

Summary of LGA Skills Taskforce roundtable: The future of work – how changing skills needs of sector-specific industries will play out in the local economy

Thursday 28 March 2019

Leading councillors and stakeholders from the skills, employment and education sectors met for the third in a series of LGA Skills Taskforce roundtables. It was chaired by Councillor Sir Richard Leese, Leader of Manchester City Council and Chair of the LGA City Regions Board. Policy context was provided by Stephen Evans, Chief Executive of the Learning and Work Institute (LWI).

Sir Richard Leese gave an overview of LGA's Work Local initiative, and set out that through this roundtable process, it has become clear many organisations agree that the current system needs improvement and that a place-based approach is important. Stephen Evans said LWI research showed that the rate of improvement in the UK skills base has stalled as a result of cuts in public funding for adult skills, along with falling employer investment in skills. Brexit, automation and extended working lives require us to rethink how we adapt to the future jobs market.

This third and final roundtable was structured around two issues: a) understanding the impact of changing skills and labour market conditions, both nationally and locally; and b) responding to the skills challenge as a nation and in local areas. This is a summary of the event.

Section A: Understanding the impact of changing skills and labour market conditions

The first discussion built up the current picture through shared reflections and comments from the organisations represented. Below is a summary of the points and issues raised.

1) The labour market is changing – sectors, employers and individuals need to adapt.

The UK is dealing with a whole host of employment and skills challenges within a very diverse and polarised economy. We have to deal with the realities of where we are now and use that to prepare for the future. We need to bring the key players together. *Lesley Giles, Director, the Work Foundation*

Many people cannot visualise their progression opportunities. What does progression look like for people in the gig economy? *Tom Hadley, Director of Policy and Campaigns, Recruitment and Employment Confederation (REC)*

Increased automation in the workplace is likely to replace specific tasks within jobs more so than replace whole jobs. *Bhavina Bharkhada, Principal Policy Adviser, Confederation for British Industry (CBI)*

The middle tier is more at risk from automation than lower-skilled workers, if indeed it is a risk. *Joe Fyans, Head of Research, Localis*

There is increasing evidence that the biggest driver of economic growth is where people choose to live: work now follows people, rather than people following work. *Councillor Sir Richard Leese*

Talent is draining from the regions to the cities and South East, and in order to address this we need to look at other issues such as housing. Part of this is about devolving skills policy, along with economic policies, down to a regional level. *Tej Parikh, Senior Economist, Institute of Directors (IoD)*

2) There is demand for skills at all levels.

Recent surveys show growth in demand for workers at all levels. *Bhavina Bharkhada (CBI)*

Small businesses face skills shortages and this affects their ability to grow. The reduction in the number of apprenticeships and people with Level 2 skills is a concern. *Chinara Rustamova, Policy Adviser, Federation of Small Businesses (FSB)*

How do we get those who are furthest from the workplace into opportunities? *Councillor Mark Hawthorne, Leader, Gloucestershire County Council*

Disabled people are three times more likely to have no qualifications, but formal qualifications and apprenticeships are not always the answer. One of the biggest barriers now is digital literacy. The skills agenda is sometimes about quick and effective interventions. *Gemma Hope, Director of Policy, the Shaw Trust*

A recent Independent Prosperity Review for Greater Manchester found a 'long tail of low-productivity industries' so the challenge is how to create more high-value jobs, which means productivity has to improve in these sectors too. *Councillor Sir Richard Leese*

We must keep a focus on the nine million adults lacking literacy or numeracy skills. *Kate Allsop, Executive Mayor of Mansfield.*

3) Different sectors have specific challenges to address alongside the shared agenda.

The hospitality sector is working proactively to create better jobs – improving working hours and workplace culture, for example. There are skills shortages, particularly in major cities. *David Sheen, Public Affairs Director, British Hospitality Association (BHA)*

Creative industries are growing faster than the overall economy but many workers are freelance. Careers advisers often don't know much about this sector, or the changing nature of the jobs on offer. *Mark Heholt, Head of Policy, ScreenSkills*

Social care is integral to the UK's infrastructure and economy (many higher-skilled workers depend on it to look after their elderly parents, for example), yet it faces huge recruitment and retention challenges. There needs to be greater recognition of the variety of roles on offer. *Karen Morse, Area Manager, Skills for Care*

Challenging stereotypes continues to be an issue for construction, along with migration. Smaller employers still need a strong pipeline of traditional skills, despite new technology [modern methods of construction]. *Lulu Shooter, Policy and Public Affairs Advisor, Federation of Master Builders (FMB)*

Skill sets needed for different sectors will become increasingly blurred as a result of technology. Construction employers report that work-readiness is a problem; there could be more work with FE colleges to address soft skills through short interventions. *Ian Woodcroft, Policy and Government Relations Manager, Construction Industry Training Board*

Industry needs to be on the front foot and take further education providers with them. Motor manufacturers face a lot of skilled workers all retiring at the same time. There is a need to take charge of diversity and attract more people. *Lloyd Mulkerrins, Policy Manager, Society of Motor Manufacturers and Traders (SMMT)*

Councils are increasingly looking at social value when contracting out their services, which is providing some real drivers for change. *Councillor Sir Richard Leese*

4) Employees are looking at other factors, as well as pay.

Employees' expectations are changing. Workers are looking at flexibility and progression as well as fair pay. The hospitality sector is one example: people will move on if they don't feel they are in good employment. We must do more to make jobs better. *Tom Hadley (REC)*

A shortage of social workers in children's social care in Gloucestershire is leading to increased competition to attract workers. Employers are having to look at how they make 'good jobs', as pay is not the only factor in play. *Councillor Mark Hawthorne*

Young people's expectations are no longer just about pay but flexibility and conditions. This is apparent in a range of sectors with low pay jobs, the logistics sector is among those currently addressing this challenge through automation, while Staffordshire's care sector offered an incentive of a discount in the cost of upskilling to Levels 3 and 4 through the Career Learning Pilot. *Anthony Baines, Stoke-on-Trent and Staffordshire Local Enterprise Partnership*

5) The skills system needs to catch up, fast – but must be properly resourced.

The UK economy has moved away from investing in skills. Employers have a huge role to play and should continue to invest in training. Do we have a clear picture of what training is happening in the workplace? We need to think about what employers can do and what they need to help them. *Anthony Baines (Stoke-on-Trent and Staffordshire LEP)*

Employers need to be better at filling skills gaps by upskilling their existing workforce – not all employers understand the potential they already have. *Sue Stevens, Director for Skills, Training and Education, Chartered Institute of Highways and Transportation*

The policy environment does not shift according to the skills needed, meaning the UK is constantly behind the cycle. There needs to be strong connection between business, LEPs, universities and training providers, with regular dialogue on what is needed locally, and councils could be the facilitators. Some LEPs are very good at this, others are not. *Tej Parikh (IoD)*

Good quality further education is critical to the skills challenge but there has been a running down of that sector. *Nick Juba, Coast to Capital Local Enterprise Partnership*

Funding for further education is a huge barrier. You cannot sustain quality provision with the current level of resource – it really is critical now. It costs colleges £600 for a pupil to re-take their English or maths GCSE, for example, and colleges are struggling to make the T-Level work economically. *Mark Heholt (ScreenSkills)*

We need to think about what learning is. How is digital technology changing learning? If people are moving to hybrid and portfolio careers we need to reflect this in the learning that people do. *Lesley Giles (Work Foundation)*

Levels 4 and 5 have been missed in the big scheme of things. Adult education, reskilling and upskilling will become massively important: re-education as well as education. *Professor Quentin McKellar, representing Universities UK.*

One of the problems in filling intermediate jobs is the lack of a viable sub-degree route. Instead, after Level 3 we fill jobs with graduates, putting people into technical jobs who are over-qualified but lack the right skills. We need to revitalise and expand the sub-degree route. *Professor Ewart Keep, Director of Skills, Knowledge and Organisational Performance, Oxford University*

Section B. Responding to the skills challenge nationally and locally

The discussion then moved on to what national and local government, individuals and employers can do to respond to these skills challenges. Below is a summary of the key points raised.

1) We need to re-think how we as a nation invest in skills.

Adult participation in learning is currently the lowest on record. There should be more public spending on adult skills and the money should be spent differently, for example through personal learning accounts or lifelong learning entitlement. The other cost of learning for individuals is time away from other aspects of their life. France and Canada are among the countries trying to introduce rights for people to have time off work to learn, but this could place extra burdens on employers. *Stephen Evans (Learning and Work Institute)*

There is a need to invest in management and the workforce in all sectors, including local government, to meet the UK's productivity challenge. *Councillor Mark Hawthorne*

Almost 80 percent of CBI businesses expect demand for higher level skills to increase over the next 3-5 years and this is reflected in the uptake of higher level apprenticeships, so one solution could be spending more on higher-level apprenticeships. At the moment, However DfE statistical data shows there have been more than three lower-level apprenticeship starts to every higher in the last year. *Bhavina Bharkhada (CBI)*

2) A broad range of sectors want more flexibility in the apprenticeship levy.

Fundamentally, apprenticeships are a good thing; the problem is that we are exceeding the budget. The answer is a bigger budget. The procurement mechanism is a barrier for small employers in getting access to apprenticeships. *Professor Quentin McKellar (Universities UK)*

The apprenticeship levy has enormous potential, so we should be discussing how it can work best and offering solutions to the Government. *Mark Heholt (ScreenSkills)*

Increasing the proportion of levy funding that can be passed down the supply chain would be good for our industry. *Lulu Shooter (FMB)*

The levy rules are too stringent, and one way around that is transfer. Passing the levy to the supply chain is a great way to make use of it – but this is not happening enough. *Bhavina Bharkhada (CBI)*

Many employers want to use the levy to retrain some of their existing workforce, but this takes people off the production line. *Lloyd Mulkerrins (SMMT)*

Some businesses are finding it difficult to spend the levy on what they would like to; they would like more flexibility in the system. *Graham Watts, Chief Executive, Construction Industry Council*

There are some roles and occupations, not linked to apprenticeships, which contribute to skills shortages. Perhaps more flexibility is needed to create apprenticeships for the jobs of the future and to enable people to move between different roles. *Karen Morse (Skills for Care)*

On the issue of overspend, we need to ration apprenticeships or raise more money, either through a bigger contribution rate or by making more employers pay it. *Stephen Evans (Learning and Work Institute)*

3) Local partnerships could be drivers for change.

Some businesses are using apprenticeships well as a recruitment tool. We are interested in the issue of transfer and how local authorities could possibly lead partnerships at local level. *David Sheen (BHA)*

We want more flexibility. We need a mechanism to ensure that money stays in the region to benefit the region and is drawn down into the training provider side. *Anthony Baines (Stoke-on-Trent and Staffordshire LEP)*

Shared levy pots could be very useful, but the current system means communities that contribute don't have a say in how it is spent. Other countries have a much stronger infrastructure through which business communities can influence this spending. I think the answer lies with local communities, perhaps consolidated by local authorities working with LEPs, to make those stronger links. *Lesley Giles (Work Foundation)*

Some final reflections and conclusions were set out:

- We need to fully understand where the jobs are, and how to access them. This includes the different types of jobs that exist within sectors, where they are located, and the skills they currently need, and how this might change in the future. There was consensus that there needs to be a sharper focus on careers advice and guidance – and that adults also need access to a good system.
- Clear recognition that employers should be expected to invest in training and skills, but that they need more flexibility and control over how skills money is spent.
- Investment in skills provision is required and important, but we need to ensure it is directed in the right way. Progression routes are critical. We need a system that allows the notion of lifelong learning, retraining and ongoing development to flourish.
- Where provision of skills is funded through general taxation, state intervention operates better, most of the time, at a local labour market level. A 'one size fits all' model will almost certainly not work. Current career pilots are showing that how you identify, engage and incentivise individuals is important, and can be done to best effect locally.
- Everyone agreed that we need to make apprenticeships work: the idea of pooling and transfers, by sector or place, offers potential. There was broad agreement on the need for Levy flexibility and that it would be helpful to talk to the Government about this – and that it should be down to individual employers how they use it. In terms of overspend, there are two scenarios: we either ration it or raise more money.

For further information please contact Jasbir Jhas, LGA Senior Adviser (Employment and Skills): jasbir.jhas@local.gov.uk

List of organisations represented at the Skills Taskforce roundtable, 28 March 2019:

Stakeholders

Organisation	Representative
Association of Colleges	Steve Frampton MBE , Principal, Portsmouth College and AoC President
British Hospitality Association	David Sheen, Public Affairs Director
Chartered Institute of Highways And Transportation	Sue Stevens, Director for Skills, Training, and Education
Construction Industry Training Board	Ian Woodcroft, Policy and Government Relations Manager
Confederation for British Industry	Bhavina Bharkhada, Principal Policy Adviser, Education & Skills
Construction Industry Council	Graham Watts OBE, Chief Executive
Creative Skill Set	Mark Heholt, Head of Policy
Federation of Master Builders	Lulu Shooter, Policy and Public Affairs Advisor
Federation of Small Businesses	Chinara Rustamova, Skills Adviser
Institute of Directors	Tej Parikh, Senior Economist
Learning and Work Institute	Stephen Evans, Chief Executive
Local Enterprise Partnership	Nick Juba, Coast to Capital LEP Board, Chair, Skills 360 Board
Localis	Joe Fyans, Head of Research
Oxford University	Professor Ewart Keep, Director of SKOPE (Skills, Knowledge and Organisational Performance)
Recruitment and Employment Confederation	Tom Hadley, Director of Policy and Campaigns
LGA tourism and skills project	Faith Graham, Director, Red Box
Shaw Trust	Gemma Hope, Director of Policy
Skills for Care	Karen Morse, Head of Area
Staffordshire County Council and Staffs and Stoke LEP	Anthony Baines, County Commissioner for Skills and Employability
Society of Motor Manufacturers and Traders	Lloyd Mulkerrins, Policy Manager
Universities UK	Professor Quentin McKellar, University of Hertfordshire
Work Foundation	Lesley Giles, Director

LGA Skills Taskforce

Elected member	Local authority
Cllr Sir Richard Leese (co-chair)	Manchester City Council
Cllr Mark Hawthorne (co-chair)	Gloucestershire County Council
Mayor Kate Allsop	Mansfield District Council