

Minutes of a Meeting of the Economic Development Overview and Scrutiny Committee held on 16 May 2006

Present: Councillor Mick Jones (in the Chair following election)
" Anne Forwood (Vice Chair)
" Peter Barnes
" Ken Browne
" Michael Doody
" Marion Haywood
" Pat Henry
" John Ross
" Ian Smith

Also Present: Councillor Chris Saint (Portfolio holder for Economic Development)

Officers: Nigel Bond, Nuneaton Opportunities Centre Manager, Environment and Economy Directorate.
John Botten, Warwickshire EBP, Environment and Economy Directorate.
Sarah Duxbury, Corporate Legal Services Manager, Performance and Development Directorate.
Janet Fortune, Regeneration Policy and Europe Skills, Environment and Economy Directorate.
Helen Flanagan, Development Officer (Access to Employment), Environment and Economy Directorate.
Jean Hardwick, Principal Committee Administrator, Performance and Development Directorate.
Mark Maffey, ETW Manager, Environment and Economy Directorate.
Helen Prowse, People Into Employment Project Manager, Environment and Economy Directorate.
Paul Seamer, Research Unit, Environment and Economy Directorate.
John Scouller, Head of Social and Economic Regeneration, Environment and Economy Directorate.
David S Williams, County Economic Development Officer, Environment and Economy Directorate.
Paul Williams, Scrutiny Officer, Performance and Development Directorate.
Lynne Wilson, Employment Link Officer, Environment and Economy Directorate.

Guest Speakers/ Invited Guests :

Mike Bell, Learning and Skills Council,
Trevor Cornfoot, AWM/West Midlands Regional
Skills and Partnership
Paul Field, UK Research Partnership Ltd.
(Facilitator)
Jane Malbasa, Job Centre Plus
Andy Phillips, West Midlands Regional Observatory
Julie Peach, Warwickshire College
Rob Thompson, North Warks & Hinckley College
Pat Jackson, Director, Regional Skills Partnership
Diane Williams, Chamber and Business Link

1. General

(1) Appointment of Chair

Councillor Mick Jones was elected Chair of the Economic Development Committee.

(2) Appointment of Vice Chair

Councillor Anne Forwood was elected Vice Chair of the Economic Development Committee.

(3) Apologies.

An apology for absence was received from Councillor Eithne Goode and Councillor Philip Morris-Jones.

(4) Members' Disclosure of Personal and Prejudicial Interests.

(a) Declarations of personal, non prejudicial interests were received from Members by virtue of them serving as district/borough councillors as follows –

Stratford-on-Avon District Council – Councillor Peter Barnes

Warwick District Council – Councillors Marion Haywood and Michael Doody.

Nuneaton and Bedworth District Council – Councillors Pat Henry and John Ross

(b) Declarations of personal, non prejudicial interest, was received from Councillor Anne Forwood, in connection with agenda item 3, The Emerging Skills Agenda by virtue of the fact that her daughter worked for ETW.

(5) (a) Minutes of the meeting of the Economic Development Overview and Scrutiny Committee held on 16 March 2006

Resolved that the accuracy of the minutes of the meeting held on 16 March 2006 be agreed as a correct record and be signed by the Chair.

(b) Matters Arising

None

2. Public Question Time

None.

3. The Emerging Skills Agenda

The Committee considered the report of the Strategic Director of Environment and Economy which set the context for the seminar, the aim of which was to give an overview of the issues the economy would face over the next few years as far as skills and training were concerned and to stimulate debate on the issues raised and the Council's role in delivering niche services.

Paul Field opened the Seminar, which he said would provide Members with an opportunity to focus on the challenges and changes being faced by those involved in the skills agenda including the pace of change, the migration eastwards of the lower value manufacturing and the wider implications of the global economy. He referred to other cities closer to home, Milton Keynes and Birmingham, as being the natural competitors for skills of the region. He highlighted the need to focus on new ways of partnership working. Coventry City Council was a pilot area for working together in partnership within the framework of Local Area Agreements. The County Council, City Council and the further education sector were all working with a common purpose finding different ways of doing things and providing a prospectus for change. He asked Members to think about priorities, developing skills, promoting change and to give guidance on developing partnership working outside the county and finding a new approach for delivering joint services.

Paul Seamer: Labour Market Information – Trends in Employment, Skills and the workforce (presentation material attached). (e-mail research@warwickshire.gov.uk or www.warwickshire.gov/research (for copy of presentation)

Paul Seamer highlighted –

- That the UK ranked as the 13th most competitive economy in the World but down from 11th in 2004.
- That an inadequately educated workforce was the most problematic obstacle to doing business in the UK.
- The areas where the UK performed badly –
 - human capital development
 - security
 - transport infrastructure
 - technological readiness
- That the UK Government response had been to create a 'knowledge economy' based on the US model of economic growth which, introduced knowledge as a driver for economic growth and that libraries had a key role in growing the local economy.
- That even if all targets were achieved by 2020 there would still be a skills gap - targets needed to be more demanding to meet this gap.
- That ICT developments headed the top 10 business-growth areas for the UK.
- That 8 in 10 employers (84%) surveyed by the DfES predicted that their business would be threatened by a lack of skilled personnel to fill recruitment needs.
- That geographically Warwickshire's position in the business knowledge economy was on the edge of the southern fringe of the country.
- That the biggest threat to UK business performance was the lack of skilled personnel to fill recruitment needs.
- That the overall employment of people in specific sectors was forecast to outstrip expansion by 8-1. This had implications for education and training policies.
- The projected change in age groups 2003-2020 in Warwickshire

Question. – The Chair. If 84% of employers had difficulty recruiting is there a gap in providing the right training or a mismatch in skills. Does the County Council need to rethink what it is doing?

Paul Seamer replied – This is a complex issue. 10 years ago everyone wanted degrees, not necessarily linked to skills. Government and further education policy was now more employer/sector demand led. A qualification is not a competence to do a job, but rather is an ability to learn how to do the job.

Paul Field said it was difficult to know what employers wanted as their needs were constantly changing but the main aim was to find a person who could do the job.

Question. - Councillor Ian Smith expressed concern about the money spent on education when there still appeared to be an inadequately educated workforce. He referred to the lack of practical courses to train carpenters and plumbers and asked what the County Council could do to address this problem?

Paul Field suggested that this was an opportunity for the County Council, as education provider, to have influence on the provision of occupational training and preparing young people for work and not further study. The County Council had a role to play in this wider policy debate.

Mike Bell (LSC) and Jane Malbasa (Jobcentre Plus (JC+)): Upskilling England – a brief overview of the twin agendas of upskilling the workforce and increasing the employment rate. (Presentation material attached)

Mike Bell highlighted –

- The skills challenges facing the LSC – e.g. UK 4th largest economy but lagged behind major competitors in skills; 3.5 m workers could not read; 6m adults had no qualifications at all and c.6m. adults had serious literacy, numeracy and IT needs.
- That the Government could not afford to meet all the skills needs.
- That there was a great deal of work for the LSC to do on skills, education and training.
- The LSC priorities were – jobs, skills, productivity and growth.
- The DfES/LSC - funding priorities (fully funding -16-19 year olds, Skills for life, first full level 2 –25, and part funding additional level 2 & 3 – lever more from employers and individuals)
- LSC funding methodology –

- Commissioned – directly from learning providers.
 - Contestable – available only via “Train to Gain” brokers – This was the future (Colleges only get funding if they demonstrated that they met business/local economic need).
- That if employers were spending £23bn on learning and skills – why is there an issue with the skills gap – employers and colleges need to work together in partnership to meet the skills deficit.
 - That 40% of employees were not qualified beyond level 2 and this becomes important e.g. Peugeot workers who need to get back into the job market.
 - From 2004 – 2005 the number of employees in Coventry and Warwickshire achieving level 2 qualifications increased from 68% to 72% as compared to other regions in England. Whilst this compares favourably to other regions in the West Midlands, we need to be comparing ourselves to the South East.

Question from Councillor Ken Browne – How can the workforce rise up the skills ladder when the employers’ demands are constantly changing?

Mike Bell replied – Employers’ needs were constantly changing. The need for generic skills and assisting people up the skills ladder added inherent value to the economy.

Jane Malbasa outlined the work being done by Jobcentre Plus (JC+) and highlighted –

- The aim of the recent Government Green Paper “New Deal for Welfare: Empowering people to work” which was to ‘promote opportunity and independence for all’, through ‘delivering work for those who can, support for those who cannot’.
- The key objectives which included – increasing the supply of labour by helping the unemployed and economically inactive into employment and helping employers fill vacancies quickly with well prepared and motivated employees.
- That JC+ was trying to address the high level of people on incapacity benefit (IB) (19,880 -6.6% of Warwickshire JC+ customers).
- The Welfare Reform Green Paper challenges – to meet the Governments aspiration of an 80% employment rate to ensure JC+ deliver opportunity for all and respond to the aging challenge.

- The IB challenges – JC+ to address the volume of claims that trebled during 1970's – mid 1990's by early intervention, support and benefit changes.
- The Lone Parent Challenge and Proposals - Employment for lone parents had increased to 56.6% but remained much lower than for partnered parents – JC+ to address by a range of proposals.
- The Older Workers Challenge and Proposals – By 2024 50% of the population would be over 50: unemployment was low but inactivity high – many left work early because of ill health: 50% of IB claimants were over 50 – JC+ to address by a range of proposals.

Question from Paul Field – we are told that the UK skills base is falling behind as compared to France and the rest of Europe and yet the UK economy is performing well with close to full employment. What changes in the economy would lead JC+ to focus on the hard to help groups?

Jane Malbasa replied and said that -

- the UK had an expanding workforce and although there was a lack of skills in some areas JC+ was working in partnership to develop opportunities for these people to gain skills.
- There was no shortage of vacancies but there was a problem because of the shortage of people to fill them.
- The concern for employers was not necessarily having the right skills or filling vacancies but employing people with a good work ethic (the ability to work with other people, communication skills etc.)
- The Government would fund the lower level generic qualification – not more specific skills and was looking for these to be funded by the employers.

Mike Bell further highlighted that if all the people who could retire did retire, this would create large problems. There was not enough people to fill the job market, therefore, re-skilling and skilling people was essential.

Pat Jackson said that Coventry and Warwickshire had good Universities and employers would want to employ graduates. The situation is not so simple as that, however, as personal skills and a good work ethics are essential skills. The issue is how could the employment/education providers work better with employers.

Presentation by Helen Flanagan, Mark Maffey and John Botten – Skills Training to meet community needs: WCC's niche role in identifying and responding to needs. (Presentation material attached).

Helen Flanagan explained the history to Employment Link and expanded on its work on –

- Jobs Brokerage Projects (Intensive one to one support for those who lacked confidence).
- Opportunities Centres (Offering entry level construction training to unemployed people from disadvantaged communities within community settings).
- Employment Link Jobs brokerage – future plans.

Mark Maffey outlined –

- The background to Employment & Training in Warwickshire, (ETW) which had been created in 1983 to deliver community programmes for unemployed people, was a work-based learning provider and had training centres in Leamington Spa, Stockingford and an arrangement with the Benn Partnership in Rugby, all of which were externally funded.
- ETW's Mission Statement and Strategy
- ETW's future plans – work preparation would continue to be a priority, especially with the possibility of welfare reform introducing mandatory return-to-work activity for incapacity benefit claimants.

John Botten, Education Business Partnership (EBP)

John Botten explained that EBP worked –

- To help schools, colleges and businesses prepare young people for adult and working life, which was critical in promoting social cohesion and economic welfare.
- To improve the economy and social cohesion of Warwickshire.
- With pupils aged 5 – 19 years.

He added that last year £145,000 WCC funding attracted over £900,000 additional funding, which supported 30,000 young people.

Question - Councillor Peter Barnes commended the EBP but questioned whether the schools were failing in their work.

John Botten replied – The DfES still had an academic approach to education and schools would be worried about reducing the number of GCSEs achieved and parents' response. The approach to assessing achievement needed to be broadened out so that success and ability was not judged on academic qualifications alone.

Diane Williams said that the education system trained people for a job and then when it ended did not have the skills to take up new opportunities on offer. What was required was training and skills that responded to new skills and evolving industries. Employers want people who are flexible, innovative and enterprising as well as having general skills e.g. discipline and punctuality.

Councillor Anne Forwood stressed the need to update skills and to address the constant change in the workplace.

Paul Field asked Members to consider the County Council's role? He questioned whether it was responding to market failures, filling gaps, doing what others would not do in the market place. He also suggested that Members should consider what the Council could do to influence other areas?

The Chair thanked the speakers and suggested that the issues fell into two categories –

- The strategic view of the national position
- What the County Council provides essentially as a niche market provider

With regard to the national position he suggested that there was a need to look at the bigger position, the County Council's role in terms of education and the investment in schools. He considered that the niche market was catered for adequately.

Diane Williams said that continual learning and development of skills were the key issue otherwise people would become unemployable.

Paul Field highlighted –

- the difficulty of getting to grips with what was happening and how the public sector might influence other areas.
- that creating a flexible workforce was not easy.
- The need for further discussion.

Trevor Cornfoot said the AWM/West Midlands Regional Partnership had a shared agenda with other agencies/universities and had access to a significant research base. He observed that –

- EBP was a key link to people at work.
- Young People Services –there was a significant change with new diplomas and opportunities for young people to work and a new role for WCC.
- Employers had a significant role but they need information from – the Council and they need encouragement/support to engage with colleges.
- WCC as an employer had an important role in skills training and development.

Paul Field suggested that Members might consider whether the County Council's work was sufficiently integrated to provide a holistic approach to this issue and Local Area Agreements.

John Scouller posed the question of how could the prosperity of Warwickshire be lifted again – having reached a plateau some 5 years previously. Where did Members want the economy of Warwickshire to go and how should we address the skills issue as a result?

Julie Peach said that Warwickshire College could only deliver courses which were viable and which students wanted. The College was working with the County Council but there was insufficient joined up/partnership working.

The Chair thanked Paul Field for facilitating the seminar, the speakers for their presentation and the contributions from the floor. The debate had raised many questions about education and preparation for work, and about the County Council's role. These issues would need further more detailed consideration, before a response could be formulated.

Resolved that -

- (1) 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) 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.

4. Provisional Items for Future Meetings and Forward Plan Items Relevant to the Work of this Committee

(a) Provisional Items for Future Meetings

Members noted the table setting out provisional items for future meetings and the additional meeting arranged for Tuesday 6th June 2006 at 2:15 p.m. to consider the proposed closure of the Peugeot Assembly Plant at Ryton-on-Dunsmore.

(b) Forward Plan

Members noted the Forward Plan items relevant to the work of this Committee as follows:

Cabinet – 25 May 2006

Regional Spatial Strategy Phase 2 Review – CSW Sub-regional Advice to the Regional Planning Body

Nuneaton and Bedworth Masterplan – Consideration of Implementation Strategy

Minerals and Waste Development Framework: Statement of Community Involvement

Cabinet - 27 June 2006

Stonleigh Park – Centre of Rural Excellence proposals Phase 1 Site Infrastructure.

5. Any Other Items

None.

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Chair of the Committee

The Committee rose at 4:55 p.m.