

# East of England Implementation Plan

Skills element of the Skills and  
Employability Theme: Advice

7th December 2008

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# 1: Overview and Summary

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1.1 This chapter set outs:

- the scope of the Skills and Employability Theme
- the process through which Theme advice has been developed

## Scope of the Theme

1.2 For the purpose of providing theme advice, Skills and Employability have been treated separately – partly because they relate to two different goals from the RES. The Skills element of the Skills and Employability theme is the primary mechanism for delivering the RES ‘Skills for Productivity’ Goal and the RES high-level skills and earnings targets, as well as having a strong influence on productivity targets. While the RES provides the key focus for skills and employment interventions in the East of England, the East of England Plan also includes policy areas that are of relevance to this theme, particularly in relation to increasing levels of FE/HE provision in Key Centres for Development and Change in response to growth and as a key route to regeneration and economic transformation.

1.3 In the area of skills, a number of projects have been identified but longer-term programmes need to be defined for the purposes of the JIP. It has been agreed that statements of intended activity such as those in EESCP’s Adult Skills and Learning Strategy are useful inputs. However the focus of the JIP is much longer term.

## Development of theme paper

1.4 The development of the evidence base relating to the Skills element of the Skills and Employability Theme was based around a modest number of key consultations and recourse to the evidence base, and then a workshop session which was held on 4 November.

## 2: The contribution of the Theme to the two strategies

### High level ambitions for the East of England

- 2.1 Both RES and RSS set out a number of regional outcome/impact targets. These are high level in character and they reflect – in a quantified sense – the key elements of the two strategies’ visions.
- 2.2 Effecting change through interventions aimed at improving skills and employability are crucially important in terms of three of the region’s high level outcome targets, as summarised in Table 2-1 below.

Table 2-1: Summary - relationship between interventions related to the Skills and Employability Theme and their likely impacts on high level outcome targets

Headline Indicator	Target	Direct effects	Indirect effects	“Induced”/ second order
GVA per capita / per worker	Annual growth in real workplace-based GVA per capita of 2.3 per cent and GVA per worker of 2.1 per cent between 2008 and 2031		↑	
Employment rate	Employment rate for the working population of 80 per cent and for the 16-74 population of 70 per cent by 2031	↑		
Earnings inequality	A rise in lower-quartile earnings to 60 per cent of average earnings by 2031	↑		
Water consumption	Per capita consumption of water by households in 2030 that is 20 per cent below 2008 levels, or 120 litres/head/day			↑
CO <sub>2</sub> emissions	End-user CO <sub>2</sub> emissions in 2031 that are 60 per cent below 1990 levels			↑
Skills – Leitch targets	Over 40 per cent of adults qualified to at least level 4, 68 per cent of adults qualified to at least level 3 and over 90 per cent of adults qualified to at least level 2 by 2020 and maintained to 2031	↑		
Net additional dwellings	508,000 (2001-21)			↑
Jobs growth	452,000 (2001-21)		↑	
Affordable Housing	35% of new houses with planning permission granted after May 2008 are affordable			↑

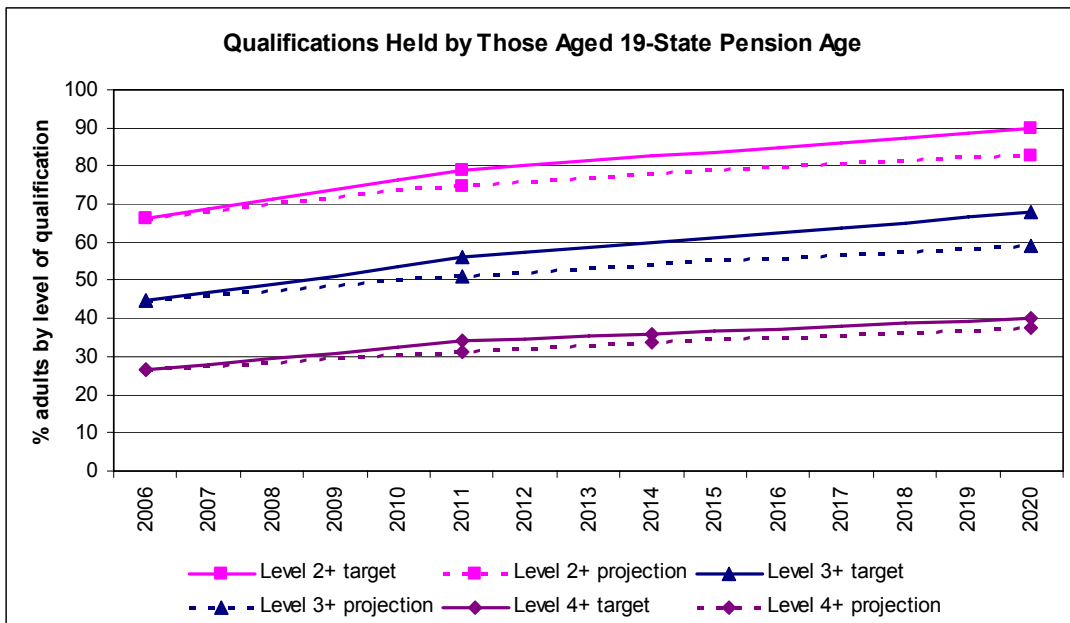
Key: ↑ impacts ought to be positive in relation to the headline indicator; ↓ impacts likely to be negative in relation to the outcome indicator; ↔ impacts could be either positive or negative

### High level projections and targets of relevance to the Skills and Employability Theme

- 2.3 With regard to these key metrics, what exactly is the scale of the “ask”? Put another way, what is the scale of the gap that needs to be filled, if the region’s aspirations are to be achieved?

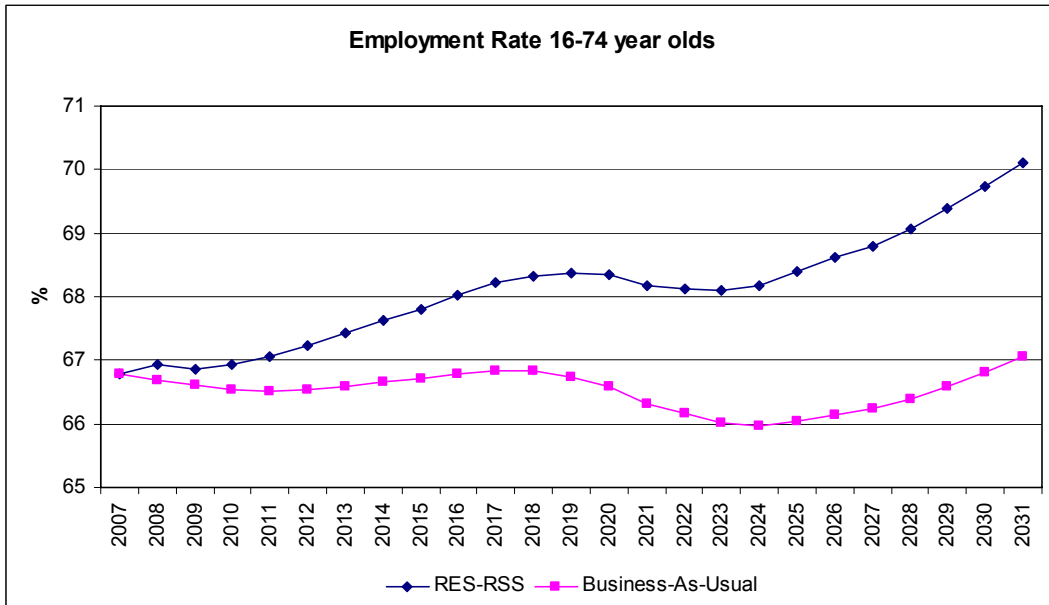
2.4 Projections relating to the region’s performance in terms of **Leitch metrics (skills)** – alongside the targets to which the region has committed – are shown in the graphic below. Overall, these data suggest that – relative to its aspirations – the region is falling behind. Moreover the shortfall in terms of projected regional performance is apparent at all three levels. Hence the imperative must be to increase the proportion of people achieving attainment targets at level 2, and then to encourage progression to higher levels. Much of this increment will need to be achieved amongst adults who have left compulsory education and are already in the workforce (given timescales and demographics) and this suggests particular imperatives in relation to workforce development and work-based learning.

Figure 2-1: Projections and Targets in relation to Skills



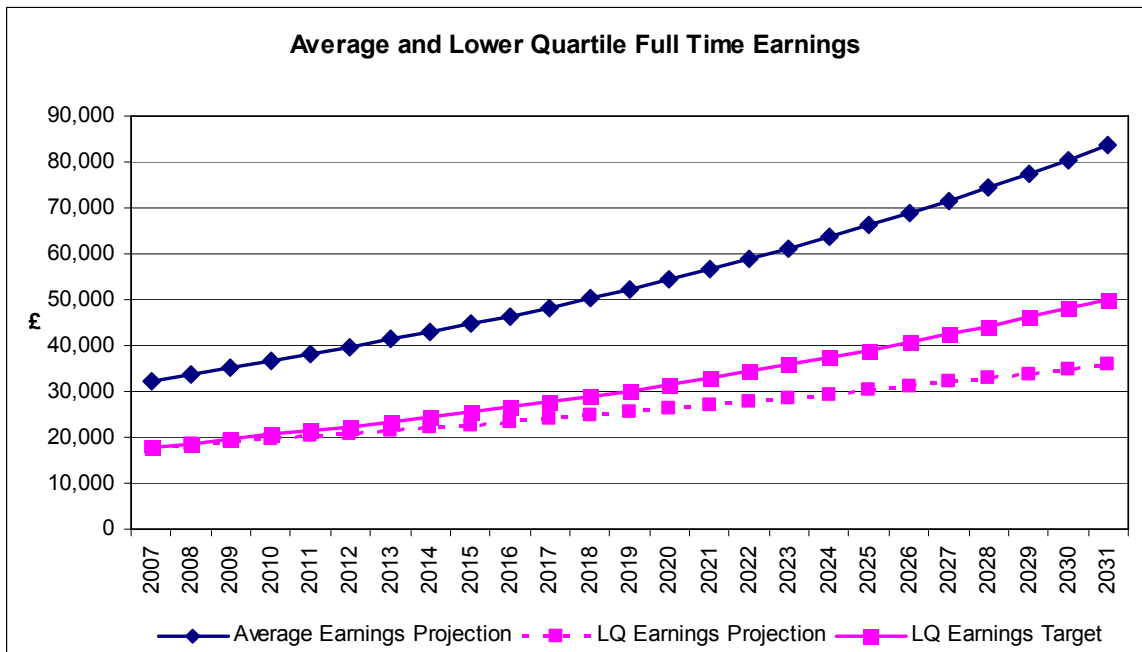
2.5 With regard to the **employment rate**, Business as Usual projections suggest a picture which – although subject to year-on-year fluctuation – is reasonably static over the period to 2031, at 66-67%. The target, however, is to achieve an employment rate of over 70% by the end of the period. The implication is that addressing worklessness must remain a priority, recognising that this needs to take place in the context of a population which is both growing and ageing (and note that the target is couched in terms of employment rates up to the age of 74).

Figure 2-2: Projections and Targets in relation to Employment Rates



2.6 The third key headline indicator of particular relevance to this theme is **earnings inequality**. Again, a comparison of Business as Usual projections and the targets that have now been set through the RES provides an indication of the scale of the challenge. The ambition is to close the earnings gap whilst also increasing earnings overall (recognising the links between earnings and GVA).

Figure 2-3: Projections and Targets in relation to earnings inequality



2.7 With regard to the three key ambitions quantified above – and, indeed, the other ambitions for which skills and employability have some role to play – the East of England Implementation Plan must take a view on:

- how much of the “gap” between projections and targets can be addressed through interventions linked to skills and employability?
- what interventions need to be effected to fill this gap?

2.8 In responding to these questions, the RES and RSS provide much of the answer; it is for the Implementation Plan to translate the imperatives identified and judgements made in the two strategies into programmes of action.

### **How ambitions linked to skills and employment might be realised**

2.9 Figure 2-4 below summarises the key content derived from the two strategies specifically in relation to skills.

Figure 2-4: Headline messages from RES and RSS with regard to skills	
<p><b>RES</b></p> <p><b>Goal: Skills for Productivity</b></p> <p><b>What will success look like?<sup>1</sup></b></p> <ul style="list-style-type: none"> <li>• An increased % of graduates who view the region as a place to exploit their higher level skills, with retention rates above the UK average</li> <li>• An increased share of people gaining higher-level skills, through increased participation in academic and vocational education and training at Level 4 and above</li> <li>• A culture of learning embedded at an early age with an increased % of young people participating in post-compulsory training and education</li> <li>• An increase in qualification attainment with over 40% of adults qualified to at least level 4, 68% of adults qualified to at least level 3 and over 90% qualified to at least level 2, consistent with Leitch targets</li> <li>• Development and use of economically valuable skills leading to a reduction in skills gaps and shortages</li> <li>• Improved productivity resulting from an increase in work-related learning</li> </ul> <p><b>Priority 1:</b> Increasing the demand for and supply of higher level skills</p> <p><b>Priority 2:</b> Creating a culture where people aspire to train and learn throughout life</p> <p><b>Priority 3:</b> Providing clear progression pathways for learning that improves business performance</p> <p><b>Priority 4:</b> Providing education and training that meets the needs of individuals, employers and the economy</p> <p><b>Implementation priorities:</b></p> <ul style="list-style-type: none"> <li>• Continuous work between employers, SSCs, local authorities, commissioning bodies and providers to understand current and future skills demand</li> <li>• Major upgrades of the skills infrastructure through Building Schools for the Future, the FE capital programme, national skills academies and university expansion programmes</li> <li>• Ensuring accessible and flexible vocational provision and pathways between skills levels and institutions to meet individual business needs</li> <li>• Improving demand for and access to new level 4 products and higher-level skills training in the workforce</li> </ul>	<p><b>RSS</b></p> <p><b>Regional Policies</b></p> <p><b>Policy SS3:</b> New development should be focused on 21 KCDCs</p> <p><b>Policy SS5:</b> LDDs, etc., should address deprivation in the Priority Areas for Regeneration</p> <p><b>Policy E1:</b> LDDs, etc., should provide an enabling context to achieve job growth targets</p> <p><b>Policy E2:</b> Provide land for skills and training uses</p> <p><b>Policy E4:</b> Supporting the development of key clusters – e.g. life sciences, energy, ICT, motorsport – in relevant parts of the region</p> <p><b>Sub-Area and KCDC Policies referring specifically to skills issues</b></p> <ul style="list-style-type: none"> <li>• <b>CSR2 (Cambridge Sub-Region):</b> employment-generating development in the Cambridge sub-region should... focus on the knowledge-base/educational uses...</li> <li>• <b>ETG1 (Essex TG):</b> strategy for Essex... transformational development and change... enhance the education and skills base and improve access to HE (focusing especially on Southend <b>ETG4</b>). <b>ETG5:</b> employment generating development...raising skill levels at NVQ 2, 3 and 4 to national averages through enhanced provision of FE/HE</li> <li>• <b>LA3 (Welwyn GC/Hatfield KCDC):</b> ...making the most of opportunities at the university of Hertfordshire...</li> <li>• <b>HA1 (Harlow KCDC):</b> ...town centre and employment areas developed to... enhance the role of Harlow in relation to FE/HE</li> <li>• <b>PB1 (Peterborough KCDC):</b> ...improving access to locally-based HE/FE by expanding provision of HE and working towards the provision of a university</li> <li>• <b>SV1 (Stevenage KCDC):</b> ...raised expectations, etc. in relation to training and education</li> </ul>

2.10 Unsurprisingly, the RES has more to say about skills than RSS – and much of what follows is concerned with the priorities identified in the RES. However the Implementation Plan covers both RES and RSS and sight of the latter must not therefore be lost. Reflecting on Figure 2-4, the key messages from RSS of relevance to this Theme are summarised in Table 2-2.

Table 2-2: Key messages from RSS of relevance to the skills component of the Skills and Employability Theme

Message	Implications for the skills component of the Skills & Employability Theme
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<sup>1</sup> Indicators linked to RES goals are embedded within the statements of “what success will look like”. The regional headline ambition with regard to skills is the statement of level 2/3/4 qualification attainment consistent with the Leitch targets

<b>Message</b>	<b>Implications for the skills component of the Skills &amp; Employability Theme</b>
1. The region must plan for significant population growth as a result of both increasing life expectancy and in-migration (Policies SS3 and H1)	<p>Population ageing is a major regional issue with at least two major implications:</p> <ul style="list-style-type: none"> <li>• first, older people – particularly those defined as “old old” have high demands for <b>health and social care</b>, and this in turn has implications with regard to sectoral growth with skills implications that follow</li> <li>• second, with changing legislation regarding retirement age and concerns about pension provision, etc., <b>older workers</b> are likely to become a much more important part of the workforce over the next 20 years</li> </ul> <p>In-migration (both from elsewhere in the UK and internationally) has become an increasing feature of the region and RSS assumes that it will continue. Implications for this Theme include:</p> <ul style="list-style-type: none"> <li>• a need to recognise the dependence of some key sectors on <b>international migrant labour</b> and a need to consider the opportunities and threats that this presents as the global economy dips. Some recent evidence suggests that workers from the A8 states might be starting to return home as wage differentials close and this in turn has major consequences for labour/skills shortages/gaps in the East of England</li> </ul>
2. The scale of population growth has implications for both housing and jobs, if growth is to occur sustainably (Policies H1, H2 and E1)	<p>At least two major implications may be identified in relation to this Theme:</p> <ul style="list-style-type: none"> <li>• first – and the current down-turn notwithstanding – there is likely to be substantial demand for workers with the <b>skills that are needed to create sustainable communities</b>. This includes – but is not restricted to – construction skills and it is an area that has been researched by Inspire East</li> <li>• second, large scale jobs growth is planned and it may be that actions need to be taken to avoid this growth being in low wage/low skilled activities. Ensuring that the East of England’s growing workforce is a highly skilled one presents a dual challenge – in terms of the simultaneous need for <b>improved skills across a larger working population</b></li> </ul>
3. Special provision should be made for the growth of key, high value, clusters (Policy E4)	<p>RSS identifies the need to <b>support strategically significant clusters</b> and this must have implications for skills and workforce development. The clusters identified specifically include ICT around Cambridge and Ipswich; biotech (including Norwich and Cambridge); motorsport (including Norwich); energy (Suffolk); environmental technologies (Peterborough); and film/multi media (London Arc, Norwich)</p>
4. Spatially, growth will be concentrated in 21 Key Centres for Development and Change (mainly the region’s larger urban areas) (Policy SS3)	<p>The geography of planned growth is uneven across the East of England. A number of places – e.g. Peterborough, Norwich, Cambridge – are set to grow very substantially (+30-40% in terms of population). The geography of jobs growth needs to follow this spatial pattern and it will mean that the economic geography of the East of England will look different in 2021 from 2008. Consequences will follow in terms of the <b>geography of demand for and supply of skills, and the provision that is put in place in response to both</b></p>
5. The region must respond to continuing deprivation, particularly within Priority Areas for Regeneration (Policy SS5)	<p>RSS is not just about growth. An additional key concern of RSS is to address persistent deprivation and to this end, PARs are identified (although note that many PARs are also KCDCs). With regard to the Skills and Employability Theme, the key implications relate to the importance of <b>skills for employability</b>, and also wider concerns relating to labour market inclusion. For RSS, this has a strong spatial dimension – although not exclusively so</p>
6. Individual KCDCs have identified increased HE/FE provision as a key route to regeneration and economic transformation, and as a key priority for investment	<p>Within RSS, there is a series of sub-regional and sub-area policies. A good number of these identify <b>investment in FE and/or HE provision</b> as a priority for the purposes of regeneration and growth, as well as up-skilling within the local population. The implications need to be reflected fully in the JIP</p>

*Source: SQW, based on the East of England Plan (2008)*

## Linking the ambitions of the two strategies to implementation priorities

- 2.11 Both regional strategies claim to be evidentially robust – and indeed, to a large extent, the two documents draw on a shared evidence base.

- 2.12 Certainly for the RES, goals and priorities were identified through an iterative process of examining the available evidence to identify regional strengths, weaknesses, opportunities and threats, and then identifying whether there was actually a rationale for intervention (defined for the most part in terms of market failures). Hence in working towards the definition of programmes for the purposes of the JIP, the basic architecture ought to be in place: the JIP must populate this architecture, not re-invent it.
- 2.13 For the skills component of the Skills and Employability Theme, we have already observed that while note needs to be taken of the implications of RSS (hence Table 2-2), the content of the JIP ought to be driven by RES. Figure 2-5 attempts to summarise the main points of intersection between the Implementation Priorities and “what success will look like” as defined in the RES; additionally the graphic includes an “other” (implementation priorities) column such that the imperatives implied by RSS are not lost.

**Figure 2-5: Relationship between Implementation Priorities and “what success will look like”**

Implementation priorities (Columns) ⇒	A. Continuous work between employers, SSCs, local authorities, commissioning bodies and providers to understand current and future skills demand	B. Major upgrades of the skills infrastructure through Building Schools for the Future, the FE capital programme, national skills academies and university expansion programmes	C. Ensuring accessible and flexible vocational provision and pathways between skills levels and institutions to meet individual business needs	D. Improving demand for and access to new level 4 products and higher-level skills training in the workforce	E. Other implementation priorities implied by RSS
What success will look like (Rows) ⇓					
1. An increased % of graduates who view the region as a place to exploit their higher level skills (retention rates > UK average)	✓	-	-	-	✓✓✓
2. An inc'd share of people gaining higher-level skills, through increased participation in academic and vocational education and training at Level 4 and above	-	✓✓✓	✓✓✓	✓✓✓	-
3. A culture of learning embedded at an early age with an increased % of young people participating in post-compulsory training and education	-	✓✓✓	-	-	-

Implementation priorities (Columns) →	A. Continuous work between employers, SSCs, local authorities, commissioning bodies and providers to understand current and future skills demand	B. Major upgrades of the skills infrastructure through Building Schools for the Future, the FE capital programme, national skills academies and university expansion programmes	C. Ensuring accessible and flexible vocational provision and pathways between skills levels and institutions to meet individual business needs	D. Improving demand for and access to new level 4 products and higher-level skills training in the workforce	E. Other implementation priorities implied by RSS
What success will look like (Rows) ↓					
4. Inc'd qualification attainment with >40% of adults qualified to at least level 4, 68% of adults qualified to at least level 3 & >90% qualified to at least level 2, consistent with Leitch targets	-	✓	✓✓✓	✓✓✓	✓✓✓
5. Development and use of economically valuable skills leading to a reduction in skills gaps and shortages	✓✓✓	✓	✓✓✓		✓✓✓
6. Improved productivity resulting from an increase in work-related learning	✓✓✓	✓	✓✓✓	✓✓✓	-

Key: ✓✓✓ strong relationship; ✓ some relationship, but weaker/more indirect; - no real relationship

## 3: Programmes

3.1 The pages that follow present detailed proformas for the Programmes that have been identified in the context of the skills element of the Skills and Employability Theme.

<b>Programme name</b>	
<b>1: Skills for planning, delivering and managing sustainable communities</b>	
<b>Objectives and key components</b>	<p>The East of England has ambitious growth plans. However, this growth must be delivered in a way that contributes to the development of genuinely sustainable communities. This will require a broad range of skills – skills which are already in short supply.</p> <p>This programme will increase the region's capacity to plan, deliver and manage sustainable communities. It will do so by:</p> <ul style="list-style-type: none"> <li>• increasing the skills of the sustainable communities workforce</li> <li>• improving access to, and take up of, good practice</li> <li>• supporting new ways of working across organisations and partnerships</li> </ul>
<b>Rationale for intervention</b>	<p>The East of England has committed to delivering substantial levels of planned growth – including a minimum of 508,000 net additional dwellings by 2021. This was a significant challenge even before the recent economic downturn.</p> <p>There is now a substantial literature of evidence addressing the skills constraints faced in tackling this growth agenda. The Egan Review of Skills for Sustainable Communities has shaped many of the recent initiatives. The ASC's 'Mind the Skills Gap' has updated much of the evidence base and largely confirmed the original findings. This national evidence has been supported by regional studies, for example, 'Regional Cities East Skills Audit' and 'The role of the FE sector in delivering sustainable communities skills' (forthcoming). There is also a wealth of anecdotal evidence which helps to paint a more detailed, if subjective, picture of the critical issues.</p> <p>However, the recent House of Commons Communities and Local Government Committee report, 'Planning Matters – labour shortages and skills gaps', suggests that little progress has been made in addressing the overarching skills shortages and gaps that exist. It concluded that</p> <p><i>“There is a significant risk that major Government targets for house-building and regeneration will be missed because the local government planning system is unable to manage the volume or variety of tasks required between now and 2020.”</i></p> <p>The long term nature of the problem suggests that the market alone will not achieve the desired outcome. There is still a massive shortage of housing but much of the demand is for affordable housing. Changes in development economics and the unavailability of finance means that people cannot afford to buy a home and house building rates are well below the required annual rate of completions.</p> <p>The holistic nature of sustainable communities means that each project generates externalities that the market does not address. Good development schemes can contribute to successful sustainable communities in many indirect ways and the quality of the professionals contributing to such schemes is a critical factor in the scale of these externalities.</p>
<b>Stage of development and delivery timescale (including phasing)</b>	<p>The challenge to supply the skills to plan, deliver and manage sustainable communities is an on-going one. Many of the growth plans currently identified will not have been built out by 2021. And those that have will have on-going management needs.</p> <p>However, many of the building blocks are already in place or are in the process of being established. Inspire East, the regional centre of excellence for sustainable communities has been operating since 2005. It is now well established and is making an increasing impact. Improvement East, the Regional Improvement &amp; Efficiency Partnership, has identified issues such as economic development, the growth agenda and community empowerment as priority areas for its delivery plan. The Homes &amp; Communities Agency is currently being established and will have an important remit with regards the skills agenda. There are a host of other bodies that contribute to the agenda such as Sector Skills Councils, training providers (including HEIs and FE colleges) and professional institutes.</p>

	The region has a competitive edge in some aspects of sustainable communities such as renewable energy and environmental technologies.
<b>Resource requirements, including total cost. Public sector funding secured, public sector funding required, and gap</b>	<p>It is impossible to quantify the resources required to meet this agenda. To some extent it is not about financial resource but more about a commitment to take collective responsibility for delivering solutions. Much is already being done but it could be better co-ordinated.</p> <p>Inspire East, Improvement East and HCA working together would provide a powerful force for change. Working together they not only need to coordinate resources focused on this agenda but make sure it is appropriately supported through mainstream programmes. For example, mainstream resources such as business support and training programmes, careers services and HEFCE funded HE provision should all be treating the sustainable communities 'sector' as a priority for their support.</p> <p>There is also scope to improve the coordination of national services delivered into the region through agencies such as CABE, English Heritage and the Environment Agency. (This is not a criticism of these bodies, simply a recognition that they have a critical role to play)</p> <p>Other regional initiatives (such as the proposed Strategic Development &amp; Research Unit) will also need to link to this programme.</p> <p>Much of the resources required to increase capacity will come from the employers of sustainable communities professionals themselves whether that be public sector (eg. Local Authorities), third sector (eg. Housing Associations) or private sector (eg. construction companies)</p>
<b>Delivery processes and responsibilities</b>	<p>The key players in this agenda are EEDA (Inspire East), EERA (Improvement East) and HCA (Homes &amp; Communities Academy). The route by which the existing plethora of initiatives and services is better coordinated is yet to be determined. However, the EEDA led review of 'Skills for sustainable communities in the East of England' recommended</p> <p><i>"That the region support the need for a single lead agency to act across all aspects of the regeneration and growth skills agenda, across all sectors, and which is recognized as the prime resource within the region and that as Inspire East has established recognition and reputation it should continue to be supported by the region and should form the focus of developing future arrangements."</i></p>
<b>Key constraints and issues regarding delivery</b>	The key constraint is a political one. A shared vision is required that sets out what the delivery model should look like and who should be responsible for it. There is a broad consensus on the issues and actions required.
<b>Expected outputs and outcomes</b>	<ul style="list-style-type: none"> <li>• increasing the skills of the sustainable communities workforce             <ol style="list-style-type: none"> <li>1. evidence of influencing skills strategies and provision (eg. new courses launched)</li> <li>2. evidence of increased take up of skills activity</li> </ol> </li> <li>• improving access to, and take up of, good practice             <ol style="list-style-type: none"> <li>1. production of good practice resources</li> <li>2. evidence of use of key resources and services (such as Strategic Development &amp; Research Unit referred to elsewhere)</li> <li>3. increased number of East of England projects winning national/ international awards</li> <li>4. achievement against specific standards such as Code for Sustainable Homes</li> </ol> </li> <li>• supporting new ways of working across organisations and partnerships             <ol style="list-style-type: none"> <li>1. new working practices initiatives</li> <li>2. improvement in LA performance (measured through CAA)</li> </ol> </li> </ul>
<b>Link to high level RES/RSS outcomes</b>	<p>This programme would directly support the following high level targets:</p> <ul style="list-style-type: none"> <li>• net additional dwellings</li> <li>• affordable housing</li> <li>• water consumption</li> </ul>

	<ul style="list-style-type: none"> <li>• carbon dioxide emissions</li> </ul> <p>It would indirectly support:</p> <ul style="list-style-type: none"> <li>• Skills – Leitch targets (particularly at higher levels)</li> <li>• jobs growth</li> <li>• GVA per capita</li> </ul>
<b>Spatial Dimensions</b>	The programme should support the planning, delivery and management of sustainable communities across the region. However, it should be focused on the 'engines of growth' and the 'coastal regeneration priority area'.

Programme name	2: Generating and retaining more graduates within the East of England
<b>Objectives and key components</b>	<p>The objectives linked to this programme are essentially three-fold:</p> <ul style="list-style-type: none"> <li>• to increase progression to post-compulsory learning through: <ul style="list-style-type: none"> <li>○ Specific collaborative initiatives to incentivise learning supply to signpost learners towards further learning to reach their maximum potential in the labour market</li> <li>○ Co-ordination of the many links between local employers and the various tiers of the learning supply side, to ensure that learning progression routes are appropriate to the local and regional economy</li> </ul> </li> <li>• to ensure appropriate provision of FE/HE, particularly in those parts of the region that are set to grow quickly and where there is currently under-provision, and encouraging new delivery models (with strong business input) through: <ul style="list-style-type: none"> <li>○ Completion of current HE developments in the region by 2015, linking HEFCE and LSC capital investment programmes effectively.</li> <li>○ Encourage existing HE and new HE sites to expand the range of workforce FE/HE provision based within business clusters.</li> <li>○ Support FE/HE development of new, flexible and accessible vocational provision, assured through the Sector Skills Councils and involving local businesses.</li> <li>○ to ensure that high quality opportunities (mainly jobs but also appropriate, houses, etc.) are available within the region post-graduation, and that new graduates are aware of them through: <ul style="list-style-type: none"> <li>○ Expand the Grads East Programme/First Move East to include FE graduates.</li> <li>○ Expand First Move East directory of graduate job opportunities to include information on housing, key workers schemes etc.</li> <li>○ Explore mechanisms for targeting specific business sectors and with EEBG members, sector groups and professional bodies.</li> </ul> </li> </ul> </li> </ul>
<b>Rationale for intervention</b>	<p>Despite joint public investment for HE, FE and schools, the region remains a low skill, low wage economy. While A level results are average, FE Level 3 remains low and progression to HE from our region's young people from both school and FE College is lower than national average. For working adults, skills levels remain obstinately low, and registered unemployed adults record low skills levels.</p> <p>Meanwhile our employers report that they have skills shortages at technical and post-graduate levels; that young people do not have the right skills when entering work, and highly skilled vacancies are recruited nationally and globally.</p> <p>The region's workforce productivity is not in line with the region's GVA – government priorities remain biased towards funding young people and working adults to acquire lower end qualifications without appropriate systems to encourage progression up the skills ladder to reach maximum potential.</p>

	<p>Workforce productivity is not impacted below Level 3 skills, and it is not until Level 4 that BERR/DIUS articulate a clear productivity gain:</p> <ul style="list-style-type: none"> <li>- 10% uplift in graduates in the workforce = 13% increase in GVA.</li> </ul> <p>In a knowledge driven economy, which is where the region's current strength and economic growth is rooted, the skills levels of the workforce are crucial. As the cycle of the economic downturn progresses, the knowledge base of the region will be the key differentiating factor in maintaining national and global competitiveness and this will directly contribute to survival.</p> <p>In the longer term, to 2021, the region must continue to focus upon growing the proportion of technical and higher skilled within the workforce, to provide both businesses and individuals with the best chance of remaining secure and competitive within the English regions, in Europe and globally.</p>
<p><b>Stage of development and delivery timescale (including phasing)</b></p>	<ul style="list-style-type: none"> <li>• to increase progression to post-compulsory learning: <ul style="list-style-type: none"> <li>○ Discussion only at this stage. This will be a concerted attempt to bridge the gaps between school, FE and HE policies. The separation of school, FE and HE systems make it difficult to achieve a coherent approach across the skills supply silos. <b>Priority for EESCP 2009 - 2012</b></li> <li>○ It is well documented that learners tend to remain within the learning systems for longer in response to a recession – indeed we are already seeing data which suggests that this is happening in both FE and HE. This tendency may make progression 'bridging' easier.</li> <li>○ The machinery of government changes in 2012 will impact on our ability to influence collaborative approaches between schools and FE: the YPLA could play a role here.</li> <li>○ Compulsory learning will extend to 18 by 2013-15. This is currently planned to be largely full time education in school and FE. Beyond 2015 it should include workplace learning.</li> <li>○ The HE system remains a national/HE institutional relationship, which makes regional collaboration in this arena difficult. However, the region's HEIs are amongst the best nationally at working together where they all see benefits. A refreshed approach and Strategy from AUUE will begin this process from April 2009.</li> </ul> </li> <li>• to ensure appropriate provision of FE/HE, particularly in those parts of the region that are set to grow quickly and where there is currently under-provision, and encouraging new delivery models (with strong business input): <ul style="list-style-type: none"> <li>○ Current HE expansion (five new HE sites located within the key growth areas of the region) completes in 2015. Concerns about BERR raids to finance national recession package threatening the final HE development in Thurrock; and in the increase of HE places within FE during the FE capital Investment programme 2006 - 2011.</li> <li>○ to ensure that high quality opportunities (mainly jobs but also appropriate, houses, etc.) are available within the region post-graduation, and that new graduates are aware of them:</li> <li>○ Current Grads East contract with EEDA goes to 20010/11. Have ability to expand this so that by 2011/12 a new, expanded system is in place which addresses the broader issues suggested. (Will be a thread in AUUE Strategy).</li> </ul> </li> </ul>
<p><b>Resource requirements, including total cost. Public sector funding secured, public sector funding required, and gap</b></p>	<p>Capital: - Would need partnership discussions but remaining HE/FE sites are around £300m across all partners. Additional HE in FE developments could be twice that to 2011.</p> <p>Revenue – Relatively minimal since programme seeks to join up the skills delivery silos rather than start new delivery. Guess at £500k across all partners 2009 – 12. However, beware mainstream funding changes to reflect recession – currently becoming more flexible but this cannot be guaranteed.</p>
<p><b>Delivery processes and responsibilities</b></p>	<p>Process- through EESCP partners. Key partners AUUE and HEIs, LSC, JCP, until</p>

	2012, then LSC replaced with SFA and YPLA.
<b>Key constraints and issues regarding delivery</b>	Future of EESCP as a strategic partnership – awaiting government advice on role of RSPs. Research into future of EESCP in the region suggests that it is useful at operational level, but constrained by amount of (relatively small) flexible funding needs to gain added value through alignment. Current squeeze on RDA budgets as the last ‘flexible source’ are constrained in the short term/
<b>Expected outputs and outcomes</b>	<ul style="list-style-type: none"> <li>○ Increase in % workforce with L3 and HE skills – details to be determined, but ensuring they are reflected in LAA plans going forward.</li> <li>○ Data collection about progression through FE levels 2 – 4 and between FE and HE, to provide direct measure of the productivity gain from skills for 14 – 19 and for adults.</li> </ul>
<b>Link to high level RES/RSS outcomes</b>	<ul style="list-style-type: none"> <li>○ Increase in % graduate workforce (L4 PSA target)</li> <li>○ Achievement of LSC L3 PSA targets</li> </ul>
<b>Spatial Dimensions</b>	The programmes are regional, but impact at local level, linked to LAA and growth areas.

<b>Programme name</b>	<b>3: Workforce skills to underpin a world class economy</b>
<b>Objectives and key components</b>	<p>The objectives of this programme are:</p> <ul style="list-style-type: none"> <li>• to increase rates of progression to level 3 and beyond <ul style="list-style-type: none"> <li>○ The progression activities in 1. above:</li> <li>○ Target adult apprenticeships at L3/ technical levels</li> </ul> </li> <li>• to focus especially on science, technology, engineering and maths (STEM subjects) with a view to equipping the current and future workforce of the region with the skills and competencies that employers – including those in higher technology sectors and clusters (consistent with the ambitions of the innovation agenda) – will need <ul style="list-style-type: none"> <li>○ Specific mapping of STEM based skills shortages at L3 and 4, match against STEM strength schools/ FE colleges. Identify locations where STEM provision should be encouraged at FE L3,4 and HE.</li> <li>○ Involve SEMTA in developing business driven STEM provision L3 and above with identified FECs and HEIs.</li> <li>○ Identify specific post-graduate courses which have links to this new STEM provision and provide direct opportunities for progression.</li> </ul> </li> </ul>
<b>Rationale for intervention</b>	<p>Despite joint public investment for HE, FE and schools, most of the region remains a low skill, low wage economy. While A level results are average, FE Level 3 remains low and progression to HE from our region’s young people from both school and FE College is lower than national average. For working adults, skills levels remain obstinately low, and registered unemployed adults record low skills levels.</p> <p>Meanwhile our employers report that they have skills shortages at technical and post-graduate levels; that young people do not have the right skills when entering work, and highly skilled vacancies are recruited nationally and globally.</p> <p>The region’s workforce productivity is not in line with the region’s GVA – government priorities remain biased towards funding young people and working adults to acquire lower end qualifications without appropriate systems to encourage progression up the skills ladder to reach maximum potential. Workforce productivity is not impacted below Level 3 skills In a knowledge driven economy, which is where the region’s current strength and economic growth is</p>

	<p>rooted, the skills levels of the workforce are crucial. As the cycle of the economic downturn progresses, the knowledge base of the region will be the key differentiating factor in maintaining national and global competitiveness and this will directly contribute to survival.</p> <p>In the longer term, to 2021, the region must continue to focus upon growing the proportion of technical and higher skilled within the workforce, to provide both businesses and individuals with the best chance of remaining secure and competitive within the English regions, in Europe and globally.</p> <p>The region's innovation capacity is hampered by dogged skills shortages at L3/ technician levels. This is particularly apparent in the sectors where science, technology, engineering and maths (STEM) subjects are needed. There is a distinct lack of provision at L3 and L4 for these skills, despite improved school results in related subjects.</p>
<p><b>Stage of development and delivery timescale (including phasing)</b></p>	<ul style="list-style-type: none"> <li>• to increase rates of progression to level 3 and beyond             <ul style="list-style-type: none"> <li>○ The progression activities in 1. above:</li> <li>○ Adult Apprenticeships at L3. Discussions just beginning, but likely support from LSC during the recession due to additional flexibilities. Possible pilots 2009/10, if we can get LSC agreement.</li> </ul> </li> <li>• to focus especially on science, technology, engineering and maths (STEM subjects) with a view to equipping the current and future workforce of the region with the skills and competencies that employers – including those in higher technology sectors and clusters (consistent with the ambitions of the innovation agenda) – will need.             <ul style="list-style-type: none"> <li>○ STEM mapping and analysis, through RIC 2009/10 (n.b. possible funding constraint.)</li> <li>○ Engage SEMTA in active work in the region with appropriate businesses on bespoke L3 provision, including flexible workplace based offering. 2009 – 11</li> <li>○ Develop links with post-grad provision through AUÉE and include them in contacts with SEMTA and the region's business base, to ensure provision allows for further progression. 2010/11</li> </ul> </li> </ul>
<p><b>Resource requirements, including total cost. Public sector funding secured, public sector funding required, and gap</b></p>	<ul style="list-style-type: none"> <li>○ - Resource requirements are minimal - joint funding of mapping and analysis (£100k)</li> <li>○ - Some funding of bespoke business-driven provision at L3 which should be a collaborative public/private investment in curriculum development (£500k?)</li> </ul>
<p><b>Delivery processes and responsibilities</b></p>	<ul style="list-style-type: none"> <li>○ - Process- through EESCP partners. Key partners AUÉE and HEIs, LSC and FECs until 2012, then LSC replaced with SFA and YPLA.</li> </ul>
<p><b>Key constraints and issues regarding delivery</b></p>	<p>Future of EESCP as a strategic partnership – awaiting government advice on role of RSPs. Research into future of EESCP in the region suggests that it is useful at operational level, but constrained by amount of (relatively small) flexible funding needs to gain added value through alignment. Current squeeze on RDA budgets as the last 'flexible source' are constrained in the short term/</p>
<p><b>Expected outputs and outcomes</b></p>	<ul style="list-style-type: none"> <li>• Clear and additional L3 apprenticeships offer – promoted through Train to Gain/BL. (500 by 2015?)</li> <li>• Increased STEM provision linking schools with HE –targeting both 16-19 learners and workforce. (1,500 STEM places at FE L3 offered to 16-19 learners + 500 work based L3)</li> </ul>
<p><b>Link to high level RES/RSS outcomes</b></p>	<ul style="list-style-type: none"> <li>• Increased technical/L3 skills in the workforce.</li> </ul>

<b>Spatial Dimensions</b>	This will depend upon the mapping exercise, but current knowledge may suggest each county has an identified need.
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<b>Programme name</b>	<b>4: Gearing provision to be demand-led and responsive to the needs of employers</b>
<b>Objectives and key components</b>	<ul style="list-style-type: none"> <li>• to encourage businesses of all sizes take training seriously and invest in it, and to engage with mainstream providers             <ul style="list-style-type: none"> <li>○ Promotion of 'Bizmapeast' and the developing 'Talentmap' to ensure region's businesses have web access to signposting.</li> <li>○ Continued work to align Train to Gain Brokerage Service with Business Link East.</li> <li>○ Formal inclusion of FE Brokerage service as it develops from 2009.</li> <li>○ New aligned promotion of the HE offer to businesses for higher level skills, business support and innovation/knowledge transfer.</li> </ul> </li> <li>• to encourage providers to be flexible in response to the needs articulated by businesses             <ul style="list-style-type: none"> <li>○ Specific incentives for the development of flexible provision, where it is driven by direct business demand, at FE and HE levels.</li> </ul> </li> <li>• to use existing and established sector groups/bodies as a key conduit for engaging with the relevant business communities             <ul style="list-style-type: none"> <li>○ New approach to engagement with business groups on the whole skills agenda</li> <li>○ Develop relationships with professional bodies to secure their engagement on high level skills issues.</li> <li>○ Aligned and consistent information flow to our business base across the whole skills offer (from schools, FECs and HEIs).</li> </ul> </li> </ul>
<b>Rationale for intervention</b>	Mainstream funding of FE and HE remains dominated by qualifications aimed at full time learners. The supply-side need incentives to support activities to drive up business demand, and then further incentives to develop bespoke and flexible provision which meets that demand. Despite increasing flexibilities in both LSC and HEFCE funding in this arena, the funding remains tied to the learner. Our supply-side need to be helped to develop demand from businesses and then to design appropriate learning solutions.
<b>Stage of development and delivery timescale (including phasing)</b>	<p>Some of these activities are starting already:</p> <ul style="list-style-type: none"> <li>○ the Talentmap is being developed to respond to a request from the Regional Minister. Completion Spring 2009</li> <li>○ TTG/BL brokerage alignment is part of a national process going live from April 2009, Aligned CRM was achieved 2008.</li> </ul> <p>Of the rest these are suggestions that have come up through the EESCP debate post RES, linking to JIP and RFA. None of them have yet been articulated as work plans, but this could be achieved relatively quickly through the EESCP during 2009/10.</p>
<b>Resource requirements, including total cost. Public sector funding secured, public sector funding required, and gap</b>	<p>The majority of activity requires core promotional and publicity funds – say £100k per year</p> <p>The incentive budget must be significant if it is to result in sufficient new provision early in the timeline. Perhaps £1m per year split between HE and FE.</p>

	(nb budget constraints unless we achieve special government pot for this purpose).
<b>Delivery processes and responsibilities</b>	- Process- through EESCP partners. Key partners AUÉE and HEIs, LSC and FECs until 2012, then LSC replaced with SFA and YPLA. Also new engagement with business groups and professional bodies.
<b>Key constraints and issues regarding delivery</b>	Future of EESCP as a strategic partnership – awaiting government advice on role of RSPs. Research into future of EESCP in the region suggests that it is useful at operational level, but constrained by amount of (relatively small) flexible funding needs to gain added value through alignment. Current squeeze on RDA budgets as the last 'flexible source' are constrained in the short term/
<b>Expected outputs and outcomes</b>	<ul style="list-style-type: none"> <li>• Measurable increase in business take-up of FE and HE provision, both full-time and flexible courses.</li> <li>• There are issues about how this is counted within HE – early plans with AUÉE about establishing some regional data collection.</li> </ul>
<b>Link to high level RES/RSS outcomes</b>	Achieving the skills targets.
<b>Spatial Dimensions</b>	This has to be regional, although there may well be a case for additional focus on the growth areas.

## Annex A: EESCP – Adult Skills and Employment Strategy for the East of England

A.1 In developing the Skills element of the Skills and Employability Theme, account has been taken of the substantial work already completed by the East of England Skills and Competitiveness Partnership (EESCP) in developing and Adult Skills and Employment Strategy for the East of England. The strategy was put together by a group of partners which includes the LSC, Job Centre Plus, EEDA, EERA, GO-East, AUUEE, and others. Its principal components are summarised in the Table below.

Adult skills and employment strategy for the East of England	
Strategy element	High level action
Regional operational model.	Develop and continuously improve a cohesive operational model to ensure ongoing clear understanding and support the effective coordinated delivery of skills and employment services and products.
Develop a range of simplified and tailored offers which will engage and motivate employers	Ensure understanding of skills development and employment needs of employers.
	Align government-funded training and qualifications with employers' own skills development activities.
	Develop tailored offers for employers based on occupational sectors, size of business and location.
Develop a range of simplified and tailored offers which will engage and motivate employees	Explain skills development benefits to employers and the services and funding available to support them.
	Ensure understanding of skills and employment development needs of employees.
	Encourage older workers to continue to use, increase and develop their skills.
Develop a range of simplified and tailored offers which will engage and motivate workless individuals.	Harness the potential contribution of migrant workers.
	Provide effective IAG and mentoring-style support to employees.
	Ensure understanding of skills development and employment needs of workless individuals.
Develop a range of simplified and tailored offers which will engage and motivate graduates.	Move people from welfare to work
	Provide effective IAG and mentoring-style support to workless individuals.
	Equip school leavers with employability skills.
Develop a range of simplified and tailored offers which will engage and motivate communities.	Ensure understanding of skills development and employment development needs of graduates.
	Develop products and services aimed at increasing the number of graduates in the region.
Communicate offers to stimulate progression into employment.	Ensure understanding of skills and employment development needs of communities.
	Provide effective IAG and mentoring-style support to communities.
Communicate offers to stimulate progression into employment.	Explain skills and employment development benefits to individuals and encourage them to use the service and funding support available.
	Communicate information about employability skills.
	Communicate information about moving people from welfare to work
	Communicate simple 'pathway descriptions'.

Communicate offers to stimulate retention <i>and</i> progression within employment	Explain skills and employment development benefits to individuals and encourage them to use the service and funding support available.
	Communicate tailored information to graduates.
	Communicate tailored information to employees, including older employees.
	Communicate tailored information to migrant workers.
	Communicate simple 'pathway descriptions'.
Simplify and coordinate 'single agency' and 'cross-agency' delivery arrangements – with a view to future integration – where this adds value for employers, employees, individuals and communities within the East of England and/or is required by Government policy change.	Develop and continuously improve a cohesive operational model to ensure ongoing clear understanding and support the effective coordinated delivery of skills and employment services and products.
	Agree joint targets with clear accountability.
	Ensure effective measures, targets and feedback processes.

## **Annex B: Skills: Literature Review**

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- B.1 As an early input into the development of the Theme Advice, a review of key literature relating to long term skills issues was completed. The key findings from this review are set out below.

### **Baseline Analysis and Projected Performance against Targets, 2007**

- The East of England's qualifications profile compares unfavourably to other regions
- Improvements have been made since 2001, but not in relation to other regions, which means that the East of England is slipping down the league tables
- Based on past performance, the East of England will not achieve the targets that have been set nationally and regionally
- Achieving the targets at level 2 and above represents the biggest challenge
- There is significant variation in performance within the region. Qualification attainment at all levels is high in Hertfordshire and Cambridgeshire, with some districts already exceeding targets set for 2011, 2014 and 2020. However, across much of the region, the targets represent a huge challenge particularly in coastal areas such as Tendring, Thurrock, Castle Point and Great Yarmouth, rural areas such as Basildon, Breckland and Fenland and more deprived urban areas such as Luton.

#### **Implications**

- Significant extra intervention is needed to achieve skills targets and improve the competitiveness of the East of England against other regions
- There is a strong case for spatial targeting to improve attainment/ participation/ aspirations in coastal, rural and deprived urban areas

### **Working Futures Occupation and Sector Projections, 2007-17**

- B.2 When looking at the types of job (by occupation) that will be available in 2017, demand for higher level skills is projected to increase. Between 2007 and 2017, the largest increases in employment by occupation – taking into account expansion demand and replacement demand – are expected to be among managers and senior officials (252,000 people), associate professional and technical occupations (191,000 people) and professional occupations (190,000 people).
- B.3 However, it is important to note that employment is also expected to increase significantly in some traditionally low-skilled occupations highlighting that lower level skills will still be demanded. However – as specified in Leitch – the type of lower level skills that will be demanded is shifting towards service sector jobs – hence changing the type of lower-level skills that will be required.

- B.4 Breaking down occupations to a more detailed level highlights increased demand across all levels. Those occupations expected to see the biggest increases in employment (expansion demand and replacement demand) are corporate managers (214,000), caring personal service occupations (103,000), elementary: admin/service occupations (90,000), administrative occupations (83,000) and business/public service associate professionals (83,000).
- B.5 Looking at sectors, those sectors expected to see the largest additional demand for workers – taking into account expansion demand and replacement demand – are health and social work; retailing; professional services; education; and other business services. Evidence suggests that among those sectors expected to see the largest growth in jobs, the largest increases in employment are likely to be among higher level occupations.

#### Implications

- Ensuring that skills are available to fill additional jobs across all types of occupation.

### Leitch Interim Report, 2005

- B.6 This report presented some initial findings of the Leitch Review, including the outputs of some modelling work to assess the likely profile of skills in 2020 based on current trajectories and the optimal skills mix in 2020.
- B.7 The report stressed that it would not aim to predict the impact of future technological advances on demand for/supply of skills and then attempt to set out the skills it believed would be necessary. Rather, it stressed the needed to ensure that the UK is well placed to respond flexibly to new global challenges and opportunities. Flexibility can be enhanced by:
- ensuring that the skills delivery mechanism is accessible and flexible so that individuals are able to choose the skills and qualifications they wish to gain
  - ensuring that individual are guided by signals about the skills that businesses need most
  - ensuring that individuals have the opportunity to gain skills that enhance flexibility (skills that are transferable across occupations).
- B.8 Key transferable skills are set out below

#### **Lower end:**

- customer handling, team working and communication skills – increasingly essential in the expanding service sector jobs, such as the hospitality and personal services
  - literacy and numeracy skills – already standard requirements in most jobs
  - IT skills – once seen as a higher level skill but now a standard requirement in most jobs
- B.9 It is important to note that the type of demand at the lower end of the labour market is shifting further toward service sector jobs, which require different types of skills to the low-skill jobs, such as basic manufacturing, they are replacing. These shifts in the type of jobs mean that

changes in the labour market are not as simple as increased demand at the top end at the expense of jobs at the low-skill end.

**Higher end:**

- analytical skills – to help workers to take advantage of advances in technology and drive change through innovation
  - high-level communication, planning and problem solving
- B.10 The transferable nature of these skills raises important questions about training and supply, as transferable skills, which would raise the longer-term productivity of the workforce, may not match in all cases to the needs of individuals' current jobs.
- B.11 The report also assessed the impact of population change, including:
- Significantly more people in the workforce aged over 50 by 2020, meaning more people will have to retrain as the rate of change and innovation increases
  - More women and people from ethnic minorities in the workforce, meaning that employers must ensure that their recruitment, retention and development strategies enable them to make the most of all the talent available to them
- B.12 In terms of sector and occupational profiles:
- The shift from primary and manufacturing-based sectors towards service-based sectors is likely to continue
  - Greater use of higher-level occupations. Managers and senior officials, professional occupations, associate professional and technical occupations will have the largest rises in their share of total employment – the occupations will make up about half of the total demand for employment between now and 2020.
  - However, different trends are expected within these broad occupations, for example, within the managers and senior officials group, corporate managers are projected to increase significantly, but managers and proprietors have a projected negative expansion demand.
  - There are also large increases for occupations that employ less-skilled labour. Personal service occupations and sales and customer service occupations also see relatively large positive changes to their levels of employment.
  - Taking replacement demand into account, all occupational groups have a positive demand for new employees to 2020, while implies that a supply of people with the appropriate skills must be available to fill jobs at all levels of the occupational spectrum.
- B.13 In terms of the likely supply of skills available in 2020, projections suggest a steady improvement in the qualifications held by the working age population. In particular, there is likely to be a marked decrease in the proportion with no qualifications (although there will

still be significant numbers in the workforce with very low levels of qualifications) and a significant increase in the proportion of individuals with a qualification at Level 4 or above. There is likely to be little change in the overall proportion of the population with a Level 2 or 3 qualification, primarily because of the high rates of progression from these qualifications to Level 4 and above amongst younger groups, for example from 'A'-levels to a degree.

- B.14 Comparing projections of supply and demand, there could be an 'over supply' of working age people with no or low qualifications by 2020. Hence, any behavioural change that results in greater use of higher-skilled workers in the economy will clearly imply greater disadvantage for those with lower-level skills. There could potentially be too few people with Level 3 qualifications – due to progression to higher levels – meaning that increasing the proportion of people at Level 2 with progression opportunities to Level 3 will be important. Supply at higher levels is expected to be broadly consistent with the direction of employment at higher levels *on current trends*. Hence there may be little capacity within the working age to move towards a higher-skilled economy.

#### Implications

- Ensuring individuals are equipped with transferable skills – at both ends of the labour market. Challenge of meeting this requirement given that these skills are not always formally assessed as part of a qualification.
- Ensuring that there are clear signals about the skills businesses need – case for ensuring adequate intelligence gathering and dissemination
- Meeting the requirements of changing demography, including providing older workers with adequate opportunities to retrain
- Ensuring sufficient supply of higher level skills to meet increased demand among higher skilled occupations, particularly if extra interventions are made towards a higher skilled economy than predicted based on current trends
- Ensuring individuals at the lower end of the labour market have suitable skills to meet changing demand (continued move from production to services)
- Ensuring that increasing the supply of higher level skills does not result in a deficit at level 3 and supporting those at the lower end – where supply may exceed demand – to progress to intermediate and higher levels.

## Employment and Skills in the Knowledge Economy, Local Futures for DTI

- B.15 This report sets out a conceptual framework for understanding knowledge-driven economic development and highlighted that the knowledge economy revolves around skills. Key findings and recommendations for moving towards a knowledge-driven economy were as follows.

- **Local response:** There can be no one-size-fits-all approach – the regional knowledge economy agenda has to take account of local priorities and the assets each local area possesses.

- **Joined-up skills policy 1:** LSCs and JCP have the main skills budgets and focus this expenditure on the national priority of low skills – level 2 and basic skills. However, the reality of business spending on training is that much is on higher level learning for managers, professional and skilled technical staff.
- **Joined-up skills policy 2:** the key factor limiting university-business partnerships is a lack of demand from businesses – many businesses are not prepared to use the public sector and many universities cannot offer the very fast timescales that businesses work to.
- **Public sector driver:** The public sector has a major role to play in the knowledge economy, particularly where business drivers are relatively weak. The public sector also has a strong presence in all regions.
- **Knowledge-driven regeneration:** Regeneration strategies have tended to be dominated by ‘bricks and mortar’ and less attention has been given to intangible factors – skills, learning, knowledge and innovation – that the Government sees as being critical to the knowledge economy.
- **Institutional learning and knowledge management:** Learning in the knowledge economy happens mostly in workplaces. From a knowledge economy perspective, the scope, depth and quality of the learning experience is the key to improving productivity and competing successfully.
- **Brain drain:** To be successful in the global knowledge economy, regions must develop, attract and retain talented people. Young people moving at the age of 18 or 19 are likely to be leaving home for university. Yorkshire and the Humber has the largest net gain of young people to its many and large universities, while the East of England loses out. There is then a huge rush of 20-24 year olds (probably graduates) to London for the more attractive, higher-paid, knowledge-based jobs in the capital, with every other region having a net loss of 20-24 year olds. These young people leave London between the ages of 25 and 34, maybe to start a family, buy a first home or seek a higher quality of life. This age group go to the commuter areas around London (South East, South West and East of England) rather than return to the north.
- **Southern England specific issues:** each southern region is split into leading and lagging sub-regions and the business knowledge economy essentially follows the London fringe with a spur to Cambridge.

#### Implications

- Local response: RDAs should, in collaboration with the Government Offices, Regional Assemblies and LGA, develop programmes of work that encourage, promote or back local authority knowledge economy policies and actions.
- Joined-up skills policy 1: RDAs need to influence the main budget holders – LSC and JCP – to meet the wider skill needs of the region where these do not mesh exactly with national priorities

- Joined-up skills policy 2: RSPs could help to develop more effective regional innovation systems, working with universities and HE/FE partnerships to develop and promote good practice, as a basis for increasing the demand for knowledge, learning and higher skills in all sectors
- Public sector driver: public sector could proactively 'drive' the knowledge economy in all regions through recruitment and training policies (e.g. graduate placements, two way secondments with the private sector) and procurement (working with local suppliers, requiring quality standards from the private sector, discounting the costs of necessary innovations or training, and creating opportunities for knowledge exchange and accumulation)
- Knowledge-driven regeneration: All regeneration areas should have a knowledge infrastructure that mobilises and mines talent, energises businesses and communities through new ideas and possibilities and drives innovation across all sectors.
- Institutional learning and knowledge management: RDAs could take the lead in developing knowledge management systems for economic development, which can be used for innovation diffusion initiatives and institutional learning.
- Brain drain: The 'brain drain' is a key indicator of how well regions and localities perform as knowledge economies – data and evidence on these human capital flows are essential. Local action must address this 'brain drain' by placing graduates and undergraduates with local businesses. RDAs and RSPs need to monitor the 'brain drain' and identify successful measures that influence migration decisions.
- Southern England specific issues: The policy skill lies in developing effective local and sub-regional dimensions to the regional economic and skills strategies, while maintaining a strong sense of regional direction and identity. With the lack of a dominant 'city region' (other than London), it needs to create a dynamic 'poly-centric' region which drives and spreads growth and innovation across the wider area.

## Expansion Scenarios: Higher Education in the East of England, KPMG, 2003

- B.16 This report assessed the potential future demand for HE in the region up to 2010, how far HE capital expansion plans would meet this demand and how any gaps might be met.
- B.17 Future demand: HE student numbers in the East of England forecast to grow by 31.6% between 2001-2010 to 163,900 (due to an increased percentage of full time students choosing to study in the East of England and projected growth in overseas students)
- B.18 Capacity to meet future demand: The maximum growth in student numbers expressed by an institution during the consultations was 20% - less than the growth projected by the demand assessment.

### Implications

- Improve opportunities for flexible learning to improve access to higher education: develop work-based learning – rural access is still poor and the development of on-line provision is needed, as is the supply of hardware to access courses and content; the possibility of developing direct initiatives such as the University of Hertfordshire' bus routes to other parts of the region; develop local HE access centres to stimulate demand.
- Ensure that FE colleges have capacity to deliver higher education and foundation degrees

- Focus intervention at sector skills issues and attempt to address these through the establishment of 'centres of excellence' potentially aligned to institutions with relevant curriculum and research.
- Individual scholarships aligned to specific skills needs, linked to businesses and employment in the region, as a high proportion of students leave the region to study and not many return to take up work in the region.
- Flagship initiatives – there is a lack of management training and development in the region. The region should therefore examine how it might address this deficiency and how the RDA can assist in facilitating (through co-ordination and funding) such a regional project.
- Private training providers – particularly in relation to CPD – provide a significant amount of relevant training and it may be that further partnerships need to be brokered/funded by the RDA and partners (LLSCs, AUUE) to tap into this resource.

## **Annex C: Institutional restructuring as the context for developing Theme Advice**

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C.1 With regard to the skills element of the broader Skills and Employability Theme, the process of defining a regional response to the imperatives driven out of the two regional strategies has been beset difficulties. In part at least, this is because of the significant institutional flux that currently characterises this Theme. Some of the major changes – of relevance to key regional partners – are set out below.

### **Changes ahead**

C.2 In a White Paper, *Raising Expectations: Enabling the System to Deliver*, government set out plans to channel around 87% of total DCSF 16-19 funding to providers (mainly FE colleges, sixth form colleges and school sixth forms) via Local Authorities from 2010. This adds up to about £6.1bn by 2010 and will be part of a ring-fenced Local Authority education and skills budget. The two exceptions to this package at present are academies – where funding remains ‘outside’ – and apprenticeships where funding is currently split between DCSF and the Department for Innovation, Universities and Skills (DIUS) but is intended in due course to come under a new National Apprenticeship Service. The restructuring will mean an end to the Learning and Skills Councils.

C.3 For 14-19 year olds:

- it will put local authorities firmly in the driving seat to deliver education and training for children and young people aged 0-19, supporting the Government's commitment to raising the participation age to 18 by 2015;
- it will make local authorities responsible for delivering the full range of 14-19 entitlements including the new Diplomas, Apprenticeships and the Foundation Learning Tier;
- local authorities will be able to commission provision to meet demand from young people and employers.
- local authorities will work together with national agencies and the Regional Development Agency who will co-chair the regional level, to provide a coherent planning and funding system for FE colleges and providers.

C.4 For adult learners it will mean:

- the creation of a new Skills Funding Agency, to route funding to FE colleges and other providers to meet the demands of employers and learners;
- giving the Skills Funding Agency the lead role in sponsoring colleges and providers that the Agency will manage the creation and management of the new England-wide adult advancement and careers service, which will play a key role, with Jobcentre

Plus, in boosting individual demand for skills and guiding people to the right training to meet their needs and help change their lives; and

- that the Agency will eventually take over from the Learning and Skills Council the management of the new National Apprenticeship Service, with end-to-end responsibility for the Apprenticeships programme, including ultimate accountability for national delivery of targets.