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LOCAL SKILLS FOR LOCAL SUCCESS

ROUNDTABLE WRITE-UP

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In November 2014, NLGN held a roundtable discussion in partnership with Tata Consulting Services to consider the role of local authorities in investing and developing local skills. The discussion brought together senior executives from the economic development sector and local authorities. This paper outlines the key themes that emerged from the event.

UPSKILLING LOCAL POPULATIONS: PROBLEMS AND PRIORITIES

The skills agenda has been a hot-topic in recent years as mounting evidence reveals that the skills held by potential employees simply do not match those required by future employers. The skills gap is as much of a problem for young, working-age school leavers as for the long-term unemployed and needs to be addressed. Evidence suggests that over the next ten years there will be 13.5 million job vacancies but only 7 million capable of filling those jobs.¹ For both the long and short term, the skills gap is worrying. Local structures need to be in place in order to support the working age population, who in turn will support the retired through their taxes.

For this reason, upskilling local people is very important. For local authorities, poorly skilled local populations can have negative consequences for the local economy

and can have a draining effect through employment-related benefits. In particular, the displacement of low-skilled workers and their replacement with high-skilled workers from outside the locality has specific consequences for housing and the cost of living in particular areas.

For example, in Hounslow over 70,000 lower-skilled workers leave the borough for jobs further afield and more than 70,000 highly skilled workers from outside enter the borough every day to work there. The lower-skilled residents may have to rely on housing benefits or income support to afford to live in the borough and travel out of it. These considerations are highly pertinent for councils, especially as there is a growing polarisation between those in highly paid jobs and those leaving the borough for lower paid, lower skilled jobs.

For businesses, the lack of a skilled local population can negatively impact on their profitability and vitality as a company. Although businesses are better suited to benefit from displacement and the ability to attract commuters to their job vacancies, there is still a business incentive to get involved in skills development of their future employees and many work within the locality to do so.

¹ NIACE (2014), Making Skills Devolution Work, <http://www.niace.org.uk/news/making-skills-devolution-work>

ADDRESSING THE ISSUE OF SUPPLY AND DEMAND

To date, investment in skills development has centred on the demand side more than the supply side: how to improve the skills of potential employees to fit into the mould of future employers' expectations. Meeting this demand is clearly important, especially to ensure that the right people are in the right jobs; but pumping energy into the supply side, by motivating future employees and encouraging them to make smart career choices, is of underestimated importance.

First and foremost, the STEM agenda (Science, Technology, Engineering and Maths) must be elevated, with a particular emphasis on the 'T' of technology as industries enter the digital revolution. Increasing the skill set of future employees may require attitudinal changes from parents, young people, further education colleges and businesses themselves. For parents and young people, it is vital for them to understand the importance of the STEM agenda with a particular emphasis on relating school subjects to long term, highly rewarding occupations. Increasing work-relevance is crucial for this. For FE colleges, regulation and inspection tends to focus on academic milestones rather than the success rate of getting their pupils into employment. Perhaps attitudinal changes for colleges and their inspectors may shift notions of success from purely academic to vocational attainment as well.

Finally, professionals should take a level of responsibility in communicating with partner organisations to develop the skills they desire in potential employees. It is highly important to involve businesses in schools and skills programmes so that employees, employers and educators are all on the same page. Understanding local need requires conversations to take place between the key stakeholders in developing the skills of the local population.

Secondly, it is important to note that this agenda is much broader than learning technical skills or investing in STEM subjects. Without downplaying the importance of these, it is also about cultivating interpersonal, soft skills. Many young people and the long-term unemployed suffer from a crisis of confidence which can manifest itself in a lack of motivation. There is a disconcerting trend of high unemployment rates amongst graduates with degrees in computing due to the lack of interpersonal skills which will allow them to succeed at interview level.² Many companies are attempting to redress this imbalance through developing the course content of a MOOC (Massive Open Online Course) to supply such graduates - whose technical skills are indispensable in the age of the digital revolution - with the additional softer skills required to gain employment.

² <http://www.theguardian.com/higher-education-network/blog/2013/sep/16/computer-science-graduates-unemployment-bme>

WHY IS 'PLACE' SO IMPORTANT?

Acquiring the skills needed to fulfil employers' criteria is all about education, learning and exposure to sufficient advice and training. Place plays a major role in this because the opportunities open to individuals depend on where they live and learn. For young people, schools are well-placed to provide employability skills training, and much work is being done both inside and outside government to improve their ability to do so. For older people or the long-term unemployed, skills training schemes and work programmes are essential for improving employability. The quality and quantity of such opportunities for the individual ultimately depends on where they live and the schemes operating in their areas. The opportunity to develop local solutions to the need for skills development should, and must, be grasped.

At a national level, place has been the missing link between employment and skills. Such disconnect is symbolised by the fragmentation between government departments covering Work and Pensions, Education, Communities and Local Government, and Business, Industry and Skills. This has filtered down to the local level where multiple schemes and initiatives operate in the same place at the same time with a crucial lack of coordination. If the system were to be redesigned from scratch, the overlap between skills, employment, locality and education could not be ignored and each would not be looked at in isolation.

So why has local government been left out of the skills agenda, and how can councils be painted back into the picture?

ELEVATING THE ROLE OF LOCAL AUTHORITIES

Local authorities have thus far been involved in skills development from a commissioning perspective, funding or facilitating national and local work programmes and skills improvement schemes. In the business world, there has been a concerted push towards employer engagement within schools as a measure to improve the employability skills, work experience and career awareness of young people. Furthermore, businesses have teamed up to develop the softer skills of graduates who may possess the desired technical skills, but require further help on their interpersonal skills to improve success rates at interview stage. In so doing, businesses tend to partner with the not-for profit sector. Local authorities are a surprising omission in the current employer engagement schemes. An important issue to overcome is the tendency for charities and local authorities to see themselves in competition with each other. Both councils and businesses have a great vested interest in skills development, yet so far have been working independently of each other, and sometimes even in competition, to the detriment of their citizens.

Relatedly, a major problem within skills development is the plethora of schemes and

initiatives already taking place without any sense of coordination. For example, in one borough there are forty different schemes for young people in relation to skills development. As a business or partner organisation, understanding which scheme to participate in is difficult, if not impossible. More worrying is the amount of money spent on individual initiatives, which could benefit greatly from joined up, integrated resourcing and funding. In theory, the overlapping priorities of local authorities and businesses could be much better developed in order to coordinate and consolidate the roles of both in skills development.

STRATEGIC OVERSIGHT: COORDINATION AND PARTNERSHIPS

Local authorities are well-placed to take on a strategic oversight and coordination role in terms of service delivery. Councils have a vested interest in their residents and the consequences of skill levels on local labour markets. Councils can provide joined-up services in relation to skills and employment which would be beneficial to all partners involved. There is a 'natural' leadership role for councils to play.

By giving local authorities a greater role in coordinating skills development, commissioners need to be allowed greater powers to influence how initiatives are run and operationalised, rather than being another tier of governmental bureaucracy.

So far, local authorities have been agents of central government with regards to skills development. Without room for manoeuvre, substantial change is difficult to instigate, especially as this should not be a prescriptive process and there needs to be flexibility in service delivery. The benefit of having a clear strategic role for local authorities is that more faith can be put into the quality of commissioning; and in return there is a stronger faith in the quality of service delivery. However, an important caveat to this is knowing where the expertise lies. If housing associations, voluntary organisations or the private sector have better insights and expertise, local authorities should not control all service delivery themselves.

How to share knowledge, funding and resources will need to be understood and negotiated before partnerships with local authorities, businesses and the voluntary sector are recognised. Long-term revenue problems need to be considered, especially in the event that one of the main investors in skills development may not be a direct beneficiary of the results. At present, the sharing of data across partner organisations is restricted. For more citizen-focused, targeted services, sharing data between different government departments, local authorities and employment services would open up opportunities for a more seamless service delivery which follows the individual from school through employment. Allowing local authorities to be partners in the process,

as opposed to agents of the DCLG, may improve the efficiency of service delivery and prevent multiple initiatives - which serve the same purpose - happening in the same place at the same time.

CONCLUSIONS

The general consensus is that partnerships need to be developed between the key stakeholders in skills development: namely, businesses, the voluntary sector and local authorities. However, the way in which to deliver this is much less clear and needs to be managed from the bottom-up rather than through top-down policy implementation. At the moment there are too many fragmented schemes and too many stakeholders working independently of each other.

Local authorities are very well-placed to provide both a strategic role in coordinating employment and skills-related services across their boundaries, as well as providing a more personal role in supporting their residents' needs and understanding the demands of their local labour markets. However, it is important to ensure that whoever holds the relevant expertise is key in the service delivery. The role of local authorities in skills development could be to enable, shape and coordinate different services. Collaborative working between the key stakeholders is crucial to having a positive impact on improving the skills of local people, with local authorities playing a more central role than at present.

VIEW FROM TATA CONSULTANCE SERVICES

TECHNOLOGY SKILLS' IMAGE MAKEOVER

The UK faces a challenge in persuading the next generation of leaders to pursue a career in Science, Technology, Engineering and Mathematics (STEM). At the root of this is a perception problem that is particularly pertinent in technology.

In the UK, when most people think of jobs in the digital sector an unfair stereotype (reclusive, introverted and awkward), developed and promoted through the media, comes to mind. This problem is particularly accentuated in the 16-24 year old demographic; whose opinions are more susceptible to, and reliant on, the influence of these channels. It is discouraging them from following an educational or career path in STEM. In comparison, some of the most popular fields for university graduates such as law, media and finance are being portrayed as glamorous, exciting and rewarding.

Behind these misperceptions is of course a lack of understanding. Countries like Singapore and South Korea have taken a top down approach to resolving this, by instigating and driving digital revolutions in their public services. The reforms have

ensured that the population has become more tech savvy and consequently more appreciative and aware of the importance of the tech sector and the role and opportunities within. STEM and Digital subjects and careers are also more highly prized outside of the UK. Children in India learn coding from a young age. In countries where professional engineers must hold a state license, such as Germany, they are rewarded with titles not dissimilar to that of 'Dr' for medics. It is positioned as a career choice for people aspire to.

So what can the UK do to boost technology and digital skills? We shouldn't necessarily try to emulate other countries. India and China can boast volume – the sheer numbers of people going into technology careers. Germany is renowned for its precision and technical expertise. So what niche does the UK have? Creativity, design and innovation – Silicon roundabout and the successes of British tech start-ups are seen as exemplars to many in this area. The collective might of the UK's small entrepreneurial companies is starting to be realised.

In the meantime, there are a number of initiatives being implemented that aim to transform technology's image, many of them partnerships between government, schools and businesses. One of the biggest campaigns is 'Your Life,' a recently launched government initiative to redefine how young people understand science and technology careers,

spearheaded by ten of the country's most successful entrepreneurs. Role models are key to increasing the uptake of STEM subjects, there are a lot of unsung heroes on the digital scene who deserve more media attention.

There is also a computing curriculum coming into schools this year, which will teach children as young as five coding and programming. However there is a short term challenge of finding enough highly qualified ICT teachers to support this reform. In an interesting attempt to solve this problem, e-skills UK has set up a mentoring scheme where employers from technology industries link up with secondary school ICT teachers.

Furthermore the Government is driving forward an ambitious reform programme that aims to make public services digital-by-default over the next few years. This policy has an important rhetoric, as we shouldn't divide civil servants (or indeed any employees) by tech workers and non tech workers; whatever job one has, an understanding of technology will enhance it.

Another high profile initiative to boost the profile of STEM professionals is the Queen Elizabeth Prize for Engineering, with a £1 million prize (the financial equivalent of a Nobel prize) to celebrate ground-breaking innovation of benefit to humanity. The inaugural winners were the inventors of the internet and the world wide web. The award,

which is sponsored by Tata Consultancy Services, is a celebration of Britain's greatest modern engineering achievements.

Recently, Tata hosted its first ever annual reception and it was themed around a celebration of the development of skills within the group's companies. The event showcased the wide range of exciting and tangible products of the group's STEM skills agenda. It also illustrated the positive role that the private sector can and should have in promoting and extolling the benefits of a career in the sector.

There is no one silver bullet to overcoming the UK's STEM skills challenge. But if there is a strong recognition from government, the education sector and industry that a fundamental shift in public attitudes towards technology is required; then everyone will benefit from the sector's image makeover.

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