

SKILLS POLICY THAT WORKS FOR ALL

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A SKILLS SYSTEM NEEDS TO WORK FOR EVERYONE

There is a dominant narrative in policy circles that the UK economy is improving, employment levels continue to increase and that the labour market is increasingly buoyant. However the reality is that too many communities continue to be disenfranchised, existing within an economy that does not work for everyone. Too many people face barriers to employment and progression within the workplace. Too many are trapped in low wage and insecure jobs and many have complex circumstances which means that they are almost permanently on the fringes of the labour market or cannot even get close to it.

Amongst the myriad of issues is one common thread: skills, which more than anything, gives people the tools to succeed. For too long however, provision has not been effective or efficient enough to ensure that people across the whole skills spectrum receive the support they need to both access employment and progress once in work. Characterised by a centralised approach and lack of flexibility to respond to local needs and circumstance, a mismatch in supply and demand based policies, confused provision landscape and being unable to match the needs of both people and businesses, the skills system has consistently failed to deliver.

This paper builds on The Centre for Local Economic Strategies (CLES) knowledge and experience of working in different areas of the country in developing skills and employment related strategies (most recently in Belfast and Barnsley). It outlines where some of the key gaps are in skills provision, and how the current system too often does not work for the individual; before stating what needs to be considered when working to provide solutions. There is a particular focus upon fostering more localised approaches to the delivery of employability and skills interventions.

SKILLS POLICY OVER THE LAST TWO DECADES

From supply to enhanced focus on demand

The early years of the last Labour government (1997 to 2010) focused upon moving people into employment through initiatives such as New Deal and offering joined up approaches to regeneration through the National Strategy for Neighbourhood Renewal. Each of these interventions failed to include significant policy or intervention around skills. This led to the commissioning of the 2006 Leitch Review into skills in the UK, which concluded that the skills level in Britain lagged behind other OECD countries. This was particularly evident around employability skills (the ability to work, including communication and team work) and higher level skills. In order to remedy this future skills strategy and intervention rested on three assumptions:¹

- 1) That increasing the supply of qualified labour would make employers adopt higher skill-based strategies;
- 2) Raising qualifications of the low-skilled, would enable people to get jobs and rise up through the labour market; and
- 3) That using public subsidy to encourage investment from employers would be the catalyst to building a 'world-class' skills base.

The counter-argument to the above approach however includes that many employers use a low-skilled workforce to gain a competitive advantage. Some employers will always need people to fill low-paid, low-end jobs and that securing investment from employers to match levels of public subsidy has always been a difficult and challenging 'ask'. The intervention response

to Leitch was a range of supply side initiatives seeking to develop skills in the population.

More recently in 2010, the Coalition Government's white paper 'Skills for Sustainable Growth' demonstrated a shift in emphasis from increasing the supply of skills to increasing demand for skills. This approach viewed previous methods for tackling skills deficits as inadequate and too far removed from the real needs of the labour market.

An increased emphasis has therefore been placed upon the demand side and the role of employers in terms of being more closely engaged in the design and delivery of qualifications. There has been a shift away from centralised planning, a greater emphasis on the role of apprenticeships, delivering basic skills to the most disadvantaged, and a greater reliance on employers to contribute more. This is all part of the drive to grow the economy and match the supply of labour to the real demands of business.

Contemporary skills delivery

The Government's strategy aims for a growing relationship between Local Enterprise Partnerships (LEPs) and Further Education (FE) and Higher Education (HE) Institutions. The strategy commits to reducing bureaucracy for providers, and shifting the balance between the state, businesses and individuals; importantly, with the emphasis on business and individuals taking on more responsibility for funding skills acquisitions.

The Skills Funding Agency is currently the main agency which provides funds for individuals to take courses in further education institutions such as colleges and private training organisations. They fund apprenticeships and 'traineeships', designed for those who are classified as NEET (Not in Education, Employment or Training).

LEP's have also increasingly taken on a remit around skills. There has been an added emphasis on skills in the activities of LEPs through the Strategic Economic Plans (SEPs), and notably through responsibility for managing the European Social Fund. Further, in recent years City Deals and Growth Deals have resulted in more local responsibility for skills and employment policy and delivery, and increasingly such deals are being further boosted by devolution agreements for Combined Authorities and other areas. Skills and employment are frequently central planks of devolution agreements and bids, particularly in some of the core cities. In particular, there have been significant devolution deals that include transferring skills powers to Greater Manchester, West Yorkshire, Sheffield, Cornwall, Tees Valley, the North East Combined Authority, the West Midlands Combined Authority and Liverpool City Region.² Approximately 80% of devolution

proposals in England have asked for more powers in the skills system,³ seeking to ensure that further education and training is more in line with the needs of local employers.

In addition to devolution, key recent developments include the Apprenticeship Levy and Post 16 Area Based Reviews. The Apprenticeship Levy aims to incentivise apprenticeship starts within larger businesses, in order to help meet the Government's pledge of creating 3 million new apprenticeships by 2020. Coming into effect next year, it will be payable annually by all employers with a payroll of over £3m, with employers' contributing the equivalent of 0.5% of their total payroll. The Area Based Review is a rolling national programme of reviews of post 16 education provision, with the objective of improving resilience of organisations providing further education – the expectation being that there will be fewer and larger organisations delivering in future. It is expected that it will increase the level of specialisms in each area, relating to local key growth sectors and enhancing productivity. Where skills budgets are being devolved, the Combined Authorities are commonly chairing the process.

Approaches to skills provision are now being developed and delivered within a context of cuts, devolving power and responsibility through Combined Authorities and LEPs, and an increasing onus on the needs of the employer.

2 Institute for Government (2015) What devolution deals mean for the skills system

3 Institute for Government *ibid*

CURRENT ISSUES WITHIN POLICY AND THE WIDER LABOUR MARKET

There are a number of longstanding issues within skills and employment based provision in the UK. The dominant driver of these issues is the lack of coherence in national policy which is reflected in how skills policy is implemented at the local level. Despite the rise of devolution, policy around skills is still dominated by the centrally focused SFA and National Apprenticeship Service (NAS). Despite funding now being channelled through the Local Enterprise Partnerships (LEPs) and Combined Authorities, places still have limited control over how provision is run, to the detriment of people they are seeking to support. Some of the key issues are outlined in more detail below, based on CLES' experience of supporting skills and employment related strategies.

A confused and fragmented provision landscape

Across the UK there is a myriad of activities being undertaken around skills provision, and there is little coordination, too much fragmentation and complexity. This is not helped by the structure of the education system which does not adequately prepare young people for work, and too often there is an overemphasis on job outputs as opposed to quality and sustainable employment. Employer engagement in particular within the skills system is essential, yet the complexity of the system is in danger of pushing employers away. There is a lack of brokerage between providers and employers, and this results in a system which is not responsive enough to needs – of both employers and those who require the support.

Lack of a focus on employability and softer approaches

One of the critical challenges across the country is a lack of employability skills. These combine basic attitudes and abilities that are essential to work, as well as crucial generic skills that contribute to productivity and success from basic to high level roles – such as interpersonal skills and creativity. This is affecting not only those who are most marginalised from the labour market but also those leaving college and university. For a long time, there has been a real lack of 'life' skills focusing on timekeeping, communication, engagement with customers and co-workers, problem solving and team-working. This links intrinsically back to the way in which the education system functions.

The lack of employability skills extends right across the skills spectrum, and the issue is having implications across the wider labour market. For instance, amongst graduates it affects the types of employment they move into, with subsequent knock-on effects for the lower skilled and furthest removed from the labour market. Graduates will often have good technical qualifications but it is increasingly reported that they lack vocational skills.

This lack of employability skills is also framed by an inflexible, segmented and competitive education system. Schools are compelled to be overly focused upon technical qualifications and meeting grade requirements than providing

the skills young people need to move into employment. In particular, in some schools and areas where there is a concentration of deprivation and workless households, this is likely to limit aspirations. This has knock on effects for the ability to tackle the cycle of decline in some neighbourhoods, and for some people to move into even the lowest levels of employment opportunity. But it is not just young people who lack the essential employability skills. Many adults who have been on the fringes of the labour market, suffering from ill health or who have struggled to regain employment after being made redundant from predominantly primary industry, too often do not receive the appropriate 'pathway' support for building the employability skills to move into work.

Various research from CLES over the past two years has shown that attitudes, skills and general aptitude of people are often considered to be as important, if not more so, to employers than qualifications. Yet formalised policy in this area is patchy, with limited focus on understanding the needs of employers, as opposed to meeting qualification targets. There needs to be a much more concerted effort to support both young people and those who are marginalised from the labour market, to become more work-ready and ultimately more employable.

Coherent pathways in getting into work

There is a clear need to move people along the journey to work and provide better routes into sustainable employment than exist currently. There are challenges around the 'stock' of long-term claimants of both sickness related and unemployment related benefits.⁴ The challenge is not just about creating jobs for these individuals to move into, but also addressing behaviour and barriers to work such as childcare, health and the availability and affordability of public transport connections. Other key issues include the need to improve Information Advice and Guidance (IAG), as more young people need to become work ready and have understanding of the work environment, and to further stimulate demand for apprenticeships and raise the quality and range of those on offer. Worryingly, despite the Government's positive drive on apprenticeships, the quality of placement has been deemed to have been diluted, frequently failing to provide the skills and knowledge that employers need.⁵

4 To put the challenge in context, 9.2% of the population in Great Britain (3.68 million) were claiming out of work benefits in August 2015, and 6.3% (2.5 million) were on Employment Support Allowance/Incapacity Benefit. 1.6 million had been claiming benefits for more than five years, a cohort of hard to shift individuals.

5 Ofsted (2015) Apprenticeships: developing skills for future prosperity

The rise of in-work poverty and a polarised workforce

Many people, although accessing employment, are in lower wage, lower skilled employment, which is often insecure. The result is higher levels of in-work poverty. Indeed, the Institute for Fiscal Studies (IFS) recently reported that the proportion of children living in poverty where the family is classified as 'working' increased from 54% in 2009/10 to 63% in 2013/14.⁶ The Joseph Rowntree Foundation have stated that for the first time, there are more people in working families living below the poverty line (6.7 million) than in workless and retired families combined (6.3 million).⁷ This has serious implications for a large swathe of people across the country, and is a revealing insight into the changing structure of the UK labour market, with lower unemployment masking fundamental structural weaknesses in which the economic recovery has been built upon; this includes the 'unintended' growth in zero hour, part-time, low-skilled and temporary work. In many of the lowest paid industries, in particular those which make up the service sector – such as retail, administration, sales and customer services occupations – many people are becoming trapped with little prospect for future progression, and will therefore not realise their full earning potential. This is particularly important in the context of welfare reform, where people who are taking their first steps onto the job ladder may be starting out, and also it is these sectors which have been driving employment growth.

Low pay is a feature of labour markets in western economies but the UK does stand out as having one of the highest incidences of low paid work (where gross earnings are below 60% of full time median adult earnings). 20.6% of all UK employees, in excess of 5 million people, were

low paid in 2012 and this is the highest of the advanced economies apart from the United States, and is clearly a feature of the economic recovery.⁸ It has a number of implications for economy and society, with the development of a 'two tier' labour market resulting in rising wage inequality and an increasingly marked culture of households having to work excessive hours simply to meet basic needs. This has become an increasingly prevalent issue due to the increase in the use of zero hour contracts, with very long hours coupled with low pay and reduced workers rights, meaning that ill health is a greater risk, and therefore can result in more strain on public services. The concern is that in many localities a failure to raise local progression prospects will generate a race to the bottom in local pay and conditions, with detrimental effects on local economies and social cohesion.

It is hard to avoid the conclusion that this links directly to a culture of outputs as opposed to outcomes, where jobs created are viewed in policy circles as being the key measure of success, whether these are low skilled roles or not. The reality is that employment is making less of a difference in too many communities; this is a weak base for the economy to build a robust foundation, and it does not meet the needs of many in the labour market who want to progress.

6 IFS (2015) Living Standards: Poverty and Inequality in the UK: 2015

7 Joseph Rowntree Foundation (2013) Annual Monitoring of Poverty and Social Exclusion

8 Resolution Foundation (2012) What price a living wage? Understanding the impact of a living wage on firm level wage bills

Skills deficiencies in all areas of the economy

The UK economy is characterised by persistent pockets of skills deficiency. Skills shortages now account for a greater share of hard-to-fill vacancies and typically occur in higher skilled occupations. This has severe implications for productivity within the economy. Skills gaps are also often found in lower skilled staff, across a range of sectors, suggesting a need for ongoing training, which is not always provided by employers. Supply and demand mismatches go beyond just skills gaps and shortages, however. The UK Commission for Employment and Skills stated in 2013 that almost half of employers have staff with skills and qualifications beyond those required to do their job, equating to 4.3 million workers.⁹ This can result in demotivation, low job satisfaction and skill attrition. This is not a new trend, and has resulted too often in localities and individuals not being able to maximise their potential.

Encouraging businesses to grow and maximise their skills levels and ambitions

Engaging with policymakers in isolation is not enough in order to move away from a 'low skills equilibrium'. It is just as important for local practitioners to work to stimulate demand, which means coordination and encouragement for employers, particularly small to medium sized businesses. Whereas some businesses find it hard to recruit people with the specific skills they need, especially where there are skills shortages, not all businesses have a culture of upskilling their employees, allowing them to progress in the workplace. Similarly not all businesses fully utilise all of the skills that their employees bring. A lack of demand for higher level skills from employers can reduce the attraction of higher skilled residents to an area, meaning an unbalanced labour market where skills utilisation is poor and productivity will suffer. For too many places this propensity of low level skills is the prevailing narrative. There is also a key challenge of businesses understanding the skills base of the population of the areas in which they are based, with a lack of evidence and engagement.

Skills shortages as older workers retire

Some sectors, such as construction and engineering, are increasingly reliant on older workers and could face significant skills shortages when they retire. Many other sectors of the economy will also be increasingly vulnerable.

This is due to people retiring later as the pensionable age rises and better health meaning that more may choose to work longer in the future. The Chartered Institute for Personnel and Development suggest that 30% of UK workers are aged 50 and over, compared with 20% two decades ago.¹⁰ It means an erosion of skills in the future, but also potentially fewer jobs and a lack of opportunity to progress for younger people. Nationally and locally, this needs to be planned for, and in the case of skill shortages, there needs to be more investment in younger workers to fill gaps when older workers retire.

THE WAY FORWARD: LOCAL APPROACHES

Skills provision needs to be more reflective of place and more tailored to the needs of individuals and employers. Devolving responsibility will enable local places to take a long-term view of skills needs. Local partners can then respond effectively to the changing jobs market and ensure residents have the skills they need. Greater use of the skills budget will allow localities to address gaps, improve school to work transitions and develop integrated approaches. Local government and partners (including employers) need to be able to shape further education and training provision and apprenticeships, join up schools, vocational training and support and better integrate skills and training into employment programmes. There are signs that skills budgets are being devolved at a more significant scale than before. Growth deals and devolution agreements in a number of areas are key drivers for this.

Within a more localised approach there are two key potential overarching roles for local government and in turn other place based institutions:

- **Strategic coordination:** there are a range of strategic partners involved in skills provision. A key role for local government in this is to facilitate place based skills partnerships and ensure effective and robust governance structures are in place. This brings together key organisations with a strategic input into the skills agenda in localities including: local authorities; further and higher education providers; business representative bodies and key employers; training providers; and the voluntary and community sector. Such partnerships can coordinate strategy and connect employability and skills into wider place based activity and corporate strategy priorities.
- **Coordination of activity:** the skills landscape is complex, as are the range of issues. So what can be done about it? Firstly, there are no 'silver bullets' to address issues in the skills system and the structure of the labour market, but there are a range of different approaches that places can take in order to build a responsive local system which can address both supply and demand. The success of this is focused upon effective local coordination - in addition to the strategic coordination role, a localised and place based approach to employability and skills provision should also have a coordinated approach to the delivery of activity. In this it should be framed by the priorities of local partnerships (for instance employment and skills boards) to offer a more rounded approach with local government at the heart of coordinating delivery partners and activity, including through the engagement of business.

Taking it a step further beyond the strategic and coordinating roles, what should be the focus and nature of interventions that can address the long standing skills issues that places face? A number of principles which should provide the foundations for approaches, ranging from pre-employment support to progression, are explored further below.

Integrated approaches based around the individual

Firstly, and perhaps most pressing, is the issue of those on the margins of the labour market. Here a different approach is needed to address long-term worklessness, with the subsequent erosion of basic skills and employability, together with people's self-esteem and motivation. Alternative approaches, which are centred on the individual, are required to begin to make progress in tackling this long term challenge. Previous methods have not worked, and this is partly due to the lack of productive policy connections between areas such as employment, skills and economic development and health. There is still some way to go but these linkages are now growing, and more local authorities and partners are working towards tailored, 'wraparound' approaches which provide people with a pathway to work alongside a series of outcomes.

Wraparound support needs to involve working to integrate community services (such as health and mentoring) with employability provision. This economically utilises an approach which would provide inactive people the opportunity to engage in the local community (through volunteering for instance), and in the longer term, the local economy. An integrated set of community services and support processes need to be targeted in areas of highest need in these places. Flexible and individualised support will help with increasing confidence, aspiration and basic skills, bringing residents closer to the labour market. Delivered in tandem with employability support, this can be a first step in changing long term outcomes for a significant cohort of the population.

Providing tailored approaches based around the individual is costly however, and typically requires sub-regional approaches to be implemented to achieve economies of scale. The example of Greater Manchester's Working Well pilot, which will be further scaled up through the city region's devolution deal, illustrates how through a central focus point (a key worker), different services can be moulded around the individual to create a pathway to work.

Example: Working Well, Greater Manchester

Working Well is based on the lessons learnt from the Troubled Families pilot, which utilised a key worker, who would co-ordinate specialist services for the family. Working Well has taken this approach and transferred it to help those people who have been unable to find sustainable employment following two years on the Work Programme. It was implemented in May 2014, will run over five years, and aims to improve the employment outcomes of 5,000 Employment and Support Allowance claimants. With the devolution deal the target is to support 50,000 individuals across the city region. Sequencing of wraparound services is key to the approach - beneficiaries receive individually tailored packages of support ensuring that the barriers holding them back from work are tackled at the right time and in the right order. They will receive this support for up to two years, with up to a year of in-work support and whole family support where appropriate. This will help people find, and sustain, the right type of jobs for them. There is a key emphasis here upon employability, with a job not being the sole outcome, but progression towards a job being valued.

However, there are other approaches which are not at the city region level. In any locality, more joined up thinking which is driven from the strategic level and infiltrates through to operational and frontline working, will provide a foundation for more effective integrated approaches. In Cheshire West and Chester for instance, 'Better in Work' illustrates an approach which ensures that health and employment outcomes are strongly interlinked, helping people on the pathway towards employment.

Example: 'Better in Work', Cheshire West and Chester

'Better in Work - A Blueprint for a Healthy Labour Market' - is a framework designed to encapsulate an approach towards a more integrated system and introduces a health dimension into employment support. Through meaningful partnership and core values of Customer First, Best Practice and Value for Money, the Council has designed a framework that integrates work, health and wellbeing into an holistic approach. This aims to ensure all residents move into work and thrive within healthy, dynamic workplaces led by informed and aware employers, therefore maximising potential and capacity for economic growth across the borough. A number of suggestions are explored in the framework around a more integrated approach to linking health and wellbeing and employment interventions. These are based around entering work, employer engagement, and sustaining work and progression.

Ensuring the balance between supply and demand

Up to now there has been an imbalance in policy and delivery terms around skills, with an overemphasis on supply side measures as opposed to addressing demand. There is a need to ensure that an effective balance is provided, so that people can have the opportunities to enter and sustain employment whilst the needs of businesses are met. Addressing demand is more difficult however than increasing supply, and the lack of success in this has been a longstanding charge aimed at UK policy from the business community. Ultimately, and more broadly, it is about engaging employers effectively and utilising them in designing provision, but there are a number of ways in which the gap can be narrowed, such as the examples below:

- **Sector skills academies:** the evidence is patchy in regard this area, but where designed and implemented properly, academies can be effective. They are designed to help meet employers' immediate and future recruitment needs as well as to recruit a workforce with the skills to sustain and grow their business. A sector skills academy can last up to 6 weeks and has 3 main components; pre-employment training; a work experience placement, and a guaranteed job interview.

Due to the requirements made on the businesses to input into this process, it is mainly larger firms that take up this type of option. They do provide the potential to improve employment opportunities for low-wage workers, while also supporting business competitiveness and developing public-private sector relations.

- **Using 'hubs' to develop targeted approaches** in linking those out of work to employers. Initiatives such as local Employment Hubs can be a vehicle to achieve this. Such models could follow the principles of the Employer Hub from Nottingham where it has effectively acted as a recruitment agency. Employers seeking labour engage the Hub, which seeks to broker local people (with a range of skills) and those furthest from the labour market into those opportunities. A similar example is in Cheshire West and Chester, through its Workzones (case study overleaf) which aim to build the supply of local skills, whilst addressing the needs of existing businesses and investors.
- **Matching supply and demand at scale:** the difficulty is providing a service that will lead to significant change at scale, rather than smaller scale outcomes for a limited number of people. In Sheffield City Region the new Skills Bank may begin to do this. The Skills Bank – part of the Growth Deal agreement – is a £17m fund which will be used to upskill employees across the City Region. It will be a facility improving the skills base of the workforce, whilst changing the way the skills system operates by placing the purchasing power for skills in the hands of employers. The fund will be for businesses of all sectors and sizes to upskill, driven by business demand and based on agreeing 'growth deals' with individual businesses. It will also give local companies greater influence over the training schemes and apprenticeships on offer and will mean that people will have better access to the skills they need to get jobs and that local businesses will have access to the employees with the skills they require,

Example: Nottingham Employer Hub

Nottingham's Employer Hub was the first of its kind in the UK to deliver a free and fully integrated service to help place jobseekers in appropriate roles and help employers with their recruitment needs. Previously, teams within the City Council and across local Job Centres – run by the Department for Work and Pensions (DWP) – worked separately to deliver employment and skills services within Nottingham. This led to a confusing picture, especially for businesses who wanted to hire staff but did not know where to turn for support.

A dedicated team of people from both organisations pooled their expertise so both businesses and jobseekers alike can access help and advice in one place. This means hundreds of live, online vacancies available for jobseekers to view. They could also – with the support of the team – identify training opportunities and pre-employment workshops, as well as access grants to assist with their employment.

Businesses looking to recruit could also speak to dedicated sector leads or apprenticeship and work placement specialists. This single point of contact means firms across the city could access information about any financial support available, as well as receive assistance in the recruitment process; from developing job descriptions, to advertising positions, shortlisting and interviewing.

Through the hub, firms in Nottingham have also received help to run sector based work academies for potential employees. These include The Nottingham Belfry, Greene King, Aldi, Nottingham City Transport and Nando's.

Example: Work Zones, Cheshire West and Chester

As part of the Altogether Better programme (one of four national whole place Community Budget pilot areas testing new, radical and local approaches to delivering public services), there are four Work Zones across Cheshire West and Chester. Work Zones offer a range of services to support residents in identifying and developing job hunting and employability skills. They provide one-to-one Information, Advice and Guidance (IAG), personal skills analysis and action planning, confidence building courses, and building up basic skills. There are also weekly job clubs and free access to computers for job searching and applications. Employment mentors also provide one to one support through Work Zones to help people in their search for employment. They can help navigate the journey across the range of courses and services on offer.

Importantly, the Workzone brokers with employers and acts as a virtual recruitment agency for employers and prospective candidates alike, working to ensure that supply meets demand. Alongside tailored support the Work Zone offers a full employability curriculum.

Example: Barnsley Sector Skills Academies

In Barnsley, the performance of the sector skills academies has been particularly effective, especially in serving large firms. The council has been working with businesses, JobCentre Plus and local providers to build upon the success of the academies that have delivered essential pre-employment support for many people in the population who have been unemployed or workless for extended periods. In particular, the buy-in and commitment of JobCentre Plus has been key to the success of the academies, being a central partner in identifying and referring individuals to the courses. Together with an appreciation from businesses that the health of the local labour market is important to their own success and understanding their own social responsibilities, this has led to an effective local model.

Enabling progression in the workplace through effective employer engagement

It can be difficult to engage employers, particularly as they can find the skills system too complex. However, employer engagement is key to creating a more 'responsive system'. Employers play an increasingly central role both in articulating their workforce needs and skills gaps, and in the design and delivery of qualifications. Local partners need to broker key relationships with employers to ensure that their needs are

being met, and to also influence future behaviours and attitudes towards upskilling. There are a number of approaches in which workforce progression can be promoted, such as those outlined below:

- **Proactively articulating the business case for investment in skills and development** and providing progressive career opportunities as a route to long term business growth. Employers need to be convinced of the impacts of investment in skills development on staff loyalty, enhanced productivity, decreased staff turnover, the public image of organisations, and being able to attract quality employees.

- **Promoting the take up of business leadership and management skills.** This is particularly important in places with more brittle local economies and where there is a predominating culture in the business community of a lack of growth ambition. Helping to change perceptions will filter across businesses and can influence attitudes to skills development at all levels.
- **Highlighting to employers and investors examples of best practice in progressing low paid staff,** evidenced from elsewhere, and embedding business to business peer support. There can be a focus on new initiatives and ideas that could be tested, such as in the ‘career ladders’ example in the box.
- **Working with local business representative groups/boards, to maximise their role,** using weight within the business community to cajole and influence good practice, and presenting the business case. Frequently local business partnerships (which vary in size and structure and in the extent that they work with statutory partners) are focused around working together to maximise investment within a locality, but too often there is not a significant focus upon skills, and most importantly, progression.
- **The public sector leading by example** - this could be through a number of ways, one potential avenue being collaboration across local anchor institutions to develop a local ‘skills escalator’ (anchors are typically public or private sector organisations with strong roots in an area such as the local authority, colleges or the NHS). A cohesive progression strategy could allow people – from school work experience students to graduates - to move around and across anchors as part of a defined skills development programme. This

would have multiple positive impacts including helping young people to build up their CV and to understand the world of work, establishing a network of people with advanced transferable skills, and giving ambitious young people the motivation to learn at higher levels in the knowledge that there is a valid local employment pathway open to them on completion. Importantly, such an approach would showcase to other employers the benefits of progression in the workplace.

Example: Structured progression programmes

Recent JRF research¹¹ has focused on the implementation of structured progression programmes, with the best known of these being ‘career ladder programmes’. These develop progression pathways within a single employer, sector or locality. Most of this activity has taken place in the USA and is an emerging model, and there is limited evidence in the UK context. However, as JRF point out, such approaches could be beneficial in this country, considering that Universal Credit claimants on low wages will be expected to take steps to increase their earnings. Career ladders which are developed by employers and policymakers could provide an opportunity for people either moving into work, or those already in work, to increase their earning opportunities. There could possibly be an opportunity in piloting and funding localised services such as these (or variants) due to devolution and enhanced skills powers this brings.

Example: Leading by example: Burnley Borough Council¹²

The UK Commission for Employment and Skills identified Burnley Borough Council as a good practice example within the public sector of an organisation focused on the progression of its employees. There is perceived to be a strong commitment to developing talent internally, and progressing it through the organisation.

Progression opportunities are available to all staff within the Council. At the lower skill levels this includes supporting individuals to gain NVQ Level 2 qualifications. At all levels, there is good practice in progressing low-paid staff, including: training and development, mentoring and coaching, access to professional career guidance; and the opportunity to move into new roles and projects which provides opportunities for progression. The existence of a number of corporate groups that bring together different staff levels and functions to undertake specific project work (e.g. preparing for Investors in People) offer a particularly important progression route. Further, Learning Champions provide news about learning and progression opportunities and engage their peers in participation.

The council has also supported work experience programmes to provide a route into the organisation for unemployed or disadvantaged individuals. The council has created a number of trainee and apprenticeship roles that enable new recruits to the organisation to progress and undertake learning at the same time. For existing staff there is a Talent Management Programme which seeks to identify and develop lower paid staff for future development.

Utilising public procurement practice to drive up skills and employment opportunities

Local authorities are increasingly undertaking a range of work through procurement and wider development to maximise local economic benefit including job creation and skills development. This should include engagement with existing suppliers which are based in areas of deprivation to seek to influence their behaviour. In CLES' work with Manchester City Council and others,¹³ local authorities have identified suppliers with significant levels of spend and targeted them to improve their employment and skills practices, in terms of matching opportunities to workless

residents; and additionally their supplier choices. The engagement of business in the procurement cycle starts at an early stage. Manchester City Council make potential suppliers aware of their wider corporate priorities, engage local business in service design, simplify the tender process to enable small local business to bid, and monitor the wider outcomes of procurement spend. All these activities potentially increase the use of local labour in delivering services and create jobs through policy and influencing activity.

This is particularly important in the context of the social value agenda, and ensuring that the provision of sustainable employment and skills development to residents is set within a wider objective of raising living standards.

Example: Greater Manchester Social Value Procurement Framework

In 2014, the Greater Manchester Combined Authority developed the Greater Manchester Social Value Procurement Framework. The Framework was designed to serve the dual purpose of providing a common means through which the 10 Greater Manchester authorities could consider social value when commissioning and procuring public services; and also as a way of demonstrating the impact of spending choices on an ongoing basis. The framework is based around six key outcomes:

- Promote employment and economic sustainability;
- Raise the living standards of local residents;
- Promote participation and citizen engagement;
- Build capacity and sustainability of the voluntary and community sector;
- Promote equity and fairness;
- Promote environmental sustainability.

Local authorities have organically started to utilise the Greater Manchester Social Value Procurement Framework in their decision making processes, particularly in terms of the themes or outcomes of what they should be looking for around social value. What had been missing however, was a baseline position of social value across the six outcomes for the 10 local authorities and their supply chains. CLES has developed a suite of indicators which are linked to the six outcomes of the framework and undertaken recent research to develop a baseline for each which, procurement teams can take forward and use to understand commitment to social value by suppliers across all sectors. In the context of skills, the first two outcomes listed above resonate particularly strongly.

Provision of fit for purpose Information and Guidance (IAG)

Effective IAG is critical for residents at all stages of the labour market spectrum, and from younger to older workers; it is also crucial to help people understand the types of skills they will require to prosper. At present across the UK there is a lack of effective IAG, in particular for young people and within schools. Careers advisors vary in quality and can lack industry experience. This hampers their ability to make informed choices regarding future education and career paths. Local authorities and partners need to ensure that IAG is reviewed, enhanced and better coordinated to provide more focused, effective and meaningful advice and information. This sharper focus should meet four key requirements:

- It must provide good information to those in education about the extent of job opportunities in different fields, what they pay, what qualifications (and wider attributes) they require, and the level of competition for them. Advice must be informed by good quality, up to date intelligence about local job opportunities across industrial sectors now and in the future;
- It must cover academic and vocational routes equally well;
- It must extend to adults, for instance to support those who are made redundant in reskilling and securing new employment;
- It must be a focus for building relationships between businesses, schools, colleges and universities, so that educational institutions are aware of business needs and vice versa. Local authorities can have an important brokerage role in facilitating relationships between schools and employers in particular.

Example: Blackburn with Darwen Education Improvement Partnership¹⁴

The Education Improvement Partnership (EIP) in Blackburn with Darwen is a voluntary consortium of schools, working as a legal entity since 2011. The EIP's success is based on its highly collaborative, partnership approach to improving education. Since the introduction of the Statutory Duty for schools, the EIP have worked together to ensure the provision of independent, impartial careers guidance services and work related learning services. Each school has a service bespoke to meet their needs, delivered by Career Development Institute (CDI) registered practitioners, with the advantage of the economies of scale that increase cost effectiveness. Joint commissioning of IAG means the partnership can offer students access to a resource that is locally embedded and individually tailored.

The importance of meaningful work experience

Too many places have limited work experience offers. Work experience and work readiness – through key employability skills – is a key determinant for employers when recruiting school and college leavers. 85% of firms highlight attitudes to work as a key factor, with 72% commenting on the importance of individuals showing necessary aptitudes. Work experience is important in achieving this.¹⁵ Too often overlooked, when it is undertaken properly and provides inspiration to students, then it can have significant impacts. Further, work experience should no longer just mean placements, but also utilising business speakers, workplace visits, and entrepreneurial projects/competitions. Local authorities and partners need to appreciate the importance of this and act.

Example: Bombardier, Northern Ireland¹⁶

Bombardier, the Canadian multinational aerospace and transportation company, has had a strong presence in Northern Ireland for many years. It has historically been proactive in working with schools, providing 150 work experience placements per year, providing mock interview support, facilitating industry visits, and attending careers fairs. It has also worked in partnership to develop a CD-ROM which is titled 'The Flight Experience' programme. This helps encourage students to consider STEM subjects, inspiring and informing them about potential career choices in these areas.

Understanding and utilising the role of the social sector

The social sector has a significant role to play in accessing those communities and individuals who are hardest to reach, helping to put people back on the pathway to employment. The sector is important in the direct delivery of skills and employment provision, and its input needs to be harnessed. Indeed, research in Manchester has shown that within the city a third of social sector organisations operate in skills/educational development.¹⁷ The social sector is a vital instrument in providing the future labour pool that partners and employers will need to draw upon, and to provide more locally bespoke and holistic local pathways to work.

Without a greater appreciation of the social sector's input, and without working in effective collaboration with the public and private sectors to drive up employability and skills, this constraint upon growth and development will not be addressed sufficiently. There is an opportunity to work with the sector in a much more joined up and productive way, which will help in focusing support and drawing down resources on meaningful and holistic approaches, as outlined in the case study below.

15 CBI Northern Ireland (2014) Step Change: A new approach for schools in Northern Ireland

16 CBI Northern Ireland (2014) *ibid*

17 Manchester Community Central (2013) City of Manchester State of the Voluntary Sector 2013: a report on social and economic impact

Example: Manchester Cathedral Volunteer Programme¹⁸

Through a structured volunteering and placement programme, Manchester Cathedral Volunteer Programme supports individuals, some 75% of whom have been unemployed for over six months, in transition back to work.

Participants in the Manchester Cathedral Volunteer Programme are referred by Jobcentre Plus, although following the initial meeting, their decision to remain on the programme is completely voluntary. Each person receives a ten week programme, mixing volunteering with coaching and accredited training. The focus of the programme is on providing a mix of opportunities that seek to address the complex barriers and skills issues that individuals may face on the pathway to the labour market.

Each week, participants complete at least a half day of volunteering with the Cathedral, or one of its partners, such as the National Trust or Greater Manchester Fire and Rescue, to build their confidence and skills. They also join a work club and participate in a day's vocational training each week delivered by Manchester College at the Cathedral. Volunteers who are identified as being ready are given guaranteed interviews by large employers in the city. Some employers also offer shadowing, mentoring and training opportunities to programme participants. The Cathedral has a network of 35 partners across the private and public sectors engaged in this way.

With more than 50 per cent of participants entering employment, the evidence suggests that the programme is successful at helping people who have been unemployed for a long period of time to find work. The programme is being further rolled out in other areas of the country, and is endorsed by NESTA, the innovation charity, as a model that has the potential for scale in a variety of locations and as a new way of delivering public service reform.

CONCLUSIONS

Delivering within a strong, collaborative system

Skills policy still has some way to go before it delivers the solutions that people and businesses require. It has been highly centralised and confusing for too long, not allowing the flexibility for localised approaches that are sensitive to places and people. There are signs that this is changing, with devolution being a particular driver for this. But the extent to which this acts as a wider catalyst for change remains to be seen, and the question remains as to how much control will be exerted from central functions in reality. It requires real devolution – not just a limited number of programmes and funding levers – to allow local approaches which respond to an understanding of need and local labour markets.

Nevertheless, with or without devolution, there are a range of approaches that places can take in order to begin to address both supply and demand. The examples and interventions cited in this paper are by no means exhaustive – the agenda is too broad and complex for this – but it does serve to illustrate that where partners are working together effectively, and where there is shared vision and accountability, there is potential to deliver innovative projects and programmes that can go some way in providing a foundation to address the range of challenges. The common thread throughout is local collaboration, whether at the sub-regional or district level. Successful policy and practice, as across other policy areas, requires strong local systems in place where interventions are driven at the strategic level, which flows through into the operations and delivery. Ad hoc and piecemeal delivery that is not connected to strategic decision making and robust governance is not as effective and will not

deliver outcomes at scale. This is where the role of local authorities in particular, is critical – as an enabler, facilitator, and deliverer.

CLES believes in creating better places and in order to create better places we need to:

- Join up approaches across the public, commercial and social sectors around skills;
- Harness the potential of existing resources around skills to deliver a wider set of outcomes;
- Ensure that skills development interventions are about economic AND social growth;
- Recognise the role of the local state as stewards of skills strategy and coordination;
- Ensure that skills intervention is both efficient and effective;
- Recognise that the business sector needs to be engaged as an employer and the social sector as a deliverer in skills intervention.



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