

EXETER CITY COUNCIL
SCRUTINY COMMITTEE – ECONOMY
7 MARCH 2013

PROGRESS REPORT: EHOD EMPLOYMENT AND SKILLS BOARD

1.0 PURPOSE OF REPORT

- 1.1 To update Members on the activities of the Employment and Skills Board for the Exeter and Heart of Devon area and progress made getting local people into work, promoting the value of skills and supporting business growth.
- 1.2 The report explores some of the skill issues affecting the local economy, sets out the Employment and Skills Board's strategic priorities and provides examples of where the Board has made a difference so far.

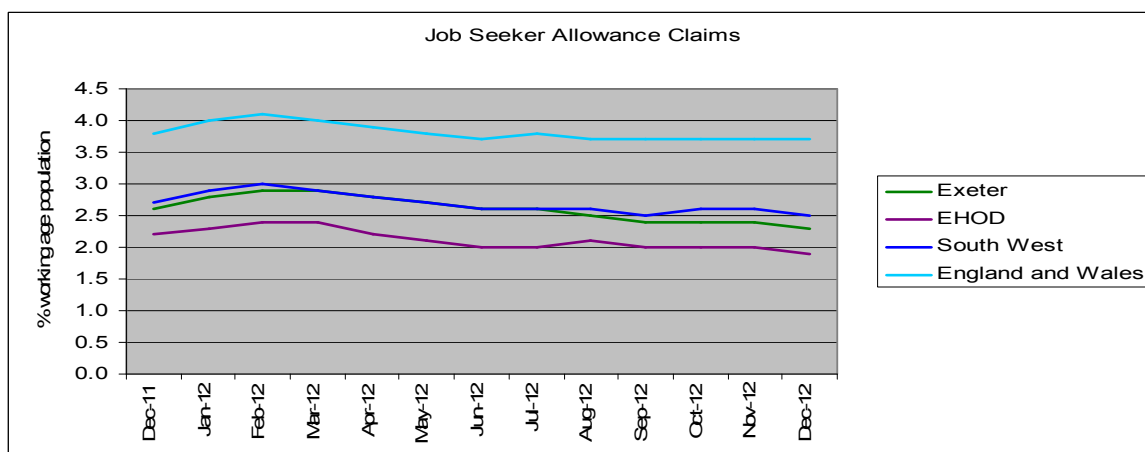
2.0 BACKGROUND

- 2.1 The Employment and Skills Board (ESB) is information led, steered by reports and research (eg. SLIM Employment & Skills Analysis, RTP Growth Point Study) that indicate a number of underlying labour market dynamics which affect employment levels, skill development, business productivity in the Exeter area. The ESB are looking to address underlying issues in order to improve opportunities for local people and help them to benefit from employment growth.

Major trends in the local labour market are highlighted below:

2.2 *Low unemployment but relatively low business productivity*

Unemployment levels in the Exeter and Heart of Devon (EHOD) economic area have constantly remained below South West and national levels.



However, measures of productivity in the workforce for 2011 show that Gross Value Added per head in Devon (£16,711) remains below the national average (£21,349) and below neighbouring areas of Somerset (£17,209) and Bristol (£26,164). The clear link between training and productivity indicates a need to encourage local employers to invest in relevant training and promote the value of continuous development.

2.3 *Rising levels of youth unemployment and strong competition for entry level jobs*

Although unemployment levels in the EHOD area are low, young people make up a disproportionately high percentage of benefit claimants. The level of young people (18-24) claiming Job Seekers Allowance (JSA) has increased in EHOD over the previous year and the number of individuals claiming JSA for 12 months or more has doubled.

JSA Claimants aged 16 to 24 year olds claiming for 12 months+:

Area	Dec 2011	Dec 2012
Exeter	40	115
East Devon	25	45
Mid Devon	25	65
Teignbridge	25	55
EHOD	115	285
South West	1,320	4,110
England & Wales	32,365	67,115

Escalating university fees and the raising of the school leaving age is likely to increase competition for apprenticeship placements and entry level jobs. This will require a corresponding increase in the amount of employers willing to offer opportunities to young, in-experienced job seekers. However, destinations data from 2011 indicates that there are four times as many school leavers in jobs without training as there are in jobs with training, which may reflect availability of this option in the labour market.

2.3 *Growth in Knowledge Intensive Industries but low take-up of key subjects*

The development of the Exeter Science Park and investments by the University of Exeter will lead to significant job growth and creation in knowledge intensive industries; those that are characterised as requiring a strong foundation in Science, Technology, Engineering and Maths (STEM) skills. Furthermore, several new commercial development sites are intended to contribute to growth in technology, engineering and professional service based companies, all of which have a strong requirement for skills and training in these subjects. Targeted campaigns started in the mid-2000s to encourage and inspire young people into “STEM” subjects and careers have resulted in a significant increase in STEM-subjects at A-level, particularly in maths and further maths. Furthermore, the University of Exeter and Exeter College recently announced plans to establish a specialist Maths free-school in Exeter for 120 16-19 year old students. South West Universities have also seen growth in applications to study engineering and technologies. However, the Government’s target for number of entries in Physics may not be met and recent data indicates falling participation in design and technology, computer science and IT at GCSE and at A-level (SLIM, 2012).

2.4 *High proportion of people with high skill levels but low graduate retention*

Analysis of the skills profile across the EHOD area indicates a requirement for people with Level 3 (A-level equivalent) and 4 (degree equivalent) skills across all sectors, particularly in management positions, research and development and professional occupations. The Exeter area appears to be well suited to supply a highly skilled workforce, especially due to the presence of University of Exeter, which is in the top 1% of leading world universities and brings large numbers of well-educated and skilled young people into the EHOD area. However, data from the 2010-11 Graduate Destinations Survey suggests that out of 2,245 University of Exeter graduates surveyed only 405 (18%) had found employment in Devon and fewer still were in graduate level employment. Furthermore, data suggests only 5% of employers in the Heart of the South West area had recruited a graduate in the last 12 months. This indicates a need to stimulate business demand for graduates and encourage graduate recruitment, especially for high-growth knowledge-intensive companies.

2.5 *Employer engagement versus employer overload*

Apprenticeships are at the heart of the Coalition Governments long term strategy for developing a skilled workforce, emphasising the need for people to develop practical, work-place skills in order to increase their likelihood of sustainable employment. Despite national, regional and local campaigns to promote the value and benefit of apprenticeships they are still underutilised by employers in Devon. Only 6.3% of Employers in Devon take on apprentices compared to 8.1% nationally. Slow take-up by employers can be attributed to a myriad of issues, particularly around their image, accessibility and quality. In the EHOD area these issues are compounded by the high proportion of small and micro businesses, who have a lower propensity to invest in training.

Furthermore, employers are under pressure to tackle rising youth unemployment by engaging with workplace skills programmes. This includes pressure to engage with education, to offer work experience to job seekers, to provide internships to college and university students, to take on apprenticeships or to offer volunteering; at a time when very few have the time to engage.

2.6 These factors indicate a need for the Employment and Skills Board to work collaboratively to:

- improve opportunities for local people by encouraging and facilitating employers to offer jobs and training to young people and the unemployed
- ensure people making the transition from education to employment have developed skills aligned with labour market need
- promote the value of skill development and its link to business productivity
- provide clear mechanisms for local employers to influence, engage with and utilise skill development programmes

3.0 **EMPLOYMENT AND SKILLS BOARD**

3.1 The Employment and Skill Board (ESB) supports economic development by helping to address issues which affect business and job growth.

3.2 The ESB is an employer-led partnership between local businesses, training organisations and statutory bodies such as Jobcentre Plus. It has established itself as an independent body and voice for local employers, with quarterly Board meetings held since 2008 and a core membership of committed stakeholders. The private sector is represented by a range of key employers, including Waitrose, Michelmores and Interserve Construction, as well as member-representative organisations, such as the Chambers of Commerce, the Federation of Small Businesses and the Hoteliers Association.

3.3 The ESB's primary objective is to understand, facilitate and promote the skills needs of businesses within the Exeter and Heart of Devon economic area and improve the skills of the workforce in-line with local economic priorities. The ESB's overarching vision is for *a strong local economy built from productive, sustainable businesses and a workforce armed with relevant skills to enable them to enter and progress in employment.*

3.4 The Employment and Skills Board are currently developing a high level strategic priorities statement with benchmarked data for performance management purposes. It is proposed that the following three themes are prioritised for the ESB's attention and activity:

- (i) Helping people back to financial independence, by
 - up-skilling unemployed people to meet labour market needs
- (ii) Reducing youth (16-24) unemployment, by
 - helping young people make the transition into employment

- raising aspirations and encouraging development of skills which meet employer requirements
- (iii) Helping businesses to be more successful, by:
- promoting clear messages to employers about the value of investing in skills and how they can influence the training offer by engaging directly with mainstream training providers

3.5 The ESB has already begun to deliver results in some of these areas. Examples are provided below.

(a) *Coordinating and delivering projects to address skill issues*, for example:

- Focus Five Award – Piloting a new award for 16-19 year old students, aiming to give them a head start in the employment market by enhancing their skills in the “big five” employability areas; organisation, team work, problem solving, communication and customer care. The Award is led by local employers, who volunteer their time to mentor students and undertake final assessments via mock-interview.
- Community Energy Fit Exeter – Working with e.on and National Energy Action to coordinate an energy-saving themed training programme to up-skill unemployed residents. A total of 66 unemployed people have received free training so far and 5 have progressed to a City & Guilds qualification.

(b) *Developing new tools and resources*, for example:

- Secured funding from Devon County Council to produce 6 sector-focused case studies, giving honest accounts of employers experiences taking on an apprentice. Case studies have been disseminated and accessed by hundreds of employers, aiming to reduce misconceptions and increase take-up of apprenticeships. Case studies also disseminated about two alternative models for recruiting apprentices (Group Training Association and Apprentice Training Association models) to help small businesses.
- So far 18 “Skill and Career Progression Maps” have been produced in key employment sectors, to help employers and training providers identify and address the skills needs and gaps in the workforce. These Maps have been endorsed by the Learning and Skills Improvement Service (LSIS) and are now used by training providers and National Apprenticeship Service to engage thousands of employers about skills issues

(c) *Communicating clear and consistent messages to businesses*, for example:

- A partnership of training and employment service providers was formed to deliver a branded event and follow-up media campaign; “Get Devon Working”. This led to over 100 “warm leads” being followed-up with employers and 15 confirmed new apprenticeships directly attributed to the campaign, plus 2 work experience placements and 2 graduate internship placements. Softer outcomes also reported, leaving a legacy of stronger collaboration between project partners
- Signposting website under development, to provide a single mechanism for employers to access information and resolve queries about local skills and training provision.

(d) *Facilitating delivery of training and employment*, for example:

- Establishing a central hub (“the *WorkTrain*”) to coordinate and support employment and training activity to coordinate a range of skills, training and recruitment activity for major development programmes in the Exeter area. This initiative aims to help businesses recruit local people, take on apprentices and facilitate investment in workforce development. Dedicated Coordinators will work with employers to:
 - understand their current and future labour market needs
 - communicate skills needs, gaps and issues to partners, so that they can develop and provide people with the right skills

- identify dates and timescales for recruitment peaks and coordinate timely support
- 3.6 The skill landscape is under great upheaval as the current administration moves to greater employer ownership of the skills agenda. Funding structures are being simplified and devolved and it is anticipated that the HoSW Local Enterprise Partnership (LEP) will soon be allocated 20% of the Skills Funding Agency budget (£4b invested in adult skills in UK) to be utilised on training that meets local business need. The LEP has indicated that it will be looking to the local Employment and Skills Boards to help articulate what is needed.
- 3.7 The Employment and Skills Board has already developed a close link with the Local Enterprise Partnership (LEP), representing the Exeter and Heart of Devon area to the LEP Skills network, championing local skills issues and influencing strategic decisions. In addition, the five ESB's in Devon and Somerset were recently commissioned by the LEP to bid for the Local Response Fund, to deliver pilot projects which address skill issues in the area. Successful applicants will be notified by late March 2013.

Furthermore, in anticipation of future funding opportunities the Employment and Skills Board has improved its position to bid for funding by setting up as a social enterprise company (ie. not-for-profit), led by employers as Directors.

- 3.8 Officers will continue to report progress to future meetings of this Committee.

4.0 FINANCIAL IMPLICATIONS

- 4.1 Exeter City Council and East Devon District Council co-fund the Project and Partnerships Manager role each contributing £15,000 per year to coordinate and deliver Employment and Skills Board activity. Exeter College are intending to contribute funding to support the Board's activities.

5.0 RECOMMENDATION that:

- 5.1 Members comment on progress made.

RICHARD BALL
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Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

'Unemployment in Exeter', 31 May 2012 Scrutiny Committee – Economy, Exeter City Council