



South East Diamonds for Investment and Growth **Employability and Skills Strategy**

Executive Summary

February 2010



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This strategy has been commissioned by the Diamonds Group of local authorities to improve the co-ordination of approaches to addressing shared employability and skills issues across the Diamonds. It has been developed by Step Ahead Research, in partnership with SEEDA's Research and Economics team and has been overseen by the Diamonds Skills and Employability Group.

Diamonds of Difference

The eight Diamonds for Investment and Growth are the urban centres that have been identified as the main catalysts to drive the South East region's sustainable economic growth.¹

Improving the employability and skills of residents and workers is part of the overall aim to support the Diamonds to become the main drivers of the region's economy. SEEDA intends to direct core funding to sub-regional partnerships within the Diamonds and make them the main focus of inward investment activities, support for high growth businesses and the development of carbon reduction plans.

However, they are at different stages of development – some have established structures and identified priorities, but others are yet to identify a workable economic geography that engages partners around an agreed set of priorities.

Furthermore, the Diamonds are not an homogenous group of urban centres. As a group, they need further support and investment if they are to fully reach their potential as catalysts for the region's growth. The average employment rate, level of productivity, skills level, employment growth, business density and the business start up rate of the Diamonds as a whole are currently no higher than the average for the South East region as a whole.

This is because in some Diamonds, notably Thames Gateway and Urban South Hampshire, there are significant regeneration issues that need to be addressed if they are to fulfil their catalytic potential. In other areas, such as Reading and Basingstoke, where employment rates and productivity levels are high, there are potential capacity constraints and the challenge is to ensure that high quality individuals and businesses are retained to maintain their strong market position.

Local First Approach

This mixed picture means that developing employability and skills initiatives across the Diamonds needs to take a 'local first' approach.

Regional structures need to complement those that already exist and to acknowledge, identify and share much of the good work that is already taking place within individual Diamonds. They need to support local Diamonds to identify and deliver their own priorities, and deliver at a regional level those priorities that are

¹ The eight Diamonds are: Basingstoke (embracing the wider North Hampshire economy adjacent to London and the Thames Valley), Brighton & Hove, Central Oxfordshire; the Gatwick Diamond; Milton Keynes & Aylesbury Vale; Reading; Thames Gateway; and Kent Urban South Hampshire.

identified as collective needs across the Diamonds or amongst groups of Diamonds with shared challenges.

Priority sectors have not been identified in all the Diamonds and the more challenging economic conditions have forced a re-think about which sectors will deliver future growth. With exceptions, such as the strength of the marine sector in Urban South Hampshire; digital media in Brighton & Hove and science in Oxfordshire, there is still some debate about which sectors to prioritise.

However, SEEDA has identified six key sectors that will drive the region's economic growth: advanced engineering (including marine); ICT and digital media; life sciences and health; financial services; environmental technologies; and aerospace and defence. Aligned to these are four pillars of technology activity: advanced materials; communications technologies; healthcare technologies; and sustainability technologies. These should help the Diamonds to identify their own distinctive strengths and sector priorities.

Further Simplify the System and Build Upon Links Between Learning Providers and Employers

Within the Diamonds, there is some frustration with the employment and skills landscape, which confuses businesses that try to engage with it and potential learners that want to see clear pathways to different levels of learning. There is a perception that changes to the skills offer can disengage employers and act as a disincentive to learners who cannot always see how to make learning worthwhile. Whilst recent changes have begun to simplify this landscape, there is still work to do.

A simpler and more responsive system will enable businesses to participate more effectively through enhanced education-business links, help employers to shape the curriculum and improve understanding of the workplace amongst students and staff in schools and colleges.

There are some areas of good practice emerging in some Diamonds, including Urban South Hampshire, where the skills system is increasingly focused on the needs of the sub-regional economy and the skills of the resident workforce, with take up of vocational learning significantly higher than in other diamonds. This reflects the work of their Employment and Skills Board, established in July 2008, which seeks to secure a well coordinated, multi-organisational approach to skills and training provision that meets the needs of employers and the economy

Improve Work Readiness and Employability Skills

Over the past decade, there were many people who had a loose attachment to the labour market despite the record employment levels. These were mainly people with poor qualifications and low levels of skills, many of whom have not developed the generic and attitudinal skills that employers are looking for in their staff. Pockets of worklessness and deprivation within many of the Diamonds have resulted in low aspirations that can transcend generations, and make it difficult for businesses to recruit and train the staff that they need to enable them to compete effectively.

The aspirations of some young people and those outside or at the margins of the labour market need to be raised and their behaviours, attitudes and motivation developed, to enable them to compete effectively in the labour market and understand workplace expectations.

Re-focus the Skills Agenda Towards Science Technology, Engineering and Maths and Management and Leadership Skills

The Diamonds are operating in a competitive international environment, with China and India, in particular, developing increasingly sophisticated products and services at a fraction of UK costs. Technological changes have created international supply chains and weakened competitive advantages in some sectors in developed economies. Diamonds need to respond to this by developing a much stronger technical skills base, supporting innovation and improving business processes through more effective leadership and management.

Businesses and stakeholders have commonly identified a need to focus the skills agenda more closely on technician level vocational skills, particularly those that have science technology, engineering and maths (STEM) at their core. These skills are considered to be particularly hard to find amongst young people.

There is a strong call from businesses to re-engage people in learning technical skills, to expand apprenticeship opportunities and to enhance the status of vocational pathways by increasing the collaboration between higher education and further education, perhaps through joint campuses or University Technical Colleges.

There is already a higher education presence in all but two of the Diamonds and links between universities and businesses need to be deepened to foster more productive knowledge exchange activities.

Utilise Existing Structures and Deliver at the Right Spatial Level

The economic development landscape is perceived to be cluttered, with Employment & Skills Boards, Economic Partnerships, Growth Areas and Local and Multi Area Agreements. Diamonds need to operate within these, complementing existing structures, so as not to complicate the environment further, particularly within a more constrained public spending environment.

'Partnerships for Growth'² stresses the need for decisions to be made at the right spatial level, combining the essential elements of local expertise with the regional co-ordinating role of the Regional Development Agencies.

Although the diversity of the Diamonds means that much of the activity will be done at a sub-regional Diamond level, there are some things that are better delivered regionally. These include lobbying central Government to address the common issues that have been identified; co-ordinating joint funding bids for projects to address shared challenges; sharing best practice approaches that have been effective in one Diamond across to others; taking a co-ordinated and strategic approach to employment and skills responses to inward investment, and taking a regional approach to attracting and retaining high level talent.

This strategy presents five employability and skills priorities for the South East Diamonds for Investment and Growth (SEdfIG) group to take forward. These strategic priorities are underpinned by primary and secondary actions that are outlined in the Action Plan and eight strategic 'Asks'.

² Partnerships for Growth: A National Framework for Regional and Local Economic Development: HM Government. December 2009

SEDFIG recognises that there is already considerable activity taking place within the Diamond to address many of the priorities that have been identified. Therefore, the first two priorities focus mainly on where there a regional approach can make the most impact, whilst many of the actions contained within the remaining three priorities are more focused on supporting sub-regional Diamonds to deliver local actions.

The SEDFIG group has identified eight strategic 'Asks' under the five priorities. These outline the actions that it would like to see Government departments and agencies take in order to support the implementation of the strategy.

Strategic Priority 1: Provide Regional Diamond Leadership and Co-ordination

- Strategic Ask 1: Improve the links between the Diamonds and UKTI and SEEDA's Inward Investment team in response to the global competitiveness challenge
- Strategic Ask 2: Recognise the Diamonds Group as the collective voice of the Diamonds on employability and skills issues.

Strategic Priority 2: Develop Science, Technology, Engineering and Maths (STEM) skills and improve Business Leadership and Management

- Strategic Ask 3: Ensure that there is funding to encourage greater development of STEM skills and take up of Apprenticeships, in support of SMEs

Strategic Priority 3: Simplify the Skills System to Make it Easier for Employers and Learners to Engage

- Strategic Ask 4: Ensure that national skills and employment funding programmes can continue to be applied flexibly across all Diamonds to respond effectively to identified sub-regional needs
- Strategic Ask 5: Maintain mechanisms to support employment and skills needs in priority sectors, amongst key employers and potential inward investors
- Strategic Ask 6: Build upon recent progress to ensure that changes to the vocational learning landscape further simplify the system

Strategic Priority 4: Strengthen Education – Business Links, from School to Adult Learning

- Strategic Ask 7: Lobby for increased resources to encourage greater involvement of employers in curriculum development and other education business link activities, e.g: work experience.

Strategic Priority 5: Improve the Work Readiness of Young People and Adults

- Strategic Ask 8: Maintain funding for programmes that improve the employability skills of low skilled residents

