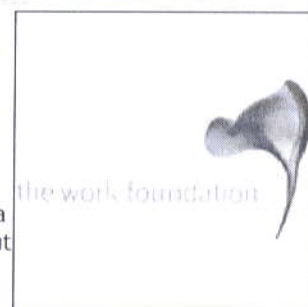


## Collaboration and local skills policy in the UK

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The authors, Susannah Constable and Katy Morris discuss some of the options open to local and sub-regional government to improve productivity gap and the challenge presented by a lack of engagement from business.



The UK government has recently demonstrated its commitment to increase productivity and ensure individuals gain benefits from skills through the launch of a new commission. To achieve these goals they are intervening at a national level but also empowering local government to intervene in the local context in which people work. The authors discuss some of the options open to local and sub-regional government and the challenge presented by a lack of engagement from business.

The launch of the UK Commission for Employment and Skills this week reinforces the government's commitment to the skills agenda. As we undergo the transition to the knowledge economy, improvements in workforce skills at all levels are recognised as fundamental to the twin goals of economic prosperity and social justice in the UK, contributing as they do to the productivity of businesses, the fulfilment of individuals and overall national productivity and competitiveness.

The government has sought to improve skills through a combination of national policies and the empowerment of local authorities. However, central government has given some contradictory messages. This has made the process more difficult for those in local government, who have often seen the need for collaboration far earlier. In the West Midlands for instance, the Department of Work and Pensions invited the local authorities of Birmingham, Coventry and Wolverhampton to bid against each other for pilot project status to tackle low skills and worklessness. Yet at the same time, the Department of Communities and Local Government was encouraging local authorities to collaborate in tackling these problems. The authorities chose to join up with the neighbouring local authorities and other stakeholders, and submitted a single successful bid. It is thought that by the summer of 2009, this joined up approach will have helped more than 8,500 people in the area into paid skilled work.

This story shows the value of collaboration between local authorities. This is important to ensure that services are provided over an appropriate geographical area. It is widely recognised that the administrative boundaries of local government do not reflect the way the economy actually operates. In reality, people live, work and consume over much larger sub-regional areas, known as city-regions or functional economic areas; an individual may live in Salford, work in Bolton, attend football matches in Trafford and go shopping in Manchester. As such, there is a strong argument for collaboration not only within local authority boundaries, but also between local authorities within the identified functional economic area on labour markets, housing and transport issues which all operate at this higher geographical level.

Skills and employment are key areas for collaboration. Labour markets function at a sub-regional level, so collaboration at a sub-regional level is appropriate. Most departments of the UK government now agree. The Department of Work and Pensions' 'City Strategy Pathfinder' scheme, for example, aims to address the links between low or no skills, unemployment and location in fifteen of the most deprived communities in the UK by joining up the work of local authorities, government agencies and the private and voluntary sectors. The intention is to create a clearer route from training and skills development to the workplace and ultimately bring the most disadvantaged into the labour market. Additionally, when the first batch of collaborative Multi Area Agreements that were announced in November 2007, the majority intended to focus on skills and employability. Multi area agreements provide a flexible framework for groups of local authorities and their partners to bid to central government to work together on economic development issues.

Yet, to make a real difference to skills levels, Multi Area Agreements will need some form of engagement from

a range of local stakeholders. This has been achieved to a varying degree by different Local Strategic Partnerships, another type of collaboration, which work within the geographical boundaries of local authorities. For all such initiatives, whilst it is often challenging to get agreement on strategic aims when a large number of stakeholders are involved, making a tangible difference to people's lives through effective delivery of policy decisions is even harder.

There are many important stakeholders for skills policy, but getting businesses involved is key. Collaborative initiatives have the potential to be a good way of engaging them at the local level, and examples like that of Hull and Humber, with businesses on the board, are an interesting way forward to ensure that local authorities are doing their job collaboratively but informed by the needs of businesses in the area. At a national level, meanwhile, the government's recent launch of a UK Commission for Employment and Skills is designed to try and feed business views into the policy making process. This builds on a range of other initiatives including train to gain, national skills academies and sector skills agreements in recent years, which have been designed to place employers at the centre of skills policy.

For this to succeed, business has to have a clear idea of their skills need. But many businesses still fail to think systematically about employee skills. It is not uncommon for businesses to lack a proper workforce plan or link skills gaps to recruitment processes. And if businesses don't know the skills they need, this makes the jobs of skills providers much more difficult. As the economy changes, the importance of work experience is increasing, alongside the demand for a variety of skills. In this environment of change linking up business and policy thinking about skills is crucial.

If a real difference is to be made to people's job prospects, a focus on employer engagement in skills policy at both the national and local level is vital. The launch of the Commission for Employment and Skills sends a strong message that the UK government recognises this. Yet it must also engage closely with local stakeholders. Collaboration at a local level has a vital part to play in getting business on board and setting the direction of skills policy over the best geographical area, a sub-region that maps the local labour market.

The Work Foundation will soon publish a report on collaboration across local authority boundaries as part of its programmes of research on Cities in the Knowledge Economy.