

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Economic Development Overview and Scrutiny Committee

**Date of Committee** 16th May 2006

**Report Title** The Emerging Skills Agenda

**Summary** The paper provides the background for a seminar which will give an overview of the issues the economy will face over the next few years as far as skills and training are concerned. Elected Members, invited guests and stakeholders will be briefed about the changes being introduced and the Council's role in delivering niche services before being offered the opportunity to discuss the issues raised in the seminar.

**For further information please contact**

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**Would the recommended decision be contrary to the Budget and Policy Framework?** Yes/No

**Background Papers**

The Agenda for Change: LSC, Summer 2005.  
 Foster Review of Further Education: DFES November 2005.  
 Further Education: Raising Skills, Improving Life Chances: DFES, March 2006.  
 Draft Regional Skills Assessment: West Midlands Regional Observatory, October 2005.  
 What's happening to Skills Development? Interim report by EED Directorate, December 2000.

**CONSULTATION ALREADY UNDERTAKEN:-** *Details to be specified*

Other Committees  .....

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

Other Elected Members

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

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

- Councillor C Saint – for information

Chief Executive

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Legal

- I Marriott

Finance

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Other Chief Officers

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District Councils

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Health Authority

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Police

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Other Bodies/Individuals

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**FINAL DECISION**

**YES/NO** (If 'No' complete Suggested Next Steps)

**SUGGESTED NEXT STEPS** : *Committee to revisit the Council's role in skills development when an "employment and skills strategy" is being drafted as part of the Local Area Agreement block 4 theme of "Economic development and Enterprise"*

Further consideration by this Committee

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To Council

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To Cabinet

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To an O & S Committee

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To an Area Committee

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Further Consultation

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**Economic Development Overview and Scrutiny Committee –  
16th May 2006**

**The Emerging Skills Agenda**

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

**Recommendation**

1. That Members' observations arising from the seminar be taken into account in drafting an Employment and Skills Strategy and the Economic Development and Enterprise theme of the Local Area Agreement.
2. That the Committee be given an opportunity annually to scrutinise the Council's role in the delivery of the skills development component of the Local Area Agreement.

**New Ways to Develop Skills**

1. This outline report provides an introduction for the seminar which will occupy the bulk of the agenda for the meeting. The programme is attached as **Appendix A**. The seminar will provide members with an insight into the challenges and changes being faced by those involved in the skills agenda and will review some of the external factors for change. The past year or so has seen major changes to the government's approach to training and skills development. The changes are complex and the outcome will be a series of fundamental changes to skills development and the institutions involved in its delivery.
2. The economy is in a constant state of change and it is widely recognised that of each of us has to develop and evolve his/her skills sets if we are to remain employable. Last year's redundancies at Peugeot highlighted this issue. Assembly line workers were unlikely to find jobs in manufacturing and at that time they were offered a wide range of retraining to equip them to work in different sectors. A popular area was training for forklift truck driving – a key tool in the logistics industry that has been so successful recently in this sub region. Clearly, retraining needs will be a key element in the actions to be taken to meet the needs of those being made redundant as a result of the recently proposed closure of the Peugeot Ryton plant.

3. Attached as **Appendix B** to this report is a paper outlining some of the key changes and the intention is that by providing this paper as background information we can ensure the seminar can address the key issues rather than dwell on details of policy and organisational changes.
4. The presentations will be highlighting issues that the workforce and the economy of Warwickshire is facing and will be looking at how these may be addressed and the role of the County Council in addressing them. We are currently in the early stages of developing a new Employment and Skills Strategy (to be produced with our partners later this year) which will form part of the Economic Development and Enterprise component of the Local Area Agreement. We will, therefore, be looking to gain a sense of what members consider to be the top priorities for skills development, and these views will influence the strategy's themes, content and its direction.
5. In many respects Warwickshire businesses are expressing similar concerns about workforce skills to those nationally but there are differences and officers will be providing a combination of demographic, labour force and labour market information which will highlight the issues surrounding skills supply the economy is likely to face in future years.
6. In the face of the twin challenges of a changing and increasingly competitive economic environment, and the need to support an expanding pensioned population, government policy is being directed at raising employment levels, improving the performance of the organisations dealing with skills development and at gearing skills training at meeting the needs of employers.
7. As the largest single employer in Warwickshire and in its role as community leader and service provider the County Council has a major part to play in how the skills challenge is to be met. In its regeneration policies and activities the Council has for many years recognised that skills and employability are at the heart of the social regeneration of areas with high levels of deprivation. Programmes such as the Opportunities Centres and Employment Link, the training activities of Employment Training Warwickshire (ETW) and the work readiness programmes of the Education Business Partnership have all made direct contributions to improving the quality and skills of the workforce. Presentations at the seminar will refer to many of these.
8. Even so, the council's activities only touch the surface and we are operating in an environment where radical change is taking place. The Learning and Skills Councils are being restructured, Sector Skills Councils have been created where employers are setting the agendas and the publication within the last month of a new white paper on further education is set to trigger a revolution in the way this sector operates.
9. These are all part of the context in which the Council itself operates. The seminar will receive presentations from a number of external contributors and the audience will include guests from a variety of interested partner organisations whose contributions to the discussions should be valuable.

10. The skills development theme will be key to the Economic Development and Enterprise Local Area Agreement and a new Employment and Skills Strategy will help to define the roles the Council and its partners play in the delivery of the change agenda.

JOHN DEEGAN  
Strategic Director for Environment and Economy  
Shire Hall  
Warwick

4th May 2006

**Economic Development Overview and Scrutiny Committee –  
16th May 2006**

**The Emerging Skills Agenda**

**A Member Seminar to be held in  
the Council Chamber, Shire Hall, Warwick  
at 2.30 pm on 16th May 2006**

**Programme**

<b>2.30 pm – 2.35 pm</b>	<b>Introduction and scene setting</b>	<b>Paul Field, UK Research Partnership Ltd.</b>
<b>2.35 pm – 3.00 pm</b>	<b>What does labour market information tell us - Trends in Employment, Skills and the workforce</b>	<b>Paul Seamer, Environment and Economy</b>
<b>3.00 pm – 3.30 pm</b>	<b>Upskilling England – a brief overview of the twin agendas of upskilling the workforce and increasing the employment rate</b>	<b>Mike Bell, Learning and Skills Council and Jane Malbasa, Job Centre Plus</b>
<b>3.30 pm – 3.45 pm</b>	<b>Tea</b>	
<b>3.45 pm – 4.15 pm</b>	<b>Skills training to meet community needs: WCC's niche role in identifying and responding to needs</b>	<b>Helen Flanagan, Mark Maffey and John Botten, Environment and Economy</b>
<b>4.15 pm – 4.30 pm</b>	<b>Discussion from the floor</b>	
<b>4.30 pm – 4.45 pm</b>	<b>Summing up and looking at how the employment and skills theme will fit into a Local Area Agreement</b>	<b>Paul Field, UK Research Partnership Ltd.,</b>

**Economic Development Overview and Scrutiny Committee –  
16th May 2006**

**The Emerging Skills Agenda**

**Developing a Workforce of the Future:  
The Employment and Skills Agenda**

1. The Government has set itself a national employment target of 80% (a very challenging objective) which will require a reduction in the number of people on sickness benefit by one million, plus an additional one million older people and 300,000 lone parents in work. However, we are facing a challenge on two counts – employment and skills. It is estimated that by 2012 over two thirds of new jobs will require qualifications at or above NVQ level 3. In the West Midlands, almost 1.1 million people – around 35 per cent of the working age population – are not qualified to NVQ Level 2, the equivalent of five GCSE grades A to C. Even worse, the recent Leitch review reported - one in six adults did not have the literacy skills expected of an 11 year old and half did not have that level of functional numeracy. We hear complaints from employers about those leaving school for employment – a cry that they are not fitted to join the workforce.
2. The Government’s agenda is therefore governed by a need to improve the quality and quantity of the workforce, whilst at the same time moulding it to better meet the needs of employers. Ruth Kelly, “There is nothing more important than having the skills that employers value if you want to get on at work and make the most of your working life.”
  - 2.1 In summary, the main drivers for change are:
    - (i) Declining competitiveness of Britain’s manufacturing industries within a global economy (In 2003 a PTES department report on the changing skills needs stated that despite a decline in the numbers employed in manufacturing there will be a need for 500 people per year for the next ten years to enter manufacturing if we are to make up for the numbers of people lost through retirement).
    - (ii) Low productivity in business, fierce competition in our markets and other economic factors.
    - (iii) A growth and focus on the higher skilled ‘knowledge economy’.
    - (iv) The Governments priority of “Education, Education, Education.”
    - (v) The need to get more people into work as a means of supporting the increasing number of pensioners.

2.2 Policy developments to date that have been brought in to support this agenda are:-

- (i) “The Agenda for Change”: changing the Learning and Skills Council – cutting costs and bureaucracy and looking for closer employer engagement in shaping the skills and training agendas, filling gaps in training and improving quality.
  - (ii) The introduction of Sector Skills Councils/skills academies – reshaping and simplifying qualifications, involving employers groups in shaping the skills agendas.
  - (iii) The introduction of the West Midlands Regional Skills Partnership: AWM, JC+, WMRO, Chambers and public and private sector groups in shaping the skills development agenda for the region.
  - (iv) The White Paper on Further Education “Raising Skills, Improving Life Chances” prompted by the Foster Report into further education which identified shortcomings in the FE system.
  - (v) Developments as a result of the Leitch Report’s interim conclusion which is that our future competitiveness depends on up-skilling the workforce and that we have to raise our game beyond what we aspire to at the moment.
  - (vi) DWP Green Paper – A New Deal for Welfare: Empowering People to Work. With its objective of increasing the national employment rate to 80%, in order to support our ageing population in retirement. This is a challenging target and requires targeted employment support for people who are ‘harder to reach’ amongst the ‘out of work’ population such as lone parents, people on Incapacity Benefits and older people.
3. One challenge at the local level is to understand the future skills needs of our labour market alongside the training and support needs of our workforce and potential workforce. More specifically, the recent announcement of the closure of the Ryton plant will cause, hopefully, only a relatively short-term distortion in the labour market and a new labour supply. At least some of these will have skills which no longer match the needs of the market. As a consequence it may be necessary to introduce special measures to provide the training necessary to equip these people to qualify for the jobs on offer. We also need to understand the needs of the government’s target groups of those on sickness benefits, lone parents and older people in order to support them into work. We need to develop an holistic approach to bringing these agendas together in a way that is meaningful within our local economy.
4. Labour market/labour force intelligence is at the heart of employment and skills development planning and is a key element in the future of our economy. It is at the heart of AWM’s plans for the regional economy and the formation of the Regional Skills Partnership. Even so, we have to ask ourselves if plans for the West Midlands, made in Birmingham, are going to meet the needs of Warwickshire in the future.



5. The research we have undertaken suggests that Warwickshire is the best performing part of the West Midlands but that we are only modest performers in the national context. We need to look further than to see the West Midlands as our yardstick – witness the recent headlines in the Birmingham Post – “Midlands bringing up rear in UK economy”. We should not aspire merely to be the best of the worst - our benchmark needs to be the South East.