

# **SOUTH EAST ENGLAND REGIONAL ASSEMBLY SELECT COMMITTEE ON SEEDA'S APPROACH TO LABOUR FORCE AND EMPLOYMENT**

Submission from: **Surrey Economic Partnership**

Date: **September 2008**

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We are grateful for the opportunity to respond to the Select Committee's inquiry. Our submission has been aided by contributions from Surrey County Council (SCC) and South East Economic Partnerships (SEEP). SCC is a founding partner of Surrey Economic Partnership (SEP), which manages all aspects of economic development in Surrey, including leadership of the Economic Development Theme under both Surrey's Local Area Agreement and its Sustainable Community Strategy. SEEP is co-ordinated by and located within the SEP office. SEP also hosts the Surrey Skills for Productivity Alliance (LSPA), which is currently in the process of conversion to become the new, demand-led Surrey Employment and Skills Board (ESB).

## **1. Within the RES, does SEEDA adequately capture the range of key issues and challenges regarding labour force and employment in the region?**

Broadly, SEEDA has been successful in identifying strategies that will address the main priorities of the RES. The challenge will come as funding constraints force decisions on competing skills priorities and the possibility of unexpected calls on regional budgets e.g. in direct response to the current economic downturn in certain key sectors, such as Government cutting RDAs budgets to fund house building. By devolving funding to help deliver LAA targets around economic development, skills and enterprise, SEEDA can assist with the development of the region's labour force and employment.

The Train to Gain programme is addressing the skills of the existing labour force, but not in a way that fully and effectively meets employer needs. That is down to national policy, and SEEDA itself is well aware of such employer concerns. Through its leadership of the Regional Skills for Productivity Alliance (RSPA), SEEDA has brought growing cohesion and strategic partnership working to the RSPA, in which the Train to Gain offer is prominent. This is particularly important at sub-regional level as the LSPAs/ ESBs develop their networks to work more closely with Sector Skills Councils and other partners in targeting Train to Gain and other skills solutions on identified skills gaps and needs.

The Government's skills agenda focuses on qualifications, seeing these as a proxy for skills generally. However, more important to workforce development are skills that meet the needs of an employer. In Surrey, this means a focus on basic and softer skills, such as communication and management skills, as well as higher skills (Level 3 and above). Surrey's economy is characterised by a high percentage (30%) of knowledge-based businesses (a greater percentage than in London) and a need for more key workers and lower earners (retail, health/ care workers). Surrey is also characterised by an ageing population; the impact of demographic change, i.e. the number of people leaving/retiring from the workforce and those entering it during the time period of the RES, needs further analysis.

## **2. How effective are the key strategic regional agencies with an interest in labour force and employment, such as SEEDA, Job Centre Plus and the Learning and Skills Council, in developing a joined up and coherent approach?**

These are early days, but there are already encouraging signs of effective collaboration at regional and sub-regional level. One example is the "UB50" research project at the University of Surrey, which used SEEDA funding, supplemented by cash and in-kind contributions from

SCC and SEP, to address unemployment among former managers and professionals. Findings from the research will contribute to SEEDA's 40 Plus Strategy, linking regional partners like Jobcentre Plus, Redundancy Support Service and the Department of Health (GOSE) with such diverse sub-regional partner-providers as the University, a Berkshire charitable organisation and a private company.

Under Surrey's LAA, the LSC, Job Centre Plus and Business Link are working in partnership with SEP and SCC to raise skills levels (Levels 2 and 3), reduce worklessness and increase entrepreneurial activity. This is being progressed through the marshalling of resources to meet a common goal. SEP is coordinating delivery of these aspects of the LAA and meets regularly with these partners to discuss and agree how a more joined up approach can be effected.

However, proposed Government changes to the regional framework have yet to work through and be fully understood, especially by employers. The switch in responsibility for 14-19 education from the Learning and Skills Council (LSC) to local authorities in 2010 should result in a more coherent approach and help in addressing "demand-led" employment and skills issues. Employers will need to be convinced of this.

The LSPAs/ ESBs and strategic regional partnerships can help to "translate" the skills agenda using the language of business – treating them as customers and emphasising the benefits of investment in skills training and employee development to their bottom line.

### **3. SEEDA's Corporate Plan gives considerable emphasis to higher level management and technical skills. Is this focus appropriate and what should it do to also ensure development of basic skills and employability?**

This focus on higher skills is essential but earlier intervention in education is needed. Both the Higher Skills Alliance (chaired and administered by SEEDA) and STEMNET's regional approach are helpful in bringing partners together. In Surrey's schools the STEM agenda is highlighted through programmes such as Surrey County Scholars and Apprentices, both of which attract industry sponsorship for students embarking on science degrees or technical college courses. The much-publicised YouTube video "Shift Happens" – highlighting the global challenge from nations like China and India – should be required viewing for all education, employment and economic planners.

The new 14-19 Diplomas (and other basic skills or employability initiatives) provide an opportunity to relate education to the regional economy – the new LAAs provide a conduit for SEEDA and especially its local partnership Boards to align education strategy with employment and skills strategy, both being essential to a healthy and growing economy. Surrey's new Employment and Skills Board is taking shape alongside the County's new 2020 Vision for Learning – enabling a real dialogue on the important skills issues whether these are at basic or higher level.

In terms of higher skills, RES implementation requires a blend of strategic and local interventions – the Higher Skills Alliance provides a good opportunity to assess regional issues while local links can be forged (for instance, with universities) through the LSPAs/ESBs and related Lifelong Learning Networks. These partnerships will support the STEM agenda in particular achievement of RES Actions 2.2, 2.3 and 3.9.

Skills are now the currency of the global economy; access to an appropriately skilled workforce is a driver for continued business investment in Surrey and will be important in retaining those multinational companies that are currently located in the county.

SEEDA is looking to establish eight innovation and growth teams in the region to deliver specialist/ tailored services to business to help them realise their potential. This emphasis is appropriate given the history of entrepreneurial activity in the region, and in Surrey in

particular, not least as innovation and entrepreneurship, underpinned by skills, are seen as the driver of future economic growth in Surrey/ the wider region.

In terms of the development of basic skills, SEEDA could take a more active role in identifying/ auditing skills gaps reported by employers and use this information to enable skills training to be more demand/ employer-led. While the percentage of the adult working population in Surrey that hold a Level 2 qualification is above both the regional and national average, some 180,000 people (23.5%) are without this minimum benchmark for employability. More than 50,000 people in Surrey are without any qualifications, many of whom live in deprived communities. If there is to be a shift change in the economic prosperity of the region, more opportunities to raise skills and enter the labour market will need to be provided for these communities (where deprivation has become generational), otherwise the gap between the wealthy and the less well off will widen. SEEDA has a role in supporting, either directly or indirectly, organisations whose activities are aimed at improving the quality of life for these communities.

**4. Is the range of SEEDA's activities appropriate and suitably targeted to tackle labour force and employment issues? Where should the balance lie between strategic and local interventions?**

A balanced approach is desirable, but with greater emphasis on local interventions in order to reflect differences of need and/or approach sub-regionally. Interventions may be needed that indirectly address labour force or employment issues e.g. infrastructure or transport improvements that make commuting easier (access to the Surrey Research Park is one such example). Local interventions can be effected through devolved funding via LAAs.

**5. Is SEEDA doing enough to encourage sustainable job creation in the region, particularly in under-performing areas? How and where should it focus resources on this issue to best effect?**

The current economic downturn has presented an unexpected challenge to SEEDA, which has, through the RES and local LSPA/ESBs, moved swiftly to try and relieve the pain of widespread job disruption in key sectors such as Financial Services and Construction. SEEDA's ability to mobilise regional partners quickly in such times of crisis is based on past efforts to target resources on areas of particular need. It is right to prioritise the deprived areas of the region. The work that SEEDA commissions from organisations, such as Business Link, could have a spatial focus on delivery in deprived areas. However, more substantial intervention, such as relief roads, might be necessary in those areas e.g. completion of the east-west coastal route to link the Channel ports with the M27 and Southampton to help stimulate inward investment.

The conduit for resources could be the various LAAs and the MAA in south Hampshire, as these will encourage greater dialogue and shared working between SEEDA and its sub-regional partners.

**6. How effective is SEEDA in engaging with businesses to understand their skills needs and in promoting employers' responsibilities regarding skills development?**

In the case of the LSPAs Hampshire and Isle of Wight provides the model approach to employer engagement. Relationships are vital to successful engagement and in Surrey the imminent creation of the new Employment and Skills Board will need to assure employers, as we introduce them to the jungle of initiatives and programmes, that they will add value. Employers remain suspicious that "dialogue" does not always lead to action and merely produces a "talking-shop". Employers will expect to be listened to and their regular calls for skills rather than qualifications must be handled with sensitivity and maybe firmness. LSPA/ESB links with Sector Skills Councils (SSCs) are already well established but because SSCs operate at varying capacities, relationships can be more difficult with some SSCs where their administrative resources are limited.

As indicated earlier, employers have a natural aversion to the public sector and in setting up Surrey's new ESB its links to Surrey's Local Area Agreement provide an opportunity to create a positive impression in employers' eyes. The watchword is Partnership – public and private sectors working together to improve skills levels.

SEEDA could be more transparent about the purpose and activities of its Corporate Cabinet, members of which should have a good understanding of skills needs in the region. SEEDA does support the economic partnerships in the region, which act as a voice of the business community. SEEDA Area Directors will sit on many business fora in the region and could use such opportunities to promote employers responsibilities for skills development and to learn about employers' skills requirements.

**7. What has been your experience of the Regional Skills for Productivity Alliance? What needs to be done to ensure its long-term effectiveness? What can SEEDA or other partners do to support the evolution of Local Skills for Productivity Alliances into revised roles as local Employment and Skills Boards?**

This is an important regional vehicle for co-ordination of skills strategy but has been thought of by some as a talking shop. It is a legitimate forum for debate but must focus on actions if it is to convince outsiders of its value. To this end, the RSPA could develop a public communications strategy to enable the authoritative regional voice on employment and skills to be heard.

In Surrey we anticipate that our new Employment and Skills Board will be truly demand-led; that does not prevent the involvement of valuable supply-side partners like SEEDA, Business Link and Jobcentre Plus. However, as indicated earlier, we also believe it is important to work closely with SCC to align our employment and skills strategy with their new education strategy.

**8. How effectively do SEEDA and other strategic regional organisations engage with the further and higher education sectors, voluntary and community sector, local partners and deliverers to tackle employment and labour issues in the region? What more needs to be done?**

The scale of change over the past two years and – for the LSC – the next two years as well, means that partner/providers are still gauging the impact of Government and regional reorganisation. The Employment and Skills Boards and the SE Economic Partnerships will be important intermediary channels to support the evolving links between SEEDA and local authorities. This “translation” role will be made easier by ensuring that the organisations identified above are sitting round the same tables and participating in the same networks to ensure a joined-up approach and secure the desired employment and skills outcomes. The national drive to extend Apprenticeships offers an important opportunity to link both strategic regional partners, training providers and employers in a partnership approach to target and benefit local communities, especially where social issues prevail.

**9. How effectively do SEEDA and local authorities work together on labour force and employment issues? In the light of an increasing role for local authorities in this area, what more needs to be done to ensure effective joined-up working arrangements?**

Through the Employment and Skills Board, the LAA will enable closer working between regional partners (including GOSE's Locality Manager for Surrey) and the local authority, specifically on the Economic Development Theme, but also crosscutting priorities such as reducing the number of 16-18 year-olds not in employment, education or training and creating safer communities. There may be a case for more routine engagement of elected Members in sub-regional partnerships (like the ESB) alongside, or in place of, officers. As mentioned previously, the ESBs and sub-regional partnerships are already involved in a number of relevant networks and it is in consolidating these that the greatest effect will be achieved.

Surrey's LAA includes targets on raising skills levels. The SEP Executive has taken on responsibility for delivery of these targets. SEEDA is a member of the SEP Executive, as is Surrey County Council. SCC is leading the work of the Surrey Workforce Partnership to help deliver the skills targets and to fulfil its own obligations under the Skills Pledge as well as promoting sustainable employment. District and borough authorities are also engaged in the delivery of these targets.

Under the Sub National Review of Economic Development and Regeneration (SNR), a greater role is envisaged for local authorities in promoting and delivering economic growth. SEEDA could devolve its programme/ single pot funding for economic development to upper tier authorities. This would ensure a coordinated, strategic approach to delivery. SEEDA and local authorities will also need to work closely on the development of an integrated regional strategy and associated economic assessments of sub regions. There is a symbiotic relationship in respect of economic development that needs to be recognised and developed.

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