

Workshop Briefing: Investing in Skills & Employment

The Vision for the West of England

Employment and Skills are central to the Partnership's Vision for the West of England. The Vision states that by 2026 the area will be:

- A buoyant economy competing internationally, based on investment by innovative, knowledge-based businesses and a high level of graduate and vocational skills;
- One of Europe's fastest growing and most prosperous sub-regions, which has closed the gap between disadvantaged and other communities, driven by major developments in employment and government-backed infrastructure improvements in South Bristol and North Somerset.

In particular, the aim is to create a high-skill, high-productivity economy. We need to sustain, grow and attract businesses which offer those kinds of jobs now and in the future for four reasons:

- Adding to skill levels is a key lever to increasing gross value added (GVA) per person and hence the wealth creating potential of the sub-region. An increase of 10% in the proportion of those with higher level skills (Level 4+) could produce a 2-3% rise in GVA;
- We must compete nationally and globally with cities which offer a high knowledge base and a workforce to match;
- More jobs at a higher skill level create wealth to sustain the lower skill service jobs within and beyond the city-region. Compared to someone with no formal qualifications, a Level 3 achiever will see, on average, an increase in earnings of around £179,400 over the course of a working lifetime;
- This city-region is the engine of a much wider economy in the south-west, accounting for approximately one quarter of the region's jobs. It consistently out-performs both the region and the country as a whole in terms of gross value added (GVA) by head of population.

Increasing Employment and Skills will support the Partnership's Vision by underpinning increased economic growth and competitiveness **and** by ensuring that everyone benefits from the prosperity of the sub-region. The recent economic downturn is reinforcing the case for focusing on higher skills where jobs are more sustainable, and on redoubling efforts to reduce persistent worklessness in areas which are most vulnerable to a rise in unemployment.

The Challenge

1. **Coming out of the downturn and back into growth**

It is more important than ever in a time of recession to recognise that the long term forecast **is** of an expanding economy in the West of England. The performance of the local economy in the recent past and geographical and structural advantages support this outcome. Delivering the sub-region's growth potential requires the resolution of a range of employment and skills challenges, including addressing the potential for shortfalls in the labour, and meeting the needs of an economy that is increasingly dependent on knowledge-based industries, for additional workers with the right skills and qualifications.

2. **Tackling worklessness**

A dangerous potential legacy of the recession is that those furthest from the labour market become even more disadvantaged. Throughout the years of economic prosperity the gap between worklessness rates in the most disadvantaged areas and the national average remained unchanged. The risk is that the gap will widen during the downturn or that the pockets of worklessness and disadvantage will expand. There is an issue in relation to young people in particular: we don't want an economic recovery which bypasses a whole generation who happened to be caught by the recession period.

3. **Responding to the slowdown in growth of the working age population**

The current forecast rate of the sub-region's resident workforce will rise by 58,000 between 2006 and 2026, substantially less than the 122,200 jobs planned for by the draft Regional Spatial Strategy.

4. **Matching increasing demand for higher level skills**

Recent research confirms the concentration of knowledge-based industries in the West of England and the potential of the sub-region to support their development and growth. However, this growth will depend on the ability to supply appropriately highly skilled individuals to take up employment within these industries and to drive productivity and growth within them. This presents serious challenges, including the need to:

- increase graduate retention above current levels in key sectors;
- enhance the relationship between higher education programmes and employers;
and
- increase the proportion of the working age population who have higher level skills.

These are not the only jobs, but they are the jobs that finance and support the wider employment base.

The Plan

1. At the end of five years it is intended to demonstrate measurable improvement through:
 - improved skills at all levels within the working age population;
 - a higher proportion of people with higher level skills;
 - the effective engagement of employers in the employment and skills agenda;
 - a decrease in adult worklessness and an increase in the economic participation of young people.
2. Measuring performance against the specific and stretching targets set out in the MAA will evidence the change achieved – where appropriate linked to the national PSA measures.
3. In order to achieve these enhanced levels of performance we have asked national government to give us:
 - “Section 4” powers which place a requirement on the Chief Executive of the SFA to implement any strategy formulated by the West of England Employment and Skills Board
 - The ability better to align the support of the other partners behind Flexible New Deal through co-commissioning arrangements – as soon as is practicable
 - A modest degree of flexibility in the Apprenticeship offer tackling the very specific issue of young people going into Jobs without training.
4. It is not entirely clear what some of this means in practice; for example, neither Section 4 status or the operational implications of co-commissioning are fully articulated yet.
5. We also need to get much better as to what precisely are the skill needs of our businesses. More hard and soft data is required on:
 - Where the jobs will be located
 - What the growth sectors are
 - Which occupational skills they cover
 - What the employer priorities are.