at State legislative sessions, and the data has informed legislative decisions to expand successful programs and rethink service delivery in areas with weaker results.<sup>9</sup> For example, a dashboard showed impressive employment and earnings outcomes for those participating in apprenticeships. In response, several bills were passed to increase the number of apprentices in the State. In contrast, weak dashboard results for adult basic education prompted the state to investigate different

<sup>8</sup> From interview with Workforce Training Results, August 2016

<sup>9</sup> [http://www.nationalskillscoalition.org/resources/publications/file/SWEAP\\_Using\\_Dashboards\\_for\\_State\\_Workforce\\_Planning.pdf](http://www.nationalskillscoalition.org/resources/publications/file/SWEAP_Using_Dashboards_for_State_Workforce_Planning.pdf)



delivery methods. Further analysis of the existing pathways showed that better labour market outcomes were achieved by adult education students undertaking college-level job training. These findings led to the creation of the Integrated Basic Education and Skills Training (I-BEST) approach. I-BEST combines adult education and college-level skills training in the same classroom. It has demonstrated improved qualification attainment, and employment, and earnings for participants.<sup>10</sup> The I-BEST approach has been replicated in a number of other states. This has been the biggest direct impact of the data based approach.

Washington State also use supply and demand reports to help plan skills training investment. One such report revealed an extreme shortage of registered nurses. In response, the number of programmes to train and certify more registered nurses was increased. After seven years of this targeted investment, there were enough new registered nurses to fill new job openings.

In the last eight years there have not been significant changes in the provider base as a result of this approach. The data is also used by legislators and policy makers to analyse 'bang for buck', and there is a sense that continued funding is contingent on demonstrating economic value. Community Colleges also use data to drive the programmes they'll deliver; this change has been described by WTR as "somewhat of a slow process".<sup>11</sup>

## Lessons for London

- Sharing data systems and analysis makes it easier to plan strategically for the needs of the city. It is possible to see programme performance in context and either scale or change approaches to maximize effectiveness
- A focus on the financial benefits for individuals makes the value of studying clear. A system like this provides a trusted resource for individuals choosing skills provision (with data driven by employment, wage and certification information). This is of particular importance in the context of Advanced Learner Loans, and their lack of take-up.
- Similarly, the Workforce Training Results clearly show the financial return to employers
- Making performance data open access facilitates a wider conversation about skills, and work, and how to ensure the best outcomes. Systems that link data across programmes enable a fuller understanding of the value of investment
- There are some key questions for dashboards, including who will use the data and why, what information it should show, and how that will be collected and displayed, what support will be available to help people use and interpret it. It took two years to decide which metrics to use in Washington State. Nesta note that dashboard users are often unaware of the subjective decisions that have gone into selecting and

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<sup>10</sup>[http://www.nationalskillscoalition.org/resources/publications/file/SWEAP\\_Using\\_Dashboards\\_for\\_State\\_Workforce\\_Planning.pdf](http://www.nationalskillscoalition.org/resources/publications/file/SWEAP_Using_Dashboards_for_State_Workforce_Planning.pdf)

<sup>11</sup> From interview with Workforce Training Results, August 2016

processing the data – for example, which metrics are included and which are deliberately left out.<sup>12</sup>

- Is there a role for ‘social inclusion’ data – eg LWI Citizens’ Curriculum outcome measures?
- Digital tools offer the opportunity to include individuals and employers in dashboard design through a participatory planning process, in an inclusive and effective way
- London has ambitions to be a Smart City (see Figure 7 below). Better use of data to improve services and outcomes is an integral part of that.
- What impact does the mobility of the population and labour market have on the long-term planning process?

## Figure 7: Smart Cities

Smart Cities integrate data in order to improve outcomes. This can require significant changes in culture (London has 33 boroughs that all generate their own data but share little of it with each other), and capacity building to ensure ability to interpret findings. The Mayor’s Office of Data Analytics (MODA) in NYC was set up by Mayor Michael Bloomberg. MODA is a small team based in City Hall that has the capabilities, technical resources, skills and leadership to combine, map, interrogate and analyse data from around 40 separate city organisations across New York’s five boroughs.<sup>13</sup> Some advocates of smart cities suggest that integration can go further by linking data held by citizens, businesses and other organisations.

### Where to find further detail

[http://www.nationalskillscoalition.org/resources/publications/file/SWEAP\\_Using\\_Dashboards\\_for\\_State\\_Workforce\\_Planning.pdf](http://www.nationalskillscoalition.org/resources/publications/file/SWEAP_Using_Dashboards_for_State_Workforce_Planning.pdf)

[http://www.nesta.org.uk/sites/default/files/rethinking\\_smart\\_cities\\_from\\_the\\_ground\\_up\\_2015.pdf](http://www.nesta.org.uk/sites/default/files/rethinking_smart_cities_from_the_ground_up_2015.pdf)

<http://www.policyexchange.org.uk/images/publications/smart%20cities%20report.pdf>

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<sup>12</sup> [http://www.nesta.org.uk/sites/default/files/rethinking\\_smart\\_cities\\_from\\_the\\_ground\\_up\\_2015.pdf](http://www.nesta.org.uk/sites/default/files/rethinking_smart_cities_from_the_ground_up_2015.pdf)

<sup>13</sup> <http://www.policyexchange.org.uk/images/publications/smart%20cities%20report.pdf>

## 5. Netherlands: Employers vocational education and training

### Summary

The UK has been looking at the Netherlands skills models for some time, not only for adults, but also for young people in school. The Dutch have a co-ordinated approach to vocational education. School-based and work-based vocational learning sit under the same framework, and the interests and needs of employers are central. This promotes progression within the system and means that colleges and employers work together more effectively at the local level. The college system is also very closely allied with employers, and students spend a significant proportion of their course in a working environment.

Funding for vocational skills training is dispersed via sector bodies. These have significant employer input and a central role in the skills development system – VET is driven by employer demand. Employers are involved in planning training and are able to articulate skills gaps and skills needs. They can also deliver training, over a quarter of Dutch companies are registered to deliver intermediate-level vocational training.

Training and Development Funds are voluntary sectoral training levies. These are independent of Government – run by employers themselves who pay in an agreed percentage of their payroll (each employer signed up to the Fund contributes the same percentage. The money is used to identify and support specific training that meets the needs of the employers within the sector.

### Delivery Structure

Employers play a number of important roles in Dutch skills delivery. They are involved at various points in the process, from structured work experience at school to designing and delivering training themselves. The OECD recognise the involvement in policy, formulation, implementation and delivery to be result of a “well-developed system”.<sup>14</sup> Employers are not one homogenous group, the sector approach has facilitated engagement with start-ups and multi-national companies. It is important to note that there have been a number of cuts made to the Dutch system, the impact of which is not yet clear. The success in creating a partnership approach to skills delivery, with strong links between employers, government and providers/colleges/schools, is underpinned by powerful intermediaries that bring employers into the VET system. One of the key lessons for London is the sector-based Knowledge Centres. As is discussed below, changes in these as a result of budget tightening have been made. However, there is considerable value in understanding the original structure, and this is detailed in this section.

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<sup>14</sup> <https://www.oecd.org/edu/skills-beyond-school/A-Skills-Beyond-School-Review-of-the-Netherlands.pdf>

In the Netherlands, both school-based and work-based vocational learning sit together, in terms of policy and delivery systems. This makes the transition between the two simpler, and it means that employers and colleges are facilitated to work together at the local level. This grouping has some echo in the welfare system, which treats 15-27 year olds differently from those over 28, placing more emphasis on upskilling or re-skilling.

Post-16 vocational training mostly takes place within 42 state-funded super colleges, Regional Education and Training Centres (ROCs), with up to 35,000 learners, and offering more than 350 vocational courses. Before the creation of the ROCs, the Netherlands, like the UK, had many smaller colleges, which from 1996 were gradually merged to give the 42 of today.

Central to the effective engagement of employers in the Netherlands is the central role they have in identifying skills gaps and supporting the commissioning of provision. Historically, this has been organized through **Knowledge Centres**. There were 17 of these, covering most sectors. These sector bodies had responsibility for designing qualifications, setting standards, and coordinating employers, so that they become more likely to engage in the training and apprenticeship programmes.<sup>15</sup> These are intermediary institutions that have a number of roles. They work with employers of all sizes to identify needs and skills gaps, this is then developed further by involving employers in designing the content of training and the certification requirements. The focus is labour market relevance. The Knowledge Centres also use their leverage with employers to forge commitments to work experience placements. The crux of their effectiveness sits in their combination of “direct links to industry to determine what the skills demand is, and to the education sector to direct the supply of training”.<sup>16</sup> They are much larger organisations than Sector Skills Councils. They have bigger budgets and larger staffing resources. For example, just one Knowledge Centre (Kenteq) employed 300 people.<sup>17</sup>

Funding for the Knowledge Centres comes primarily from government, hence their vulnerability to budget cuts. This funding was performance related – based on number of employers accredited for workplace training and qualifications created (gaming is mitigated by restrictions on volume). They have certain functions determined by law:

- The development and maintenance of qualifications
- Recruiting and quality-assuring employers to offer work placements and apprenticeships

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<sup>15</sup> [http://www.ippr.org/files/publications/pdf/same-old-mistakes\\_Dec2014.pdf?noredirect=1](http://www.ippr.org/files/publications/pdf/same-old-mistakes_Dec2014.pdf?noredirect=1)

<sup>16</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/303481/briefing-paper-vocational-education-system-netherlands.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/303481/briefing-paper-vocational-education-system-netherlands.pdf)

<sup>17</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/303481/briefing-paper-vocational-education-system-netherlands.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/303481/briefing-paper-vocational-education-system-netherlands.pdf)

- Providing labour market intelligence about the skills that employers need and the standards that training providers need to meet
- Ensuring a sufficient supply of apprenticeship places and VET providers
- Some also fulfill other functions, such as providing information, advice and guidance services.<sup>18</sup>

From 1 January 2016, the responsibility for these activities has been passed to the Samenwerking Beroepsonderwijs Bedrijfsleven (SBB), supported by eight sectoral bodies. These work on sector, national and regional levels. The impact of this structural change is yet to be seen. There has been commitment to the need to keep employers, and future labour market needs as key drivers of vocational skills policy. SBB produce labour market information on supply and demand in the labour market at both sectoral and regional levels. This is then used to anticipate skills shortages in the future. The eight sectors will continue to contribute to qualification structures, policy and content.<sup>19</sup>

Employers participate in intermediate vocational training, motivated by the need to reduce the skills mismatch in the labour market and increase their ability to recruit skilled workers. Some 25 per cent of Dutch companies are registered to deliver intermediate-level vocational training. Employers accredited by Knowledge Centres were eligible for an employer tax rebate when new or existing employees undertake training. The rebate varied depending on the training undertaken and the skills level of the trainee.

There are over 100 sectoral training levies in the Netherlands, known as Training and Development funds (TDFs). TDFs are usually voluntary and negotiated with unions. Employers agree to pay a certain proportion of their payroll into the funds, and all employers pay the same percentage, irrespective of the size of the company. TDFs are independent from the government and are run by the employers themselves.

They are used to support specific training to meet the short-term sectoral needs of employers, and so are not usually part of initial vocational training for young people. They are rarely involved in directly providing training but will often help to commission provision or develop qualifications in partnership.<sup>20</sup>

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<sup>18</sup> [http://www.ippr.org/files/publications/pdf/same-old-mistakes\\_Dec2014.pdf?noredirect=1](http://www.ippr.org/files/publications/pdf/same-old-mistakes_Dec2014.pdf?noredirect=1)

<sup>19</sup> Cedefop (2016) Vocational Training and Education in the Netherlands EU (Luxembourg)

<sup>20</sup> [http://www.ippr.org/files/publications/pdf/same-old-mistakes\\_Dec2014.pdf?noredirect=1](http://www.ippr.org/files/publications/pdf/same-old-mistakes_Dec2014.pdf?noredirect=1)

## Evidence of impact

Despite the recent rise in youth unemployment, the Netherlands still has a comparatively low unemployment and NEET rate. Part of the reason for this is perceived to be the strong emphasis on vocational pathways and preparation for the labour market, and high levels of voluntary part-time jobs supported by social-partner agreements and employee protection.

The evidence of impact comes from the central role employers' play in skills delivery – with over a quarter registered to deliver intermediate-level training. Despite significant structural changes newly underway, the centrality of employer and labour market needs has continued to be viewed as central to delivery.

Despite analysis showing the quality of VET in the Netherlands to be good – there are concerns that it could be more ambitious. Additional monies will be introduced in order to increase quality. In order to support this, the number of qualifications available will be reduced by 25%.<sup>21</sup>

A key challenge for the Netherlands is to ensure the skills support provided continue to match the needs of a changing labour market. OECD research, published this year, has identified the need for less job-specific training, and more general skills that would enhance job and sector mobility.<sup>22</sup> It will be interesting to see how and whether this approach can be driven by a sector-based structure.

## Lessons for London

- Involvement of social partners and employers in development of programmes and delivery is 'systemic'.
- Intermediaries can be highly effective in engaging employers. In the Netherlands, employers' needs and determining future skills gaps form the basis of the relationship between companies and the intermediary. Employers are involved in the design of both courses and qualifications. Engaging employers requires considerable investment, and a shared intermediary model can facilitate this. It streamlines communication with employers, and can make the process simpler for them to engage. However, there can be a danger that an intermediary becomes an additional layer of bureaucracy if providers continue to work with employers in the same way as the intermediary.<sup>23</sup>

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<sup>21</sup> Cedefop (2016) Vocational Training and Education in the Netherlands EU (Luxembourg)

<sup>22</sup> [http://www.oecd-](http://www.oecd-ilibrary.org/docserver/download/5j1wjg6j6lr1.pdf?expires=1470032283&id=id&accname=guest&checksum=FEAB470D6395074BBF46314B8DB4C01)

[ilibrary.org/docserver/download/5j1wjg6j6lr1.pdf?expires=1470032283&id=id&accname=guest&checksum=FEAB470D6395074BBF46314B8DB4C01](http://www.oecd-ilibrary.org/docserver/download/5j1wjg6j6lr1.pdf?expires=1470032283&id=id&accname=guest&checksum=FEAB470D6395074BBF46314B8DB4C01)

<sup>23</sup> This can be seen in the Work for the Dole programme in Australia, where Work for the Dole Co-ordinators have been set up to find, and minimize approaches to, host organisations. However, the bureaucratic structure around referrals, and between Job Active (national welfare-to-work programme) providers, has meant that most providers also fund their own teams to find placements. At a local level, this can lead to duplication and confusion. (From interview with Australian provider for long-list for this paper)

- Employer models need to be able to withstand hard economic times. Thought needs to be given to what difference this will make, and why employers will continue to engage when they have significant other budgetary demands.
- Building sectoral alliances can be a powerful way to involve employers. These create visible pathways for individuals and demonstrate why employers benefit, even as individuals move jobs within a sector. MSPWin in Minneapolis have been effective at creating such pathways with employers and skills providers. Examples of these sector pathways can be found [here](#).
- London could also explore ways in which employers can become more financially invested in skills delivery. LWI has previously recommended that more of the apprenticeship levy raised in London is made available to spend here. As business rate control is devolved, are there ways in which this tax could be used to incentivize employers to invest in training? The Dutch model provides a rebate to employers who ensure staff have access to skills support for example.

### Where to find further detail

<https://www.oecd.org/edu/skills-beyond-school/A-Skills-Beyond-School-Review-of-the-Netherlands.pdf>

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/303481/briefing-paper-vocational-education-system-netherlands.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/303481/briefing-paper-vocational-education-system-netherlands.pdf)

<http://www.oecd-ilibrary.org/docserver/download/5jlwjg6j6lr1.pdf?expires=1470032283&id=id&acname=guest&checksum=FDEAB470D6395074BBF46314B8DB4C01>

[http://www.expatica.com/nl/education/Study-in-the-Netherlands-Dutch-vocational-education\\_103020.html](http://www.expatica.com/nl/education/Study-in-the-Netherlands-Dutch-vocational-education_103020.html)

Cedefop (2016) Vocational Training and Education in the Netherlands EU (Luxembourg)

<http://www.ippr.org/publications/states-of-transition-youth-unemployment,-education-and-labour-market-policy-in-europe-and-the-us>

[http://www.keepeek.com/Digital-Asset-Management/oecd/economics/boosting-skills-for-all-in-the-netherlands\\_5jlwjg6j6lr1-en#.V57kiHblLu0](http://www.keepeek.com/Digital-Asset-Management/oecd/economics/boosting-skills-for-all-in-the-netherlands_5jlwjg6j6lr1-en#.V57kiHblLu0)

<http://mspwin.org/wp-content/uploads/2016/06/Career-Pathway-Maps.pdf>