

**Skills and Employer Engagement
Final Report Management Summary**

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Contents	Page
1.0 Management Summary	2
1.1 Introduction	2
1.2 Scope of Study	2
1.3 Key Findings	3
1.4 Recommendations	6
1.4.1 Priorities for LSEP People and Skills Theme	6
1.4.2 Skills Priorities for the Partnership	7
1.4.3 Priorities for Engaging Employers	8

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1.0 MANAGEMENT SUMMARY

1.1 Introduction

This report examines the skills priorities and employer engagement activities of agencies in Leicester Shire. The findings of the report are intended to help inform and define the priorities of the Leicester Shire Economic Partnership (LSEP) and its core partners in taking forward the skills agenda in the sub region over the next three years.

The LSEP board has identified skills as a key driver for sustainable economic growth but recognises that LSEP has a relatively limited budget to invest in this area. However, LSEP does have an important influencing role in working with the main skills agencies in the area to ensure that resources available are targeted to tackling the key sub regional priorities.

This study reviews the skills priorities of the LSEP's main partners and highlights those areas where LSEP resources could add most value, and also where LSEP might wish to focus its strategic priorities in engaging with and influencing the main skills agencies in the sub region.

The report explores a broad agenda but attempts, where possible, to offer specific recommendations to LSEP in taking forward its skills and employer engagement activities. These recommendations have been determined on the basis of an understanding of the strategic priorities of the main skills agencies and through consultation with a wide range of agencies operating in this area in the sub region.

1.2 Scope of study

The scope of this study is broadly defined, with the aim of informing the future planning of skills and employer engagement activity within the sub region. To achieve this, the study has focused its review on the strategic priorities of the key skills agencies with statutory or strategic responsibility for the management and planning of skills provision.

In addition, however, consideration has been given to the activities of the wider network of agencies and partnerships involved in the delivery of skills in order to try to establish a comprehensive understanding of the skills infrastructure and the relationship with employers. However, the detailed implementation plans of these agencies and partnerships have not been recorded in this report but reference made where appropriate. As described above the emphasis has been on the strategic objectives and priorities of organisations involved to try to maintain a focus on the detail provided.

The findings and recommendations have also been informed by the views of employers through a number of local representative organisations including the Chamber of Commerce, Institute of Directors and Leicester Business Voice.

The recommendations of the study are twofold:

- Firstly, recommendations specifically to LSEP to help determine the priorities for the People and Skills Theme over the next 3 years;
- Secondly, more broadly to LSEP and its core partners to inform future debate in taking forward the skills and employer engagement agenda within Leicester Shire.

The section below presents the key findings from the study, which is then followed by the specific recommendations.

It is important to note that at the time of writing this study a number of significant policy developments regarding the future priorities and funding of the main skills agencies are being announced. These include the implications of the Learning and Skills Council Agenda for Change, proposed restructuring within Jobcentre Plus and new Business Link delivery arrangements. These are all likely to have implications for how these agencies determine and deliver their priorities at a local level.

1.3 Key Findings

Based on the documentation review and the discussions with a range of organisations involved in skills and employer engagement activity, the report highlights a number of key findings. In summary these are:

- **There is a broad correlation between the priorities identified by LSEP and its partners, and the Employment Skills and Productivity (esp) Partnership strategy.** Section 5 maps out this correlation in more detail and also highlights the lead and supporting agencies involved in the delivery of these priorities. There is a general consensus amongst partners that the priorities agreed in the response to the esp document **remain relevant and appropriate** along with a strong recognition of the need for partners to work collaboratively to deliver against the esp action plan at sub regional level.
- **The skills priorities of the main agencies involved, broadly match those set out in the esp document.** Appendix 4 maps out in more detail the priorities of the main skills agencies against the esp action plan priorities. This illustrates that there is 'coverage' of the esp priorities at strategic level by the main skills agencies operating within the sub region. It is argued that this is a result primarily of the commitment of these organisations at regional level to the esp priorities which is translated into local planning.
- The review, concentrating primarily at strategic level, **has not identified any significant gaps or shortfalls** between the objectives of the main sub regional agencies and the esp priorities. Each of the esp priorities has a lead agency which will be responsible for driving the achievement of the plans main objectives and actions. This will be delivered to a large degree

through the sub regional partners including the newly formed County Employer Engagement Groups.

- However a common view across a number of partners interviewed for this study is that **there is a lack of strategic collaboration on skills priorities**, which needs to be addressed in order to provide the framework and focus for future resource and activity planning in the area.
- The study identified that partners feel there is a **'gap' in relation to how the priorities are addressed**. The example of the pressures within the Construction sector was given a number of times and that without a shared response to addressing the skills and labour pressures facing the sector at present, partners feel that the opportunity for local people to take advantage of the significant infrastructure developments within the city and county will be lost.
- Further there is a **lack of focus as to what the key priorities** for the sub region should be and partners would welcome the opportunity to work collaboratively to focus on concrete tasks that would have an immediate impact on the challenges facing the sub region.
- At the same time, partners are looking for **strategic leadership from the main statutory agencies on a core set of priorities** to provide an emphasis and focus for wider skills activities in the medium to longer term.
- However, partners recognise that there are a number of **immediate skills and labour market pressures facing the sub region particularly in the city**, and feel that time spent on preparing a joint strategy would divert resources away from the much needed focus on these immediate pressures.
- These immediate priorities relate primarily to the significant developments taking place in the sub region that will have considerable skills and labour demands in the short term. These include:
 - The physical regeneration and infrastructure developments, which have significant skills and labour supply implications for the construction sector
 - Supporting the growth of public services in particular the health service through the on going expansion of organisations operating in this sector
- Whilst there may be **general agreement as to what the broad range of priorities should be, it is felt by some that there are too many**, they aren't sufficiently specific, and that there can be tensions between funding and targets across the sector undermining the ability to collaborate on delivery of priorities.

- Consideration should be given to establishing a common agenda or master plan on skills, which **concentrates on a small number of significant priorities that all agencies can sign up to.**
- Whilst the **LSEP** has a relatively limited budget in comparison to the major skills agencies in the area, partners do feel that it has an **important role in facilitating collaboration** between the key agencies with the aim of maximising the impact of the resources available on the skills priorities and challenges for the sub region.
- As highlighted above, this study has identified **the lead agencies for each esp priority area, and also those organisations with a supporting or contributory role.** The lead agencies are defined as those with statutory or strategic funding or planning responsibilities for skills and the supporting or contributory organisations are those involved directly in delivery to individuals, communities or employers. This has illustrated the complexity of the skills infrastructure through the number involved, their own organisational priorities, and in some cases overlapping roles and responsibilities.
- The main skills agencies have significant resources for delivering skills provision within the sub region. However, these budgets are committed to the achievement of nationally driven targets and objectives with **limited local discretion.**
- With this limitation on the main public programme budgets, a number of partners feel that funding to stimulate more effective engagement of employers in the skills agenda is a **key priority.** Employer engagement is a central element to national, regional and local policies. However funding to effectively resource this activity is limited, particularly within the 'output driven' environment of funding.
- There is a view that **employers find the skills market complex, fragmented, and confusing.** The system needs simplifying in terms of the offer available to employers, how it can be accessed and what level of support is available.
- There is a wide range of **employer engagement activity** at strategic and operational level across the sub region, which takes a number of different forms. This report has focused on strategic issues relating to employer engagement activity. There are many other studies and reports that present good practice on implementing employer engagement activity, a number of which have been referenced in appendix 1 for further information.
- Section 6 of the report explores employer engagement in more detail and highlights the newly formed **County Employer Engagement Group** which will have a key role in delivering the priorities of the esp action plan. Engaging employers in skills activity is complex and partners feel that the

key challenge to be tackled is achieving the coherent and coordinated offer of support promised in the esp document.

- Partners also recognise that following on from this is a need to consider how the service providers will **most effectively communicate the offer and how to involve employers in supporting the delivery of this agenda.**
- There are many **barriers to engaging employers** in skills activity, which are explored in section 6 and these have been well researched and reported. The focus for LSEP and its partners will be to concentrate efforts and resource on identifying and tackling these barriers to achieve greater involvement of employers at all levels.
- However there are also examples of good practice, which LSEP must draw on in **driving forward the strategic relationship with employers** within the sub region.

1.4 Recommendations

The main report offers a number of recommendations to LSEP to take forward the debate with its core partners on skills and employer engagement activity in the sub region. This section presents a summary of these recommendations, firstly to LSEP to help determine the priorities for the People and Skills Theme over the next 3 years; and secondly more broadly to LSEP and its core partners to inform future debate in taking forward the skills and employer engagement agenda within Leicester Shire.

1.4.1 Priorities for LSEP 'People and Skills' Theme 2005/6-2007/8

Based on the findings of the study, the following recommendations are presented to LSEP to inform planning of priorities for the People and Skills Theme over the next three years:

- **Invest LSEP resources to pump-prime collaborative initiatives, which focus on Leicester Shire priorities.** LSEP should look to invest in the development or testing of approaches that bring together employers and service providers in tackling key skills issues in the sub region.
- **Take a lead on encouraging collaboration between key partners to define the key skills challenges facing the sub region.** The emphasis should be on supporting key geographical or sectoral initiatives and aim to provide a framework for focusing mainstream resources and where possible attracting additional discretionary funding.
- **Identify and commit resource to fund activity** to take forward and implement agreed skills and employer engagement actions in collaboration with partners. This may include funding a project manager to manage day to day activity.

- **Establish a work programme and delivery framework with key partners to tackle these skills challenges over the three-year period.** High level task groups, led by an appropriate skills partner and involving key skills agencies should be established to provide the strategic focus for tackling each skills challenge. A project management/delivery plan should be developed with short, medium and long term objectives that fit into partners planning time frames and should be revisited on an annual basis for updating.

1.4.2 Priorities for the Partnership

The following recommendations are presented to LSEP and its core partners to inform future debate on skills and employer engagement activity within Leicester Shire.

- **Determine a 'Common Skills Agenda' with short, medium and long term objectives.** Establish a high level working group involving the main strategic and statutory planning agencies, to determine and agree a core set of action-oriented objectives and priorities which focus on the specific skills needs within Leicester Shire. This will build on work done by the January group. The working group should be a small strategic group with a common focus and could evolve from existing partnerships. The action plan should focus on the short to medium term of up to three years but should consider longer term objectives and be driven by the priorities of the esp action plan. Consider funding a resource to support the work of this group and the action orientated task groups described below.
- **Focus collaborative efforts.** The common agenda should secure commitment from the skills sector to focus collaborative efforts on delivering against an agreed set of tasks. In the short term these should focus on the immediate challenges facing the sub region – including developments within the Construction industry, the expanding service and hospitality sectors, and reinvigorating the engineering sector through innovation and technology.
- The **difficulties and challenges of collaborative working** need to be recognised. Appropriate resources and expertise should be identified to focus on specific collaborative activity – a model that has been successfully applied through the Leicestershire and Leicester City Learning Partnership and also by LSEP through Leicester Shire Intelligence
- **Clarify relationships.** The agreed priorities for the sub region set out in the 'common agenda', must be shared with all those involved in delivering the skills agenda. The aim will be to ensure that the actions and priorities of the various agencies work to supporting the sub regional objectives and not only the individual organisation or partnership priorities.
- **Focus on the immediate priorities.** Establish action-orientated task groups to focus on addressing and investing in the identified priorities for

the sub region. Each of these groups should be led by one of the main strategic or statutory planning and funding agencies – primarily Jobcentre Plus, the Learning and Skills Council, Local Education Authorities or LSEP.

The task groups must have clear terms of reference; priorities and actions to be delivered within relatively short timescales and be focused on coordinating the activities of the various agencies involved in support of the agreed set of core priorities. The task groups should be accountable to the strategic group described above.

- **Address the medium to long term priorities.** The agreement of a common agenda as recommended in section 4 will provide the medium to long term framework for addressing skills priorities. The common agenda should outline the strategic priorities for the sub region, which organisations will work toward achieving on a collaborative basis.

It is also important that the strategic partners establish leadership to drive resourcing and implementation in the medium to longer term.

1.4.3 Priorities for Employer Engagement

This report also explores the theme of employer engagement in relation to the skills agenda. The following recommendations are intended to support partners in developing a more effective and coordinated approach to employer engagement. The recommendations focus primarily on the work of the newly formed County Employer Engagement Group (CEEG), which will have responsibility for coordination and local delivery of several aspects of the regional employment and skills priorities.

- **Agree a shared strategy, through the CEEG, for improvement of service provision to employers within Leicester Shire.** The strategy of the CEEG should:
 - Be driven by the priorities of the esp action plan, in particular Priority 2 (providing an integrated and demand-led offer of business support)
 - Agree 'local branding' of regional priorities to secure commitment of partners to delivery of local strategy
 - Be demand-led by local employer needs
- **In the short term map employer engagement activity of the key public sector service providers,** in particular those who have face-to-face contact with employers. This should be used to establish a baseline of products and services currently being offered to employers. This could be expanded to include the activities of intermediaries from the private sector such as banks, solicitors and auditors. In the medium to longer term develop this information into a database of business support in Leicester Shire, which should be maintained and updated on a regular basis. Consider how the information contained in the database should be disseminated, possibly through the intermediary network.

- **Agree forward programme of activity**, which concentrates on focusing resources and activity on the key challenges and priorities of the sub region and achieving 'quick wins' to maintain private sector engagement in the delivery of the skills agenda. Focusing on one specific area of activity rather than trying to tackle the broad esp agenda could achieve this. A key priority emerging from the study is raising skill levels, employability and flexibility in the workplace.
- **Develop framework for collaborative actions** amongst the service providers which supports achievement of the 'Employer Single Offer' and the principle of 'no wrong door'.
- **Improve communication** between service providers about employer engagement through activities such as events, networking and publications to raise understanding and awareness of the range of products available and also to encourage joint activity and delivery. Include intermediaries such as banks, accountants etc in these activities.
- **Clarify approach to engaging with employers.** This should involve:
 - Setting out expectations of employers, what commitment this will involve and over what timescale
 - Establishing mechanisms that enable employers to participate, devote resources to brokerage, effective matching of skills supply to business needs
 - Recognising the resource that the business community can bring to economic development and skills, and support them in better articulating their needs
- **Establish clear parameters of the Brokerage model and how it will relate to the Delivery network.** The Brokerage model is still under development. However this report explores a number of key elements that partners feel need to be considered in establishing arrangements for brokerage within Leicester Shire.
- **Build on good practice in employer engagement**, including that developed by other Employer Engagement Groups within the East Midlands. Examples include a Jobcentre Plus project in Derbyshire to set up a 'Jobshop' on the construction site of the new PFI City Hospital to handle construction and Medirest recruitment. This initiative involves a range of partners to respond to skills development needs.
- Develop links with the **City Growth Strategy** and align skills priorities and employer engagement with **Local Area Agreements**.