

AGENDA MANAGEMENT SHEET

Name of Committee

Cabinet

Date of Committee

12th October 2006

Report Title

A Strategic Approach to Employment and Skills in Warwickshire

Summary

The review of employment and skills by the Economic Development Overview and Scrutiny Committee is reported and Cabinet is asked to approve the preparation of a strategy for the County's role in addressing future employment and skills needs.

For further information please contact

David S Williams
County Economic Development Officer
Tel. 01926 412401
davidswilliams@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework?

Yes/No

Background Papers

None

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

Other Committees

Report to the Economic Development Overview and Scrutiny Committee:-16th May 2006 and associated minutes.

Local Member(s)
(With brief comments, if appropriate)

Councillor P Barnes
Councillor M Jones
Councillor P Morris-Jones } for information

Other Elected Members

.....

Cabinet Member
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

Councillor C Saint – The Skills Agenda will have an important role in our emerging policy and we should develop a wide ranging framework.

Chief Executive

.....

Legal

I Marriott

- Finance
- Other Chief Officers Mark Gore – Children, Young People and Families – agreed.
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION

NO/YES

SUGGESTED NEXT STEPS :

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

Cabinet – 12th October 2006

**A Strategic Approach to Employment and Skills in
Warwickshire**

**Report of the Strategic Director for
Environment and Economy**

Recommendation

That Cabinet:-

1. Welcomes the conclusions from the Economic Development Overview and Scrutiny Committee seminar on Employment and Skills.
2. Agrees to them being used as a basis for the development of an Employment and Skills Strategy for the county.

1. Skills and Employment: Key to Community Well-being

- 1.1 Earlier this year in his interim report on skills for the Treasury Lord Leitch stated that, "Our nation's skills are not world class" and "we run the risk that this will undermine our long term prosperity." And he went on to say that improving skills levels can not only help improve prosperity and productivity but also help address social disparities. This is why the development of a skilled workforce is seen as being key to the performance of a local economy and to the wellbeing of the community.

2. Reviewing the Council's Role in Employment and Skills

- 2.1 At a seminar in Warwick on 16th May attended by representatives of a number of agencies and organisations involved in skills, members of the Economic Development Overview and Scrutiny Committee gained an insight into the challenges, issues and changes faced in addressing the skills agenda (see **Appendices A and B**). The committee agreed that the conclusions from the seminar should be taken into account when a new Employment and Skills Strategy is prepared for the county later this year. Looking ahead, it was accepted that the issues surrounding skills and employment should be at the heart of our agenda for the development of the local economy.
- 2.2 The Council is not the main player in the development and delivery of the skills agenda; the Learning and Skills Council holds that position. There are also other key players, most of whom were represented at the seminar.

Nevertheless, the Council, as the authority responsible for education and holding a lead role in economic development still has a central part to play and the seminar's conclusions point the direction the Council should take in moving forward on what is a vitally important area for our future prosperity.

3. Outcomes of the Seminar

3.1 The draft outcome report of the seminar was tabled at the July Overview and Scrutiny Committee meeting and the intention of this report to Cabinet is to:-

- (i) Gain approval in principle to the preparation of an Employment and Skills Strategy.
- (ii) Alert the Cabinet to the conclusions from the seminar and to get Cabinet agreement to them being used as a basis for taking forward the Employment and Skills Strategy.

3.2 The following sums up the conclusions drawn from the seminar as far as the future involvement of the Council in the employment and skills agenda is concerned.

Council should:-

- (i) Focus on areas where it can add most value, either by influencing and shaping the behaviour of other key agencies and/or by delivering services in niche areas where the market appears to have failed.
- (ii) Establish greater internal coherence in the planning, delivery and co-ordination of existing County Council services in support of the employment and skills agendas, with a particular focus on the relationship between reforms of the 14-19 curriculum in education, and business support and economic development.
- (iii) Define and promote a shared understanding of the skills demanded for "Achieving economic wellbeing", one of the five outcomes of "Every Child Matters".
- (iv) Support the transition between personal and functional skills development in the curriculum and employability skills in the workplace

Examine:-

- (i) How and where Council services could/will contribute to boosting the skills and employment prospects of local people.
- (ii) How the Council, as the largest single employer in the County, could take on its responsibility as a leader by example in developing employment policies and practices that will enhance the contribution it can make to improving the skills of the Warwickshire workforce.

Identify:-

- (i) Which areas of support, need or opportunity are to be included in the County's strategic portfolio of services for skills development of a skilled workforce and to improve the employment rate in the future. Options include a focus on:-
 - (a) Employability skills at entry level.
 - (b) Young people and schools.
 - (c) Older workers and other at risk of leaving the labour market.
 - (d) The economically inactive (e.g. long-term sick and disabled, lone parents, etc.).
 - (e) Graduate retention in the local labour market.
 - (f) The supply of higher level skills for the knowledge economy.
- 3.3 In most, if not all of these areas, the Council will need to work in partnership and the Council's role in all of them will be influenced by those of the key partners.
- 3.4 Joint working by the key partners is at the core of the Local Area Agreement and the plans for Block 4 are currently being developed. In the course of this work decisions will be taken on how the partners will coordinate their activities and resources. In the context of this the council will also need to examine its own role in this block of the LAA. In the area of skills and employment the council will need to look at how it will:-
 - (i) Use its influence, local economic intelligence and analysis to shape the skills and employment policies, programmes and delivery of others.
 - (ii) Fill some of the gaps left by others - by continuing to service niche markets.
 - (iii) review its 'direct delivery' role – for instance, by re-aligning aspects of existing WCC services to focus more on improving local people's employability, skills and employment prospects, and even by re-focusing its own recruitment and workforce development efforts.
- 3.5 This all implies the need for a strategic approach and this is the basis for the recommendation.

4. The Outcome Report

- 4.1 A copy of the outcome report from the member seminar is attached. Drawing on the material presented to the seminar and the discussions taking place at the time, it picks out the main issues relating to skills that face our local economy and the community. It also points a potential way ahead for the Council. This report was tabled at the July meeting of Overview and Scrutiny Committee and was well received. At the time officers indicated that they thought it had an important function in beginning to define the issues and the Council's future agenda in this important area.

JOHN DEEGAN
Strategic Director for Environment and Economy
Shire Hall
Warwick

28th September 2006

Cabinet - 12th October 2006

**A Strategic Approach to Employment and Skills in
Warwickshire**

**“The Emerging Skills Agenda”: Seminar of the Economic
Development O&S Committee on 16th May 2006**

Members of the Economic Development Overview and Scrutiny Committee, officers and invited guests at the seminar heard a series of presentations and participated in discussions on themes relating to skills, training and the labour force. The notes of the key points raised at the seminar are appended. Below are observations and conclusions drawn up by the Seminar Chair, Paul Field*.

Officers will be taking account of the conclusions from the seminar in drafting an employment and skills strategy and in taking forward their work on the 4th block of the LAA

Observations and conclusions from the seminar

- Continuing investment in workforce learning and skills is a necessary but not sufficient condition for economic competitiveness.
- Whilst France and Germany are ahead of us in the European league table of workforce qualifications, their economies have been performing relatively poorly compared with the UK's, where unemployment, for example, is consistently much lower.
- We need to be clear that qualifications are, at best, a *proxy* for skills. They are not the same thing. They signal people's capacity to learn (which is clearly very important in a changing economy), not their ability to perform tasks competently in given occupational areas.
- What most *employers* want from most of their new recruits (and existing workforce) is the right attitudes and aptitudes – including a willingness to work and reliable time-keeping – and a capacity to acquire the necessary know-how and competencies on the job.
- What most *employees* (will) need are qualifications that mark them out from the competition. Employers clearly use paper qualifications to help them select people for interview or advancement within the organisation. But employers repeatedly tell us that they want people who can do the job, not just pass exams or compile NVQ portfolios of evidence.

- We will need to strike a balance between what best equips individuals for a *lifetime of competition* in a constantly changing labour market, and what employers want from their people *now*, often for quite short periods.
- The current range of ‘whole’ NVQs has come under fire from employers’ organisations because NVQs have been inflexible and do not capture or cover the essential knowledge and skills required to perform competently in specific jobs. This is said to be changing with the introduction of new, more flexible and employer-led NVQs in areas such as IT and Business Improvement.
- There is a need for more vocational options and progression routes for young people in our secondary schools. These should be leading to qualifications that have parity of esteem with academic subjects.
- Despite worries about the future and recent shock announcements, such as at Peugeot, there is likely to be growing (replacement and absolute) demand for labour at every level, most notably in lower skilled ‘entry level’ occupations. This will require (a) more people to be recruited from the ‘inactive’ margins of the labour market and (b) more people who are currently in work to be retrained and up-skilled. This amounts to a need for *lifelong employability training* for all those who are able and willing to work, including the inculcation of a more ‘entrepreneurial’ or enterprising attitude to work and working life.

In the light of the evidence and argument presented at the seminar, priorities for the County Council include the need to:

- Clarify its proper role in relation to skills and employment – focusing on areas where it can add most value, either by influencing and shaping the behaviour of other key agencies and/ or by delivering services in niche areas where the market appears to have failed.
- Establish greater internal coherence in the planning, delivery and co-ordination of existing County Council services, including education, business support and economic development. How and where do/ should Council services contribute to boosting the skills and employment prospects of local people? This, in turn, raises questions about the Council as the largest single employer in the County and its responsibility to lead by example.
- Identify which areas of support, need or opportunity are to be included in the County’s strategic portfolio for skills and employment in future. Options include a focus on:
 - employability skills at entry level;
 - young people and schools;
 - older workers and other at risk of leaving the labour market;
 - the economically inactive (e.g. long-term sick and disabled, lone parents, etc.);
 - graduate retention in the local labour market;

- the supply of higher level skills for the knowledge economy

All of the above rests on making decisions about whether and how the County's proper role in delivering the 4th block of the LAA is going to be to:

- Lead new partnerships - using its influence, local economic intelligence and analysis to shape the skills and employment policies, programmes and delivery of others.
- Fill some of the gaps left by others - by continuing to service niche markets.
- Expand its 'direct delivery' role - by re-aligning aspects of existing WCC services to focus more on improving local people's employability, skills and employment prospects, including by re-focusing its own recruitment and workforce development efforts.

*Paul Field, is Managing Director of UKRP, an economic development research and policy consultancy based in Coventry.

Cabinet - 12th October 2006

**A Strategic Approach to Employment and Skills in
Warwickshire**

**The “The Emerging Skills Agenda”: Key Points Raised at the
Members’ Seminar on 16th May 2006**

1. **Economic Trends Affect Skills Needs**
 - (i) Rapid change in the economy - different skills sets
 - (ii) Manufacturing migrating to low wage economies
 - (iii) Growth in business and financial services
 - (iv) The development of the “knowledge economy”. Do not take this for granted.
 - (v) UK is one of the top economic performers - being slowly overtaken by others
2. **Leitch** - even if we achieve our current targets, in 10 years UK plc will still lag behind the skills levels of the US, Japan and France.
3. During low unemployment need to work with employers to:-
 - (i) Promote recruitment and retention of a diverse workforce, recruitment from groups who have traditionally been overlooked by employers.
 - (ii) Need to consider ‘work-life’ balance in order to attract lone parents, older workers and disabled workers.
4. **Views of Committee**
 - (i) Higher Education has pushed people into unsuitable academic routes.
 - (ii) Open up more opportunities for school pupils in their GCSE years to engage in more vocational opportunities.
 - (iii) Training for employability needs to begin in schools.
 - (iv) Partnership between the education sector and employers is needed.
5. **Warwickshire’s Performance**
 - (i) More or less average in employment and skills

- (ii) Close to the Government target for an 80% employment rate.
- (iii) The North/South divide in Warwickshire
- (iv) Progressive polarisation in employment - diminishing numbers in skilled and manufacturing employment and increasing numbers in the lower paid service sectors supporting a higher paid “knowledge economy”.
- (v) Low productivity
- (iv) Employment growth in services requiring qualified people especially scientists and technologists
- (v) Fewer people primary and manufacturing industries. Those remaining are often older. In the next few years demand for replacements.
- (vi) 22,000 new jobs in Warwickshire in 10 years
- (vii) Need each year for 500 to enter engineering, 500 to education and 800 to enter health and social care occupations. And most will be for replacements rather than “new” jobs
- (ix) 8/10 employers - lack of skills the biggest threat to business performance.
- (x) Concern about employability skills
- (xi) People with good, and current ‘generic’ skills are wanted
- (xii) Flexibility key - this requires a culture of life long learning - and good workforce development opportunities for all
- (xi) An enterprise society needs a labour force with the appropriate skills.

6. **A Strategy for Employment and Skills**

Need to address the main challenges for employment and skills development including:-

- (a) Coherent structures and policies for skills and employment development
- (b) Address the specific needs of the economy and communities.
- (c) Meet Government targets for employment
- (d) Get buy in from the key players (LSC, JC+, FE sector, etc.,)
- (e) Local solutions to local problems
- (f) Engage employers to encourage:-

- (i) the recruitment and retention from groups traditionally overlooked.
- (ii) Consideration of 'work-life' balance in order to get into work groups such as lone parents, older workers and disabled
- (g) more opportunities for pupils in their GCSE years to engage in more vocational opportunities
- (h) To ensure that training for employability begins in schools
- (i) Better partnerships between the education and employers - especially to improve employability skills amongst school leavers and college learners

6. **The Need for Further Work**

There is a need for more detailed figures on the employment structure of Warwickshire so we can get a better picture of what future employment skills needs are likely to be, especially in respect of how this is likely to vary between the North and South of the County?

7. **Key Messages for the County Council**

- (i) We need to achieve proper engagement across departments on this agenda, particularly given a) the importance of ensuring that all school leavers are fully engaged in the economy and b) the ageing demographic profile;
- (ii) As the largest employer in Warwickshire and as stated in the Regeneration and Competitiveness Strategy, we have an obligation to be an exemplar employer in this agenda. This should be progressing through:- a) commitment to an objective of life-long learning with our own workforce, b) providing flexible working opportunities, c) targeting for employment the target groups of 'workless people' in line with the DWP agenda eg Incapacity Benefit claimants, lone parents and older people;
- (iii) We have a strong role in research and providing empirical information on the skill and employment base of the county and on future trends. This information is vital in developing the Strategy. It is also valuable information for all partners to achieve a common understanding of what the picture is and to provide good information to their learners/clients on opportunities now and in the future.
- (iv) The Strategy needs to address our Inward Investment role. If we are to expand our knowledge economy in the key sectors then we need to be proactively targeting these businesses and we need to ensure that we have the appropriate 'high level' training available locally. This touches on graduate retention. The 2 things need to run in parallel.
- (v) We have a role as lead in Economic Development to support other players such as the FE sector with their employer contacts.

- (vi) We have a niche role in foundation level support for the hardest to reach, given our community links and experience of managing 'welfare to work' type contracts.
- (vi) It is clearly vital that in order to achieve the coherence we need and to achieve our objectives we will need to work with partners on the Local Area Agreement Economic Development and Enterprise block. This may entail new approaches to developing joint strategies / actions for delivering policy.

Business Tourism and Economy
Environment and Economy Directorate
Warwick
June 2006