

Building a Strong Economy Scrutiny Committee

1 December 2008



Progress Update Report: County Durham Economic Partnership update on the Skills Summit and Governance Arrangements for Skills and Employability

Report of Bob Ward, Head of Economic Development and Regeneration

Purpose of the Report

- 1 This report provides a progress update on the County Durham Economic Partnership's Skills Summit event and review of governance arrangements for skills and employability, along with changes to skills as a result of the economic downturn.

Background

- 2 The County Durham Economic Partnership (CDEP) reviewed the governance arrangements for skills and employability throughout the summer of 2008. As a result the partnership has sought to implement the recommendation of the Leitch Review commissioned by the Government which advocated the establishment of employment and skills boards.

Running in parallel to the changes in governance arrangements has been a series of events with employers and providers which culminated in the CDEP Skills Summit.

Changes in the global economy and the credit crunch have resulted in a number of measures being taken by Government to help assist businesses invest in training and skills for their employees in these difficult economic times.

Update on Skills Summit

- 3 The CDEP 'Skills Summit' took place on the 14 November 2008 at Durham County Cricket Club. This was the final event of a series of events which has focused on gathering information relating to barriers to learning and employment and understanding the needs and demands of employers. The events have been jointly arranged between the Learning and Skills Council and Durham County Council (Economic Policy) and highlighted the significance of partnership working on this agenda.

The Skills Summit was attended by a range of public sector partners responsible for delivering on the skills and employability agendas. However, more importantly over 80 private sector employers attended the event and provided significant feedback during the workshop sessions which will be used by the CDEP to inform future action planning by the partnership groups. Keynote speakers for the event included Alan Clarke (One NorthEast), Simon Henig (Durham County Council), Dr Roberta Blackman-Woods (MP for Durham City), representatives from the Learning and Skills Council and Jobcentre Plus also contributed to the debate. The event was facilitated by Wendy Gibson and Duncan Bannatyne, as guest keynote business speaker and helped to stress the importance of aspiration and motivation, which are some of the key issues facing County Durham.

CDEP Governance Arrangements for Skills and Employability

4 The CDEP Board agreed in the summer to review governance arrangements for skills in the County which resulted in the partnership's Learning and Skills Working Group being replaced with two new groups which reflected the requirements of the Leitch Review commissioned in 2006 by the government;

- Employment and Skills Group (made up of public and private sector employers)
- Executive Group (made up of the support organisations)

Adverts were placed in the press for the Employment and Skills Group in August / September and the group was selected from nominations. Brian Manning of the Esh Group was selected to be the chair of the Employment and Skills Group. The group is represented by a range of employers from micro SMEs to multi national organisations. The group has had 2 meetings, where they have engaged with Gillian Miller (LSC - Region Skills Director) and Christine Caine (JSP - External Relations Manager) on issues relating to Train to Gain and JCP services along with the Regional Funding Allocation (2). The group's next meeting is arranged for 18 December 2008 where they will engage with ONE, DCC (Children and Young People's) and Business and Enterprise North East (Business Link).

The Employment and Skills Executive group is in the process of being formed, John Widdowson (Principal, New College Durham) has been selected as the chair of the group and will work closely with Brian Manning. The Employment and Skills Executive Group will support the Employment and Skills Group, along with taking forward actions from the Skills Summit and County Durham Economic Strategy Action Plan and provide challenge to support-organisations which deliver against the skills and employment agenda.

Simplification of Skills in England

5 The UK Commission for Employment and Skills produced a report in October 2008 which highlights advice to Government on the simplification of the English post compulsory skills system for employers. The report is very timely and links closely to the work the CDEP has been undertaking through the Skills Summit events and the new skills governance arrangements.

The report has consulted with employers throughout the country who access post-compulsory training and skills system. The report makes the case that any serious approach to simplification must really address key issues such as the complexity of the skills system, constraints on business, excessive bureaucracy along with constant change to the various employer offers problems if employer complaints are to be significantly reduced or eliminated.

The proposals that the UK Commission for Employment and Skills are making at this stage are concerned with 'hiding the wiring' and making it much easier for employers to find and obtain the support they need, and concealing complexity behind the scenes within the different Government agencies and delivery organisations.

The key issues which have been highlighted in the document echo those voiced by local employers. Therefore, it is anticipated that the new Employment and Skills Groups for the County will seek to take this forward as a key action and challenge the appropriate public sector delivery organisations to provide a 'pure' demand led approach as advocated by the Leitch Review.

The copy of the full document can be found at;

<http://www.ukces.org.uk/pdf/UKCES%20Simplification%20final%20pdf%20for%20web%20D%20081010.pdf>

The UK Commission for Employment and Skills recently placed a large advert within the UK media directed at UK employers. This can be found attached as Appendix 1. The advert is in the form of a letter to employers emphasising the importance of investing in skills at the current time.

Skills and the Economic Downturn

As members maybe aware the Train to Gain services delivered in County Durham by Business and Enterprise North East is one of the key packages available to employers.

Approximately £350million has been made available to provide training support for small businesses. This has been described as offering new flexibilities to small businesses; the proposals now allow funding for individuals units or modules of qualifications rather than imposing the full qualification on businesses and employees. Additionally £98million of the Train to Gain budget has been allocated to support sector specific training in some industries '*vital to the future prosperity of the UK*' including chemical pharmaceutical, nuclear, petroleum, engineering, construction and broadcast media. It is envisaged that County Durham based businesses will be able to access this funding through Business and Enterprise North East.

The action mentioned above which has been taken by Government is a partial response to the economic downturn. Traditionally during economic downturns learning and skills become more important. Therefore, it is no surprise that Government have stressed the importance of learning and skills policies and Lord Mandelson has recently commented 'I would urge business to invest in

skills and training to ensure they are well placed to take advantage of the opportunities when global economic conditions improve.'

The economic downturn has presented some key areas of concern to Government, namely the Leitch Review of 2006 which put employers at the forefront of the skills agenda and the government has sought to establish a skills system which is responsive to the needs of employers, which is markedly different in the current economic climate.

Recommendations and reasons

7. The report is for information and requires no actions at present from the Building a Strong Economy Scrutiny Committee.

NOW IS THE TIME TO INVEST IN SKILLS

An Open Letter to UK Employers

As leaders of major businesses, business organisations and trades unions in the United Kingdom, we are absolutely committed to investing in training.

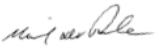
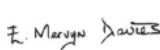

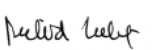

In an economic downturn, there is always a temptation for businesses – large and small – to cut spending on staff training. When times are tough, it looks a simple way to cut costs.

But it's a false economy. Research in 2007 confirms that firms that don't train are 2.5 times more likely to fail than those who do! Now is precisely the time to keep investing in the skills and talents of our people. It is the people we employ who will get us through. When markets are shrinking and order books falling, it is their commitment, productivity and ability to add value that will keep us competitive.

Investing now in building new skills will put us in the strongest position as the economy recovers. Skills to support the development of new products and services will shape whether we are ready to gain competitive advantage when growth resumes. From our experience in previous downturns, it was the businesses that did invest in their staff which saw the most dynamic recovery.

Even in these difficult times, there are real opportunities we should seize. In many businesses, it will be easier to find the time to release staff for training. Larger businesses could strengthen their supply chains by developing training in partnership with suppliers. For individuals, committing to training is the best way to maximise future employment opportunity. And there is a wide range of training available now for businesses to use from colleges, universities and training providers, many of them publicly funded. Through the work of the UK Commission for Employment and Skills, employers are making sure that this training is simple to access, clear and easy to use, and adds real economic value.

The skills of our people are our best guarantee of future prosperity – and the best investment a business can make in challenging times. We must not pay the price of failing to invest in the talent on which our future will be built.

Sir Michael Rake	Mervyn Davies CBE	Brendan Barber	Richard Lambert	Sir Stuart Rose
				
Chairman, UK Commission for Employment and Skills Chairman, BT Group plc	Chairman, Standard Chartered plc	General Secretary, Trades Union Congress	Director General, Confederation of British Industry	Chairman, Business in the Community Chairman, Marks and Spencer plc

This advertisement was placed by the UK Commission for Employment and Skills

