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To: Growth, Economic Development and Communities Cabinet Committee - 1 December 2015

Subject: Developing future workforce skills in Kent and Medway

Classification: Unrestricted

Past pathway of paper: None

Future pathway of paper: None

Electoral Division: All

Summary

Earlier this year, the Cabinet Committee discussed the challenges faced by employers in securing the right skills. The Committee also welcomed the high priority placed on developing a skilled and productive workforce within the county's growth strategy.

Since the last Cabinet Committee, KCC has published the Adult Learning, Employment and Skills Strategy 2015-18. This has been accompanied by a detailed Workforce Skills Evidence Base, estimating future employer demand.

The report introduces the Workforce Skills Evidence Base and the Adult Learning Strategy. It also explains the establishment of a new Skills Commission to strengthen the employer voice at Kent and Medway level, better coordinate provision and act as a potential mechanism for the future devolution of funds and powers.

Recommendation

The Growth, Economic Development and Communities Cabinet Committee is recommended to CONSIDER this report.

1. Introduction: Challenges and opportunities

- 1.1. The growth strategy set out by Kent and Medway Economic Partnership (KMEP) noted that ‘creating a highly skilled, more productive workforce’ is the most pressing priority for the future of the county’s economy:

“In Kent and Medway, there is much that has been achieved in recent years. We have a strong further education sector, improving attainment rates and shared strategies for both young people and adults. Yet the skills system is often dysfunctional: employers find it hard to have a clear voice, funding regimes are often poorly coordinated and perverse incentives within the system mean that young people frequently lack the right information about opportunities that are available to them”¹.

- 1.2. This situation is not unique to Kent and Medway. The Government’s recent Productivity Plan noted that weaknesses in the UK’s skills base are long-standing and are a major contributor to the country’s productivity gap with its major competitors. However, it is widely recognised that more effective coordination and employer engagement at local level will be an important part of the solution. Building on the skills flexibilities already offered to some city regions, the Productivity Plan sets out an invitation to local areas to ‘participate in the re-shaping and re-commissioning of local provision’, so that it is better geared to local economic priorities and future skills demands².
- 1.3. Over the past few months, KCC and its partners have responded to these challenges and opportunities in three ways: first, by strengthening our evidence base; second, by developing a strategy for adult learning and skills; and third, by creating a stronger role for employers to inform provision.

2. Strengthening the evidence base

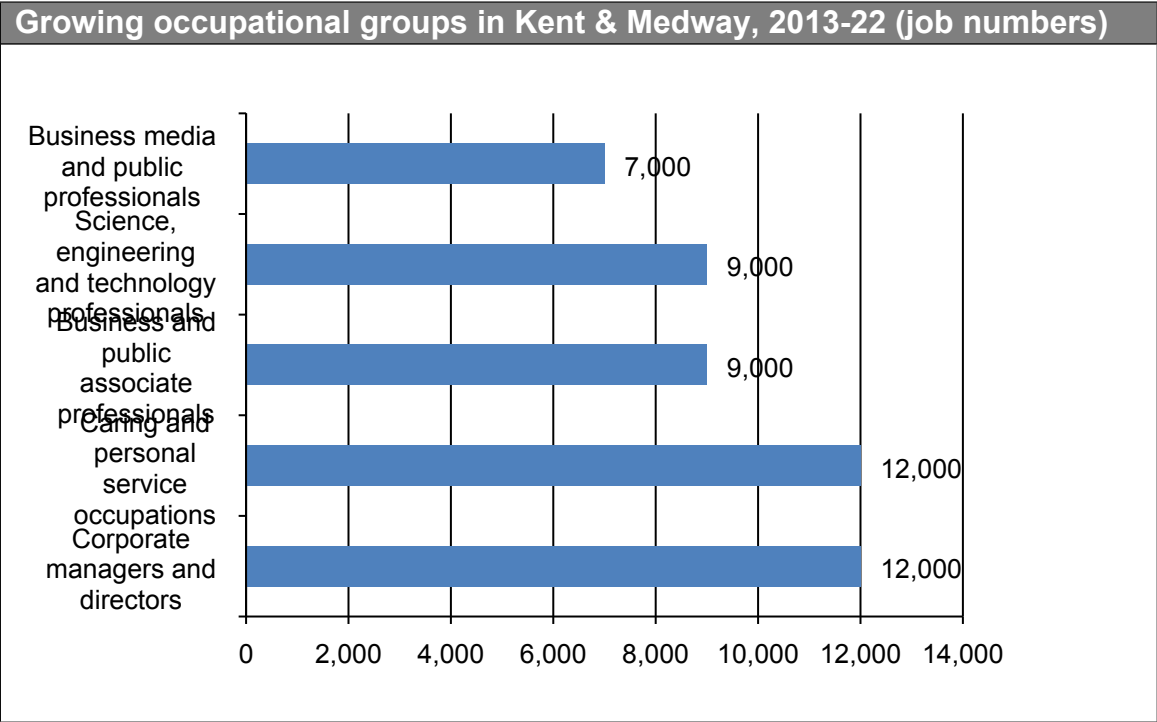
- 2.1. Evidence of future skills demand is often fragmented and hard to access in a consistent format – and there is often a mismatch between forecasting data and employers’ practical experience and knowledge. The absence of a consistent understanding of future employment demand by sector, qualification and occupational group makes it more difficult to inform provision and to provide clear information to learners about future job prospects.
- 2.2. Earlier this year, Kent County Council on behalf of KMEP commissioned the preparation of a **Workforce Skills Evidence Base (WSEB)** to provide a clearer, central source of labour market intelligence for Kent and Medway. This

¹ KMEP (July 2015), *The Compelling Case for Change*, p. 11

² HM Treasury (July 2015), *Fixing the Foundations: Creating a more prosperous nation*, pp. 23-26

considers forecast employment growth over the next decade by sector and occupational group at both county-wide and individual district level. In developing the WSEB, data analysis was supplemented with a series of twelve sector-based focus groups with employers. A copy of the full draft report (which includes an executive summary) is attached as Annex 1.

2.3. The WSEB finds that while overall employment grew by only 1% across Kent and Medway in 2009-13, there are likely to be around 41,000 jobs added to the labour market over the next decade. By 2022, it is anticipated that Level 4+ qualifications (equivalent to Foundation Degree or higher) will be required by at least half the workforce, with the largest increases in the following occupational groups:



2.4. The WSEB highlights a number of sector-specific skills, recruitment and retention issues. A recurring theme that emerged from the employer focus groups was the need to improve information and advice to young people on available employment opportunities, and for key sectors to be presented in a positive light to prospective recruits.

3. The Adult Learning, Employment and Skills Strategy, 2015-18

3.1. Following consultation, KCC published the new Adult Learning, Employment and Skills Strategy in October. The published Strategy is attached as Annex 2 and accompanies the existing 14-24 Learning, Employment and Skills Strategy.

3.2. The Strategy recognises the strong relationship between skills and productivity and notes the increasing average age of the workforce. As employers

increasingly demand higher skill levels, people already in the workforce will need to be equipped to take advantage of these new opportunities.

3.3. The Strategy contains four priorities, which aim to:

- **Reduce unemployment**, especially in those districts with the highest levels of worklessness, through better coordination of the range of activity taking place in further education colleges and through other providers to provide adults with the capacity and skills to enter employment;
- **Improve adult skill levels**, by enabling more people to access learning at all levels, including through an increase in the number of Adult Apprenticeships;
- **Increase training and employment in priority sectors**, reflecting areas of future growth anticipated in the WSEB and the occupations that will be needed to support them; and
- **Increase employment and participation in learning among priority groups**, in particular through targeted work to support adults with disabilities and adults in deprived neighbourhoods.

3.4. The Strategy also highlights the need for a stronger relationship between employment and education, noting that “any collaborative models that are developed in the county need to include the substantial involvement of employers”. This reflects the Government’s drive for employers to take on a greater share of the cost of training, as well as the need to ensure that provision is relevant to the needs of the economy.

4. The Kent and Medway Skills Commission

4.1. Following the drive for a stronger employer-education partnership, KMEP committed in September to the establishment of a **Kent and Medway Skills Commission**, bringing together both employers and providers to focus on how the needs of the economy can be met within a demand-led system.

4.2. Replacing the Employment, Learning and Skills Partnership Board, the new Skills Commission will meet for the first time on 11 December. With stronger employer representation, the Skills Commission will have a central role in:

- Owning, developing and maintaining the Workforce Skills Evidence Base and ensuring that it is effectively used;
- Overseeing the implementation of the Adult Skills Strategy;
- Ensuring that there is a strategic approach to the future use of skills capital funding in Kent and Medway (and other funds that may be devolved by Government in due course);

- Developing more effective mechanisms for the provision of careers information, advice and guidance, based on direct employer input;
- Developing sector-led frameworks, through the system of sector-focused Guilds established in Kent to provide positive perceptions of and greater access to opportunities in sectors with prospects for employment growth.

5. Next steps

5.1. Work is underway to prepare an action plan for the Adult Skills Strategy. This will be completed in the New Year, and it is envisaged that progress in delivering this will be reported to the Education and Young People's and Growth, Economic Development and Communities Cabinet Committees. Regular reports will also be provided to both Cabinet Committees on the work of the Skills Commission and the strengthening of the employer role in influencing provision.

6. Recommendation

6.1. The Cabinet Committee is recommended to consider this report.

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Annexes:

Annex 1: Workforce Skills Evidence Base, September 2015

Annex 2: Adult Learning, Employment and Skills Strategy, 2015-18, October 2015