

Policy Platform

SKILLS FOR GROWTH IS DEVOLVING SKILLS POLICY TO LOCAL AREAS A NECESSARY PRECONDITION FOR ECONOMIC GROWTH?

Introduction

Alex Thomson, Localis



Getting the right skills training and education is vital for both an individual's future prospects and for the growth of the national economy.

Britain faces a skills mismatch. In one part of the country, 235 motor mechanics are being trained each year for every 10 job opportunities. In another, 280 hairdressers are being trained each year for every 10 job opportunities. Government at all levels should be asking themselves why young people are choosing to spend at least a year of their lives training for a job they are extremely unlikely to get.

Yet there are plenty of industries out there which are crying out for skilled workers. According to the UK Commission for Employment and Skills' latest employer survey, 16% of all vacancies are due to skill shortages, with a third of 'Skilled Trades' vacancies (farmers, plumbers, etc) due to skill shortages. Arguably, these vacancies are significantly hurting the national economy: almost half of employers with skill-shortage vacancies said they struggled to meet customer service objectives. While the impact of university technical colleges and other recent reforms remains to be seen, we at Localis would argue that there needs to be local flexibility to tailor a response to these imbalances and shortages, both for the sake of individuals and for the wider economy.

Furthermore, the skills funding and policy machine is notoriously labyrinthine, with three different government departments and several dozen agencies and delivery organisations responsible for it. This makes developing a strategic response to local needs a challenge.

We at Localis firmly believe that there must be greater local influence over skills policy – which will be the subject of future Localis research.

In this policy platform, we present three distinct views on this important issue. While the contributors offer a variety of perspectives on how local areas can go about improving the quality of skills provision and who should take the lead, they all agree that local organisations such as local authorities, colleges, and employers have a vital role to play in improving skills and training for our learners.

Firstly, Councillor Ravi Govindia, Leader of Wandsworth Council, argues against a one size fits all system which fails to speak to local priorities, highlights that local authorities have a vital role in coordinating responses to wider social issues, and raises links to the disturbances of summer 2011.

Louise Broom, Chief Executive and Principal of Lewisham College, argues that colleges should work with local authorities in a strategic partnership, while suggesting that enterprise needs to be a feature of the post compulsory offer for all learners.

Finally, Councillor Lynda Jones, Chair of the Working Well Policy Development Board at Cheshire West and Chester Council argues for a community budgets approach to strategically and comprehensively review the way that the system operates in partnership with all public service agencies, while at the same time securing greater employer influence on training provision.

We hope that these contributions add to the ongoing debate and prompt further thoughts on how to improve the offer in this vitally important policy area.

Wandsworth Council

Clr Ravi Govindia, Leader of the Council



On the face of it, the national skills system has delivered for Wandsworth: the borough can boast one of the most highly skilled workforces in the country and one of the highest employment rates in London. A healthy local labour market brings concrete benefits – strong communities, a vibrant business base and investor interest. Talented people want to live in Wandsworth – that must be good news.

But we're just as keen to grow our own – and with some of the best performing schools in inner London we can promise our young people a good start in life. It's also about matching the skills to the jobs. This is especially important where there are three times as many low-skilled people as there are jobs. If you haven't got the skills you're far more likely to be unemployed – and stay unemployed.

Often other factors such as a caring responsibility or a health condition combine to make unemployment almost inevitable. And in some families there can be a history of worklessness which means problems pass on from one generation to the next.

So it's not just about getting people into training. You've got to look at the wider context and the other barriers to employment that this can create as well as the levers that can inspire people to climb the ladder of opportunity. All this has to start with good education.

Wherever we live we will have seen the impact of the downturn on our communities and the initial shock of the recession and now the ongoing impact of what the Governor of the Bank of England has called the 'zig-zag path to recovery'. Our local economy was highly exposed in sectors such as finance and property – our residents felt the full force hitting these sectors. But Wandsworth has one of the most resilient labour markets in the country and we have recovered well, maintaining generally better performance than the rest of inner London.

But the recovery has not been even. Many of those with the least encouraging prospects have, not surprisingly, found it difficult to find work. The result is a very mixed picture with some of the most deprived neighbourhoods recording unemployment rates that are double the borough average. We did not escape the disturbances that took place in different parts of the country last summer. Anyone

who witnessed the looting of shops at Clapham Junction will have seen firsthand a frightening display of criminality – opportunist and organised.

All this happened in a prosperous town centre area set amidst areas of high value housing bordered by other more deprived areas. It is in these less affluent locations that so many of our more disadvantaged families live – it's here that we have been focusing so much of our work on employment and skills. On the estates around Clapham Junction our long-standing target is to bring people off benefits faster than in the rest of the borough. This work aims to bring together all the resources made available by government and make sure they reach the people who need them. It's a partnership that involves the local authority, the local further education college, Jobcentre Plus and the Work Programme.

But we have to do more than simply parcel up and hand out the many and varied services of the state. We have to give people hope. Wandsworth produced one of the most iconic images following the events of August 2011 – that of the Broom Army. Our task is to capture the positive energy that already exists in our communities and translate it into a genuine sense of optimism in which everyone can share.

That's why in Wandsworth we are looking beyond the skills challenge. We want to understand more about our residents' aspirations and ambitions, using these to help develop new approaches aimed at encouraging independence, self-reliance and work. It's about putting out the right messages – that you can set your sights on something better, that your efforts can be rewarded. Too often, it can seem that people find reasons to doubt their own self-worth. If we can help people to believe in themselves and trust in the structures we put in place, we can begin to turn this around. We can help by letting people see that they are not alone, that the whole community is willing them to succeed – and for that we need to establish a whole new culture of achievement.

So yes, it's vital that we support the government's agenda of rewarding work. This is a key element of Welfare Reform and will be a much more fundamental part of the benefit system with the introduction of the Universal Credit from 2014. And we will look to the Work Programme and new flexibilities offered to Job Centre Plus to deliver a much sharper focus on employment outcomes. But if

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we are to get real added value from these national programmes we need to find ways of embedding them in the local structures that provide the real day-to-day context for the way people's daily lives work.

As local authorities we're in the thick of this. It's the town hall which has the job of delivering all the vital local services that people rely on. Just look at the list of services for children, young people and their families, services for adults with drug and mental health issues, and also housing services – often as the major public sector landowner in an area – and public health where we are working to encourage healthy lifestyle choices.

We're also big players in adult education and in economic development and regeneration. In the Nine Elms district of Battersea we have the capital's biggest regeneration programme with the potential for 25,000 jobs across the wider area. I am determined to ensure that employment opportunities and apprenticeships from this mainly private sector led programme are made available to local people.

It's precisely because local authorities can do so much to strengthen the fabric of local communities that national agencies and their providers are becoming increasingly keen to work with us. They can see how we can help them deliver their targets.

A powerful example is Wandsworth's Family Recovery Programme where we are channelling the work of a host of public sector agencies including police, health and employment to provide a single service to the 30 most complex families in the borough. This enhanced partnership working is seen as the best way of achieving commonly desired outcomes in a much more effective way – and at a significantly reduced cost to the public purse.

The co-ordination role that local authorities can play in order to match different services to local conditions is now broadly understood. But I see that we have a potentially much greater leadership role.

National benefit systems and employment support programmes undoubtedly deliver economies of scale and consistency. But I do believe that they also risk becoming too literal – adopting a delivery culture that is founded upon a limited set of outcomes or processes. Whilst this can improve efficiency, it does not necessarily work effectively on the ground, or provide the key signals of hope and aspiration. A one size fits all system that fails to speak to local priorities or reflect local conditions can send confusing or ambiguous messages to those it is designed to assist. The challenge for forward-thinking local authorities is to demonstrate again and again to residents that no neighbourhood or

community can be allowed to fail; that the culture of achievement is one in which everyone can share.

There are many ways in which local authorities can articulate this message. In Wandsworth for example we are setting aside more social housing for working households – reinforcing the link between housing and employment. We also pushed hard to win bigger discounts for local authority tenants to help them buy their home, with the Prime Minister launching the new entitlement in Wandsworth earlier this year.

Housing remains a key economic driver. For too many families on our estates, home ownership has been out of reach. Very often when people buy the whole family joins in. That creates a real cycle of energy and commitment which in turn motivates a new generation to build their skills in the job market. And if we can plough receipts from these sales into new affordable housing we can open up fresh opportunities for the next generation to follow in their parents' footsteps.

There are other ways in which we can reward ambition on our estates. We are planning to develop local talent programmes – identifying young people from some of our most disadvantaged areas and recruiting them to trainee programmes in services like housing management.

Ministers can do more to incentivise innovation and risk-taking. Let's see more payment by results models like that proposed for the Troubled Families Programme. Give local authorities the chance to show that we can make a difference.

There is a huge prize here. By extending this culture of achievement into every corner of local life we can establish a momentum for change – and if we succeed we will begin to build a shared sense of ambition within all our communities.

Lewisham College

Maxine Room, Principal & Chief Executive



In February 2012, UK unemployment registered its first fall since the previous spring, according to the Office for National Statistics' figures. This continued over the March to May period, falling by 65,000 to 2.58 million, with the unemployment rate edging down from a 12 year high six months previously to 8.1%.

Apparently, despite this latest decrease, the level of unemployment is significantly higher than it was a year ago, in fact it is some 120,000 higher than it was at the same point last year.

Some of the figures and statistics are startling, although if you say them enough times this effect can start to diminish. They tend to be wrapped up in recession and slow recovery as if the latter is the answer.

The economic context should be growth and regeneration, but instead it is the desire for savings and more for less. It is a difficult balance to achieve. The challenges presented by new legislation and public service reform include a variety of Acts of Parliament such as: Health and Social Care, Welfare Reform, Localism, Police Reform and Social Responsibility, Education and Local Government and Finance. However, this collection might not be helpful to achieve the overall economic aim of growth.

Who knows what the cumulative and connectivity effect of all this legislation might bring in terms of impact, improvement and genuine economic growth. Policies may work against the very thing they are collectively trying to achieve. They may slow down the economy to such an extent that rather than improve the economy they flat line it.

Pace is what is needed with the vision and drive to interpret policy and make it work. Colleges in London, like Lewisham, are making it their business to partner with local authorities to reduce the numbers of people claiming job seekers allowance. In the London Borough of Lewisham there were, prior to the recession, 6116 claimants. That figure had risen by 79% to 10,855 in February 2012.

Development of skills is too broad to be a useful definition. Skills must be specifically linked to occupational areas that need jobs filling. Some of the latest government thinking is to devolve the funding to employers through a commissioning mechanism, which is being investigated by the government through the employer ownership pilots. This is not necessarily the answer.

Working with local authorities in strategic partnerships and aligning strategic plans that ensure maximum value is captured from budgets must be a key aim. Local authorities are facing further budgetary reductions which will total millions. Devolving skills funding may be seen by local authorities as a way to offset other budget cuts and therefore will not directly improve skills and economic regeneration.

So what are colleges doing through their skills budgets to help to reduce unemployment, create wealth and promote growth? Through programmes for the unemployed that provide skills support, colleges are getting people into jobs and out of the benefit culture. This year Lewisham College has achieved 191 job outcomes not only for local residents but for the unemployed across London through its contracts for the Work Programme. The apprenticeship frameworks are being successfully delivered across a wide range of vocational occupations and ages. Colleges also deliver a wide range of programmes for adults designed to start them on the first rung of the ladder of learning, to progress from level to level or enable them to gain promotion.

College programmes are no longer just about qualifications; they include preparation for work and life and building resilience for the portfolio careers many learners will have. But are we missing something? We know that employability skills are important to employers. What other dimensions need development in our learners and future workers? We need people who are interested in building successful businesses, people that can sustain their employment opportunities for skills and personal development from within an organisation. Those who are enterprising and take control of their future are more likely to be promoted, be offered different and better paid work. So enterprise needs to be a feature of the post compulsory offer for all learners to aid our creation of wealth.

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This is not the whole story though because the country needs not just wealth creation through employment, but wealth creators. Entrepreneurs who will develop micro and macro sustainable businesses that will impact on youth and adult unemployment and its talent pool are what is needed.

Risks that are worth taking are developing collaborative entrepreneurial approaches to post compulsory education which have not really been seen before. Ideas developed through a number of sources should be capitalised on and recognised, including the work of the Gazelle group, the Association of Colleges, the 157 group (representing 27 large English colleges) and London Capital Colleges.

The Gazelle group initiatives are particularly pertinent here. Take a group of five enterprising principals working across a range of local authorities and geographical areas, extend the group to include more principals and their colleges, successful entrepreneurs, with mindsets that are entrepreneurial and you have the Gazelle group. Supported by an effective infrastructure the Gazelle colleges are committed to developing 'Enterprising Futures', changing the landscape and creating new possibilities for further education. Entrepreneurship will be a strategic driver for change.

Skills development from fourteen onwards that is funded, owned and delivered through a local multi agency approach, including local authorities, within an overall strategic framework is not easy to achieve. Vested interests and survival of organisations sometimes become paramount and override the needs of the individuals. New ways of thinking and delivering skills are needed. Strategic collaboration on skills funding could drive economic growth. Easy to say, difficult to achieve in the timescale we need it...yesterday.

Cheshire West and Chester Council

Cllr Lynda Jones, Chair, Working Well Policy Development Board



Cheshire West and Chester's selection as one of the four national Whole Place Community Budget pilots has provided us with a unique opportunity to take a strategic and considered look at the way that public services deliver business, and to identify ways in which we can genuinely

transform these to be more efficient, effective and customer responsive. At the same time we are also clear that we have to develop a new relationship with our citizens, which empowers individuals and communities to take more responsibility and get on and do things for themselves.

In developing the Altogether Better programme, as we call it locally, public service partners have developed four themes: Starting Well, Living Well, Working Well and Ageing Well, which reflect the lifecycle and experiences of our citizens; underpinned by a fifth theme of Smarter Services, which looks to re-wire our systems, processes and premises to help support the implementation of new delivery models.

As the local authority, we have already started to re-wire our own internal governance arrangements to reflect Altogether Better, with our Policy Development Boards being re-constituted to mirror the five themes. At the same time, we're developing revised governance arrangements for West Cheshire plc, which will really lock in arrangements to deliver integrated services, with shared strategies and investment agreements.

I was therefore delighted to be asked to Chair the Policy Development Board for Working Well which focuses on economy, employment and skills, as this fits perfectly with my private sector background of twenty years in the recruitment sector, which was a very customer driven environment. I've often thought if only we could get the supply and demand side to work better on this agenda, and wondered how we can better use what we know about the local economy to make sure that scarce resources benefit those most in need of skills development, and are targeted on the things that business really needs. How do we create a new model that genuinely integrates supply and demand side issues?

Successive governments have introduced new organisational structures to meet the challenges of up-skilling the workforce in line with the demands of business; and to provide everybody with the right skills to get on in life. On what appears to be a roughly ten year cycle, we have seen Training and Enterprise Councils (TECs), local Learning and Skills Councils (LSCs), regional LSCs, and Regional Development Agencies (RDAs) come and go; all with varying degrees of success in delivering on their raison d'être. We now have new bodies with different acronyms the Skills Funding Agency (SFA), the Education Funding Agency (EFA) and National Apprenticeship Service (NAS) operating as national bodies with regional arms. These reorganisations have been seen by government as the way to simplify the skills system and to make it more effective and accessible. However, it might be legitimate to question whether these simplifications have been at the cost of local influence? Is the system increasingly moving further and further away from us?

The one thing that seems unchanged as acronyms come and go is the fairly complex web of delivery bodies – universities, further education colleges, training providers, schools and local authorities – responsible for providing training and education to individuals and companies. If that isn't complex enough the stage is about to get slightly more crowded with new structures such as academies, university technical colleges and study schools emerging. In case the complex delivery web isn't enough to contend with we also face what

at times feels like byzantine funding systems, which continually change so as you just begin to understand one system another is introduced. Throw into the mix different funding regimes, whether national, European, departmental or local and it's no wonder people struggle to find a way through the system.

However, before we get too excited by the complexity of the system, we need to be realistic – big systems are by their very nature highly complex. After all we're trying to make sure that we meet the needs of those without any skills, those with low skills and those requiring higher level skills. We are looking to nurture those starting out in their career, develop those requiring retraining and upskilling, and provide specialist support to those who need it.

“Given that complexity is pretty much a given, how can we at a local level shape things to ensure that we really do address the supply and demand question?”

We're also looking at both academic and vocationally specific routes to meet both the short and long term needs of sectors within the local economy, and life and work skills to enable individuals to contribute fully to their family and community.

Attempting to simplify, often ironically leads only to generality, anomalies and imprecision for the diverse range of people that we are working with.

So given that complexity is pretty much a given, how can we at a local level shape things to ensure that we really do address the supply and demand question? This for me is where the Community Budget comes into its own, providing the opportunity to strategically and comprehensively review the way that the system operates in partnership with all public service agencies at national and local level.

While being challenged to think innovatively and radically, I believe that we will only achieve a lasting impact in West Cheshire and the surrounding economy if our proposals are set in the wider economic and political context. Financial constraints on public sector spending will be a reality for the foreseeable future and we now have a national set of policies which seek to rebalance the economy from the public to private and third sectors. The relationship between the citizen and the state is changing and increasingly responsibility for skills will lie with individuals and employers, as there will be less publicly-funded training and development. This will impact at local level and we need to find ways to support our citizens and businesses to manage this transition,

and demonstrate that we have the capability to influence the skills agenda locally, but operating within the national policy framework.

While the challenges for skills development remain pretty much as they've always been, they now need to be shaped by the environment we find ourselves operating within. We must build on the best of what we have and seek new and smarter ways to deliver. Many of the government's new policies are only just starting to be felt on the ground and part of our Altogether Better approach is to work with the grain of national policy, but also to shape this to fit local circumstances. We are already considering how we interact with National Careers Service, secure greater employer influence on skills provision and involve ourselves at an early stage in the rollout of Universal Credit. Like the government we believe that those in the locality are best placed to identify their own priorities and that by setting local targets we can increase accountability to our community and businesses.

Altogether Better is, however, about much more than just skills. Improved skills will not solve the wider challenges of economic growth and social inclusion, likewise neither of these will be achieved without a responsive and effective skills system. In our emerging model skills will therefore be embedded across the whole Altogether Better programme, identifying which skills are necessary to create a genuine 21st Century workforce. We are piloting new and innovative approaches, like the Community Hub, where Job Centre Plus is located in the local college providing an integrated support service for skills, employment and benefits to young people in Ellesmere Port. Our aim is to roll this model out across the programme.

I am clear that in West Cheshire our ambition must be full employment, particularly given our ageing population. Unless we get everybody of working age in productive employment, we are likely to face skills shortages in the not too distant future. We are fortunate that our unemployment levels remain consistently below North West and national averages, but this is not good enough for our people. We need to get all of our young people work ready, make sure that those over 50 get the support and retraining they need, and address our neighbourhood hot spots. If we tackle these three target areas by basically 'man marking' and providing a personal service to these individuals, we really can reduce unemployment. The numbers suggest that this is a realistic ambition. By doing this we won't only resolve the skills issue but will really improve the quality of life for individuals and families and break the cycle of low aspirations and poor life chances.

One of the great advantages of working at the local level is we all know each other and we meet regularly in a variety of different places. As the priorities for our Altogether Better programme evolve, those directly involved in employment and skills should agree collectively what this means for the prioritisation of their funding. I believe none of this requires devolution of skills funding but rather an agreement with key national funders, such as the Skills Funding Agency and Department of Work and Pensions, that their funds will be influenced by agreed local priorities consistent with national policies. In return, locally we may have to change our behaviours to ensure agreed common local objectives and targets are not jeopardised by self-interest or duplicated services. I firmly believe that we should go with the grain of government policy, but not be afraid to challenge where we face difficulties in implementation, particularly where there are conflicts between funding requirements and the needs of the local area.

Our challenge moving forward is to use our resources better by influencing existing agencies to invest in the right things for our economy, businesses and people. Let's all focus on developing arrangements that work for people and businesses rather than indulging in debates about who controls the purse strings.

Cheshire West and Chester Council and its public service partners are leading the Altogether Better West Cheshire programme, the local brand name for the Whole Place Community Budget pilot.

About Localis

Localis is an independent think-tank dedicated to issues related to local government and localism more generally. We carry out innovative research, hold a calendar of events and facilitate an ever growing network of members to stimulate and challenge the current orthodoxy of the governance of the UK.

For more information, please visit www.localis.org.uk or call 0207 340 2660.

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