

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

Submission from: **University of Surrey**

Date: **September 2008**

The University of Surrey is pleased to have been consulted by the SEERA Select Committee on SEEDA's approach to Labour Force and Employment. We are responding to this request from our perspective as a research led university producing high quality graduates, most of whom have undertaken a professional training year in an appropriate business which contributes substantially to their acquisition of the skills necessary to improve the innovation potential and productivity of the workforce. Our Research Park is one of the most successful economic units in the Region with *circa* 150 highly innovative and productive companies that benefit from close association with the University and contribute significantly to the regional economy. We also have a long track record in knowledge transfer which has given rise to many new companies, the best known of which is Surrey Satellite Technology Ltd. The following are our answers to your questions:

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

We complement SEEDA on producing a RES which on this occasion has recognised and analysed the geographical complexity of the region and which has addressed the very different needs of the localities. It also recognised the differences between the higher level skills requirements in the economically vibrant areas of the region where companies have difficulty in meeting their skills needs and the requirement to create employment in the less successful areas and among pockets of deprivation in the more vibrant areas of the region. Where the analysis is incomplete is in the failure to recognise adequately that not only is there a need to train the workforce at the lower level to become employable, but there is a need to create the jobs for them and this can only be met by innovative productive companies with high level skills requirements spawning in, or moving into the less vibrant areas. This puts the FE/HE sector, the retention of graduates and the establishment of new innovative businesses right across the region (not just in the economically difficult areas) at the heart of the region's economic prosperity. Many good quality incubation facilities are beginning to appear in the less vibrant areas, but SEEDA have yet to appreciate the full implications of that and the support it should be giving the HE/FE sector to take advantage of them.

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.*

We are sceptical that there is a joined up approach in this area. Job Centre Plus is a national organisation which has central policies and targets imposed on it and so can often not react properly to local requirements. However the University has a research project with Job Centre Plus called UB50 looking at bringing unemployed skilled

managers back into the workforce. LSC is more locally based and responsive to SEEDA's objectives. However it has suffered constant reorganisation and changes in its responsibilities that have not allowed it to have a consistent and locally based approach across the whole spectrum of skills needs. For instance we believe that they withdrew funding for ESOL in Woking despite local employers using the programme at Woking College. The RPSA has been in existence for *circa* five years, but there has been no direct contact with the University. Given the University's track record in innovation and knowledge transfer, an approach from the body charged with developing the employment and skills strategy in these areas might have been expected. The recently formed more locally based LSPAs could help to deliver more focussed place based policies and the University has a senior member of staff on the board, but it is too early to make a judgement. In our view none of these organisations has related adequately to the HE sector on the skills and productivity issues.

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?*

We believe that the emphasis on higher level skills is appropriate and the University has contributed significantly to both the management (company director/CEO level as well as its undergraduate (UG) courses) and technical (UG, postgraduate (PG) and CPD) skills training. In the global market in which the companies of the region compete, knowledge transfer, innovation and productivity are key to their survival and higher management and technical skills are the only way that competitiveness will be maintained. It is noticeable in Surrey that the most innovative and successful companies are increasingly reliant on non-UK nationals for the most skilled jobs i.e. we are not training enough locally. This leads to two problems. Firstly the inward migration places greater stress on an already pressured infrastructure and secondly the companies are increasingly move out to where the skills can be found. Without these companies the prosperity of the region will decline and those with basic skills will not find employment.

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?*

Given the available funding, SEEDA's approach to labour force and employment issues is probably as well targeted as it can be. Clearly for the basic and lower skills there should be over-arching targets, but the local intervention is in our opinion the best way forward, because of the local variation in requirement for skills and the relative immobility of the workforce. We believe the actions taken in Hastings, Folkestone and Medway in this respect to have been good. There is however a danger that an over-focus on less performing areas can distract attention - and reduce material support - for the region's more successful areas. For example, SEEDA has shown little interest in the more prosperous and successful Guildford region; consequently companies such as Philips are reducing their commitment and other larger companies are leaving altogether. For the higher skills which are necessary to keep the region competitive only a strategic approach will suffice and the region needs to assess and meet its requirements wherever that can best be done (e.g. the recent South East Physics Network (SEPNET) initiative by HEFCE supported by

SEEDA). Retention of the skilled personnel and their migration across the region as opposed to away from it, also remains an issue.

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

We believe that the initiatives in Hastings and Medway are beginning to lead to sustainable jobs, but the process is a slow and expensive one. To roll it out to all the under-performing areas will take time. Often the areas in question are hampered by poor infrastructure and this needs to be addressed before success is likely. Moreover the spread of sustainable prosperity cannot easily be dictated and SEEDA has shown signs of not understanding this and planning to intervene in inappropriate places with inappropriate initiatives. SEEDA needs to cast its bread on the best and most receptive waters to get a sustainable return across the region as a whole.

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

We suggest this question is a *non sequitor*. Employers have no general responsibility to develop skills no matter how much the public sector would like to think they have. All the evidence suggests that the best companies (and in particular the larger ones) know precisely what their skills requirements are and if they cannot recruit them they train them i.e. training is in their self interest. Smaller companies sometimes do not know their requirements although again the best ones do, but they often find difficulty in training staff, due to time and financial restraints. In addition many employers have no interest in qualifications offered by educational establishments, preferring 'bite sized' training. It is in this latter area that public intervention and assistance is required. The Sector Skills Councils seem to be doing a good job in delineating the skills requirements, but SEEDA needs to find ways of encouraging/subsidising the skills training required by these smaller companies, who should be the ones that will grow and spread to sustain the prosperity of the region.

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?*

The University has had little to do with either the RSPA or the LSPA and is not therefore qualified to comment. Locally the Surrey Economic Partnership (SEP) has a SEEDA funded member of staff to develop the LSPA and its evolution into a local Employment and Skills Board and the University is an active member of SEP, but this work has not figured strongly at SEP meetings and discussions.

8. *How effectively do SEEDA and other strategic regional organisations engage with 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?*

We can only comment from limited perspectives. We are of the view that SEEDA does not engage sufficiently with the higher education sector on skills issues and that more could be done by joint working in specific sectors to improve technical skills training. Engagement on managerial skills training with this University has been

excellent, but we cannot comment on others. SEEDA's engagement with further education has been through the Learning and Skills Council (LSC) and has probably been adequate. There is room for better engagement between the LSC and the university sector, particularly with regard to HE in the FE sector and the planning of changes locally. SEEDA seems to engage most strongly with the local Economic Partnership (of which the University is an active member) and it is now funding a full time member of staff on skills. Since he is a former member of the University's staff there is an understanding of the place of HE in this organisation.

9. How effectively do SEEDA and local authorities work together on labour force 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?

As far as we can tell there is very little contact between SEEDA and Surrey CC (SCC), so the changes about to be introduced will need a good deal of work. SCC disbanded its Economic Development Unit during a recent reorganisation of its administration, which aimed to save money. There was good contact between the SCC Unit and the Economic Partnership (SEP), and between SEP and SEEDA, when the reorganisation occurred. The latter remains, but SCC now looks to SEP for all the economic development and associated work e.g. SEP is responsible for delivering the economic development targets in the latest LAA. Whilst this seems to work, it leaves SEEDA and SCC at arms length, which is not a relationship that bodes well for the new role that both will be acquiring.