

Productive Skills for Devon

Reward Grant Research Programme

Proposal for discussion

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1. Introduction & Background

Devon County Council (DCC) has allocated a sum of £50,000 for research that helps LESBs to identify and deliver their employment and skills priorities.

Following an open invitation DCC received 5 proposals from 3 LESBs¹ and SLIM amounting to £141,500. Plymouth LESB has indicated a willingness to provide some additional funding, to support their participation in a pan-county approach.

The proposals submitted to DCC vary considerably, in content and focus. The panel that assessed the proposals wanted to see greater evidence of co-operation across the proposals and a stronger reflection of PS4D's priorities:

- Reducing worklessness;
- Employer engagement in upskilling the workforce;
- Learner engagement in skills development;
- Attainment of Level 2 and 3 qualifications;
- Attainment of higher level skills;
- Skills levels and gaps across sectors; and
- Leadership and management skills.

DCC therefore asked SLIM to review and discuss the proposals with partners and to identify how the proposals might be drawn together into a more coherent approach.

It was agreed at the PS4D meeting of 26th November that a Steering Group should be formed to take forwards this work.

This paper sets out SLIM's findings and proposals to date, for review by the first meeting of the research Steering Group in early January 2009.

2. Context

The broad context for this work is that, in an environment of diminishing resources, government is looking to LESBs and Local Authorities to clearly identify how limited funding can best be targeted at local level to mitigate the social and economic impacts of recession and promote rapid recovery.

LESBs have a responsibility for articulating local labour market needs and recommending steps that could be taken to improve the integration and responsiveness of employment and skills supply. They may be granted powers to set local skills and employment strategies that the Skills Funding Agency (SFA) will be legally bound to deliver (Schedule 4 powers). However, this will depend on them being able to demonstrate robust analysis and priority

¹ Exeter & Heart of Devon, Torbay and South Devon and North Devon.

setting and the added value they bring within a wider local and regional framework of strategy setting. It is considered unlikely that such powers would be provided to smaller geographies; below the county, or combined Devon and Cornwall, level.

County and unitary authorities are required to start preparing Local Economic Assessments (LEAs) from April 2010. Government believes² that LEAs should:

- Identify the economic linkages, recognising that economic markets rarely reflect administrative boundaries;
- Identify the comparative strengths, weaknesses, opportunities and threats facing the local economy;
- Review ways in which local authorities and their partners influence local economic development and their impact;
- Review the regeneration challenges of the area;
- Analyse causes of worklessness;
- Consider the impact of local economic development on the environment, and how the local economy will be affected by the transition to a low-carbon economy.

LEAs should inform and be reflected in the regional skills strategy and Regional Implementation Plan which will have 'traction' on the SFA. Clearly they will also have an important bearing on the priorities of LESBs with strategy setting powers.

3. Priorities identified to date

The purpose and the focus of the five research proposals submitted by PS4D for Reward Grant funding varied significantly. Broadly speaking, there is a desire to use the funding to secure help with the following.

1. Gathering data required for the development of the LEAs.
2. Analysis of the employment and skills strengths and weaknesses of the LESB areas, with a particular focus on the PS4D priorities.
3. Analysis of the nature and causes of worklessness in LESB areas, including hotspots and prospects for recovery.
4. Support with the identification of LESB priorities (inc. sector priorities), based on analysis of current and anticipated skills demands and skills shortages at local level.
5. Identification of employment opportunities and skills needs arising or likely to arise from specific regeneration economic development initiatives, investments and growth points, in the short, medium and long term.
6. Analysis of opportunities / threats arising from:
 - low carbon economy and NINJ focused investment;

² Communities & Local Government Policy Statement on LEAs.
www.communitysectorcoalition.org.uk/.../090112-local-economic-assessment-duty-policy-paper.doc

- a likely decline in public sector expenditure.
7. Supply side mapping and the assessment of the capacity of the employment and skills infrastructure to respond to needs and maximise the opportunities arising from 4) and 5) above, in with a focus on both volumes and the nature of delivery.
 8. Assessment of performance and progress towards LESB priorities.

4. Recommended priorities

Unfortunately, we don't believe that it is sensible or possible to try to respond to all these needs within the budget available. The bidding process suggests that £140k or so would be needed to meet all partners' aspirations in full. So, expectations need to be tempered.

Our suggestion is that the focus should be on providing an analysis of:

- employment and skills conditions, strengths and weaknesses, focused on the PS4D priorities, set out above;
- worklessness;
- the NINJ agenda – i.e. knowledge intensive & low carbon industries;
- the potential impact of a decline in public sector expenditure.

This suggests that the following remain outside the remit of the project:

- identification of needs arising from specific economic development / regeneration initiatives, investments and growth points;
- supply side mapping in respect of specific initiatives;

Devon County Council has also indicated that they wish to see resource from this budget set aside for the ongoing assessment of performance and progress against their priorities. This approach is supported by Plymouth LESB, which is willing to provide funding to enable a county-wide approach.

5. Analytical Process

Partners have made it clear that the research process should help LESB partners to identify priorities for their area.

SLIM is equally clear that data does not speak for itself and 'evidence' seldom automatically produces priorities.

We believe that building an evidence base is a vital first step. However, it must be followed by a process of interpretation, based on sharing perspectives on what the data means and generating a collective understanding of the conditions and issues on the ground. Beyond this a further process is also required – that of prioritisation, i.e. making difficult choices about giving preference to some needs over others.

We therefore propose that the project should consist of two, and possibly three phases, which we will determine with each LESB in turn.

- Phase 1 The collation of a shared evidence base, focused on the priorities set out in section 3 above. (Desk Research)
- Phase 2 Gathering perspectives and interpretations of this evidence base from employers and partners in each LESB area. (Interviews by SLIM)
- Phase 3 Working in partnership with employers, LESB members and partners in each geographical area towards common understanding of the evidence and priorities for change, investment and action. (Through workshops, focus groups or partner meetings).

We suggest that phase 2 may not be required in all areas. Some LESBs may wish to work collectively in groups towards a shared interpretation of the evidence from the outset. However, we are aware of at least one LESB which believes that it is important to gather employer perspectives and interpretations of the data through one-one-one interviews before bringing this back to the LESB as a whole for further discussion.

We suggest that each LESB should have a budget allocated to it for work within Phases 2 and 3, and that the balance and focus for the work in these Phases is determined individually by SLIM with each LESB.

6. Fit with regional priorities & analysis

SLIM has recently completed the first draft of the South West Regional Employment and Skills Analysis³, which acts as an evidence base for the regional skills strategy. Members of the Regional Employment and Skills Partnership are currently discussing the evidence base with a view to agreeing a regional Statement of Priorities and Investment Plan that will have traction on the SFA. While the priorities for analysis in Devon are not the same as those at regional level⁴, demonstrating capacity for similar level of analysis and a degree of congruity with the South West regional analysis may be useful, given statements such as the following from BIS.

Where an Employment and Skills Board has been awarded statutory skills strategy-setting powers under Section 24C of the Learning and Skills Act 2000, the Skills Funding Agency will be legally bound to deliver against the ESB's strategy, and in these cases it will essential that the ESB strategies and the regional strategy are entirely consistent⁵. (My emphasis)

³ See <http://www.swslim.org.uk/labourmarket/swrsp/regional-analysis/index.asp>

⁴ The Regional Analysis does not include assessments of the impact of public sector spending cuts or worklessness assessments, for example.

⁵ The Skills Funding Agency and Regional Development Agencies - The transfer of the strategic skills function to Regional Development Agencies (RDAs), Q&A, BIS

7. Outputs

Phase 1 will result in the production of a common set of outputs for each LESB. The outputs will be 4 LESB area Employment & Skills Analyses, focused on the priorities set out in section 4 of this report, with sections on: employment and skills conditions; worklessness; the NINJ agenda; and potential impact of a decline in public sector expenditure.

SLIM will also produce a data report to support DCC staff responsible for conducting the LEA.

The outputs from Phases 2 and 3 outputs will be negotiated separately with each LESB. As stated, the focus will be on the interpretation of the data, through interviews, workshops and focus groups, with a view to developing a shared understanding of the priorities for moving forwards.

In the budget we have allowed a total of thirteen days per LESB to support this work. This may be split across: interviews with businesses; preparing discussion papers for workshops; making presentation / facilitating workshops; running focus groups; and reporting.

Two LESBs have indicated that they want to review the adequacy of supply side / provision in response to needs and gaps emerging from Phase 1. While we do not believe that detailed supply side mapping is possible under this proposal, phases 2 and 3 could include a review of employer and partner perspectives on the adequacy of skills supply in relation to specific priorities already identified.

We anticipate that the outputs from Phases 2 and 3 will amount to statements of priorities or recommendations on moving forwards in relation to already established priorities.

Whether these are best incorporated within the Phase 1 report, or written as stand alone documents can be determined by the project Steering Group.

8. Budget

DCC has allocated a budget for £50,000 for this work. Discussions with Plymouth LESB indicate that an additional sum of up to £20,000 may be available for the right project.

The table below sets out the number of days that we believe are necessary to complete each phase of the work. Hitherto SLIM has worked for PS4D at a day rate of £500 per researcher. We do not think that it would be possible to do justice to a project of this scale and significance within the time / budget available at this rate. In recognition of scale of the project, our desire to build a long-term relationship with PS4D, and the need to deliver excellent outputs, we are willing to reduce our day-rates for this project as set out in the table below.

Activity	Chris Evans	Ben Neild	Adam Crews	JoPye	Andy Dean
Inception, liaison & management	4	5	1		2
Phase 1 - Employment & Skills Analysis	4	8	24		
Phase 1 - Worklessness Analysis	4	8	8		6
Phase 1 - NINJ / Low Carbon Analysis	4			16	
Phase 1 - Public Sector Analysis	2	5	5		
Phase 2 - Interviews, at the direction of LESBs		10			10
Phase 3 - Workshops, Priority Development & Reporting	12	12			8
Total Days	30	48	38	16	26
Cost per day	£500	£450	£400	£400	£400
Cost of Staff time	£15,000	£21,600	£15,200	£6,400	£10,400
Travel & Subsistence			£1,400		
Total Cost			£70,000		

It should be noted that the budget quoted above does not include VAT. Public sector to public sector research may not be VAT'able, provided that it can meet strict definitions of 'original research'. We believe that this project will fall within this definition, but must check with the University of Exeter's VAT experts.

9. Timetable

There is some uncertainty about the timetable for this work, as the project cannot start until government releases the Reward Funding from which the budget is derived.

However, it is our view that the project will take six months to complete. A six month timeframe fits with a number of parallel developments.

The draft Regional Skills Strategy, which will inform the 2011/12 Regional Implementation Plan of the SFA, is due to be completed for consultation in May 2010, and finalised in June 2010. There may be some discussions with partners before May 2010 to inform the draft.

Production of the Local Economic Assessments is due to start from April 2010. Phase 1 of the project should fit well with this timetable, while Phases 2 and 3 are likely to be taking place over the same timeframe as the consultations on the draft regional skills strategy.

10. Steering Arrangements

It was agreed at the PS4D meeting of 26th November 2009 that a Steering Group should be set up to guide the research project.

It is suggested that the Steering Group should include, as a minimum representatives of the four Local Employment and Skills Boards, SLIM, and the Devon County Council teams responsible for leading PS4D and the conduct of LEAs.