



The role of Local Enterprise Partnerships (LEPs) in tackling skills needs

Full Report

[DRAFT]

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Preface and acknowledgements

This report presents the findings arising from a project implemented jointly by British Chambers of Commerce (BCC), the Local Government Association (LGA), and the 157 Group. The work forms part of a larger project led by the 157 Group, supported by the Learning and Skills Improvement Service (LSIS) through its Flexibility and Innovation Fund. It is intended to assist all partners in supporting the developing role of Local Enterprise Partnerships (LEPs) in addressing skills needs.

We would like to acknowledge the cooperation of the many individuals working at senior levels in business, local government, and further education who participated in the survey and consultation that formed the major part of this project. Without their assistance this report would not have been possible.

(Finally published version should also acknowledge permission – tbc – to quote extensively from documents used as a basis for the case studies.)

Project partners

British Chambers of Commerce (BCC) is the national body for a powerful and influential Network of Accredited Chambers of Commerce across the UK, which serves both its member businesses and the wider business community. BCC works with Government to shape policy affecting businesses, and focuses on key areas of activity including International Trade, Skills Development and Business Services.

The *Local Government Association* (LGA) is the voice of local government in the national arena. LGA lobbies and campaigns for changes in policy, legislation and funding on behalf of its member councils and the people and communities they serve. It is a voluntary membership body and the 422 member authorities cover every part of England and Wales. LGA works closely with member authorities to deliver a shared vision of an independent and confident local government sector where local priorities drive public service improvement.

The *157 Group* is a membership organisation that represents 27 large, highly successful and regionally influential Further Education colleges in England. Committed to excellence and achieving success for the sector, all members are key strategic leaders in their locality who take seriously the roles of leading policy development, and improving the quality and reputation of further education. Providing a national voice on strategy and policy for large, mostly urban colleges in England, the 157 Group aims to promote change for the benefit of its members and the sector as a whole.

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Executive summary

Introduction

- This report sets out the findings from a project implemented jointly by the LGA, BCC, and the 157 Group on the role of Local Enterprise Partnerships (LEPs) in relation to skills. The project was undertaken between October 2010 and end-March 2011.
- The project aimed to:
 - consider the role of LEPs in articulating and addressing skills needs, with particular emphasis on the effective use of labour market information (LMI);
 - examine the effectiveness of pre-existing strategic partnership arrangements;
 - flag effective practice, issues and areas for improvement.
- The project adopted a holistic approach to skills, on the grounds that there is a strong case for LEPs to cover local skills needs from age 14 upwards, and skills levels ranging from foundation level to post-graduate degrees. The intention is to support and inform the developing agendas and operations of LEPs in their role of bringing partners together in support of local economies.
- The project followed four main stages:
 - a *document review*;
 - an on-line *questionnaire survey* of members of the partner organisations;
 - in-depth *interviews* with senior individuals in the Chamber movement, local government and further education;
 - *feedback* from colleges gained via a series of workshops.
- In the report, except where otherwise stated, the word “providers” is intended to embrace all types of provider of education and training, including schools, colleges, independent training providers, and universities. Likewise, the word “employers” is intended to cover all types of employing organisation, including business, the public sector and Third Sector.

Policy context: local growth, skills and the role of LEPs

Government policy

- The establishment of LEPs – and their role to provide strategic leadership in setting and addressing local economic priorities – sits firmly within the Government’s vision of growth for an economy recovering from recession. The Government set out its strategy to boost sustainable, long-term economic growth in the UK in July 2010, followed in October 2010 by the White Paper *Local growth: realising every place’s potential*.
- The Government’s Skills Strategy elaborated further on the relationship between LEPs and Further Education (FE) and Higher Education (HE) institutions outlined in the White Paper. The Strategy commits to reducing bureaucracy for providers, and shifting the balance between the state, businesses and individuals, with the latter two taking on more responsibility for funding skills acquisition.

- The Government intends that providers should be judged primarily on their responsiveness to the actual demand of individual learners and employers, rather than to LEP skills assessments.
- Funding available to support LEPs can be obtained via bids to the Regional Growth Fund (RGF) – intended to promote economic growth; the Growth and Innovation Fund (GIF) – for which skills development is eligible; and the LEP Capacity Fund – intended to cover new LEP-specific economic intelligence and LMI. Taken overall the amount of these funds is considerably less than that which supported the Regional Development Agencies (RDAs), which were disbanded once LEPs were fully in place from April 2011.

Pre-existing strategic partnership arrangements

- RDAs led Regional Skills Partnerships, created to encourage employers to work with funders, providers and other partners to develop a more demand-led approach to skills. They also hosted “Observatories” supplying economic data and LMI.
- Four other pre-existing types of partnership are also noteworthy: Employment and Skills Boards (ESBs); Multi-Area Agreements (MAAs) that focussed on skills; Local Strategic Partnerships (LSPs); and 14-19 Partnerships. In many cases, ESBs look set to continue as sub-groups of LEPs that are now in place. In some instances ESBs have already developed evidence-based skills strategies which provide a foundation for the related work of the new LEPs.
- The full report contains case studies of:
 - an effective pre-existing business – local authority strategic partnership which has already set out an evidence-based skills strategy (Leeds City Region ESB Employment and Skills Strategy);
 - a well established partnership of college and university providers working together with the local authority and business to improve the supply of high-level skills (Combined Universities in Cornwall (CUC)); and
 - effective partnership working at sub-LEP area level, bringing together local authorities, business, government agencies and the local college (West Berkshire Skills and Enterprise Partnership).

UKCES skills assessment

- The most recent national assessment of employment and skills undertaken by the United Kingdom Commission for Employment and Skills (UKCES) concluded that:
 - there is a lack of customer focus in the current delivery and accountability of employment and skills services;
 - Customer and performance information is not used effectively to drive improvement in the outcomes of delivery;
 - Generic contractual and funding arrangements agreed at a national agency level restrict flexibility and stifle innovation and creative local delivery;
 - Different commissioning and administrative processes in the employment and skill system results in duplication of work and a great deal of expense.
- Emerging national recommendations from the review were then presented by UKCES for consultation, including improvements in the arrangements for accountability, alignment, information and progression.

LEP proposals and subsequent developments

- In late June 2010, a joint letter from the Secretaries of State for Business, Innovation and Skills (BIS) and Communities and Local Government (CLG) was sent to local authority leaders and business leaders inviting outline proposals for LEPs of local authorities and businesses. Initially a total of 62 submissions were received and 30 LEPs had been approved at the time of writing.
- Features of successful bids most relevant to skills included:
 - a history of previous successful planning coordination between constituent local authorities;
 - high prioritisation for skills development;
 - a wish to build upon pre-existing strategic partnership working;
 - a foundation of business networking and of colleges and universities working together to support business;
 - a basis of recent detailed skills needs analyses for the area.
- All LEPs have now appointed business Chairs, in line with Government recommendations. In some cases LEP Shadow Boards have been formed comprising business and local authority membership. Around half of LEP Boards have university members, and a few have members representing FE colleges.

Key issues

- The project was concerned with the role of LEPs in tackling skills, with an emphasis on the effective use of LMI. Nonetheless, much of the feedback from those consulted relates to generic issues concerning LEP governance, structures, resourcing, etc. The research findings suggest that these are crucial to the delivery of the skills agenda alongside more skills-specific aspects. It is argued that resolving them appropriately makes it much more likely that LEPs will be effective in addressing skills, as with other areas of their remit.

Areas of consensus

- Aspects of LEPs that attract widespread support from those consulted in the research are:
 - the high priority accorded to skills, with all parties having a role to play in skills delivery from age 14 upwards;
 - their match with the natural economic geography of the areas they serve;
 - localism: that businesses and local communities should be in charge of their own futures, and via the LEP and other strategic partnerships should have the autonomy to pursue their own agendas on economic growth and skills according to local needs and supported by the kinds of structure that they find most appropriate;
 - business in the lead and committed to the development of skills and robust local economies;

- the opportunity they present for a holistic approach to local skills, from age 14 upwards and across all ability levels, programme areas and types of provider, and integrated with other areas within the LEP remit;
- a building upon the experience of increasingly effective partnership working in recent years, especially via ESBs and MAAs;
- collaborative ways of working via the active cooperation of the parties involved, and eschewing the power to direct individual providers.

Skills challenges

- Outstanding challenges to the fulfilment of the skills agenda that the research has identified include:
 - to be really useful in informing skills plans LEP partners feel that LMI should be timelier, more forward-looking, more specific to the requirements of sectors and individual employers at local level, and better geared to supporting a meaningful review of skills needs against current supply;
 - ideally LEP partners wish to be involved in a single coherent dialogue on skills, covering both young people and adults and embracing all levels of qualification. Research suggests that continued compartmentalisation of policy and funding arrangements between different government departments and agencies is not conducive to efforts to engage with all types of provider collectively at local level;
 - LEP skills agendas and the aggregate impact of the business plans of individual providers are not necessarily synonymous, especially where longer-term, minority and specialist provision are concerned. Clarity is sought as to how the Skills Funding Agency (SFA) will make judgements about provider performance in such instances;
 - there is great concern about the perceived deterioration in information, advice and guidance (IAG) support that is currently taking place, whilst the efficacy of the All-Age Careers Service, planned for 2012, has yet to be demonstrated;
 - in areas where pre-existing strategic partnership arrangements relating to skills are not coterminous with the LEP, there are concerns about the extent to which they need to become aligned, and how this process will be handled;
 - to tackle skills needs and demands with a regional and national rather than a local dimension the research has identified a continuing role for some strategic partnership working across areas larger than those of a single LEP; though cross-LEP structures are beginning to emerge it remains unclear how this will be achieved to the extent required;
 - partner organisations identified the importance of both formal and informal means of engaging with LEPs to ensure an adequate input of their views and capabilities. There is a particular concern to demonstrate adequate arrangements for engaging small and medium-sized enterprises (SMEs), Third Sector bodies, and providers. FE colleges and large independent training

providers seek recognition as significant strategic partners of the LEP in their own right, and not merely as suppliers;

- the research found real commitment amongst all parties to making voluntary arrangements work without the need for external interference; however, this is an area which the SFA and Government are advised to keep under review to assist if instances occur where partner organisations feel unable to commit to LEP skills priorities;
- to be successful, it is seen as important that LEPs demonstrate to all parties that they are adding value; research suggests partner organisations will be seeking a clear return and quick wins from their involvement;
- to hit the ground running some LEPs see a need for pump-priming resources but there are no indications from the Government that these will be forthcoming, and LEPs are being encouraged to look to local sources of funding and new funding mechanisms announced by the Government, such as the New Homes Bonus;

LEPs and the skills agenda – moving forward

General principles

- LEPs present a real opportunity to develop approaches to economic growth and skills that are better tailored to local needs. As different LEPs have different local circumstances it is not sensible or feasible to propose one model of effective practice, but rather set out key principles for debate that provide suggestions for the path ahead. What follows are possible ways forward, based on the feedback from those consulted in the research and concentrating upon the factors most likely to ensure that LEPs are able to tackle the skills agenda effectively.

LMI

- Evidence-based skills strategies require meaningful LMI. The establishment of LEPs presents real opportunities for sharpening the utility of LMI by further disaggregating national and regional data to local level; strengthening the ways information is synthesised and interpreted; and focusing analysis of LMI more strongly on the match between skills needs and skills supply, so as to flag areas for action by LEPs and their partner organisations.
- Two immediate LMI priorities were highlighted by the research:
 - the utilisation of the LEP Capacity Fund to enhance research and analysis; and
 - where cost-effective, the establishment of inter-LEP arrangements to ensure the continuity of the most valued RDA Observatory services.
- Effective utilisation of LMI might involve:
 - liaison with constituent local authorities to collate and synthesise relevant data;
 - synthesis and interpretation as appropriate of further data from government and other sources;
 - liaison with provider groups to disseminate and share relevant LMI;
 - establishment of sector-based groups enabling providers and employers to identify and agree upon current and emerging skills needs; and

- an annual LEP cycle of informed dialogue about current and future skills needs and available skills provision, highlighting potential areas for action and providing the basis of agreement on broad forward priorities.
- Effective use of LMI is often founded on strong relationships between individual providers and employers. Effective engagement by providers with employers is key to ensuring that their skills needs are met.
- The full report contains case studies of:
 - a well-developed evidence-based process for identifying mismatches between skills needs and skills supply operating across a city region (Greater Manchester skills demand and supply reconciliation methodology);
 - an agreed annual cycle of data gathering, analysis, dissemination & consultation to inform the planning of actions to address mismatches (Greater Manchester annual timescale for analysis of skills priorities);
 - the effective LMI analysis services at regional and sub-regional levels typically supplied by RDA Observatories (South West Observatory Skills & Learning Intelligence Module (SLIM));
 - comprehensive, highly specific, and up-to-date intelligence on the needs of local business, coordinated by a local Chamber of Commerce (Doncaster Chamber of Commerce Business and Skills Survey); and
 - the eLMI tool & LMI training resources for examples of tailor-made support for providers' LMI and associated requirements for effective marketing to local employers (Learning and Skills Improvement Service (LSIS)).

Effective partnership working in tackling skills needs

- Close and effective cooperation between key partners and a clear articulation of local skills requirements based on robust LMI are widely viewed as pre-requisites for the development of effective strategies to deliver the skills agenda.
- Chambers of Commerce, Sector Skills Councils (SSCs), the Social Enterprise Coalition (SEC) and other Third Sector networks have a role to play in ensuring LEP decisions are well-informed about skills issues and opportunities at both sectoral and geographical levels.
- Provider groups and networks with links to the LEP Board – formal and informal – could provide clear and coherent information on capacity and capability, help shape the development of LEPs' skills strategies, endorse skills plans and, where appropriate, coordinate the response. This might involve:
 - coordinating provision for minority and newly emerging skills demands;
 - flagging needs to continue specialist provision in cases where a significant proportion of current demand arises from areas outside the LEP boundaries;
 - coordinating the profile of the local skills offer for the 14-19 age group; maintaining and fostering school-college links;
 - encouraging enterprise education and other education-business links; and
 - examining more cost-effective FE-HE linkages and progression pathways.
- Direct working between employers and providers could be promoted and facilitated – via the LEPs' committee and consultative structures, at sectoral level, at sub-LEP area level, and on an individual basis – so as to address:

- practicable ways of addressing longer term skills needs not reflected in current demand;
 - pooling arrangements for minority skills demands and specialist skills provision;
 - the best means of boosting apprenticeship places; and
 - apprenticeship and other progression arrangements.
- Links with government agencies and programmes with a major role in skills policy and delivery will also enable LEPs to respond to local needs and opportunities. This would currently include, for example, the Skills Funding Agency (SFA), Jobcentre Plus (JCP), the Work Programme, and the Young People's Learning Agency (YPLA). One way of ensuring effective links of this type could be to maintain the role of senior SFA staff as advisory members of ESBs or equivalent groups, inviting comment on LEP plans where they are likely to have significant implications for funding allocations, and seeking advice where significant mismatches exist between a LEP Board's skills priorities and the commitment to them of some or all providers.
 - LEP success will be bolstered if all partners have a clear and realistic understanding of the distinctive roles that they can play in working together to help achieve its goals. The following are suggested as the types of contribution that each partner could usefully make, but are not in any way intended to be prescriptive or exhaustive:

The LEP Board

- setting the overall strategy for skills;
- establishing a manageable number of meaningful and realistic skills priorities;
- engaging fully with all partners to ensure the optimal working of the local skills market; and
- taking the lead in ensuring the provision of thorough and objective information, advice and guidance that enables local citizens to make informed choices.

Employers (private, public and Third Sector)

- coordinating a clear and realistic articulation of skills needs;
- taking a medium and longer term view of broader skills needs;
- making a financial contribution towards meeting important skills requirements; and
- seeking to work individually and collectively with providers of education and training.

Local Authorities

- supporting the LEP to deliver the best possible outcomes for citizens to which councils are democratically accountable;
- providing an evidence-base of local economic assessment and demographic data;
- helping coordinate local schools' contribution;
- offering advice based on the experience of place-based budgeting;
- ensuring effective links with work on 14-19 skills; and
- helping providers make sense of local partnerships, including LEPs.

Providers of education and training

- coordinating a clear and concise account of current skills delivery;
- making sure the learner voice is properly taken into account;
- keeping the LEP Board informed of current and longer-term capacity and capability;
- commenting upon and helping shape LEP skills strategies;
- working individually and collectively with employers; and
- helping coordinate provision as appropriate to align with LEP skills priorities.

Information, Advice and Guidance (IAG)

- The research suggests that coordinated efforts by LEP partners to promote independent and effective IAG for individuals aged 14 and upwards, and support for the transition to the new All-Age Careers Service, are highly important. Once the new service is in place, skills-related IAG requires improvement at all levels, including in relation to Apprenticeships and other routes of progression.

Alignment

- Steps could usefully be taken as necessary to align pre-existing strategic partnership arrangements with LEPs, not precluding the continuation of partnership and networking arrangements at a sub- and supra-LEP level where these are seen as helpful. For example, this might occur when addressing skills needs which differ within a LEP area, or where the pattern of demand for skills provision within a LEP area is regional or national rather than local.

Coherence and integration

- Research highlights the importance of LEPs developing an integrated approach to tackling skills, via representational and consultative arrangements that facilitate a coherent dialogue on skills across all ages, and all types and levels of provision. Previous strategic partnership arrangements for skills have struggled to achieve this ideal against a backdrop of fragmented policy responsibilities at central government level.

Inter-LEP collaboration

- Research points to a role for strategic planning across LEP boundaries and the importance of developing inter-LEP relationships wherever economic geography suggests the need for strategic planning on growth and skills across a larger area or the whole region, or between LEPs with similar economic clusters. This is particularly important in respect of addressing demand for skills provision based within a LEP area which is regional or national rather than local.

Governance, representation and consultation

- Local skills agendas are likely to be tackled most effectively when local stakeholders are represented and / or engaged in the development of LEP strategies and plans.
- Where steps have not been taken already to ensure the representation of the views of SMEs in the area, local Chambers of Commerce and the Federation of Small Businesses (FSB) might be asked to coordinate their input. LEP Boards could usefully also establish strong links with Third Sector organisations, both as employers and as providers of education and training. In the former capacity this might be achieved via the inclusion on the Board or at sub-committee level of a

representative of the Social Enterprise Coalition (SEC), Co-operatives UK, Locality or other appropriate local bodies or networks, and / or by inviting their regular formal inputs to Board agendas.

- Effective formal involvement with the LEP by providers, and a two-way dialogue on skills needs and provision emerges from the research as critical to LEP success. This can take place in various ways. One option would be for LEPs to consider how they will work with groups of providers, whereby all types of providers in the area are represented. In some LEP areas, pre-existing provider networks might well be transferred into a formal Provider Sub-Group. In other instances, provider networks based round sub-LEP areas might usefully choose to seek a formal role in relation to the LEP Sub-Group.
- The full involvement of schools, academies and other providers engaged in 14-19 skills provision could also be secured within these arrangements. With a view to developing consultative and representational arrangements which are as efficient and effective as possible, this may point to an early and fundamental review of all such structures so as to avoid placing excessive and unrealistic burdens on participants.

Resourcing

- LEPs are seeking sustainable support arrangements, including adequate cover for related administrative costs and the provision of their own LMI needs. In the immediate future it seems likely that there will be a continuation of the arrangements whereby a secretariat is provided via one or more of the constituent local authorities. Longer term, LEPs that can demonstrate real success in tackling the skills agenda effectively – as well as the other priority areas of their remit – might be able to meet their associated administrative costs via contributions from all partners.
- Even allowing for successful bids to the RGF and the GIF, funding for significant new investment in skills provision will be very tight. This makes it even more vital that LEPs successfully promote effective partnership working and take the lead in ensuring that a greater proportion of the costs of effective skills delivery can be taken up by employers and individuals.

Next steps

- The partners of this report will work with their members to assist the newly formed LEPs to realise their potential in meeting local skills needs, including via the ways forward suggested above. LEP Boards are asked to give consideration to the points raised, and to help form a consensus on the way forward with business, Third Sector organisations, local authorities and providers.

- The widest possible dissemination of this document is sought – and of the summary version of the report. The views of all interested parties on the analysis and conclusions presented above would be welcomed. All those wishing to express a view, or supply additional useful information, are asked as appropriate to contact:
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Introduction

1.1 Background, aims and methodology

This report sets out the findings from a project implemented jointly by the Local Government Association (LGA), British Chambers of Commerce (BCC), and the 157 Group on the role of Local Enterprise Partnerships (LEPs) in relation to skills. The work was undertaken between late October 2010 and end-March 2011, and forms part of a larger project led by the 157 Group, supported by the Learning and Skills Improvement Service (LSIS) through its Flexibility and Innovation Fund.

The aims of the project were to:

- consider the role of LEPs in articulating and addressing skills needs, with particular emphasis on the effective use of labour market information (LMI);
- examine the effectiveness of pre-existing strategic partnership arrangements in identifying and addressing skills needs;
- flag the characteristics of related effective practice as agreed upon by employers, local authorities and providers, together with aspects seen as requiring improvement.

The project commenced in late October 2010 shortly after the Government's approval of the first 24 LEPs, and following on from a meeting of representatives of the partners a few weeks earlier which discussed how to promote local economic growth through learning and skills in a climate of severe funding constraint¹. It followed four main stages, as follows:

- a *document review* comprising a synthesis of the Government's policies on economic growth and skills, its plans for LEPs, the proposals submitted, and pre-existing strategic partnership arrangements with relevance to the skills agenda²;
- an on-line *questionnaire survey* of members of the partner organisations, gathering a mix of quantitative and qualitative evidence;
- in-depth *interviews* with senior individuals in the Chamber movement, local government and further education;
- *feedback* from colleges gained via a series of workshops.

Data gathering for the project was completed by end-March 2011.

The project adopted a holistic approach to skills, on the grounds that there is a strong case for LEPs to cover local skills needs from age 14 upwards, and skills levels ranging from foundation level to post-graduate degrees. The intention is to support and inform the developing agendas and operations of LEPs in their role of bringing partners together in support of local economies.

¹ For a full report on the outcomes of this meeting, see *Local learning and skills conversations: new responses to local needs*. LGA. November 2010.

² As well as considering general features of the LEP submissions received and approved by the Government, the review examined in greater detail a sample of four areas covered by successful LEP submissions – *Birmingham & Solihull with E Staffordshire, Lichfield & Tamworth; Cornwall & the Isles of Scilly; Greater Manchester; and Leeds City Region* – plus the contrasting situation in one area covered by a submission that was not successful – *Bournemouth, Dorset & Poole*.

1.2 Structure of the report

The project's findings are set out in the sections that follow, under these headings:

- *Policy context: local growth, skills and the role of LEPs*, which presents a concise summary of our document review;
- *Survey findings*, which records the key elements of the feedback obtained from the questionnaire survey and interviews that we conducted;
- *Key issues*, which identifies the main areas of consensus surrounding the role of LEPs in tackling skills, together with remaining issues and potential problem areas, based upon the findings arising from the document review and our survey;
- *LEPs and the skills agenda – moving forward*, which presents some principles and the roles and operational arrangements of the parties involved;
- *Next steps*, which sets out our suggested ways in which the project partners will seek to support LEP development, together with plans to disseminate these findings and canvass further feedback.

Annexes to the report contain:

- the *full list* of those *LEPs* that have received Government approval at the time of writing;
- the *profile* of those individuals and organisations who kindly contributed to our survey;
- *case studies* that provide details of examples of pre-existing effective practice;
- a tabulation of the *principal sources of LMI*;
- a *glossary* of acronyms and abbreviations employed in the report.

1.3 Terminology

In the main text of the report:

- “skills shortages” are defined as skills that are hard to recruit from the labour market; “skills gaps” as skills deficiencies within a business’s current workforce;
- except where otherwise stated, the word “providers” is intended to embrace all types of provider of education and training, including schools, colleges, independent training providers, and universities;
- likewise, the word “employers” is intended to cover all types of employing organisation, including business, the public sector and Third Sector.

2 Policy context: local growth, skills and the role of LEPs

2.1 Government policy

Economic growth strategy and White Paper

The establishment of LEPs – and their role to provide strategic leadership in setting and addressing local economic priorities – sits firmly within the Government's vision of growth for an economy in recession at the time it took power. Private sector expansion is viewed as vital in replacing public sector investment no longer sustainable at the current level. Yet local initiative is seen to be stifled beneath a confusing number of regulatory mechanisms. Employers have not been driving the process and as a result are insufficiently engaged. Within this context, skills development is urgently needed, both to boost growth and to reduce the negative social consequences of worklessness.

The Government set out its strategy to boost sustainable, long-term economic growth in the UK in July 2010³. The strategy's aim is to stimulate economic growth by promoting business and innovation through entrepreneurialism and individual engagement in the economy; smarter public and private investment in the economy, including creating a highly-skilled workforce; and promoting free and open markets.

The White Paper *Local growth: realising every place's potential* which then followed in late October 2010 does not mention skills explicitly amongst the potential roles it suggests that LEPs might take on. Nonetheless, a strong skills dimension is implied in the wider remit of LEPs in responding to the needs of their local economies. The White Paper also indicates LEPs will be expected to work closely with universities and further education colleges to ensure provision meets demand. It flags the Government's commitment to freeing providers from central control and bureaucracy, so they can decide the training offer which responds directly to what well informed individual learners and employers want. Providers are encouraged to form networks – where these do not exist already – so they can engage more easily with LEPs to agree skills priorities and how they can best be delivered.

Establishment of LEPs

Legislation to abolish Regional Development Agencies (RDAs) and enable LEPs was announced in the Queen's speech. In late June 2010, a joint letter from the Secretaries of State for Business, Innovation and Skills (BIS) and Communities and Local Government (CLG) was then sent to local authority leaders and business leaders inviting outline proposals for LEPs of local authorities and businesses by 6 September 2010.

The letter indicated that the role of LEPs is to provide strategic leadership in their areas to set out local economic priorities, in the context of the Government's wish to see a rebalancing of the economy towards the private sector. LEPs are seen as central to this vision. To be effective it is viewed as vital that business and civic leaders work together in LEPs, and that this would normally mean equal representation on the LEP board with a prominent business leader in the chair. The letter also indicated Government concern that some local and regional boundaries do not reflect functional economic areas, and that therefore LEPs should aim better to match the natural economic geography of the areas they serve, covering real functional economic and travel to work areas.

³ *A strategy for sustainable growth*. BIS. July 2010.

A total of 62 submissions were eventually received by the Government, covering every part of England outside London, with 24 LEPs being granted approval in late October 2010. The Government indicated in the White Paper that it would welcome revised proposals from other areas as they become able to meet the criteria for approval. At the time of writing, six further LEPs have been approved⁴. The Government is apparently keen to ensure that the least prosperous areas of the country are all covered eventually by LEPs, but appears less concerned that this comes about in the South East and other more buoyant local economies.

Skills strategy

Following quickly on from the local growth White Paper, the Government's Skills Strategy⁵ elaborated further on the relationship between LEPs and FE and HE institutions outlined in the White Paper. Networks of colleges are expected to consult LEPs when developing their plans, and to help align public funding to respond to local economic and community demand. They should also self-assess the delivery of their plans on the basis of evidence as to how successfully they deliver the LEP agenda. College governors are expected to play a crucial role in ensuring that colleges develop a meaningful relationship with their LEP. Information on which LEPs can make judgements about college performance in this respect will be published by the FE Data Service, located within the SFA. The Data Service is to conduct an initial trial to this end in Greater Manchester.

Also announced in the strategy document is the initiation of a demand-led Growth and Innovation Fund (GIF) of up to £50 million of Government investment a year, to support employer-led initiatives within sectors, such as new professional standards, and to promote leadership and management in SMEs.

The Skills Strategy makes clear the Government's commitment to reduce the bureaucratic burdens on providers⁶, and to shift the balance between the state, businesses and individuals, with the latter two constituencies taking on more responsibility for funding skills acquisition. Competition between providers is to be encouraged as a way of driving up quality. Funding will be removed from provision that does not meet minimum levels of performance, and new providers encouraged, including those drawn from groups of employers, independent training providers and other employer-led organisations. Apprenticeships are to be "*placed at the heart of the skills system*".

Further briefing

Further elucidation on the role of LEPs and their relationship with providers has subsequently appeared⁷, making it clear that LEPs will have no formal power to direct providers. The latter are to be judged primarily on their responsiveness to the actual

⁴ For a full list of the 30 LEPs that have received approval at the time of writing, please refer to Annex 1.

⁵ *Skills for sustainable growth: strategy document*. BIS. November 2010.

⁶ In this respect, there are a number of favourable references to related pleas contained in the 157 Group's response to the consultation that preceded the publication of the skills strategy document.

⁷ In the form of the briefing notes that accompanied a LEP Networking Event held on 23rd November 2010, addressed by Mark Prisk, Minister for Business and Enterprise.

demand of individual learners and employers, rather than to LEP assessments of skills needs:

...It will be important that colleges and training organisations work closely with their local enterprise partnerships where those exist. The priority is to develop networks of flexible and responsive colleges and approved training organisations that are free to respond to the real demand demonstrated by employers and individual citizens. The key to ensuring that citizens and businesses are empowered to demand from the system the skills they need lies in ensuring that the relationship between the college or training organisation and their direct customers takes primacy. We will not therefore confuse or compromise that relationship by enabling local enterprise partnerships or other bodies to exert direct control over the colleges and training organisations, whether through control over their budgets, legal obligations or through the setting of targets.

To these end the legal commissioning powers created by the last government under the Apprenticeships, Skills, Children and Learning Act 2009 are to be withdrawn⁸.

Regional Growth Fund (RGF) and LEP Capacity Fund

Subsequently, a series of roadshows have been held across the country to encourage local businesses and entrepreneurs to bid for money from the Government's flagship £1.4bn Regional Growth Fund (RGF). The RGF is intended to provide support for projects promoting economic growth and sustainable private sector employment, and facilitating the transition from public sector dependence to private sector-led economic development. The fund will operate over a number of bidding rounds between 2011 and 2014, and is open to bids from private bodies and public private partnerships, with LEPs expected to play a coordinating role where they are already in place. It is understood that the allocation of RGF funding is likely to be biased in favour of least prosperous areas with the greatest current reliance on the public sector.

Plans have now also been announced to hold a national LEP summit on growth and competitiveness in Spring 2011 to bring together LEP Chairs from across the country to prioritise action to stimulate growth at a regional level⁹. This will be supported by additional money, to "help LEPs understand the real issues facing local businesses", from a LEP Capacity Fund. Details issued immediately prior to the completion of this report indicate it will amount to £4 million spread over 4 years with the first bidding round, aiming to allocate up to £1 million, closing on 31st March 2011¹⁰. A second bidding round will be launched in Autumn 2011 with further rounds in 2012 and 2013. Funds from the first round will need to be spent during the financial year 2011-2012. Bids must be for projects that meet one or more of the following objectives:

- address a gap in the intelligence available to LEPs;
- facilitate business engagement and interaction with the LEP; or
- boost Board capacity to prioritise actions which will support business-led growth and jobs within the LEP area.

⁸ Held previously by the Mayor's London Skills and Employment Board, the Commission for the New Economy in Greater Manchester and the Birmingham City Region Employment and Skills Board.

⁹ By the Prime Minister and Lord Heseltine during a regional tour to the North West on 6th January 2011.

¹⁰ *Local Enterprise Partnership Capacity Fund: Guidance Note*. BIS. February 2011.

Bids aimed at covering secretariat support are specifically excluded.

The types of applications that may be successful for funding are indicated as including:

- analysis of existing economic data or intelligence to help LEPs prioritise activities;
- analysis of new or emerging industries or clusters;
- analysis of potential barriers and collection of new economic data, including existing data not currently aggregated at LEP level;
- training for board members;
- facilitating SME engagement;
- identifying economic benefits of inter-LEP working on infrastructure issues or sectoral priorities.

Joint bids between two or more LEPs will be permissible.

Applications will not be approved where they seek to fund activity that is already ongoing or if they seek to collect data already available through existing routes. Bids will need to demonstrate how they add value to intelligence already assembled, for instance through local authority economic assessments. Partnerships will need to be able to demonstrate that they are applying for funding for something new. High levels of match funding are indicated as helping demonstrate the strength of a bid and partners' support. This match funding could take the form of in-kind resource but greater weight will be given to a monetary match.

2.2 Pre-existing strategic partnership arrangements

Perhaps because of their association with the previous government, the White Paper and the skills strategy document are largely silent concerning the role of pre-existing arrangements for regional and local strategic partnerships. The exception concerns the transition arrangements set out to ensure absorption by LEPs of some of the RDA function, resources and knowledge base. RDAs hosted Regional Skills Partnerships, which were created to encourage employers to work with funders, providers and other key partners to develop a more demand-led approach to skills which centres on the needs of individuals, employers and the economy. They also hosted "Observatories" which supplied related economic data and LMI.

Four other pre-existing types of partnership are worthy of consideration in terms of the experience on which LEPs are likely to build, as are the LGA's proposals to Government for so-called "place-based budgets":

Multi-area agreements (MAAs)

Multi-area agreements (MAAs) were introduced following the 2006 White Paper '*Strong and Prosperous Communities*'. They bring together a group of councils and other key players in flexible ways to tackle issues that are best addressed in partnership at a sub-regional level. They were developed as voluntary agreements, on a non-statutory basis. The large majority identified skills deficits as amongst their major priorities.

Fifteen MAAs currently exist, approved in three waves between July 2008 and March 2010, nine of which are wholly or partly coterminous with areas covered by LEPs that have now been approved. At the time of the general election, five further areas were understood to be in negotiations regarding the development of an MAA, but given the

Coalition Government's commitment to LEPs as the way forward, these have not been proceeded with further in this form.

Employment and Skills Boards (ESBs)

The Leitch Review of Skills conducted under the previous government led to the setting up of the employer-led United Kingdom Commission for Employment and Skills (UKCES), which was charged with formally licensing the Sector Skills Councils (SSCs) and various area-focused ESBs.

Leitch proposed that these Boards would “*engage local employers, articulate local labour market needs, scrutinise local services and recommend improvements in integrating labour market and training support*”. Although the UKCES subsequently took on the responsibility for overseeing the 25 employer-led Sector Skills Councils (SSCs), it resisted the suggestion that it should do likewise with ESBs. The latter have since developed organically, as geographically-focused vehicles for engaging employers in the employment and skills agenda. There are estimated to be around 150 ESBs in England, and most areas, including all City Regions, are covered by at least one board (with some boards' geographical spread overlapping). Only in a limited number of areas (rural Yorkshire and Lincolnshire, and the East of England) have ESBs not achieved complete geographical coverage.

A further fillip to ESBs has come from the 2009 Houghton Review of actions which local authorities can take to tackle worklessness. It proposed that local or multi-area partnerships should conduct worklessness assessments contributing to newly introduced Work and Skills Plans, and included the recommendation that the ESB is involved in setting the priorities.

ESBs vary from area to area, but it is possible to discern distinct types that have emerged:

- Statutory ESBs: Greater Manchester City Region ESB and Birmingham City Region ESB exercised legislative powers to direct sub-regional SFA strategy and funding¹¹.
- Strategic ESBs: those ESBs which lead in the production and monitoring of strategy, or are significantly involved in influencing the funding and strategy of public agencies.
- Consultative ESBs: other ESBs, either by choice or design, perform a purely consultative role. In this model, the Board acts primarily as a forum for employer engagement on a wide range of employment and skills issues, and an advocate for employers in the area.
- London: the London Skills and Employment Board (LSEB) is unique. It is an established statutory body with wide ranging powers¹² and an influential public sector Chair, the Mayor of London. London is treated independently in legislation guiding ESB powers over the SFA, which partly funds the Board.

¹¹ Now withdrawn as announced in the skills strategy document.

¹² Commissioning powers over skills provision also now to be withdrawn, as announced in the skills strategy document.

ESBs tend to be formed of employer representatives and are employer-led. They nearly always include public and third sector representatives as employers, as well as officers from the relevant public sector agencies, including the SFA and JCP. Providers are sometimes also represented directly on ESBs. In some instances ESBs have already developed evidence-based skills strategies which provide a foundation for the related work of the new LEPs.

There is no set model for the funding of local Employment and Skills Boards, though several have received financial support from the LSC / SFA. In London the LSEB's £550,000 annual costs have been funded through a combination of top slicing the LSC / SFA post-19 budget, and support from the London Development Agency. In the South West, the Regional Improvement and Efficiency Partnership funded a project to support the establishment of local boards and to ensure that they were aligned with the work of the Regional Employment and Skills Partnership.

Though it is not possible to apply a common model on a "one size fits all" basis, there are nevertheless some pointers to ESB success:

- *Independence*: the independence of the board can increase the effectiveness of its members, enhanced by it not relying on a single source of funding.
- *Tactics as much as strategy*: ESBs primarily work through influence, acting within other statutory frameworks, and the tactics the ESB uses to influence and change others' behaviours can be just as important as strategy formulation.
- *Servicing the Board*: members need clear direction and guidance from their advisors, or the Board's secretariat, in order to inform their decisions.
- *Leadership*: dynamic and committed Chairs have proved the driving force in successful employer-led boards, and a strong and independent partnership manager and a champion for the ESB in the area can help to drive development.
- *Focus on relationships*: the ESB's influence is founded on the quality of its external relationships. Early and sustained effort to secure the buy-in of key agencies – including the DWP / JCP, and the SFA, as well as local authority partners – can pay dividends. There is a balance to be struck between holding funders and delivery agencies to account and fostering close partnership working.

Local Strategic Partnerships (LSPs)

LSPs exist in nearly all local authority areas in England, the first being established in 2000. They bring together representatives from the local statutory, voluntary, community and private sectors to address local problems, allocate funding, and discuss strategies and initiatives. They aim to encourage joint working and community involvement, and prevent "silo working" with the general aim of ensuring resources are better allocated at a local level.

The structure of an LSP is flexible to a large degree, and has been decided at the local level. This has resulted in a diverse collection of partnerships across the country, both in terms of who is represented and how they work. For 88 local authority areas in England that received Neighbourhood Renewal Fund funding from CLG, formation of an LSP was

made a condition of receiving funding. In line with this source of funding, the work of most LSPs has tended to focus on regeneration and renewal.

In general, LSPs have suffered from a low profile outside (and even inside) those organisations and bodies that are involved. No specific policy statements regarding LSPs have been made to date by the current Government, though their role in co-ordinating and bringing together local public services has been acknowledged and supported in publications such as the Health White Paper.

14-19 partnerships

The 14-19 Implementation Plan published by the previous government at the end of 2005 charged providers in every area with the creation and strengthening of local 14-19 partnerships, led by Local Authorities. A key element of this initiative was a new national entitlement for 14-19 year olds to study towards the then newly introduced Diplomas. As no institution acting alone would be able to provide the full 14-19 offer to their learners, schools, colleges, training providers, employers and other stakeholders necessarily had to collaborate to deliver the new curriculum. In many areas 14-19 partnerships built on existing collaborative arrangements between providers.

Though the current Government appears less committed than its predecessor to the original vision set out for the Diplomas, 14-19 partnerships have continued to function in planning local arrangements for the delivery of the 14-19 curriculum. Successful partnership working of this kind is said to be based upon¹³:

A shared sense of ownership: The most effective 14-19 partnerships are typically comprised of all key local stakeholders, including schools, colleges, training providers, employers and IAG services.

Strategic leadership and vision: Clear strategic leadership at a senior level with dedicated operational support is vital in bringing together the range of different providers and interests to ensure coherence and a grasp of the bigger picture.

Clear objectives and organization: Member organisations are typically represented on local steering groups responsible for providing a clear sense of purpose and direction, with the authority to take executive decisions and commit resources.

Recognition of individual strengths: To deliver the new entitlement different providers focus on what they do well and recognise the contribution others can make.

Access to professional advice: In some instances, local partners deliver the curriculum with the help of expert practitioners from other providers outside their immediate area.

Place-based budgets

Place-based budgets are a LGA initiative aimed at both reducing the costs and improving the quality of public services via the devolution of funding and enhanced accountability to local people.

The initiative builds upon the experience of the strategic partnership arrangements referred to already, and also that from the 13 "Total Place" pilot areas. Total Place was

¹³ See *14-19 – Partnership Guidance*. DfES. 2006.

developed under the previous government with the aim of looking at how public service delivery could be improved and greater cost-efficiencies made by planning whole area solutions to local problems, making the most of shared expertise and resources and driving down wasteful duplication.

The central concepts of place-based budgets are that:

- commissioning responsibility for a set of local services should rest with a locally accountable governance body;
- taking on a range of strategic commissioning decisions around economic budgets, natural economic geography points to a sub-regional geographic scope;
- where the budget is funded by local taxpayers, it need only account locally to electors; where the budget is funded by national taxation, the body should be able to account both to its local electors for outcomes, and directly to Parliament for that money, rather than needing to be regulated and performance managed by the current plethora of intermediary bodies.

The role of the place-based budget-holder is in commissioning and enabling. The local body would be responsible for ensuring the conditions are in place locally to make sure choice-based models work effectively, addressing constraints that prevent the development of a responsive supply side and encouraging the growth of the voluntary sector. A major aim is to make substantial efficiency gains by pooling budgets, cutting out duplication and simplifying the associated arrangements for oversight and management.

Under this model¹⁴, it was calculated that:

- the taxpayer would make immediate administrative savings of £4.5 billion a year from rationalising the way local services are centrally controlled;
- other value for money gains could be worth several times as much again over the lifetime of a Parliament;
- there is clear scope for significant improvements in outcomes;
- accountability, transparency and responsiveness to local electors would be massively improved.

Addressing skills needs is seen as a key area within the scope of place-based budgets. Points made in support of the LGA proposals include:

- in many places, pressing economic, social and environmental challenges include the need to raise skills levels;
- there are typically multiple sources of funding for skills-related work, that need to be pooled;
- services need to be targeted more effectively on need, removing deadweight costs;
- local decision-makers might appropriately exercise a market oversight role, including in relation to adult skills

LGA has argued that a barrier to effective partnership working has been the need within local structures to reconcile different accountabilities, involving different targets, performance regimes, accounting and data systems. These have generally arisen from central government and are capable of significant rationalisation.

¹⁴ As set out in *Place-based budgets: the future governance of local public services*. LGA. June 2010.

The Government's policies for local growth, as set out in the White Paper, reflect many of the actions called for by the LGA in its proposals for place based budgets¹⁵.

2.3 UKCES skills assessment

Prior to the establishment of the LEPs, the most recent national assessment of employment and skills was undertaken by the UK Commission for Employment and Skills¹⁶. The key messages are set out under four themes, as follows:

- *There is a lack of customer focus in the current delivery and accountability of employment and skills services:* Delivery is too frequently driven by meeting the needs of the national agency funding the programme at the expense of genuinely securing the best outcome for an individual or employer, and therefore the community as a whole.
- *Customer and performance information is not used effectively to drive improvement in the outcomes of delivery:* For individuals and employers to make better choices will require a step change in the way the system uses and presents information to secure feedback, improve services and inform customers of the support available.
- *Generic contractual and funding arrangements agreed at a national agency level restrict flexibility and stifle innovation and creative local delivery:* Reductions in public expenditure present an opportunity to achieve more for less by increasing the flexibility of delivery to enhance innovation and increase productivity.
- *Different commissioning and administrative processes in the employment and skill system results in duplication of work and a great deal of expense:* Trusting providers and a greater emphasis on lighter touch regulation, monitoring and inspection provides the system with the opportunity to remove the duplication that acts as a boundary between agencies and prevents joint working.

Emerging national recommendations from the review were then presented by UKCES for consultation¹⁷, as follows:

Accountability:

- 1 Establish a model of inclusive Equal Partnership between agencies, providers in the employment and skills systems and local communities.
- 2 Involve individuals and employers in design and delivery of employment and skills services.
- 3 Implement a system for collective and local evaluation of performance against agreed priorities.

¹⁵ Though it was not LGA's wish to see the extension of commissioning powers over skills provision, we have already noted the Government's intended withdrawal of those already in existence.

¹⁶ 2010 review: interim update. UKCES. October 2010.

¹⁷ Briefing paper: Review of Employment and Skills draft national recommendations for consultation on 28 February 2011. UKCES. February 2011.

Alignment:

- 1 Create common vision and priority objectives for employment and skills services to work towards at a local level.
- 2 Share and collate local data sources and insight to build a comprehensive and consistent local source of LMI to support the setting of priorities, identification of demand and successful alignment of provision.
- 3 National agencies and partners should establish align performance and funding regimes to maximise the impact of skills and employment interventions.

Longer term

- 1 There should be a common measure of employment outcome, to include a significant measure of sustainability, for both employment and skills providers.

Information:

- 1 Share information across employment and skills services that promote individuals and employers as the primary customer rather than government. Providers and agencies in the employment and skills systems should form an ongoing commitment to standardise data and reduce duplication and bureaucracy by allowing data to move across different information systems.
- 2 Improve the utilisation of information across the employment and skills services. Shift emphasis from data collection to data driven decision making within and across all levels of the employment and skills system to drive performance and align provision with need.
- 3 Transform employers and individuals from information dependents to active communities. Enable information to act as a catalyst for empowering communities to articulate demand and hold services to account.

Longer term

- 1 Service Users of employment and skills services should be given an 'open id' or 'customer passport' which looks to capture their information once and then it is used across multiple information systems as and when they access it.

Progression:

- 1 Define progression based on a 'basket' of measures including 'hard' measures (wages/hours etc) and 'soft' measures (job satisfaction etc).
- 2 Once a definition(s) is agreed government(s) can adopt a high level universal commitment to sustainable employment and progression across all relevant departments in each of the three nations.
- 3 Local areas can combine a 'career pathways'/'career clusters' approach with a 'career adaptability' approach which gives people the skills they need to navigate diverse jobs and careers over their working lives.

Longer term

- 1 Develop new commissioning for employment and skills services on progression outcomes rather than just sustainable employment or qualifications.
- 2 Establish common frameworks to assess and track individuals as they progress.

2.4 LEP proposals and subsequent developments

The timescale for submitting LEP bids to Government was limited, and the request was for outline proposals rather than detailed business plans. There was therefore limited opportunity to engage business and other parties in preparation of the bids, let alone to develop novel partnership configurations. Though shadow Boards are now in place in

most of the LEPs that have received approval, detailed governance, representational and consultative arrangements below Board level have yet to be finalised.

Nevertheless, a number of aspects of the bids relevant to the skills agenda can be identified¹⁸:

- A number covered a distinctly different area from that of a pre-existing MAA¹⁹.
- Despite not being specifically mentioned in the letter which invited proposals for LEPs, adult / workforce skills topped the list of the priorities for economic development that were identified, being mentioned in well over 80%. Next most frequently mentioned priorities were the low carbon agenda, transport and inward investment, and 14-19 skills, the latter being flagged as a priority in around two-thirds of the submissions. Around half the bids indicated a commitment to boost apprenticeship numbers.
- In the main, the submissions said little about the intended response to the Government's proposed role for them in facilitating the shift from public-sector dependent employment to private enterprise. Likewise, only a few acknowledged implications of the Government's intention to have employers and individuals invest to a greater extent in fulfilling their own skills needs.
- In the main, LEPs seemed most inclined to act as strategic leaders. A significant minority also indicated that they might take on some kind of R&D / intelligence function. Very few appeared to want to commit to either direct commissioning or to programme management and delivery functions, the Greater Manchester submission being a major exception in this respect. However, the majority indicated a wish for influence over skills provision and its funding.
- Almost without exception, the intention was for the LEP Board to be Chaired by a prominent business-leader, and to have a mixed business and local authority membership, with the former in the majority. A significant minority intended to include a university representative on the Board, but only a few proposed to extend membership to incorporate representatives of other types of provider. Nonetheless, around half the bids indicated some measure of FE involvement and support.
- Where ESBs currently existed, there was a common presumption that they would continue to function at second-tier level beneath the LEP Board. FE colleges and other providers are sometimes present amongst the membership of these bodies.

Although the Government's letters conveying the decision concerning the 62 submissions ultimately received have not been published, it is understood that the majority took the form of standard notes of approval or rejection. In the case of

¹⁸ A detailed analysis of the first 50 LEP submissions can be found in *Local Enterprise Partnerships: A new era begins?* SQW. September 2010.

¹⁹ For example, three separate LEP bids from the West Midlands together covered areas that were included within the single pre-existing MAA for Birmingham, Coventry and the Black Country.

specifically tailored letters of rejection, the main guidance given appears to be either to work with adjoining LEPs²⁰ or to resubmit on a different geographical basis²¹.

Notable features of successful LEP bids most relevant to skills include:

- A history of previous successful planning coordination between local authorities, especially in city regions such as Greater Manchester and Leeds.
- A wish to build upon pre-existing strategic partnership working between local authorities, business and providers, often involving MAAs (most commonly in city regions), and invariably ESBs.
- A foundation, also, of business networking preceding the establishment of the ESB (for example, the Leeds City Region Business Leadership Group) and of provider networking. Some of the latter arrangements involve colleges and universities working together to support business (as, for instance, in Cornwall).
- A basis of recent detailed skills needs analyses for the area (as in the case of the Cornwall and the Isles of Scilly; Greater Manchester; and Leeds City Region).

All LEPs have now appointed business Chairs, in line with Government recommendations. Otherwise rates of progress vary. In some cases LEP Shadow Boards have already been formed – as with Birmingham and Solihull with E Staffordshire, Lichfield & Tamworth (whose membership comprises 5 business representatives; 7 local authority representatives; and one from a university); Greater Manchester (7 business; 4 local authority; 1 university); and Leeds City Region (7 business; 8 local authority; 1 university). In a small number of cases, a college representative sits on the LEP Board – for example, the Coast to Capital LEP. Some LEP Boards have already met on a number of occasions at the time of writing, dealing amongst other things with decisions on RGF bids. In the case of Greater Manchester, the Shadow Board has also confirmed the high priority accorded to the proposed skills agenda for the LEP, and agreed the following headline indicators:

- % working age population with National Vocational Qualification (NVQ) 4+ qualifications;
- % all in employment who are Standard Occupational Classification (SOC) 1 (managers and senior officials) or 2 (professional occupations);
- NVQ3 attainment by 19 years of age.

In other cases, decisions have already been made to help align pre-existing partnership arrangements with the new LEP areas, as with the termination of the former Birmingham and Black Country City Region partnership, which covered parts of what are now two different LEP areas – Birmingham and Solihull with E Staffordshire, Lichfield and Tamworth; and The Black Country.

²⁰ As in the case of the submissions from The Peak District; and West Leicestershire and North Warwickshire.

²¹ As with the North East Economic Partnership, which then proceeded to form a LEP around the seven local authorities not covered by the successful Tees Valley proposal, and subsequently received approval for its resubmission in January 2011.

3 Survey findings²²

3.1 Reactions to Government policies on local growth, skills and the role of LEPs

Support for key principles and outstanding reservations

There is considerable support for the fundamental aspects of Government policies relevant to LEPs. Many of those consulted emphasise the need to be forward-looking and not hidebound by past systems and structures. There is widespread backing for the principle that key decisions affecting local economic growth should be taken at sub-regional level. Areas around which LEPs have been formed are viewed as far more appropriate than full regions as a basis for related plans, reflecting the Government's own view. The commitment to reducing the bureaucratic burdens surrounding skills provision is welcomed, and there is general agreement that associated funding and planning arrangements should be flexible and responsive to local needs. A clear majority of those consulted concur that the best way forward to ensure responsive provision is via cooperation between the parties involved in the LEP through locally determined structures, rather than via the LEP being accorded statutory powers over providers.

"We want the flexibility to ensure that demand-led skills needs and requirements can be met. It's no use recognising areas for development if we can't act upon them."

(Local Authority)

Taken overall, though, the feedback received included many reservations concerning the Government's views of the relationship between LEPs and providers in addressing skills needs, as set out in its skills strategy document. Only a minority of survey participants indicated satisfaction, and around half that they are dissatisfied. Those representing employers' organisations tended to be somewhat more positive in their attitude than those representing colleges or local authorities. A common area of concern centred upon the perceived inadequacy of the resources that will in practice be available to LEPs to support their start-up and initial operations, at a time of substantial overall reductions in public expenditure.

Influence on skills provision

When asked what problems or barriers they felt might restrict the ability of the LEPs to ensure fulfilment of the Government's skills strategy, there is a widespread desire to be able at local level to develop a more coherent single "conversation" concerning skills across both youth and adult provision. It is noted that Government policy for LEPs makes little mention of their potential role in influencing 14-19 provision, which many regard as essential to ensuring a sound foundation for adult skills development, but which is considered likely to become less amenable to local authority influence as the Government's free schools / academies agenda takes effect. The desire to consider skills needs from age 14 onwards in an integrated fashion is contrasted with the lack of coherence inherent in the division of educational policy between two different Government departments – Department for Education (DfE) & BIS – and of funding

²² For the profile of the respondents to the questionnaire survey, and a full list of the interviewees, please refer to Annex 2.

between three different agencies – YPLA, SFA, and Higher Education Funding Council for England (HEFCE); plus the role of the DWP and JCP in the Work Programme.

A sizeable minority of survey participants also express concerns over the ability of LEPs to influence providers' forward plans. They believe that in practice the wants of individual learners will not necessarily coincide with those of individual employers (whose views are often shaped by immediate priorities), nor with the LEP's analysis of long-term skills requirements in its area. It is seen as important that funding allocations to providers are able to reflect and respond to local skills priorities.

“Challenge is to properly amend national policy drivers which influence providers. Can't blame colleges and universities for following students / funding, so this needs to reflect local priorities / needs more than at present.”

(Chamber of Commerce)

Whilst college-based survey respondents welcome the reassurances concerning provider autonomy contained within the Government's skills strategy document and subsequent further guidance, those from local authorities and Chambers of Commerce are more likely to be concerned about the perceived lack of “traction” that LEPs will have over skills provision.

“The Skills Strategy is seeking to give freedom to colleges and other providers in terms of planning provision at a time of economic difficulty and possible recession. It is not clear what levers the LEP will have with skills providers.”

(Local Authority)

“Aims and underpinning principles of the Skills Strategy are unexceptional. The big question is how and if the balance can be struck between a sensible national framework and sufficient flexibility to meet local needs.”

(College)

Future tensions anticipated by those consulted include, for example, those between LEP agendas that focus on skills needs at Level 3 and above, and college “missions” that legitimately also encompass substantial numbers of students who study towards qualifications at Level 1 & 2. Equally, there are concerns about how the establishment of skills provision to support a low carbon economy can be funded adequately when at present it is not a significant element within the demand profile of prospective students and employers.

Here, also, question marks are raised about the incentives to coordinate skills “offers” around the LEP's agenda, given that the funding and regulatory framework within which providers operate may encourage competition between them more than collaboration. The way in which the SFA will endeavour to take account of provider performance in relation to LEP plans when allocating funding remains to be seen.

A number of those consulted, including from Chambers of Commerce, emphasised the need for LEPs to encourage business to focus on the longer term needs of the local economy, and not just on immediate skills shortages and skills gaps.

Other concerns

Other areas of concern flagged by those consulted are:

- the degree to which LEPs will produce actions that make a real difference and are of direct benefit to all parties, rather than merely being “talking shops”; partners will be seeking a clear return and quick wins from their involvement;
- the extent to which it is realistic to expect the private sector speedily to take up the slack left by contraction in public sector employment, especially in the north of England;
- the perceived lack of sufficient clarity and guidance from the Government on what are felt to be unresolved issues, including inter-LEP coordination at regional level, and on the way forward to ensure comprehensive coverage of LEPs across England.

Ways forward

The main steps that the survey respondents consider necessary to ensure that LEPs can build upon existing arrangements to bring about further improvements in the way skills needs are identified and addressed involve:

- embedding sufficient flexibility properly to address local needs;
- facilitating more direct contact between providers and employers; and
- rationalising structures to streamline decision-making.

Here employer representatives are frequently as concerned as college-based respondents to ensure that providers work very closely with them. A particular issue that was flagged is that the national arrangements for funding and qualifications should not inhibit the latter’s ability to respond flexibly and speedily to employers’ skills requirements.

“A drastic rationalisation of structures for dealing with education & training. LEP proposals don’t go far enough in this respect. Also more work needed to coordinate networks of college staff and employers on a sectoral basis.”

(Chamber of Commerce)

“Identifying the needs of the present is relatively straightforward: the trick is determining what will be needed in the future. To some extent this can be facilitated by ensuring that LEPs have clear economic development plans in place, good and effective links with business and the education sector. The education sector must then be willing, and able, to adapt its plans to fit these needs. Government needs to allow sufficient freedom from interference to develop what’s needed.”

(Chamber of Commerce)

“SFA needs to have flexibility to adjust to local needs, plus to fund capacity that may not be justified in terms of immediate demand. Vital to involve the private sector. If rules are too nationally rigid and they can’t influence things at local level, they won’t bother.”

(College)

3.2 Attitudes to LEP role, governance arrangements and skills priorities

Involvement in bid

There is general satisfaction amongst those consulted with the level of their involvement in the development of LEP proposals in their own areas. A clear majority feel that their own organisation had a great deal of active involvement, and relatively few consider that they had little or none. Those least likely to have been actively involved are from colleges. There is strong agreement that the LEP represents an important opportunity to align skills provision to the needs of the local economy, and high on universal commitment to helping to make it work effectively.

Skills priorities and plans

Around two-thirds of survey respondents express satisfaction with the priority accorded to 14-19 skills needs and to adult / workforce skills needs within the LEP proposals for their own area. There is also a welcome for the intention set out in a number of LEP bids to treat 14-19 and adult skills in an integrated fashion, and not to reflect the partitions present at the level of central government.

Around a third of survey respondents indicated that they would like to have seen revisions or additions to the LEP proposals for their own area with regard to tackling skills needs, feeling that at this stage the treatment of skills is inevitably at a high level of generality. Amongst the areas those we consulted feel need more detailed consideration from now on are:

- the linkages between the skills agenda and those for economic regeneration, worklessness, etc., so as to ensure a holistic approach to the LEP's remit;
- the integration of 14-19 skills provision, and the engagement of schools;
- the strengthening of IAG to enable individual demand better to reflect the true nature of labour markets at local level and more widely;
- the distinct variations in skills profiles, skills needs and economic potential between different localities within the same LEP areas.

“There has been a good commitment to tackling skills; however, as yet there has been less clarity about what part of the skills agenda should be prioritised. This is in part because of the significant differences across the City Region in how skills issues are manifested. Business would also see as much emphasis placed on information, advice and guidance as skills per se.”

(Chamber of Commerce)

Engagement of key players

The large majority of those consulted consider that the LEP proposals for their own area are likely to be effective or very effective in securing the engagement and cooperation of employers and Local Authorities in addressing skills needs. However, only a third of respondents have the same degree of confidence regarding the engagement of providers, with the majority of college representatives feeling unable to express an opinion at this stage. Views were also expressed concerning the importance of employers fully “buying-in” to LEPs if they are to succeed, especially SMEs. It is seen as vital that LEPs are genuinely business-led, and that sufficient time is allowed for consultation on their proposals. Local Chambers of Commerce have concerns regarding potential local authority domination of the agenda in some LEPs. Some college-based respondents to our survey also flag the need for providers to be directly involved in the

formulation of LEP policies regarding skills, rather than merely being asked to respond to plans to which they have not contributed.

Whilst it is widely recognised that it is not feasible to have all providers to be represented directly on the LEP, there are concerns that they should be actively involved in policy formulation at second-tier level. There is also some feeling that in cases where providers are to be included within the membership of the Board, those from universities are not axiomatically the best vehicles for articulating providers' contributions to area skills agendas.

“Vital that business really is in the lead this time, and that when consulted they are given sufficient notice to respond properly - not always the case in the past. Providers also need to be more involved in meeting directly with business to plan actions regarding skills needs.”

(Chamber of Commerce)

“There seems to be an over reliance on the universities to be the skills representatives for the LEP; FE for example, seems to have been largely overlooked. Whilst recognising the need for a streamlined and effective LEP board, there is a need to establish sound governance and identify clear routes into the LEP for other sectors / themes.”

(Chamber of Commerce)

“Further and higher education were central to the initial thrust for the LEP. We had assumed that both would be represented on the main LEP Board but discussions continue on this.”

(College)

The most common further comments made by survey respondents concerning what else might be done to ensure a mutually beneficial relationship between their own organisation and the LEP relate to pleas for greater clarity and transparency over its future role and operations, and the ways in which all parties will be involved in formulating its forward plans.

3.3 Opinions of pre-existing strategic partnership arrangements

Effectiveness and continuity

On balance, a somewhat larger proportion of those consulted consider pre-existing arrangements for engaging employers, local authorities and providers in their own areas have been effective than feel that they have been ineffective.

Many of those we surveyed note the foundations for the work of the LEP already laid by MAAs which have had a skills focus and, more commonly, by ESBs. Often these partnerships have not been in place for long, and are only just getting into their stride. Nonetheless, such arrangements are well regarded for the way in which they have ensured a greater degree of business leadership, and have brought together employers, local authorities and providers. Moves already made towards place-based budgeting were also noted favourably. College-based survey respondents frequently also quoted groupings of providers that have been established on a local authority or sub-regional basis, and which have formed useful vehicles for exchanging information and coordinating action.

(Please refer to Case Studies 1-3 in Annex 3 for examples of:

- an effective pre-existing business – local authority strategic partnership already having set out an evidence-based skills strategy: Leeds City Region ESB Employment and Skills Strategy;
- a well established partnership of college and university providers working together with the local authority and business to improve the supply of high-level skills: Combined Universities in Cornwall (CUC); and
- effective partnership working at sub-LEP area level, bringing together local authorities, business, government agencies and the local college: West Berkshire Skills and Enterprise Partnership.)

Nonetheless, there is also a feeling from some of those consulted that though valuable as forums for sharing information and views, ESBs and the like have been less successful in producing or taking action. Disappointment is also expressed that SSCs have been less prominent than had been hoped in helping to coordinate skills responses at sector level.

Regarding the future, there is some disquiet caused by uncertainties about the implications for some pre-existing partnership arrangements under the LEP. The general assumption and preference is that many will continue as sub-groupings of the LEP Board – especially where ESBs are concerned. However, in many cases they are not currently geographically coterminous with LEP areas. The question here, therefore, is to what extent they should be realigned in the future to ensure a match and, if so, how this process takes place.

Identifying and responding to skills shortages and skills gaps

The least well-regarded aspect of pre-existing arrangements concerns the extent to which they have been successful in encouraging and enabling employers and providers to respond to skills shortages and skills gaps. Nearly a third of those consulted feel that they have been ineffective in this respect, though with a few notable exceptions.

“The level of intervention can be impressive – as when action was coordinated within 24 hours to address the redundancies announced by a local employer.”
(College)

The main cause of doubt in this area relates less to the availability and quality of LMI, but rather to the translation of the latter into specific actions affecting skills provision. Expressions of concern from those we consulted include those relating to the continuation of resourcing for analytical work in identifying skills needs, including that currently undertaken by RDA observatories.

“We have concerns that with changes around RDA and Connexions there might not be any agency picking up local and regional LMI – the LEP will need to be given resources to do this.”

(Local Authority)

Engagement of key players

A number of aspects that might be improved regarding the effective engagement of employers, local authorities and providers were also identified. Most of these concern a general view that parties need to work together more effectively to translate the identification of skills needs into specific actions to address them.

“We seem to be hung up on engaging employers as an end in itself when what we need to be doing is working with them. Unless business and education are firmly embedded within each other we will continue to go round in the same old circles. We also seem to look at skills and the economy in silos divorced from other key regeneration / strategic issues such as housing and health. Social housing could, for example, provide a key route into address worklessness issues and poor skills but this is, in our experience, rarely exploited. In our experience LSPs have not fully broken down such silos and, whilst recognising that the LEPs are economic in their focus, they must have influence / reach into other areas also - otherwise they will be an exercise in preaching to the converted.”

(Chamber of Commerce)

One route to achieving this end is suggested as the establishment of a published annual cycle that sets out the process for collecting, interpreting and disseminating LMI and skills supply data, identifying mismatches, consulting on the findings, and informing planning so as to reconcile forecast supply with demand more fully – involving all the key partners.

(Please refer to Case Studies 4 a) & b) Annex 3 for examples of:

- *a well-developed evidence-based process for identifying mismatches between skills needs and skills supply operating across a city region: Greater Manchester skills demand and supply reconciliation methodology; and*
- *an agreed annual cycle of data gathering, analysis, dissemination & consultation to inform the planning of actions to address mismatches: Greater Manchester annual timescale for analysis of skills priorities.)*

3.4 Labour market information (LMI)

Around half of survey respondents regard the pre-existing arrangements for coordinating, disseminating and utilising LMI as effective, and fewer than a quarter feel them to be ineffective. Apart from survey respondents' own organisation, the main current sources of useful LMI that were noted are Local Authorities, RDAs, and DWP / Jobcentre Plus. Only a minority of respondents identify Sector Skills Councils (SSCs) as a useful source. Amongst the other sources that were listed are the Skills Funding Agency and Connexions.

(Please refer to Case Studies 5 & 6 in Annex 3 for examples of:

- *the effective LMI analysis services at regional and sub-regional levels typically supplied by RDA Observatories: South West Observatory Skills & Learning Intelligence Module (SLIM); and*
- *comprehensive, highly specific, and up-to-date intelligence on the needs of local business, coordinated by a local Chamber of Commerce: Doncaster Chamber of Commerce Business and Skills Survey.)*

The main aspects of current LMI that are felt to require improvement are timeliness and dynamism, with a number of respondents noting that detailed and potentially useful data are often significantly out-of-date by the time they are published. To be of real value, LMI needs to be essentially forward-looking, and to support the identification of significant mismatches between the needs for skills and their supply. It was also noted that it is not enough just to issue LMI – for it to be effective there must also be a structure for analysis and follow-up involving all the key players. A critical challenge for effective LMI is forecasting the future sufficiently accurately – and the inherent risks for providers if forecasts and / or their interpretation prove to be significantly misleading.

A number of those consulted drew distinctions between the kinds of high level aggregated data that might usefully inform strategic planning at LEP Board level, and what is necessary to ensure employer responsiveness at the level of individual providers. In the latter case, to be really useful data need to be highly specific to the immediate and medium term requirements of individual local employers. Here effective business-to-business marketing is seen as being as much the solution as conventional LMI. Effective relationships between providers and business customers enable both parties to work together constructively on detailed analyses of organisational training needs (ONA). There are, however, concerns that the gap between LEP strategic and individual provider-business levels is insufficiently catered for by the types of LMI currently in use. Suggestions for improvement here include the facilitation of better mechanisms for employers and providers to meet collectively at sectoral level to:

- pool information, share effective practice, and coordinate skills responses; and
- consider shifts in business models and technology at sectoral and occupational levels as a basis for staff development and updating of education and training methodologies.

“In addition to the RDA, the College has its own Project Services team, which has no problems accessing the data it needs. A big college like us has the economies of scale to support this. Employer responsiveness and the skills agenda are at the centre of the college's mission.”

(College)

“My role is to try and act as a 'broker' between business and local providers to get the match right. Some local universities utilise LMI to evaluate the value of exploring development of new provision and have to prove such evaluation before a proposal is approved to progress (problem here is often the lengthy period for this to take place resulting in excessively long validation / approval processes). Responses by local colleges and universities have improved in recent years but this is not universal (i.e. some are far better than others) and often the responses are made well to larger businesses but not so well to SMEs.

(Lifelong Learning Network)

“We really need to clarify what employers actually need and what demand led means. The two can conflict. For example, there is an offshore wind farm planned for 2016 which will generate a demand for some specific engineering skills. At present, there is no local provision and young people in the area seem impervious to information about the opportunities. We need to foster better communication between employers, schools, colleges and other skills providers.”

(Local Authority)

Some of college-based respondents feel that insufficient recognition is given currently to the fact that providers themselves constitute major sources of LMI, and that they are becoming increasingly effective in this area. However, they also acknowledge that in places there is room for improvement in the way colleges market themselves to employers for full-cost work.

(Please refer to Case Study 7 in Annex 3 on the eLMI tool & LMI training resources for examples of tailor-made support for providers' LMI and associated requirements for effective marketing to local employers.)

4 Key issues

4.1 Generic issues

The project was concerned with the role of LEPs in tackling skills, with an emphasis on the effective use of LMI. Nonetheless, much of the feedback from those consulted relates to generic issues concerning LEP governance, structures, resourcing, etc. The research findings suggest that these are crucial to the delivery of the skills agenda alongside more skills-specific aspects. It is argued that resolving them appropriately makes it much more likely that LEPs will be effective in addressing skills, as with other areas of their remit.

4.2 Areas of consensus

It is clear that there is a great deal of support for some key principles that underpin Government policies on local growth and skills. Almost without exception, those consulted regard LEPs as an important opportunity, and they are keen to help ensure that LEPs operate effectively. Given the tight timescale against which the outline proposals for LEPs have been prepared, those LEPs approved to date commonly demonstrate an impressive ability to command the backing of key players in their area.

The particular aspects of the LEP concept that attract widespread support may be summarised as:

Skills have priority: that the high priority accorded to skills in virtually every LEP is appropriate and necessary. Places with higher levels of skills have been more resilient during the recession and are more attractive places for businesses to locate. All parties have a role to play in forming the skills agenda, and schools, colleges, universities, Third Sector and independent training providers all need to be engaged with the LEP in skills delivery from age 14 upwards.

Geography: that LEPs should aim better to match the natural economic geography of the areas they serve, covering real functional economic and travel-to-work areas, and that some traditional local and regional boundaries do not reflect such functional economic areas. A number of the LEPs so far established build upon developments to this end in recent years, particularly in respect of partnerships of local authorities across city regions.

Localism: that businesses and local communities should be in charge of their own futures, and via the LEP should have the autonomy to pursue their own agendas on economic growth and skills according to local needs and supported by the kinds of structure that they find most appropriate. There is a strongly felt wish for the greater flexibility in this respect promised by the Government, and to break free from inappropriate one-size-fits-all national and regional targets. There is also recognition of a change in the dynamics of tackling skills provision, with a need to share responsibility. The state, employers and individuals all need to contribute financially, to minimise the cost to the public purse of skills and business support initiatives and programmes, and to make the most effective use of scarce public funding.

Business-led: that a prominent business leader should Chair the LEP Board, and that the Board's membership should include business and civic leaders. Chambers of Commerce welcome the opportunity for business to be able to exercise greater influence in shaping the economic agenda, whilst local authorities and providers are highly conscious of the need for local business to thrive given the cut-backs in the public sector now in train. Providers also look forward to the LEP providing a vehicle for a clearer articulation of employers' skill needs, and a more collective backing for the take-up of provision in line with agreed priorities.

Holistic approach: that within the LEP, plans for skills are fully integrated with those for economic growth, worklessness, the low carbon agenda, and other areas that fall within their remit. Likewise, LEPs present an opportunity to give integrated consideration to skills provision, from age 14 upwards and across all ability levels, programme areas and types of provider.

Continuity: that in most cases LEPs are consciously building upon the experience of increasingly effective partnership working in recent years, especially via ESBs and MAAs. Though the latter are being discontinued, the arrangements they have created with regard to skills are in general being absorbed by the LEP. In the case of ESBs, most look likely to continue to function at second tier level. In many LEPs, too, networks of providers already exist, forming a foundation for the kinds of arrangement for their engagement with the LEP that the Government has recommended.

Collaboration not compulsion: that LEPs are likely to operate most effectively via the active cooperation of the parties involved, and eschewing the power to direct individual providers. An agreed plan that all can subscribe to is generally seen by those consulted in the research as the desirable goal, and the need to resort to statutory requirements as usually symptomatic of a dysfunctional partnership.

4.3 Skills challenges

LEPs are in their early stages with their Boards only formalised in April 2011. As such there is a general appreciation that it is impossible for some key facets of the ways in which they will operate in practice already to have been made apparent. Nevertheless, those consulted in the research raise a number of legitimate concerns regarding the ability of LEPs to fulfil the strategies for local growth and skills set out by the Government. If over the coming year insufficient clarity emerges in these areas, or if arrangements are put in place that key players find unworkable, then the LEP vision may not be realised.

The main outstanding challenges to the fulfilment of the skills agenda that the research has identified include:

LMI: that whilst the availability of LMI per se is not usually perceived as a problem, to be really useful in informing skills plans LEP partners feel that it should be:

- timelier, so that data are relevant to current economic realities;
- more forward-looking, involving forecasting of future trends;
- more specific to the requirements of sectors and individual employers at local level, so that providers and others can more readily translate data into action; and

- better geared to supporting a meaningful review of skills needs against current supply.

Furthermore, there are indications that individual organisations do not always make use of the full range of potential LMI that is available. In this respect, for example, SSC sources might be better utilised. A major issue here for smaller organisations is their capacity to collate and synthesise the vast amount of LMI data published by the Office for National Statistics (ONS) as well as other bodies²³. And as already noted, the research revealed concerns over the maintenance of valued Observatory services following the winding up of the RDAs.

Coherent and integrated approach to skills: that ideally LEP partners wish to be involved in a single coherent dialogue on skills, covering both young people and adults and embracing all levels of qualification. Research suggests that continued compartmentalisation of policy and funding arrangements between different government departments and agencies is not conducive to efforts to engage with all types of provider collectively at local level. There are also concerns that the Government's intention to free-up entry to the skills market by new providers may result in increased competitive tendencies and a perceived reduction in benefits of inter-provider collaboration.

Demand, skills funding and provider performance: that LEP skills agendas and the aggregate impact of the business plans of individual providers are not necessarily synonymous. Here the research has highlighted three main areas of potential mismatch:

- that whilst providers might react responsively to the current demand for skills from individuals and employers, in the absence of sufficient funding being guaranteed the risks of their investing in capacity to meet forecast future needs prioritised in LEP plans may be too great;
- the competition for funding between individuals' demand for qualifications at Levels 1 & 2, and LEP higher skills agendas focusing on Level 3 and above; and
- the funding for specialist provision that may only supply a limited demand locally, but which successfully serves regional and / or national markets for which individual LEPs may not feel responsibility.

The research has revealed a need for clarity as to how the Skills Funding Agency (SFA) will make judgements about provider performance in such instances.

Unlike the former LSC, the SFA does not have a planning role, and has indicated that it will not lead or direct on individual providers' responses to LEP skills plans. However, there are indications that the SFA will wish to react constructively to individual LEP plans which have provider commitment and which are reflected in providers' business plans. Equally, the SFA wishes to be alerted early to signs of conflict between the plans of providers and the agenda of the LEP, in order to help assist the parties involved to find a mutually acceptable resolution. The research found no evidence that providers are anticipating an adversarial relationship with their LEP, but nevertheless understandable concerns remain about what might happen if a LEP's skills agenda and a provider's business priorities do not align, and how such tensions should be resolved. Real commitment is evident amongst all parties to making voluntary arrangements work without the need for external interference. However, this is an area which SFA and Government will need to keep under review in case instances occur where partner organisations feel unable to commit to LEP skills priorities.

²³ A list of the main sources of LMI is provided in Annex 4.

Information, advice and guidance (IAG): that the effective operation of local labour markets is considerably assisted if young people and adults are well informed about available career opportunities – now and in the future – and about related education and training provision. The major review by Professor Alison Wolf of vocational education which the Government commissioned has concluded that the provision of accurate and useful information to inform decision-making on qualifications and careers is one of three underlying principles for reform²⁴. In this respect the research identified great concern about a perceived current deterioration in IAG support – particularly in Connexions services in the wake of the public expenditure reductions. Equally, it was noted that the efficacy of the All-Age Careers Service, planned to become fully operational from April 2012, has yet to be demonstrated. Vocational routes are seen as being communicated to young people less than adequately compared to academic routes, and the situation is perceived as unlikely to improve in the immediate future.

Pre-existing arrangements: in areas where pre-existing strategic partnership arrangements relating to skills are not coterminous with the LEP, there are concerns about the extent to which they need to become aligned, and how this process will be handled.

Collaboration across LEP boundaries: to tackle skills needs and demands with a regional and national rather than a local dimension the research has identified a continuing role for some strategic partnership working across areas larger than those of a single LEP; though cross-LEP structures are beginning to emerge it remains unclear whether this will be achieved to the extent that may be required.

Effective engagement of LEP partners: partner organisations identified the importance of both formal and informal means of engaging with LEPs to ensure an adequate input of their views and capabilities. There is a particular need to demonstrate adequate arrangements for:

- SMEs as well as of larger employers;
- Third Sector bodies, including charities, voluntary organisations and social enterprises;
- providers, and especially colleges, independent training providers (including Third Sector), and schools, which together play a crucial role in skills delivery. The research suggests that a skills agenda developed with insufficient provider “buy-in” poses considerable risks to the chances of its implementation. In particular, FE colleges and the larger independent training providers are seeking recognition as significant strategic partners of the LEP in their own right, and not merely as suppliers, in part on the basis that they play a more significant role in local skills delivery than universities.

Value added: to be successful it is seen as important that LEPs demonstrate to all parties that they are adding value; research suggests that partner organisations will not give up their time for long unless they can see a clear return in terms of LEPs making a positive difference.

Funding and continuity: the research suggests that to hit the ground running some LEPs see a need for pump-priming resources, but there are no indications from Government

²⁴ *Review of Vocational Education – The Wolf Report.* Alison Wolf. March 2011.

that these will be forthcoming. LEPs are being encouraged to look at local sources of funding and new funding mechanisms announced by the Government, such as the New Homes Bonus. The lack of ring-fenced funding for LEPs has led some stakeholders to question the capacity of LEPs to instigate change. Though successful RGF and Growth & Innovation Fund bids may help pay for new projects to stimulate local growth, there are likely to be losers as well as winners in their allocation across LEPs. Equally, the LEP Capacity Fund provides only modest funding in relation to the potential costs of establishing and sustaining effective LEP LMI capabilities. Furthermore, the costs of establishing effective administrative support for the LEP Boards and their sub-groups are not eligible for funding.

5 LEPs and the skills agenda – moving forward

5.1 General principles

LEPs present a real opportunity to develop approaches to economic growth and skills that are better tailored to local needs. As has been demonstrated, different LEPs have different, though often equally successful, foundations in terms of the experience of pre-existing strategic partnerships in their areas. It is therefore not sensible or feasible to propose one model of effective practice, but rather set out key principles for debate that provide suggestions for the path ahead. What follows are possible ways forward, based on the feedback from those consulted in the research and concentrating upon the factors most likely to ensure that LEPs are able to tackle the skills agenda effectively.

5.2 LMI

Evidence-based skills plans require meaningful LMI: The establishment of LEPs presents real opportunities for sharpening the utility of LMI by:

- further disaggregating national and regional data to local level;
- strengthening the ways information is interpreted and synthesised, with an emphasis on the specific future implications for skills provision; and
- focusing analysis of LMI more strongly on the match between immediate and future skills needs and the current pattern of skills supply, so as to flag areas for action by LEPs and their partner organisations.

Two immediate priorities were highlighted by the research:

- the utilisation of the LEP Capacity Fund to help enhance research and analysis specifically designed to inform the LEP's agenda; and
- where cost-effective, the establishment of inter-LEP arrangements to ensure the continuity of the most valued RDA Observatory services.

Effective utilisation of LMI might involve:

- liaison with constituent local authorities to collate and synthesise relevant data and analytical reports currently held separately;
- synthesis and interpretation as appropriate of further data from government and other sources as listed in Annex 4, including specific local intelligence from SSCs, larger employers, Chambers of Commerce, and Third Sector bodies;
- liaison with provider groups to disseminate and share relevant LMI, subject to commercial confidentiality;
- the establishment under the LEP of sector-based groups enabling providers and employers to identify and agree upon current and emerging skills needs; and
- an annual LEP cycle of informed dialogue about current and future skills needs and available skills provision, highlighting potential areas for action and providing the basis of agreement on broad forward priorities.

The research evidence further suggests that effective use of LMI is often founded on strong relationships between individual providers and employers. Effective engagement by providers with employers is key to ensuring that their skills needs are met. The more this happens, the more LEP plans for skills can rest on a sound foundation of effective supplier-client relationships of the type where delivery flows from detailed prior ONA. For this to happen fully, though, Provider sub-groups need facilitate the sharing of LMI

as an input to LEP plans. Equally, providers could usefully coordinate related continuous professional development (CPD) activities for their own staff, with the support of LSIS and inputs from Chambers of Commerce and Third Sector bodies, to help tailor such training to the particular skills agenda in the area.

5.3 Effective partnership working in tackling skills needs

Close and effective cooperation between key partners and a clear articulation of local skills requirements based on robust LMI are widely viewed as pre-requisites for the development of effective strategies to deliver the skills agenda: Considerable progress has already been made in many areas where LEPs are now in place in diagnosing the key skills issues. In most cases, though:

- skills shortages and gaps are identified at a fairly high level of aggregation; and
- commitment to address them is not always accompanied by a specific action plan that employers and providers are willing and able to sign up to.

There is now a real opportunity for LEPs to provide leadership for effective follow-up. The features identified below are suggested as those that the research has suggested would make effective implementation of skills agendas much more likely:

Identifying employers' skills priorities

With the assistance of Chambers of Commerce, SSCs, the SEC, Co-operatives UK and other Third Sector networks there could be a better coordinated, more precise, and clearer articulation of skills needs, including at sectoral level and by different geographic areas within the LEP area. Subject to the necessary limits of commercial confidentiality, it would assist providers' commitment to respond if skill needs identified are as specific, quantified and forward looking as possible – especially in terms of likely employer investment in training. Here the forging of close links with LEPs' LMI facilities would also be helpful, to ensure that the latter are designed to serve this process.

Coordinating providers' response

Provider groups and networks with links to the LEP Board – formal and informal - could:

- provide clear and coherent information to the LEP on capacity and capability;
- help shape the development of LEPs' skills strategies; and
- endorse skills plans and, where appropriate, coordinate the response.

This might involve:

- coordinating provision for minority and newly emerging skills demands;
- flagging needs to continue specialist provision in cases where a significant proportion of current demand arises from areas outside the LEP boundaries;
- coordinating the profile of the local skills offer for the 14-19 age group;
- maintaining and fostering links between schools and other providers;
- encouraging enterprise education and other education-business links; and
- examining more cost-effective FE-HE linkages and progression pathways, including Apprenticeships, and taking account of the recent changes to university funding and student fees.

Business – provider partnership working

The research evidence suggests that direct working between employers and providers could be promoted and facilitated – via the LEPs' committee and consultative structures, at sectoral level, at sub-LEP area level, and on an individual basis – so as to address:

- practicable ways of addressing longer term skills needs not reflected in current student or employer demand – for example, those relating to the low carbon agenda;
- pooling arrangements for minority skills demands and specialist skills provision, including from SMEs;
- the best means of boosting Apprenticeship places; and
- Apprenticeship and other progression arrangements.

The role of the SFA and other agencies

LEPs will need to take account of the policies of SFA, YPLA and DWP / JCP in terms of their impact on the funding of skills provision and related support. They may also seek to have an influence over future funding entitlements and allocations so that these are appropriately supportive of LEP plans to meet anticipated longer-term skills requirements.

Links with government agencies and programmes with a major role in skills policy and delivery will also enable LEPs to respond to local needs and opportunities. One way of ensuring effective links of this type could be to maintain the role of senior SFA staff as advisory members of ESBs or equivalent groups, inviting comment on LEP plans where they are likely to have significant implications for funding allocations, and seeking advice where significant mismatches exist between a LEP Board's skills priorities and the commitment to them of some or all providers.

LEP partners are encouraged to keep under review the arrangements via which providers' performance will be judged in relation to LEP skill plans, recognising that providers remain autonomous bodies and will be responding to other strategic considerations, such as the 16-19 commissioning statement. This should include a consideration of the extent to which the employer engagement and learner destinations indicators currently under *Framework for Excellence* provide a meaningful guide, and also of any additional or alternative metrics that may emerge from the SFA data pilot being undertaken in conjunction with Greater Manchester.

Moreover, although as mentioned above the research has revealed real commitment amongst all parties to trying to make voluntary arrangements work without the need for external intervention, this is an area which SFA and Government will need to keep under review in case instances occur where partner organisations feel unable to commit to LEP skills priorities.

LEP success will be bolstered if all partners have a clear and realistic understanding of the distinctive roles that they can play in working together to help achieve its goals. The following are suggested as the types of contribution that each partner could usefully make, but are not in any way intended to be prescriptive or exhaustive:

The LEP Board

- setting the overall strategy for skills;
- establishing a manageable number of meaningful and realistic skills priorities;

- engaging fully with all partners to ensure the optimal working of the local skills market; and
- taking the lead in ensuring the provision of thorough and objective information, advice and guidance that enables local citizens to make an informed choices about their future education, training and employment opportunities.

Employers (private, public and Third Sector)

- coordinating a clear and realistic articulation of skills needs;
- taking a medium and longer term view of broader skills needs;
- making a financial contribution towards meeting important skills requirements; and
- seeking to work individually and collectively with providers of education and training in order to share understanding of the skills agenda and how it can best be tackled.

Local Authorities

- supporting the LEP to deliver the best possible outcomes for citizens to which councils are democratically accountable;
- providing an evidence-base in terms of local economic assessment and demographic data;
- helping coordinate local schools' contribution;
- offering advice based on the experience of place-based budgeting;
- ensuring effective links with work on 14-19 skills; and
- helping providers make sense of local partnerships, including LEPs.

Providers of education and training should:

- coordinating a clear and concise account of current skills delivery;
- making sure the learner voice is properly taken into account;
- keeping the LEP Board informed of current and longer-term capacity and capability to support skills agendas;
- commenting upon and helping shape LEPs skills strategies;
- working individually and collectively with employers in order to share understanding of the skills agenda and how it can best be tackled; and
- helping coordinate provision as appropriate to align with LEP skills priorities.

5.4 Information, Advice and Guidance (IAG)

Responsive skills provision builds upon effective IAG: The research suggests that coordinated efforts by LEP partners to promote independent and effective IAG for individuals aged 14 and upwards, and support for the transition to the new All-Age Careers Service, are highly important. Once the new service is in place, skills-related IAG requires improvement at all levels, including that in relation to Apprenticeships and other routes of progression. Here, also, the establishment of effective links between LEPs and the network of Citizens Advice Bureau (CAB) services would be helpful.

5.5 Alignment

Steps could usefully be taken as necessary to align pre-existing strategic partnership arrangements with LEPs: The research findings argue for further clarification of the future roles of pre-existing sub-regional partnership arrangements in their area, and that LEP Boards might take a leading role in this process where this is deemed necessary

and has not already happened. In the interests of not adding to the complexity of the planning landscape, it could be a sensible option for partnerships that are continued do so under the auspices of the LEP, and for them to be geographically aligned where this is not the case at present. This should not preclude the continuation of partnership and networking arrangements at a sub- or supra-LEP level, where these are seen as helpful. For example, this might occur when addressing skills needs which differ within a LEP area, or where the pattern of demand for skills provision within a LEP area is regional or national rather than local.

5.6 Coherence and integration

LEPs have the opportunity to take an integrated approach to tackling skills: Research highlights the importance of LEPs developing an integrated approach to tackling skills, via representational and consultative arrangements that facilitate a coherent dialogue on skills across all ages, and all types and levels of provision. Previous strategic partnership arrangements for skills have struggled to achieve this ideal against a backdrop of fragmented policy responsibilities at central government level.

5.7 Inter-LEP collaboration

There is a role for strategic planning across LEP boundaries: Each of the new LEPs is busy wrestling with a challenging agenda in establishing its Board and formulating its first strategic plan. Nonetheless, research suggests that it is important that inter-LEP relationships have the opportunity to develop wherever economic geography suggests the need for strategic planning on growth across a larger area or the whole region. As has been noted, an immediate issue here relates to the continuity of the kind of services previously supplied by RDAs – in particular those related to LMI supplied via the Observatories. It may well be that two or more LEPs could usefully discuss the potential for joint arrangements for the continuation of some of these services as a more cost-effective solution than each LEP acting completely independently where LMI is concerned. Another important area for inter-LEP collaboration is the development and maintenance of specialist provision which meets skills demand from more than one LEP area.

5.8 Governance, representation and consultation

Local skills agendas are likely to be tackled most effectively when local stakeholders are represented and / or engaged in the development of LEP strategies and plans: The interests of larger businesses and of local authorities appear to be well-represented on LEP Boards, and also on ESBs and other pre-existing local strategic partnerships. Areas for review and possible attention, though, are the means of effective formal engagement of SMEs, Third Sector organisations, and providers.

SME engagement

Where steps have not been taken already to ensure the representation of the views of SMEs in the area, local Chambers of Commerce and the Federation of Small Businesses (FSB) might be asked to coordinate their input. The services of these bodies could also be sought in terms of coordinating evidence on the collective skills needs of SMEs.

Third Sector organisations

Likewise, LEP Boards could usefully establish strong links with Third Sector organisations, both as employers and as providers of education and training. In the former capacity, this might be achieved via the inclusion on the Board or at sub-committee level of a representative of the SEC, Co-operatives UK or Locality, and / or by inviting regular formal inputs to Board agendas.

Provider engagement

Effective formal involvement with the LEP by providers, and a two-way dialogue on skills needs and provision emerges from the research as critical to LEP success. This can take place in various ways. One option would be for LEPs to consider how they will work with groups of providers, whereby all types of provider in the area are represented. This might be achieved within the structure of a continuing ESB, or under an equivalent newly created employment and skills sub-committee of the LEP. In some LEP areas, pre-existing provider networks might be transferred into a formal Provider Sub-Group with little if any change. In other instances, provider networks based round sub-LEP areas might usefully choose to seek a formal role in relation to the LEP Sub-Group. If difficulties are encountered in securing effective engagement in the LEP across all types of provider, the relevant national provider representative bodies could be approached to nominate suitable local contacts.

Whether via a Provider Sub-Group or an alternative arrangement that ensures the proper representation of views across all providers, it is important that mechanisms exist so that:

- the LEP Board is kept fully abreast of skills capability and capacity issues;
- the development of the LEP's skills strategy and plans are informed by providers' views; and
- where necessary, providers are able to coordinate their individual business plans so as to align them better with LEP goals.

The full involvement of schools, academies and other providers engaged in 14-19 skills provision could also be secured within these arrangements. With a view to developing consultative and representational arrangements which are as efficient as possible, this may point to an early and fundamental review of all such structures so as to avoid placing excessive and unrealistic burdens on participants.

It is also important that the response to the recommendations of the Wolf report does not inhibit further the development of vocational skills and career pathways on a collaborative basis across the 14-19 age range.

5.9 Resourcing

LEPs are seeking sustainable support arrangements, including adequate cover for related administrative costs and the provision of their own LMI needs: In the immediate future it seems likely that there will be a continuation of the arrangements whereby a secretariat is provided via one or more of the constituent local authorities. Longer term, LEPs that can demonstrate real success in tackling the skills agenda effectively – as well as the other priority areas of their remit – might be able to meet their associated administrative costs via contributions from all partners.

Though the LEP Capacity Fund allocations will be very limited in relation to the overall costs of running an effective LEP, they should help the enhancement of research and analysis specific to local needs, including LMI. And as we have suggested above, inter-LEP agreements jointly to fund and administer these kinds of service potentially represent an additional cost-effective solution to the maintenance and improvement of LMI and related support.

Even allowing for successful bids to the RGF and the GIF, it seems likely that funding for significant new investment in skills provision will be very tight. This makes it even more vital that LEPs:

- successfully promote effective partnership working – along the lines set out in Section 5.3 above – in order to achieve agreement on the most cost-effective ways forward;
- take the lead in ensuring that a greater proportion of the costs of effective skills delivery can be taken up by employers and individuals to replace any shortfalls arising from reductions in public expenditure.

6 Next steps

The partners of this report will work with their members to assist the newly formed LEPs to realise their potential in meeting local skills needs, including via the ways forward suggested in Section 5 above. LEP Boards are asked to give consideration to the points raised, and to help form a consensus on the way forward with business, Third Sector organisations, local authorities and providers. Each of the sponsoring partners is committed to supporting this process, as indicated below.

BCC will:

- via their large and diverse membership, tap directly into the local employer base to provide up-to-date and detailed insights into current and emerging skills needs and other relevant issues, thus assisting LEPs in articulating the full range of employer needs, and helping ensure that they are genuinely employer driven;
- strengthen the skills dimension of members' economic surveys, supplementing these by Chamber-led focus groups and in-depth research, and developing further specialist and sectoral committees to analyse and articulate current and emerging skills needs;
- encourage individual employers to help keep providers fully abreast of emerging skills needs and related issues by contributing to briefings and CPD activities, and by joining school, college and university governing bodies;
- provide support and briefings to employers on governing bodies to help them inject a strong business perspective into skills-related discussions;
- support BIS, UKCES, and LEPs to help ensure that the broad messages emerging from the National Employer Skills Survey (NESS) and the work of SSCs are underpinned by more specific evidence at the level of local labour markets;
- encourage BIS, SFA and HE partners to continue to develop more robust evidence on the links between education and employment, including via more comprehensive and meaningful data on learner destinations; and
- continue to work closely with BIS to address national policy and delivery issues emerging from the local discussions

LGA will:

- support its members in ensuring that LEPs deliver value for money and reflect the priorities of democratically elected councils;
- encourage the continued supply of a robust foundation of local evidence for LEP strategy development, based on the economic assessments and other datasets maintained by constituent local authorities;
- subject to tight fiscal constraints, continue to assist with the provision of secretariat and administrative services adequate for LEPs to discharge their responsibilities;
- support liaison with Third Sector bodies involved in skills at local level; and
- work with its members to help ensure the coordination of schools' involvement in delivering 14-19 skills in line with LEPs' priorities.

157 Group will:

- work with its members, and with the Association of Colleges (AoC) and ALP, to encourage them to seek active engagement in LEP developments;
- encourage member colleges involved in provider networks to seek formal links with the appropriate LEP(s);

- continue to communicate information on the role of colleges as important strategic partners within LEPs, and of their full contribution to skills delivery, so that assumptions about the responsiveness of college provision are based on an accurate understanding of the true picture;
- where appropriate, support the pooling of LMI data held by colleges in order to supplement those available to the LEP from other sources;
- facilitate links between colleges, business and the Third Sector to encourage mutual understanding, including via governor recruitment, and lecturer industrial secondments.; and
- work with LSIS to ensure continued CPD opportunities related to employer engagement.

In line with these intentions, the project partners seek the widest possible dissemination of this document – and its summary version. The views of all interested parties on the analysis and conclusions presented would be welcomed. All those wishing to express a view, or supply additional useful information, are asked as appropriate to contact:

British Chambers of Commerce: Anne Tipple, National Skills Executive:
a.tipple@britishchambers.org.uk

Local Government Association: *Local Government Association:* Philip Mind, Senior Policy Consultant: Philip.Mind@local.gov.uk

157 Group: Kate Green, Director of Partnerships and Employer Engagement:
kate.green@157group.co.uk

Annex 1: LEPs receiving Government approval

Approved October 2010

Birmingham & Solihull with E. Staffordshire, Lichfield & Tamworth
Cheshire and Warrington
Coast to Capital
Cornwall & the Isles of Scilly
Coventry & Warwickshire
Cumbria
Gt. Cambridge & Gt. Peterborough
Greater Manchester
Hertfordshire
Kent, Greater Essex & East Sussex
Leeds City Region
Leicester & Leicestershire
Lincolnshire
Liverpool City Region
Nottingham, Nottinghamshire, Derby, & Derbyshire
Oxfordshire City Region
Sheffield City Region
Solent
S.E. Midlands
Stoke-on-Trent & Staffordshire
Tees Valley
Thames Valley Berkshire
The Marches
West of England

Approved December 2010

New Anglia
The Black Country
Worcestershire

Approved January 2011

North East of England

Approved February 2011

Enterprise M3 (North Hampshire / West Surrey)
York and North Yorkshire

Annex 2: Survey participants

On-line questionnaire survey

A total of 24 completed responses were received, broken down as follows:

City Region Secretariat	1
Colleges	6
Employers / Employers' representative bodies	6
Lifelong Learning Network	1
Local Authorities	10

Telephone interviewees

Mark Bennett, WNF Programme Manager, Chesterfield Borough Council

Sue Cooke, ESB Project Director, Leeds

Daniel Fell, Head of Policy, Doncaster Chamber of Commerce

Kate Green, Director of Partnerships and Employer Engagement, 157 Group

Anj Handa, Head of Employment & Skills Partnerships, Leeds, York & North Yorkshire Chamber of Commerce

Angela Harrington, Regeneration Manager Employment & Skills, Manchester City Council & John Holden, Commission for the New Economy

Sarah Howarth, Principal Manager Lifelong Learning, Wirral Lifelong and Family Learning Service

Tim Hutchings, Chief Executive, Hertfordshire Chamber of Commerce

Dave Linnell, Principal, Cornwall College

Philip Mind, Senior Policy Consultant, Local Government Association & Sue Hinds, Project Management Support, Local Government Improvement and Development

Dr Anne Murdoch, Principal, Newbury College

Sandra Rothwell, Head of Economic Development, Cornwall County Council

Peter Scott, Chief Executive, Dorset Chamber of Commerce

Peter Tavernor, Principal, The Manchester College

Paul Thomas, Skills Policy Advisor, Greater Manchester Chamber of Commerce

David Walsh, Economic Development Manager, Dorset County Council

Meeting

Marinos Paphitis, National Executive Director South, Skills Funding Agency

Annex 3: Case studies

1 Leeds City Region ESB Employment and Skills Strategy

An effective pre-existing business – local authority strategic partnership already having set out an evidence-based skills strategy.

Membership and objectives

The Leeds City Region ESB is an employer-led body Chaired by John Anderson of BT, with a mixed business and local authority membership plus advisory members drawn from the SFA, JCP and Yorkshire Forward (RDA). During 2010 it published an Employment and Skills Strategy. Based on a detailed analysis of the economic, labour market and skills profile of the area, it provides a valuable basis for the direction of the new LEP in tackling the skills agenda in the area.

Five strategic objectives are flagged:

- Improve skills and boost employment in selected key sectors;
- Increase employer and individual skills investment across the City Region;
- Enable those out of work to compete in the labour market by ensuring that they have the necessary skills;
- Promote better information for learners, employers, colleges, universities and training providers to make more informed decisions; and
- Create an aspirational and innovative enterprise culture.

Delivery plans are based on the following principles:

- to be founded upon the skills requirements of employers, to meet their current and future needs;
- to drive improvements in provision to respond to the needs of employers;
- to focus on a limited number of actions that need to be addressed at a City Region level; and
- to press ruthlessly for simplification and clarity to ensure that employers and individuals can better access publicly funded provision.

The ESB remit focusing on “post 19 adult skills and employment” is regarded as too narrow to meet the challenges set out in its skills strategy, and consideration will therefore also be given to learning in schools and universities.

Evidence base

The evidence-base for the strategy indicates that in many parts of LCR shortages of skilled workers exist side by side with high concentrations of unemployment. Companies often cannot recruit within area, and productivity is inhibited by high levels of unemployment and an economy concentrated at the lower end of the value chain. Diversification and enabling a mixed economy, along with encouraging a more innovative and entrepreneurial business base, are therefore amongst the ESB's aims. In the context of reductions in all domestic Government expenditure there is a need to rely more on employer and individual resources to meet current and future needs and gain greater value from Government investment. To realise this vision, the intention is to change employers' approach to investment in training and engagement with providers; and to improve college, university, and training organisation responsiveness to employer needs.

It was also found that employers across the City Region often perceive college and university provision not to be tailored to their needs, and would like providers to respond better. Equally, providers want employers to give much clearer signals to allow them to respond.

Key components of skills strategy

The ESB's skills strategy has a number of components aimed at increasing employer and individual investment in skills, including:

- to clarify the extent to which schemes such as Train to Gain have supported training that would not have otherwise taken place; whether these employers will continue to invest in training without any grant support; whether the support has led to increases in productivity; and how much training employers choose to purchase outside the area.
- to work with UKCES to promote a refreshed Investors in People (IiP) and other business improvement models;
- to encourage all public sector employers to increase their investment in training;
- to simplify the "employer offer" from public sector partners including Business Link and other YF funded programmes, and to encourage a much sharper articulation of what support the public purse will provide in the context of increasing employer expenditure on skills;
- to act as Skills Ambassadors via a systematic engagement programme with employers across the City Region.

Additional actions are highlighted to make markets for skills work more effectively:

- improving the analysis and use of LMI, via working more closely with SSCs, and via harvesting the data gathered by Business Link Skills Brokers and intermediary business organisations to build a more detailed picture of the changing needs of the labour market;
- asking the SFA to analyse the overall pattern of adult skills provision, compare this with the ESB's priorities, and then propose what changes in funded provision are appropriate;
- providing better IAG via the new Adult Advancement and Careers Service;
- using LMI to align the range of support offered by providers with employer needs, and via working with SFA to encourage providers to recognise that they will have to earn a higher proportion of their income from employers and individuals;
- encouraging the SFA to use a growing proportion of the available funding to support courses where there is clear evidence of skills shortages or future skills requirements.

Proposed relationship with SFA and JCP

In terms of future relationships with SFA and JCP, it is intended that:

- quarterly progress reports will be requested, providing robust feedback on related progress against the ESB's skills strategy, plus input to the annual appraisal process of senior managers charged with its delivery;
- annual commitments will be agreed with key stakeholders on what they will do in support; and
- the ESB's assessment of the performance of the key partners, progress against and revision of strategic priorities, and independent assessment of the Board itself should be measured, and results published annually.

2 Combined Universities in Cornwall

A well established partnership of college and university providers working together with the local authority and business to improve the supply of high-level skills.

Nature and scope of partnership

Combined Universities in Cornwall (CUC) is a partnership of six universities and colleges working together to give more people the chance to study in Cornwall, and to use higher education to boost the local economy. The partners are: the University of Exeter, the University of Plymouth, University College Falmouth, Peninsula College of Medicine and Dentistry, Cornwall College and Truro & Penwith College. Together they work closely with the County Council and representatives of local businesses.

CUC secures funding for and coordinates the growth of higher education in Cornwall. It ensures that the partnership is more than the sum of its parts and is developed in a way that will truly benefit the region's people and businesses. Helping Cornish businesses realise their potential for growth is at the heart of the CUC mission. As an economic regeneration initiative, the CUC aims to make significant and lasting contribution to the economy by collaborative working with business. The CUC Business Support Manager is a single contact point who can guide enquirers to the appropriate services.

Recent achievements

Highlights of CUC's work in 2010 include:

- CUC Institutions have seen continued student number growth in line with plans and now offer over 7,700 full-time funded student places in Cornwall;
- over 500 graduates from CUC institutions entered employment in Cornwall after graduating in 2009;
- new facilities opened include University College Falmouth's Performance Centre, the Dental School in Truro and the European Centre for Environment and Human Health, both run by the Peninsula College of Medicine and Dentistry;
- redevelopment of Truro & Penwith College's Penzance campus making high quality HE available for the first time in the far west of the County;
- a total of £111m CUC Convergence investment into Cornish HE.

The European Social Fund has helped CUC to pioneer new ways of teaching enterprise skills, to place more than 570 graduates with small and medium sized businesses in Cornwall, to develop more than 50 new bite-sized short HE courses for business and to begin the training of over 300 researchers. Response to enquiries from business across CUC's full range of services include the delivery of vocational training and CPD, equipment and facilities hire, graduate and undergraduate placements, and access to specialist equipment and consultancy services.

Unlocking Cornish Potential programme

Within CUC, Cornwall College manages *Unlocking Cornish Potential*, a programme which places graduates with Cornish businesses to undertake business development projects. Through this scheme, graduates gain invaluable experience, new professional skills and a competitive salary, whilst Cornish businesses gain employees with fresh ideas, enthusiasm, and access to expert industry knowledge and training opportunities. The college helps businesses involved to identify their specific needs, works with them to scope the project, source a group of suitable candidates and interview them with in conjunction with the business concerned. UCP projects can be flexible to fit in with

company needs and last between 6 and 12 months. An expert mentor is assigned to support each graduate throughout their project. Business Skills Training sessions are also provided to ensure they are well armed to carry out the tasks necessary to achieve project goals. In some cases, financial assistance towards the graduate's salary is also available. The average estimated additional turnover of businesses after the first 12 months of employing a UCP graduate has been over £128k.

Support for low carbon development

CUC is also deploying considerable expertise in low-carbon development. Research teams from the University of Exeter and the University of Plymouth are working at the leading edge of marine, solar and geothermal renewable energy technologies and their social and policy implications, sharing this expertise with industry through regular seminars and workshops and through collaborative research. Many of Cornwall's leading businesses in these fields are staffed with graduates from the CUC institutions. The Peninsula College of Medicine and Dentistry is involved in an innovative collaboration with Ginsters to raise their profitability by improving the health of their workforce. Staff at Duchy College offer advice and research to government and industry on the implications of climate change for the land-based sector. The £30m Convergence investment in the new Environment and Sustainability Institute at Tremough will make Cornwall one of the most significant centres for research in this field in the UK.

3 West Berkshire Skills and Enterprise Partnership

An example of effective partnership working at sub-LEP area level, bringing together local authorities, business, government agencies and the local college.

The Skills and Enterprise Partnership was established in June 2008 and seeks to tackle the major skills, employment and economic issues that are important in the continued prosperity of West Berkshire.

Its key aims are to:

- improve skill levels;
- take action to address worklessness;
- reduce the impact of the economic downturn;
- improve access to information on training & employment;
- tackle persistent skills & employment issues in targeted communities.

The Partnership is Chaired by Dr Anne Murdoch, Principal of Newbury College, and brings together key bodies from across the public and private sectors, including:

- Newbury College
- Business Link
- The SFA
- Jobcentre Plus
- The Federation of Small Businesses
- The Chamber of Commerce, and
- West Berkshire Council.

By bringing together key agencies involved in training, skills and economic development, along with local businesses, the Partnership aims to provide a more coordinated and focused approach in order to deliver real benefits to local people and employers.

During 2009-10, the Partnership published and delivered a skills and enterprise action plan, setting out priority outcomes, indicators and supporting actions (available at www.westberkshirepartnership.org).

Amongst its activities to date have been the:

- establishment of procedures to share economic information across the member partners;
- establishment and management of six projects to promote enterprise and skills;
- coordination of major construction projects to promote employment and skills development in the local labour force;
- setting up of a Redundancy Task Force to assist staff who became unemployed with the collapse of Woolworths;
- expansion of opportunities available to young people who are not in education, employment or training (NEET), with over 50 more places being available this year, contributing to the lowest proportion of young people who are NEET across Berkshire;

- organisation of successful enterprise and skills events via Business Link and the Education Business Partnership, plus a Jobs Fair;
- publication of a Training Directory, focused especially on the needs of the unemployed;
- adoption of the *Pathways to Employment Project* for people with mental health, physical and learning disabilities, to ensure that placements in the area expanded for the benefit of project participants.

4 Greater Manchester

a) Skills demand and supply reconciliation methodology

A well-developed evidence-based process for identifying mismatches between skills needs and skills supply operating across a city region.

Purpose

The aim of the methodology is to assist key partners to work together at City Region labour market level, to analyse the patterns of demand for skills and current SFA-funded supply, and use this as the basis for matching future supply to the emerging needs of employers and the local economy, and identifying related key issues.

Background

Since the production in 2004 of the Greater Manchester Economic Development Plan, Greater Manchester partners have been working together to develop mechanisms to match GM skills supply to the emerging needs of GM employers and the wider GM economy. This has been carried forward by joint work between the Commission for the New Economy (formerly Manchester Enterprises) and the LSC / SFA, and is underpinned by analytical work undertaken by New Economy staff.

The process was first undertaken to produce the 2005 Greater Manchester Skills Priorities Statement. The broad methodology has since been used on an annual basis to identify and monitor skills issues in Greater Manchester – most recently in the 2010/11 Greater Manchester Skills Priorities Statement (see at <http://goo.gl/l5sf>).

Methodology

The methodology was first used for the 2010/11 supply and demand reconciliation exercise. It uses forecasts of shifts in employment levels at occupational level and compares these with the supply of relevant occupationally-focused courses, analysed by qualification level. It excludes very short courses and those which are of a very general vocational nature rather than occupationally-orientated, because the purpose of the exercise is to focus on real skills issues and therefore on courses and qualifications which make a serious contribution to addressing these. For reasons of data availability, it does not include analysis of HE provision.

Given the complexities and difficulties of the process, the aim is not to develop a highly intricate planning model along Soviet lines but rather to use the data to identify a few clear and important issues as a basis both for consultation with employers and providers and other partners and, where appropriate, action. Issues identified to date have tended to be about instances where there was an apparent serious problem of under or over-supply of skills, or where there are other issues such as overriding problems relating to achievement or retention rates, or about the appropriateness of the type of provision offered in relation to employer / sector needs.

In detail, the methodology involves:

Supply side

Data provided

- Provision data is supplied from the SFA Individual Learner Record (ILR) system and includes post-16 Further Education, Work Based Learning (including apprenticeships and train to gain) and Adult and Community Learning.
- The data is exported by qualification and includes starts, achievements and NVQ level.

Qualification-occupation match

- Each individual qualification is then matched to one of the occupations derived as a result of the demand side process.
- This stage is critical to the whole process as all subsequent analysis is based on the qualification-occupation match.

Consultation

- Individual sector meetings are held to review both the occupational mapping to sectors and the matching to qualifications, and to produce templates for each sector.
- Selected staff identified from key providers in each sector, SFA staff, local authority staff, New Economy research, SSCs, JC+ etc.
- Workshops held to validate data mapping and pull out key sectoral messages.

Messages distilled and refined

- Key messages issued to providers to inform early stages of planning cycle.
- Messages included in updated Skills Priorities Statement.
- Key messages shared with careers advisory services.

Demand Side

Occupational profile

- A detailed picture of occupational employment in Greater Manchester was created using four-digit Standard Occupational Classifications (SOCs) taken from the Labour Force Survey. This included both employees and the self-employed.

Assigning Occupations

- Analysis of the data was then undertaken to assign occupations to one of New Economy's 15 key sectors. This was undertaken to allow for a meaningful analysis of the figures by sector experts – for example, Financial Institution Managers (SOC 1151) were allocated to the Financial and Professional Services sector.
- Several occupations were deemed to be too general to be sector-specific and these were classified as either 'cross-cutting' or 'not key sector'.

Occupational Forecasts Applied

- The Greater Manchester Forecasting Model (produced by Oxford Economics) was used to generate annual occupational forecasts for Greater Manchester for the period 2010 to 2020 (a long time period was used to avoid spikes in the data).
- The occupational forecasts are at a 2-digit SOC level. Therefore to generate 4 digit SOC forecasts required the application of growth rates for broad occupations (SOC 2

digit), such as 41 Administrative Occupations, to more narrow specific occupations (SOC 4 digit), such as 4123 Counter Clerks.

- Annual growth figures were developed by apportioning the total forecast demand to individual years.

This process has identified a number of instances where the existing pattern of provision and qualifications did not appear to be meeting the demands of employers or the economy. These are displayed in the GM Skills Priority Statement in the form of a table setting out instances of under and over-supply, and in each case an indication of the particular skills areas for which the situation has improved, remained the same or worsened since the last analysis.

Over-supply	Under-supply
<p>Improving</p> <ul style="list-style-type: none"> • Artists, actors and entertainers, dancers, musicians • Product, clothing and related designers • Nursery nurses, playgroup leaders and assistants, childminders and related occupations <p>No-change</p> <ul style="list-style-type: none"> • Vehicle body builders and repairers, spray painters • General creative • Hairdressers, barbers • Beauticians and related occupations • Veterinary nurses and assistants, animal care occupations n.e.c. <p>Worsening</p> <ul style="list-style-type: none"> • Motor mechanics, auto engineers • Personnel, training and industrial relations managers; personnel and industrial relations officers 	<p>Improving</p> <ul style="list-style-type: none"> • Call centre agents and operators • Floorers and wall tilers • Butchers and meat cutters • Transport and distribution managers, storage and warehouse managers • LGV drivers • Hotel and accommodation managers, Restaurant and catering managers • <p>No-change</p> <ul style="list-style-type: none"> • Credit controllers, debt collectors, insolvency practitioners • Maintenance operations (production works and maintenance managers) • Mechanical engineers • Retail and wholesale managers (Level 3 and above) • Chefs, at Level 3 • Laboratory technicians • <p>Worsening</p> <ul style="list-style-type: none"> • Chemists, chemical engineers and chemical and related process operatives • Graphic designers, at Level 4 and above • Photo and audio visual equipment operators, at Level 4 and above • Medical secretaries • Social workers • Housing and welfare officers • Teaching professionals

It is noted that in some instances the mismatches of supply and demand may be justified by reference to wider goals such as increasing participation and/or improving generic skills and employability. In a free economy where information about the future is imperfect, where there must always be a substantial measure of individual choice, some mismatches are inevitable and may be readily justified because of other benefits.

However, in a climate of constant resource pressures across the whole skills system, it is considered that many of the existing mismatches highlighted should be acknowledged and addressed if the type and mix of skills held by residents are to support rather than hinder economic growth.

b) Annual timescale for analysis of skills priorities

An example of an agreed annual cycle of data gathering, analysis, dissemination & consultation to inform the planning of actions to address mismatches.

Stage	Action	Timescale
1	Skills supply data on courses, take-up and qualifications achieved gathered from SFA system	December
2	<ul style="list-style-type: none"> • SFA data matched to the GM key sectors • Qualifications assigned from the SFA Sector Subject Area matched to one of the 15 GM key sectors • Qualifications which fall outside this framework are designated either 'Cross-cutting' or 'Not Key Sector' 	January
3	Occupational forecasts for key sectors updated using economic model, and comparison made with SFA skills supply data to identify trends and serious mismatches	January
4	Draft statement issued, to incorporate additional skills analysis over and above the occupational detail, including: <ul style="list-style-type: none"> • Manchester Independent Economic Review (MIER) findings • Sector Skills Councils' analysis, etc. • Basic skills • Schools performance • HE 	January
5	Meetings held with GM Chamber, Sector Councils / GM sector bodies / other employer groupings / Business Leadership Council / Skills & Employment Sub-Group representatives, and provider representatives to discuss draft analyses	February / March
6	Broader consultation / input with partners, incl local authorities and JCP	April
7	Dissemination of outcomes: report to SFA / providers to inform planning	April
8	Incorporation of messages into LMI materials	April
9	Providers and other partners use data and materials to inform planning and delivery of provision and IAG	May onward

5 South West Observatory Skills & Learning Intelligence Module (SLIM)

An example of the effective LMI analysis services at regional and sub-regional levels typically supplied by RDA Observatories.

Role of SLIM

The South West Observatory is a social enterprise partnership funded by the South West RDA, South West Councils and the Regional Improvement and Efficiency Partnership (RIEP) as well as generating income from commissions and other services. Its SLIM arm exists to bring information and intelligence on skills and learning to policy makers and practitioners across the South West. The SLIM website at www.swslim.org.uk provides access to archives of labour market research, networks, data, news and good practice.

Evidence base reports for ESBs

In February and March 2010 SLIM published a number of reports, each of which was intended to provide an evidence base for the ten local ESBs within the SW Region. The reports were also aimed at informing the development of Work and Skills Plans and of local priorities for the SFA. Each report contains a wealth of data concerning the local economic context; the skills profile of the workforce; worklessness; and the forecast future demand for skills. The base data used to generate the reports has also been made available via the SLIM website in order that ESBs might undertake additional benchmarking or analysis.

Findings for Cornwall and the Isles of Scilly

The report for Cornwall and the Isles of Scilly noted that almost three-quarters of 19 year olds in Cornwall were qualified to at least Level 2 in 2007/8. This is slightly below both the regional and national average, although attainment was higher in the Isles of Scilly. The proportion of young people reaching this level has improved in recent years. Less than half of 19 year olds achieving in Cornwall were qualified to Level 3 or above in 2007/8. As with Level 2, the proportion of young people achieving Level 3 in Cornwall is lower than both the South West and England average. Improvements recorded in Cornwall between 2003/4 and 2007/8 exceeded the South West average and was on par with that recorded nationally. Cornwall, in common with the majority of local authorities, had not achieved all of the intermediate targets as set by Leitch.

Forecasts of skills expansion and replacement demand

The report also presents *Working Futures III, 2007-2017* predictions about future employment and skills needs based on past trends, taking account of:

- expansion demand: where new jobs are anticipated; and
- replacement demand: which provides a more accurate picture of skills demand because it looks at that demand which arises due to retirement and thus which requires jobs and skills need to be replaced (because of retirement), even where the sector is not in expansion.

Working Futures III data suggests that employment growth in the South West will be above the projected national increase of 6.5% between 2007 and 2017. Employment growth in Devon & Cornwall²⁵ is forecast to lag slightly behind the region as a whole over this period, with employment expected to increase by 0.6% per annum (50,000 jobs in total).

²⁵ These data are not available for Cornwall and the Isles of Scilly alone.

Patterns of growth and decline across the industry sectors in Devon & Cornwall are very similar to those forecast at regional level. The Primary sector & Utilities and Manufacturing are expected to see declining employment levels. Employment in other sectors is expected to grow, with Business and other services seeing the fastest growth, amounting to an additional 27,000 jobs over the ten year period.

However, it is seen as inevitable that significant cuts will impact on public sector employment levels, suggesting that the growth forecast is unlikely to be realised. As well as projections by industry, Working Futures has also produced occupational forecasts to 2017. Over the period from 2007 to 2017 significant growth is expected in higher-level occupations, with the number of Managers & senior officials in Devon & Cornwall forecast to rise by 19,000, the number of Professionals by 15,000 and the number of Associate professional/technical jobs by 14,000.

Employment growth, amounting to around 15,000 jobs, is also expected in the Personal services, including occupations involving the care of the sick and the elderly; the supervision of children; the care of animals; and the provision of travel, personal care and hygiene services. Employment declines are forecast in skilled trades, administrative / secretarial occupations and in the number of machine & transport operatives that are required in Devon & Cornwall over the period 2007-2017.

Outflows in terms of replacement demand typically account for about a third or more of current employment levels over a 10 year period and outweigh any projected employment expansion or decline. Net requirements are positive across all major groups. The overall requirement is skewed towards higher-level occupations, i.e. managers and senior officials, professional and associate professional and technical occupations, which is consistent with national trends and the shift towards a knowledge economy. Almost half of the total requirement in Devon & Cornwall is anticipated as coming from these three occupational groups, and is a cumulative effect of both expansion and replacement demand.

6 Doncaster Chamber of Commerce Business and Skills Survey

Comprehensive, highly specific, and up-to-date intelligence on the needs of local business, coordinated by a local Chamber of Commerce.

Nature of survey

This survey is undertaken at two-yearly intervals, with the support of the Borough Council and LSC / SFA. The report of the findings in 2010 is entitled *“What Doncaster businesses really do want from education and what should be done about it”*, and is based on responses from almost 900 businesses. The report identifies the inability of Doncaster businesses to recruit and retain the right calibre of staff as their biggest barrier to growth and has led to the skills agenda becoming the top policy priority for the Chamber and other partner organisations in the borough.

Business attitudes to training and to skills provision

Respondents to the survey were given ten statements regarding the skills agenda and asked to indicate if they agreed, disagreed or were unsure about the statement. The balance of agreement with the statements *“Providing training and development improves profitability”* and *“Providing training and development improves staff retention”* was found to be strongly positive. Reaction to the statement *“Our business would prefer to employ local people if they had the right skills”* was even more positive. However, only a small majority agreed that *“The training and education provision necessary for the future development of our staff / business is readily available in Doncaster.”*

Future demand for skill

Future demand for skills is mainly at Levels 3 & 4, with the majority of employment opportunities seen as being at Executive; Middle Management; Supervisory; Professional; and Technical levels. Manufacturing is identified as the top sector in terms of demand.

Links with providers

The report concludes that business needs to work more closely with education and training providers, as overall only 11% are currently engaged in any kind of partnership with a school, college, university or private training provider. Currently, providing work experience for school children is a well established method of working with education, and similarly young enterprise activities were found to be popular with businesses. There are also a small number of businesses working with partners to influence education provision in the borough through mechanisms such as the Chamber’s Focus Groups, DE4L and the Doncaster College Business Club. However, overall comparatively few businesses work with providers in the borough.

Recommendations

The recommendations from the report include:

- the raising of the survey findings with partners in training and education to help them map provision over the forthcoming years to meet local business needs;
- making greater efforts to support manufacturing businesses at all levels of the education system, including via working with schools to better promote manufacturing as an attractive career option to younger people and investing in manufacturing and engineering tuition in schools and FE providers;

- linking Doncaster manufacturers more closely to Higher Education providers in South Yorkshire, including the Sheffield universities, and also to the Advanced Manufacturing Park in Rotherham;
- assistance to smaller manufacturers to access appropriate funding and support in relation to training and staff development;
- the development by Doncaster Chamber of a quarterly newsletter that will go into schools, including updates on the local economy and other issues relevant to local employment, helping to promote the career opportunities that are available in the borough; plus *Student Chamber* to support all students with a DN postcode in F&HE with key skills such as networking, CV writing, interview techniques, etc., and to link them to temporary and permanent job opportunities in the borough and assist with graduate retention;
- a more effective mechanism to brief Careers Advisors on the opportunities available in the town, including a headline project such as a Doncaster Careers Fair;
- a Doncaster wide 'training pays' campaign;
- the adoption of Young Chamber by every school in Doncaster to embed business within the curriculum;
- the development of customer service courses by Doncaster College and other providers that are industry-specific;
- the prioritisation by providers of sectors currently lacking in interaction with education, i.e. Transport & Logistics; Creative & Digital Industries; Retail & Business; and Professional & Financial;
- closer alignment of provision to the needs of the SMEs who make up the bulk of Doncaster's economy by, for example, emphasising multi-skilling for businesses where each employee has multiple roles;
- the allocation to every secondary school in Doncaster of a private sector "buddy" who also sits on the school's board of governors, in order to provide a greater degree of business accountability;
- the production of an easy to understand menu of business involvement with education, including the appropriate named contacts within partner organisations that can provide help and instruction to local businesses;
- the production by all key partners of straightforward guides to training and education, business support, financial assistance and other key subjects;
- businesses currently reporting that they are being held back by a lack of skilled staff to be contacted to help identify any available solutions.

7 The eLMI tool & LMI training resources

Tailor-made resources developed specifically to support providers' LMI and associated requirements for effective marketing to local employers.

Development of eLMI tool and other LMI resources

Since 2010, the eLMI tool has been made available to all SFA-funded providers at <http://lmi.excellencewcs.org.uk/>. It is designed to enable them to use LMI resources to develop their understanding of the employer market and their current levels of employer engagement in a way that can support strategic planning, marketing and development and delivery of provision to employers. It was developed as part of the LSIS-funded programme *World Class Skills – Developing Responsive Provision* which supported FE providers to become more employer responsive, and is being promoted in the subsequent LSIS-funded Skills and Employer Responsiveness Programmes.

Benefits of the eLMI tool

Some of the ways in which the eLMI tool can help providers include:

- producing maps at a detailed geographical level relating to concentrations of employers by sector to inform planning and marketing;
- uploading individual provider data to see where the employers they have links with are located geographically and where there are potential opportunities to engage further clients;
- understanding current levels of penetration relating to employer engagement and latent demand; and
- providing an optional mechanism to purchase employer contact details to support further sales and marketing activity.

Navigation

Navigation of the eLMI tool is via a menu as follows:

New Data Selection, which allows users to select the employment sectors that they are interested in and view on a map the geographical concentration of employers within each sector. This can help develop understanding of the configuration of local employment.

Download Contact Data: following on from the data selected under *new data selection* this facility can be used to download employer contact details.

Upload your Data allows uploading of information on those employers currently being engaged with. Employers' locations can be viewed on a map, as can the percentage of total employers being engaged within a given sector. Assessor locations can also be viewed on the map and also the employers that they are engaged with to support improvements in the efficiency of provision delivery.

Base data

The base Business Data within the tool is updated on a monthly basis, and contains over 120,000 records. The tool contains a number of data fields that are provided free of charge. Additional 'Contact Data' fields (i.e. address information) can also be purchased if required. The final purchased data file contains the following data fields:

Analytics Data	Contact Data
Business Code	Business Name
Thomson Business Description	Address Line 1
Postcode	Address Line 2
SIC Code 1992	Address Line 3
SIC Description 1992	District
Number of Employees	Town
Turnover (£)	County
	Postcode
	Principal Contact - Initials
	Principal Contact - Surname
	Full Telephone Number
	Email Address (where available)

The Business Data has been supplied by Experian Plc from their National Business Database. Experian's National Business Database is a compiled database capturing information from 11 different data sources across all businesses currently trading in the UK. Data sources include:

- Companies House
- Thomson Directory Data
- Yellow Pages Directory Data
- Postal Address File
- BT OSIS (BT Operator Services Information System)
- Payment Performance Data
- London and Edinburgh Gazettes
- Registry Trust
- Direct Marketing Association
- National Canvase Consumer Data
- Modelled data

Data map views

Four map data views available within the eLMI tool:

Complete Business Data, which shows a baseline count of the total number of businesses within each super output area (SOA) for the selected 1992 SIC categories.

Your Employer Data, which shows a baseline count of the total number of businesses loaded up by the user within each SOA for the selected 1992 SIC categories based on the categorisation of the businesses when uploaded.

Percentage (%) Penetration, which shows, as a percentage, the number of uploaded Employer Data businesses against the Complete Business Data count to give an indication of the level of a user's penetration in that area.

Latent Demand, which shows the actual difference in the number of businesses between the Complete Business Data and the Employer Data to identify the total number of available businesses not yet accessed by the user.

Other LMI resources

Other LMI-related support to providers arising from the World Class Skills Programme include:

- a checklist *Turning information into intelligence*, which lists eight main questions for users to consider, and provides a table for completion under headings related to sources of LMI; what they provide; how could what they offer be used; and when and how were they last used;
- a guide *Using labour market information*, which provides information on how LMI can be collected, recorded, monitored and used to aid improvement;
- a set of resources designed to support interactive workshops and seminars *Using LMI for commercial advantage*, which is designed as follows:

Aim

To provide an understanding of how to use labour market information (LMI) for commercial advantage and how it can be used to support providers strategically to position themselves better within a demand-led system.

Objectives

- to provide an understanding of key messages derived from evidence relating to demand for skills;
- to identify the benefits and limitations of tools and methodologies for collecting LMI;
- to provide knowledge of LMI use in relation to strategic planning, marketing of provision to employers and curriculum development and delivery;
- to provide an understanding of key messages related to use of LMI for commercial advantage.

These documents are all available via the sales and marketing resources section of the LSIS Excellence Gateway, at <http://www.excellencegateway.org.uk/page.aspx?o=296170> .

Annex 4: Principal sources of labour market information (LMI)

(Please note that the table below excludes RDA Observatories in view of the phasing out of RDAs and the transfer of some of their residual functions to LEPs.)

Source	Level	Coverage
Annual Business Survey (ABS) / ONS www.statistics.gov.uk/abs/	National Regional	The Office for National Statistics financial information survey, based on a sample of UK businesses according to employment size and industrial sector. Key information produced includes number of enterprises by sector; turnover; and numbers employed; disaggregated by Standard Industrial Classification (SIC) codes.
Labour Force Survey (LFS) / ONS http://www.statistics.gov.uk/statbase/Source.asp?vlnk=358	National Regional Sub-Regional Local	Based on a quarterly ONS survey of a sample of UK households, and specifically aimed at providing LMI. Key information includes demographic data; employment by occupation and sector; and highest level of qualification. Because based on a sample, data is least accurate at local level.
Nomis / ONS www.nomisweb.co.uk	National Regional Sub-Regional Local Ward	Nomis is the ONS on-line service that provides detailed and up-to-date LMI, including a standard local authority profile facility. Data provided includes those from the LFS, claimant count, Business Register and Employment Survey (BRES), New Earning Survey, and the national census.
Working Futures / UKCES http://www.ukces.org.uk/working-futures-2007-2017-executive-summary-2	National Regional	Undertaken by Warwick Institute of Employment Research in collaboration with Cambridge Econometrics, and published by UKCES, Working Futures is an employment and skills forecast for the next ten years. Projections are made by sector, occupation and region, and are based on national data sources such as ABS and LFS. Latest available forecasts were published in 2009 and cover 2007-17; the next forecast will be for 2010-20.
National Employer Skills Survey (NESS) http://www.ukces.org.uk/upload/pdf/NESS%20Key%20findings%202009_2.pdf	National Regional	A bi-annual survey formerly published by the Learning and Skills Council (LSC) and now by UKCES, the last version being for 2009 (published 2010). Based on a representative sample of almost 80,000 companies, by region, SSC sector, and size. Includes data on recruitment problems; skills gaps; training practices; and levels of satisfaction with education and training provision.

Source	Level	Coverage
UKCES / Sector Skills Councils http://www.ukces.org.uk/sector-skills-councils/ http://www.ukces.org.uk/research-and-policy-lmi-portal	National Regional Local (some)	The 23 SSCs overseen by UKCES together cover over 90% of the economy and each a variety of sector-related LMI, some disaggregated down to local level. UKCES itself hosts an LMI portal which provides a gateway to sources of information covering the employment and skills agendas. Links are provided to websites, including official statistics set out by theme; to websites of independent commentators providing useful, robust and good quality research and LMI; and to other regional, national and international sources of information.
Chambers of Commerce / BCC http://www.britishchambers.org.uk/	National Local	Chambers of Commerce provide up-to-date information on the concerns of local businesses, including SMEs. Surveys of members' skills needs are sometimes undertaken.
Local Authorities / LGA www.lga.gov.uk	Sub-regional Local Ward	Individual local authorities typically publish their own range of LMI, tailored more fully to their own area, and sometimes also do so as part of established partnership arrangements with neighbouring authorities. Often these LMI are collated from some or all of the sources indicated above in this table, sometimes also supplemented by specifically commissioned research and data analysis.

Significant developments are taking place on the presentation of LMI²⁶, to make data more transparent and accessible, including improvements to the ONS website aimed at assisting search and query of data sources. The new website will also have a facility which will enable ONS data to be used with other software, assisting other organisations to incorporate ONS data within their own datasets.

BIS is likewise developing a website which will enable data to be interrogated and transported into other applications. BIS has also been working alongside DWP and HMRC to match data sources. This may enable learning and skills data to be matched with those relating to employment, and to outcomes such as future earnings and the sustainability of employment, to provide a more robust picture on the impact of various employment and skills interventions.

The Government has also flagged some shortly to be available resources for gathering data on LEPs that should be considered before submitting a bid to the LEP Capacity

²⁶ As outlined in The Use of LMI in Online Career Direction and Learning. UKCES. December 2010.

Fund. Bids for intelligence that can be gathered through these sources will not be considered for funding.

BIS will be adding a page on the LEP part of its website setting out where statistics are available at LEP level, how these can be created from local authority level data and the issues involved in using this data.

ONS, through its Centre for Regional and Local Statistics, currently assists local authorities in undertaking their Local Economic Assessments by making available a whole range of statistical indicators through a Local Profiles tool, which together with other tools, forms part of the ONS toolkit to support Local Economic Assessments. ONS is currently producing statistical profiles for LEPs for a spring publication. The indicators that ONS is expecting to be able to publish initially for LEPs are:

Demography

- population by broad age;
- population density.

Skills

- NVQ levels.

Employment

- employment rate;
- self-employment;
- ILO unemployment;
- Inactivity.

Inclusion

- DWP benefit claimants;

Housing

- dwelling stock;
- property sales;
- mean house prices.

Enterprise

- business stock by size;
- enterprise births / deaths (as a % of stock);
- 1 – 3 year survival rates;
- industrial structure (local units);
- employment by broad industry group.

Consideration will be given to the inclusion of additional indicators at a later date as ONS looks to develop the LEP profiles. For the initial LEP profiles, the publications will closely reflect the tables and charts within spreadsheets for each theme in the existing local authority profiles²⁷. The initial LEP profiles are likely to be made available as an Excel spreadsheet to download.

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<http://www.neighbourhood.statistics.gov.uk/dissemination/Info.do?page=analysisandguidance/analysisarticles/local-authority-profiles.htm>

Annex 5: Glossary

AoC	Association of Colleges
ALP	Association of Learning Providers
BCC	British Chambers of Commerce
BIS	Department for Business, Innovation and Skills
CAB	Citizens Advice Bureau
CUC	Combined Universities in Cornwall
CLG	Department for Communities and Local Government
DfE	Department for Education
DfES	Department for Education and Skills
DWP	Department for Work and Pensions
ESB	Employment and Skills Board
FE	Further Education
FSB	Federation of Small Businesses
GIF	Growth and Innovation Fund
HE	Higher Education
HEFCE	Higher Education Funding Council for England
IAG	Information, advice and guidance
JCP	Jobcentre Plus
LEP	Local Enterprise Partnership
LGA	Local Government Association
LMI	Labour market information
LSEB	London Skills and Employment Board
LSIS	Learning and Skills Improvement Service
LSP	Local Strategic Partnership

MAA	Multi-Area Agreement
NEET	Not in education, employment or training
NESS	National Employer Skills Survey
NVQ	National Vocational Qualification
ONA	Organisational needs analysis
RDA	Regional Development Agency
RGF	Regional Growth Fund
SEC	Social Enterprise Coalition
SFA	Skills Funding Agency
SMEs	Small and medium-sized enterprises
SOC	Standard Occupational Classification
SSC	Sector Skills Council
TSNLA	Third Sector National Learning Alliance
UKCES	United Kingdom Commission for Employment and Skills
YPLA	Young People's Learning Agency