

STOKE-ON-TRENT and STAFFORDSHIRE LEP
EDUCATION TRUST SKILLS STRATEGY
2015 – 2020

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Foreword

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Chair, Stoke-on-Trent and Staffordshire Education Trust

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1.0 Purpose and Vision

Stoke-on-Trent and Staffordshire LEP established the Education Trust as a means of ensuring that Stoke-on-Trent and Staffordshire gets ahead and stays ahead when it comes to education, training, skills and jobs.

The purpose of the Stoke-on-Trent and Staffordshire Education Trust is:

To shape a high performing, relevant and responsive education and skills system that meets today’s business needs, and anticipates the challenges and opportunities of tomorrow.

The diagrams below (Figure 1 and 1a) reflect the Education Trust’s vision of the skills system (co-designed by business partners and the Education Trust), along with the roles of partners within this.

Figure 1 - The Education Trust Skills System

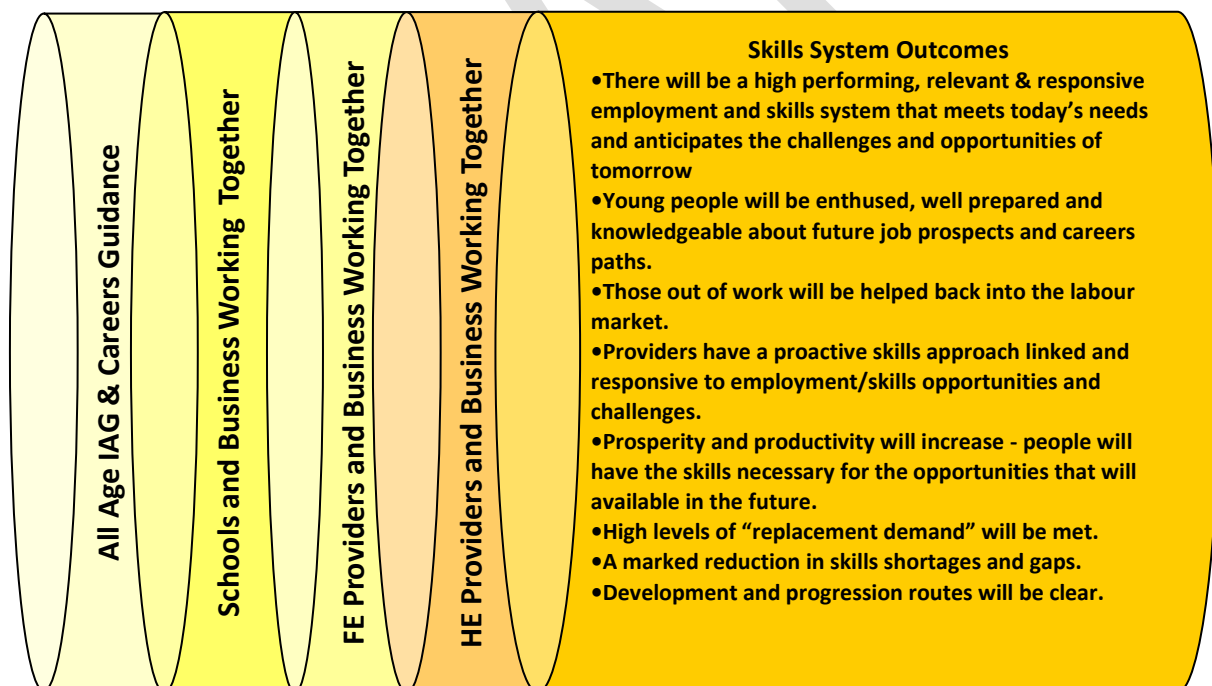
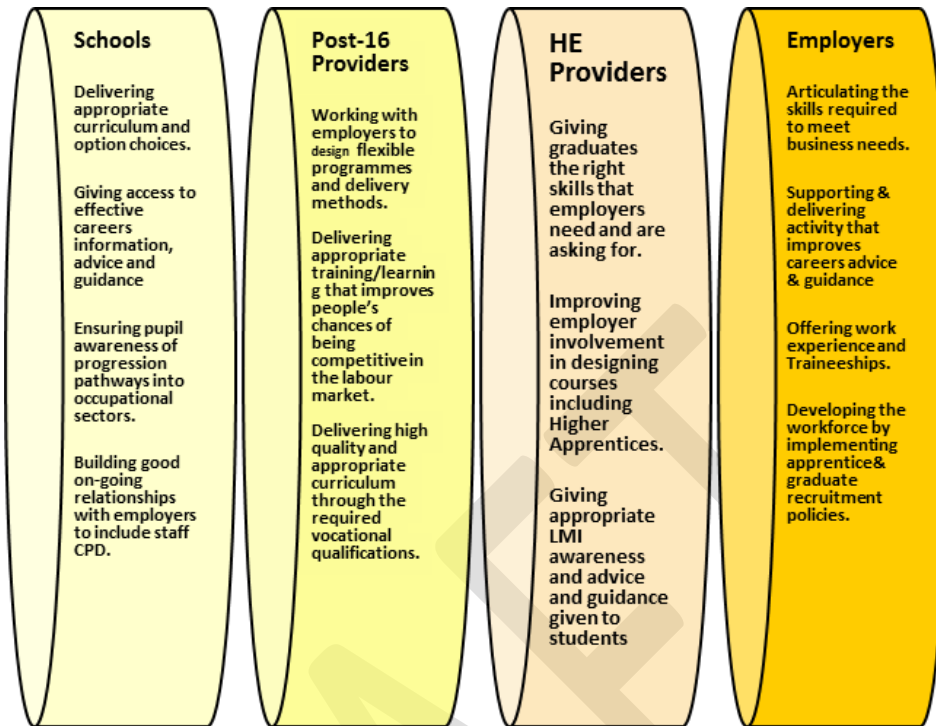


Figure 1a - The Education Trust Skills System – Partners’ roles:



This is about:

- **Schools and business working together** to raise aspirations and make sure young people are equipped to work in business and achieve their ambitions
- **Further Education providers and business work together** so that people can access jobs and training and upskill and reskill the workforce
- **Higher Education providers and business working together** to ensure we have more higher level and technical skills for our advanced industries and occupations

Work is ongoing to improve links between business and education and training providers, and matching skills supply and demand is a priority for the Trust.

The Stoke-on-Trent and Staffordshire Enterprise Partnership Strategic Economic Plan (SEP)¹ states the LEP aims to grow the economy by 50% and generate 50,000 new jobs in the next 10 years (50:50:10).

There are five objectives the LEP Economic Strategy will focus on to achieve its goal:

1. **Core City** of Stoke-on-Trent with growth of the conurbation and the city centre brand.

¹ Stoke-on-Trent and Staffordshire LEP Strategic Economic Plan (March 2014)

2. **Connected County** that utilises our location to develop the infrastructure for key employment sites.
3. **Competitive urban centres** in the city and towns for people to live work and enjoy.
4. **Sector Growth** to support the innovation and investment in priority growth sectors in Advanced Manufacturing (Energy, Auto-Aero, Medical Technologies, Agri-Tech, Applied Materials) along with Tourism and Business/Professional Services.
5. ***Skilled Workforce*** to ensure a balanced supply of people with the right skills and know-how needed to drive economic growth.

The Stoke-on-Trent and Staffordshire Education Trust has a clear and significant role in leading on the objective for a **Skilled Workforce** and strategically directing the approach to the cross-cutting skills issues across the LEP objectives.

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2.0 National Context

Following the May 2015 General Elections the Government has indicated a **clear focus around increasing productivity across the economy**, within this there is a strong acknowledgement that **tackling issues around the skills agenda is central to achieving this goal, with local areas being best placed** to deliver a step change in the skills system.

The national context is expected to become increasingly driven by an emphasis of stronger and faster delivery around improving the skills base nationally – helping to boost productivity and having an effective employer-led system that operates on a sustainable funding basis.

There is also a clear drive to create three million new apprenticeships by 2020.

This has all been further supported in the recent Budget in July 2015 with the announcement of Government's Productivity Plan, "*Fixing the Foundations: Creating a more prosperous nation*"², which has significant implications for skills.

The government's framework for raising productivity includes 15 key areas, built around two pillars: first, encouraging long term investment – which includes a key focus on 'Skills and Human capital'- and secondly, promoting a dynamic economy.

Within this, the Departments for Education and Business, Innovation and Skills will facilitate a (national) programme of area-based reviews to review 16+ provision in every area, all completed by 2017. These will provide an opportunity for institutions and localities to restructure their provision to ensure it is tailored to the changing context and designed to achieve maximum impact. The focus will be on FE and sixth-form colleges, although the availability and quality of all post-16 academic and work-based provision in each area will also be taken into account³.

Further key drivers of the national context are summarised below:

1. The local picture and its implications for the Education Trust are not dissimilar to the national picture. The recent Skills Commission Report '*Still in Tune- the skills system and the changing structures of work*' found the skills system is not adequately matched to the modern structures of work and that it is likely to become further misaligned in the future. The Commission called for action and calling for a response to:
 - a) Clarity in terms of responsibility for the skills system in a flexible labour market;
 - b) Ensuring all young people have access to the advice, are able to make informed decisions about their futures if we are to address social mobility;

² 10th July 2015 – Part of Summer Budget 2015 (online) accessed 24.07.15: <https://www.gov.uk/government/news/productivity-plan-launched>

³ 20th July - Post-16 education and training institutions review (online) accessed 24.07.15: <https://www.gov.uk/government/publications/post-16-education-and-training-institutions-review>

- c) Structured pathways for labour market progression in a polarised market with a reduction in skills alignment to work;
 - d) Ensuring older workers can access adequate provision for training.
2. Recent OECD research states that UK nations have the biggest skills gaps between young people who are not in education, employment or training (NEET) and those in work.
 3. The recent UK Commission for Employment and Skills report '*Growth through People*' stated that economic strategy should focus on growth through the talents and skills of people. This growth should be simply measured by how many people are in work and how productive they are, recognising there are three skills and employment challenges in the way of growth:
 - a) It is getting increasingly difficult for young people to get a foothold onto a good career path as opportunities to combine work and study decline;
 - b) There is a greater risk for people in work getting stuck in low quality and low productive jobs, without the opportunity to progress and gain new skills and earn more;
 - c) Persistent skills shortages are hampering growth whilst there is an under-utilisation of talents and skills within the workforce.

At both local level and national level there are common issues and challenges, however the Education Trust's strategy and the solutions deployed locally in terms of skills are within our gift. Further detail on the national policy context can be found in the Appendices document (at Annex 3).

3.0 Local Context

Following on from the national context the local skills challenges have been well documented in a range of reports that feature familiar themes, such as:

1. The **local economy has lower productivity than the UK average**, and reflects a relatively smaller high value industry sector which translates into lower wages and requires lower levels of skills in the labour market. However, the rebalancing of the economy and growth from investment is creating more jobs, and should drive up wages and skills as overall skill levels on all measures are currently lower than average.
2. Employment rates are increasing and whilst unemployment overall is becoming less of an issue **worklessness, youth unemployment and NEETs, particularly for people living in Stoke-on-Trent, parts of towns and some rural communities remains an issue**, often hindered by accessibility and disadvantage, particularly for those with complex issues.
3. **Progression pathways through the labour market are limited**, and there is competition for jobs and labour for both those with low level skills and high level skills, but no clear progression routes between either which particularly hinders older people advancing.

4. **The workforce is getting older and people will need to be equipped and more resilient in order for them to work for longer**, and support their progression and reskilling during their working life that takes account of their wider social and health needs.
5. **Information about the local labour market and careers is inconsistent, and imperfections mean that young people and adults are not always making the 'right or best' choices** about careers and courses, partially due to a lack of understanding of local opportunities and the routes into different careers, which is not helped by a fragmented careers system.
6. **Skills supply and demand issues are becoming starker** with greater skills gaps and shortages which mean there are not always the right skills available or coming through the system to meet employer needs as and when they need it.
7. **Work readiness, employability expectations and long term aspirations of young people** mean they are not as well prepared for work and their career as they could and should be.
8. **The skill system is evolving and responsibility is changing**, which means both individuals and employers will need to invest more in skills and think more innovatively about their future needs and their responsibility whilst at the same time state investment is reducing, driving providers towards increasing commercial income.
9. **Skills and education delivery is changing**, there is greater competition from free schools, academies, UTCs, studio schools, and more employers are becoming involved in delivering training with a greater focus on technical specialism, creating pressures on traditional institutions and skills infrastructure, which will require both efficiencies and innovation in delivery from the sector.

4.0 Outcomes and Priorities

The vision for the LEP is to develop a modern and flexible skills offer which enables all people to up-skill and re-skill, so we can match the growing needs of Stoke-on-Trent and Staffordshire’s priority economic sectors, ensuring local people benefit from these jobs, particular in areas of poor educational performance and deprived communities. The measures of success for this overall LEP vision and how it supports the aim of creating an additional 50,000 jobs and a higher skilled labour supply should therefore aim for an absolute increase in the number of people in employment and raising their skill levels.

The outcomes for the Stoke-on-Trent and Staffordshire’s Education Trust are:

1. **Absolute increase in the number of people in employment**, particularly in the priority growth sectors.
2. **Growth in productivity** as people and businesses have the right skills and the opportunities to use them in work.

To achieve this, the Education Trust will **focus on five priority areas⁴ for a Skilled Workforce**. The following pages set out why these are important along with the key areas for action, and an idea of what success will look like for each priority (with further detail available in the Appendices document at Annex 1).

Education Trust Skills Priorities	What will success look like?
<p>1: Business Engagement in Learning and Skills provision</p>	<ul style="list-style-type: none"> • Fewer skills shortages and gaps, bolstered by future school leaders having an understanding of employer and business needs. • Employers are influencing the curricula of education and training providers and feel that they have successfully influenced the range of programmes available to meet the needs of the current and future labour market. • Colleges also have the ability to be more responsive to essential changes in skills provision and there is an increased vocational skills supply for priority sectors.
<p>2: Independent Information, Advice and Guidance for Effective Career Choice</p>	<ul style="list-style-type: none"> • With informed choice on local opportunities, and IAG starting at an earlier age, a young person’s pathway is right first time and sector intelligence clearly supports individuals’ career planning, both in terms of young people and older people who need to adapt to new skills / pathways. • Employers are a powerful resource in re-energising careers education with fewer employer skills shortages and gaps being reported.

⁴ Please note the data informing the priority areas for action and the *Why this is important?* Sections have been informed by Staffordshire Observatory data and the Stoke-on-Trent Staffordshire Needs Assessment

3: Employability Skills	<ul style="list-style-type: none"> • Lower unemployment and NEET levels, with young people having both opportunities to develop their ambitions - in line with the labour market and the <i>pathway</i>⁵ that will take them there. • At the same time developing employability skills which benefit transitions into apprenticeships, work, further and higher education.
4: Higher Level Skills	<ul style="list-style-type: none"> • Employers able to recruit employees with the required skills. • More residents have higher level skills. • Graduates utilise their skills for the benefit of the area.
5: Business Engagement in Learning and Skills facilities development	<ul style="list-style-type: none"> • Outcomes for learners graded as Good and Outstanding. • The FE estate is graded at level A or B. • There is an increase in the targeted provision around priority sectors. • Investment in skills capital reflects the needs of local employers.

The ambition and priorities for the Education Trust over the next 5 years are to

- support the creation of 50,000 jobs in next 5 years
- create 80,000 apprenticeship starts
- Raising aspirations and focus on local opportunities for growth and prosperity in key local growth sectors

To deliver this our key areas of activity will be focused upon three priority areas:

- 1. Apprenticeships**
- 2. Careers Guidance**
- 3. Effective world class skills system**

⁵ See Figure 1 - Skills System

Priority Area One - Apprenticeships

High quality apprenticeships are the gold standard in vocational training, and provide the opportunity to work, earn and learn from when young people leave school up to Degree Level. They are vital for developing the skills business need and now provide a continuous employment route to higher level skills. The increasing drive toward employer ownership of the funding through the Levy, the Voucher system and the introduction of standards to replace frameworks through Trailblazers, provide more opportunity for employers to engage in apprenticeships.

The government has set an ambitious target for growth in apprenticeship numbers to 3 million in this parliament, building on the 2 million in the last parliament. This represents a 64% increase in numbers from the 11,500 currently starting an apprenticeship this year to over 18,000 in five years' time in the Stoke-on-Trent and Staffordshire LEP area. This will mean almost 20% of the workforce will be an apprentice.

However, young people are leaving school not apprenticeship ready due to low GCSE attainment, poor employability skills or they are unaware of apprenticeships as a career path. Equally, employers are struggling to fill apprenticeship vacancies whilst young people remain NEET. Currently, there are over 1,400 apprenticeship vacancies and 1,700 young people NEET in the LEP area.

Despite the issues above, the area has seen a continued success and growth in Apprenticeships over recent years, and there are a range of initiatives already underway to sustain this growth. These include:

- **Staffordshire Ladder** to ensure more businesses are aware of the benefits of apprenticeships, to encourage them to pledge apprenticeship vacancies and to ensure more young people are apprenticeship ready
- **Apprentice Business Ambassador** network that uses businesses to promote apprenticeships to other businesses
- **Apprenticeship Business Help Line** as part of the Growth Hub, that directs employers, seeking to recruit apprentices, to local apprenticeship training providers
- **Annual Apprenticeship Awards** that recognises the contribution and achievement of apprentices to business
- **Apprenticeship Graduation Ceremony** that recognises the highest level of achievement of apprenticeship and puts them on a par with higher education
- **Co-commissioned 500 higher apprenticeships** to increase the progression to higher level skills

Our ambition is to create **80,000 apprenticeship starts in the next five years**, and we will create an **Apprenticeship Hub** to support delivery of this ambition, and build on our current success.

The Apprenticeship Hub will bring together the initiatives we already have and will:

- **Raise the prestige and promote the value of apprenticeships** to business, parents, teachers and students with a clear marketing and communication plan to support our growth ambition.
- **Improve Apprenticeship information, advice and guidance** to enable young people and adults to make informed choices regarding career pathways and requirements and benefits of an apprenticeship.
- **Develop clear progression pathways** from school and college to ensure young people who want an apprenticeship are ready and are aware of the opportunities in our local economy.
- **Establish a private sector-led apprenticeship network that promotes quality and develops the capacity** of provision locally to meet the growth and diversification of apprenticeships for business particularly within SMEs and key sector supply chains.

Next Steps: Develop an **Apprenticeship Hub Growth Plan** by Spring 2016, which will support businesses in addressing their workforce development needs for the present and delivers growth the number of apprenticeships in the area.

Priority Area Two Career Guidance

The purpose of Career Guidance is to assist individuals of any age, at any point throughout their lives to make educational, training and occupational choices and to manage their careers and inspire people to realise their aspirations. (OECD, 2004; Career Guidance and Public Policy: Bridging the Gap). There are a number of benefits from career guidance:

- For the individual it improves skills and abilities, supports career progression and transition to and from work, raises aspirations and promotes resilience at times of unemployment and a culture of life-long learning
- For a local economy career guidance supports an effective, flexible and mobile labour market, increases labour market participation, reduces unemployment and enhances skills and knowledge and therefore helps to raise productivity.

Career guidance can be delivered in many ways, through a range of organisations and funded on a public and private level. For young people it is the responsibility of education institutions and for adults it is funded through government contracts (National Careers Service) and mainstream government support services (JobCentreplus).

What is clear is that the current system is highly fragmented, investment is spread too thin, there are overlaps in activity, with a lack of accountability and it does not operate impartially.

The LEP has set an ambitious target for growth in employment at a time when unemployment is reducing and skills gaps and shortages are becoming more acute. However, young people are leaving school and are not always well prepared for work, lacking employability and attitudinal skills. There also remains a low skilled cycle, where people churn between unemployment and low paid work. Equally, the gap between low skilled and high skilled jobs is increasing, and there is a greater challenge for individuals to progress through the labour market.

We have already developed a set of activities and a development plan that is helping to improve career guidance that includes:

- **Locality Projects** This is a programme to develop the employability and work readiness of secondary school pupils, that includes a range of activities from competitions, work experience and industry days to improve the employability of school leavers.
- **Have-a-go Events** both local and National skills show activity to help young people understand different career options.
- **Bright Futures** website to provide parents with careers information.
- **Co-commissioned the National Careers Service** which will help more people get into jobs locally and in particular promote our key skills areas to young people and adults through the 9,600 clients NCS will work with this year.
- **Formed an events group**, involving NCS, Chamber of Commerce and Business in the Community, schools, colleges, and the STEM network to co-ordinate careers events to clearly defined target audiences across the year and the LEP geography.

- **Working with the recently formed Careers and Enterprise Company** to identify the best way for the locality projects to engage with their enterprise advisors.

Our ambition is to create **50,000 jobs starts in the next five years** and we will create an **All Age Career Guidance strategy** to support delivery of this ambition and build on our current success. The strategy will bring together the initiatives we already have and will:

- **A single standard for career guidance**, to enable young people and adults to make informed choices regarding career pathways and choices throughout their career supported by all delivery organisations.
- **Establish a virtual career guidance hub** that provides real time access to job and course opportunities and provides online support and tools for individuals to utilise, backed by support for the most vulnerable with clear links to the Growth Hub.
- **Roll out the Locality Projects** to all schools in the area as part of a wider STEM delivery strategy.
- **Establish a network to promote quality and develop the capacity** for co-ordinated career guidance activities backed by an annual programme of events, competitions, jobs and career fairs.

Next Steps: Develop an **All Age Career Guidance strategy** by Spring 2016, which will provide a high quality and standardised career guidance offer for all residents.

Priority Area Three World Class Skills System

A productive labour market relies on an effective skills system that provides the vocational education and training that equips people with the skills to function in the labour market and supports economic growth and productivity. The system is funded by public investment from government, and increasingly, from private investment from business and individuals, with over £300 million invested in the skills system annually in the area.

Public investment supports the functioning of the labour market for economic means, and private investment, particularly from employers, focuses on market need. However, investment from the public sector has been reducing and employer investment has also contracted significantly over the last 20 years.

The skills system is complex and involves many different funding and policy areas, that includes education, FE, HE adult skills, workforce development, welfare and industrial strategy. Like any system it has imperfections and gaps which:

- limits the ability of people to achieve their potential, such as those who do not achieve at school, are trapped in low paid and low skilled jobs;
- restricts economic and productivity growth of business with skills shortages and gaps, and hard to fill vacancies that drive up labour and production costs.

Productivity, wages, skills levels and high value jobs are fewer in the area, but unemployment is low, and the incentive to upskill needs to increase if the job growth and GVA uplift set out in the LEP ambition are to be achieved. Having a sustainable and functioning skills system is therefore crucial in achieving the LEP's economic growth strategy and its ambitions for the Education Trust. The Post 16 Area Review provides an opportunity to ensure specialist skills facilities can be supported and a sustainable post-16 system will exist in the future.

The LEP has already secured influence and investment to help improve the skills system, particularly through the City Deal and Growth Deal, and the next EU funding round will be critical in helping to support a functioning skills system. Projects already underway include:

- **Adult Skills Pilot:** This project attempts to align over £20million of skills and training investment delivered by FE Colleges with the key sector priorities for the area and is demonstrating a shift in more students taking more courses in our growth sectors;
- **Advanced Manufacturing and Engineering Hub** and spoke model by securing investment from the City Deal and the Growth Deal through the LEP with £12 million of public and private investment.

The LEP's ambition is to create **50,000 jobs starts in the next five years**, and a **Skills for Growth Hub** will be created, linked to the Business Growth Hub and the *Skills, Employability and Social Inclusion Pathway* to support delivery of this ambition. The **Skills Hub** will bring together the initiatives we already have and will increase employment, improve skill levels and raise productivity. It will do this by:

- **Providing employer-led skills programmes** to ensure business has the access to the skills and training it needs to grow productivity and the economy, particularly in high value and significant employment sectors, linking to the careers hub;

- **Developing programmes aimed at engaging and equipping individuals** through education and training to achieve their potential linking with the apprenticeship hub;
- **Providing intermediate employment opportunities and training** that provides routes into work particularly for those disadvantaged and disengaged from the labour market and help provide a productive and prosperous community.

Next Steps: Establish a business-led steering group to oversee the Skills Hub, and support the Post 16 Area Review and its implementation, including any further investment deals.

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5.0 Delivering the Education Trust Skills Programme

In order to deliver the priorities and actions in the Strategic Economic Plan, and this strategy the LEP and its Education Trust have and will need to continue to **utilise a series of funding mechanisms and levers** including:

- Influencing **mainstream investment from the government** such as the Skills Funding Agency (SFA), Education Funding Agency (EFA), Department for Business Innovation and Skills (BIS) and Department for Work and Pensions (DWP);
- Leveraging **private sector investment**;
- Aligning **public sector investment**;
- **Securing Deals with the government**, such as the City Deal and Growth Deals;
- **Influencing the deployment of European Structural and Investment Funds**;
- Utilising projects⁶, such as the Education Trust Locality Pilots, Apprenticeship Ladder etc., in **developing greater business engagement and involvement with skills provision**.

A central part of the strategy for greater business involvement will be through engaging business in key projects and programmes, where their input and influence can prove to be the most effective.

The Education Trust is already doing this through, for example, the Apprenticeship Strategy and Graduation Events. This will also develop business involvement in skills provision in the future through the approach to, for example, the Advanced Manufacturing and Engineering Hub and Science, Technology, Engineering and Mathematics (STEM).

The LEP and Education Trust have already had success in securing funding and resources to deliver their priorities from these routes, which all have their own project plans and performance measures and the main deliver mechanisms are:

- **the European Union Investment Strategic Framework (EUSIF)** has an allocation of approximately £141 million, of which £55m is focused on Skills Development via the European Social Fund (ESF). The programmes delivered through EUSIF will support the customer journey through an **Employment, Skills and Enterprise Pathway**, which moves people back into work and helps them progress in work with Careers Information and Information Advice and Guidance support throughout the journey and improve employability skills and progression into higher level skills and jobs.

⁶ See further detail in Education Trust Skills Programme Plan in Appendices document - Annex 1

- **Stoke-on-Trent and Staffordshire City Deal – Powerhouse for Skills**

The government has agreed to delegate to LEPs greater authority over local investments relevant to growth if they can demonstrate high levels of consensus and collaboration. “Powerhouse for Skills” underpins the other strands within the ‘deal’.

This includes:

- improved co-ordination of careers guidance locally;
- improved relationship and working with DWP;
- the Adult Skills Pilot which gave greater influence over the £39m annual budget
- £3.3 million capital investment in the first phase of the Advanced Manufacturing & Engineering hub that will train 2,000 people each year.

- **Stoke-on-Trent and Staffordshire Growth Deal for Skills**

The development of strategic employment sites, such as i54 South Staffordshire and Trentham Lakes have been very successful in generating employment opportunities. The **Growth Deal** with Government **secured funding to open up five key employment sites** identified in the City Deal and create 11,000 jobs.

The Education Trust will need to work with site developers to produce site specific employment and skills plans, and ensure local skills provision adjusts accordingly to provide these new sites with a ready, skilled workforce.

Directly linked to this is the second phase of the **Advanced Manufacturing Skills Hub**, where an additional £8.8million of capital investment will provide the skills and engineers required for our local priority sectors.

- **Education Trust Locality Projects Pilot**

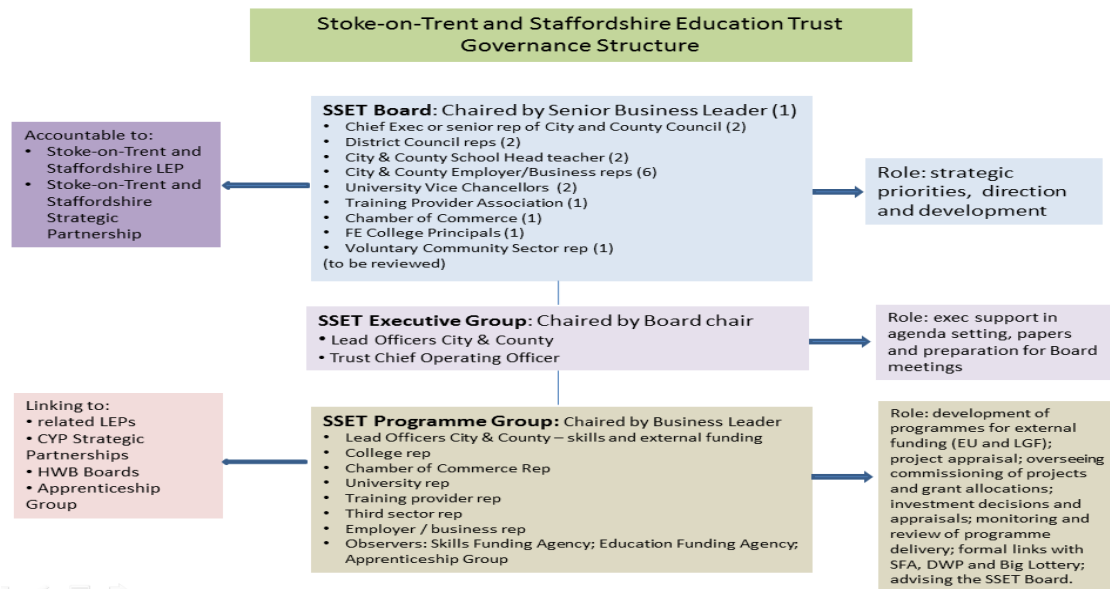
This is a key project that seeks to **align the needs of local business with emerging skills provision** and to change culture and practice in schools and academies across Stoke-on-Trent and Staffordshire in the areas of Enterprise, Employability and Skills. The pilots are operating across four priority geographical areas of Tamworth, Cannock, Newcastle-under-Lyme and Stoke-on-Trent. Participation of approximately 45 business partners has already been secured to work with 21 secondary schools and academies to provide advice, support and services.

There are also a number of **Mainstream Funding and Public Private Activities**, which also form part of the delivery of the Education Trust’s skills programme including:

- a focus on careers guidance and inspiration across the area with the **National Careers Service**;
- commissioning growth and promotion of **Higher Apprenticeships** in priority growth sectors;
- **The Skills Experience**, a series of Have-a-go’s (including with ESF funding) developing student knowledge, skills and aptitude for employment.

6.0 Governance

The below sets out the governance structure⁷ for the Stoke-on-Trent and Staffordshire Education Trust through which progress against this strategy and more specifically the *Education Trust Skills Programme Plan* (See Appendices document Annex 1) will be held accountable:



⁷ As of March 2015

Glossary of terms

ATA	Apprenticeship Training Agency
CF	Cohesion funds (European Union)
DWP	Department of Work and Pensions
ERDF	European Regional Development Funds
ESF	European Social Funds
ESA	Employment and Support Allowance
ESF	European Social Fund
EUSIF	European Union Strategic Investment Framework
FE	Further Education
GBSLEP	Greater Birmingham and Solihull Local Enterprise Partnership / Enterprise Partnership
HE	Higher Education
LEP	Local Enterprise Partnership
NEET	not in education, employment or training
SFA	Skills Funding Agency
SMEs	Small and Medium-sized Enterprises
SSLEP	Stoke-on-Trent and Staffordshire Local Enterprise Partnership / Enterprise Partnership
STEM	Science, Technology, Engineering and Mathematics
The Trust	Stoke-on-Trent and Staffordshire Education Trust
UTCs	University Training Colleges
VCSE	Voluntary, Community & Social Enterprise

STOKE-ON-TRENT and STAFFORDSHIRE EDUCATION TRUST

SKILLS STRATEGY

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Annex 2: National Policy

Annex 3: EU Priorities

Annex 1: Education Trust Skills Strategy Context Evidence^{8,9}

Context

The development of education and skills amongst all age groups will be crucial for the successful future economic prosperity and competitiveness of Stoke-on-Trent & Staffordshire. Securing a well-qualified and adaptable workforce, with the skills sets appropriate to the needs of existing business sectors in Stoke-on-Trent & Staffordshire, as well as those in which we have aspirations for economic growth, should be fundamental priorities for our economic development in the short, medium and longer-term. The work of the LEP's Education Trust will be a crucial player in realising this aspiration.

The LEP area's current education and skills performance tends to vary by locality. Cannock, Tamworth, Stoke-on-Trent and to a lesser extent Newcastle-under-Lyme all have lower levels of adult skills, while skill levels in other parts of the sub-region are only similar to the national average. Developing high level skills will be a necessity if we are to be successful in changing the structure of our local economy to be more high value and sustainable.

However, whilst it is important to develop higher level skills within the local workforce, all employers require employability skills such as communication, literacy, numeracy and team working. Given the high levels of worklessness in parts of the county, it will also be imperative to make sure that our residents are work-ready and have the skills that employers desire.

Skills and sector development

The skills of the local workforce are one of the most important drivers of economic growth in any economy. This is particularly important in terms of the ambition to develop certain industrial sectors within the area for two main reasons:-

1. Without an appropriately skilled local workforce, potential inward investors will not move into the area.
2. Business start-ups within desired sectors will only occur if the local product on offer matches the need of the sector, one key aspect of this being the skills of local residents.

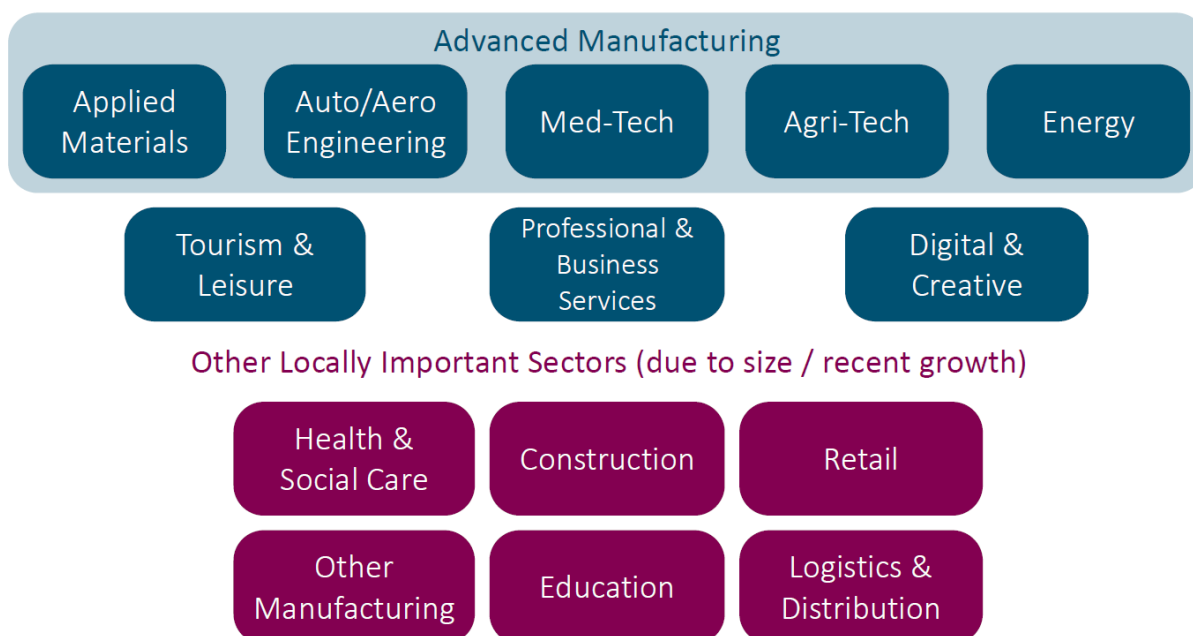
Some sectors that the LEP wishes to develop in the future are currently quite embryonic and therefore the skills required by these sectors will, in a lot of cases, need to be developed if the local workforce is to take advantage of the jobs that will be forthcoming. In order to differentiate Stoke-on-Trent and Staffordshire from other areas it is important to fully consider our industrial strengths and local assets to focus purely on those sectors which offer the greatest opportunities, as outlined in the Strategic Economic Plan.

However, it will also be important to consider the industrial sectors within the area as a whole, not just the high value added priority sectors. For example, the wider health sector has grown substantially in recent years, and is likely to grow still further due to the ageing population. Moreover, retirements and expansion within existing companies will continue

⁸ Staffordshire Observatory data

⁹ Stoke-on-Trent Staffordshire Needs Assessment

to generate the most significant proportion of local jobs. It therefore needs to be fully considered as to what skills are needed to support existing businesses and those that we are hoping to develop. The following diagram shows the priority growth sectors identified by the LEP.



Whilst industrial sectors are distinct and separate from each other, they also have numerous commonalities. One of these commonalities may be the skills of the workforce. The LEP's focus on advanced manufacturing will mean that there is a need to train more engineers and generally have greater levels of the workforce with Science, Technology, Engineering & Mathematics (STEM) qualifications.

High level skills

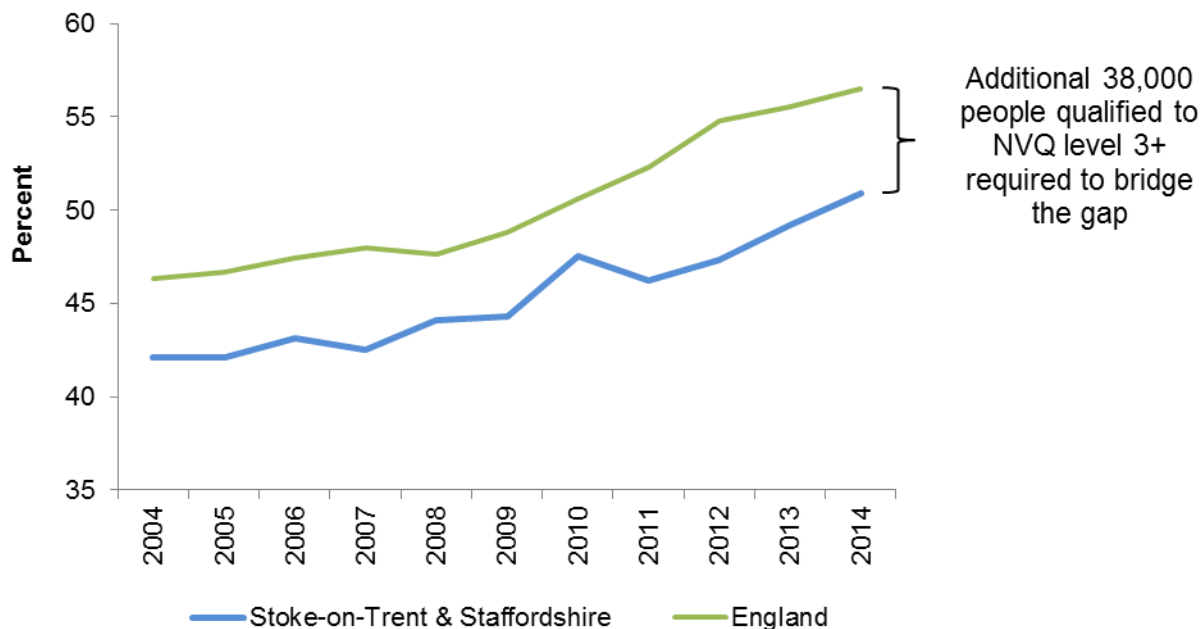
Increasing the proportion of the local population with high level skills will undoubtedly be important in increasing the productivity of the local economy through developing a greater number of high value added industries. Local colleges and universities, and those within neighbouring areas, will clearly play a major role in this, and it will be important that the courses available at these institutions match the needs of the existing business base, as well as the new priority sectors.

However, there are other factors to consider in ensuring that there is an appropriate number of highly skilled workers within the local area. Attracting people to live and work within Stoke-on-Trent & Staffordshire will play a role in increasing the skills levels of the local workforce, which will require appropriate housing, a good cultural offer, high quality environment, etc, to make this happen.

Retaining and attracting graduates will play a role in ensuring the workforce has an appropriate level of skills at degree level and above. This is likely to be particularly important in research and development activities which are likely to underpin a number of the embryonic high value added sectors. Of course, the ability to attract and retain

graduates will largely be dependent on being able to offer high quality employment opportunities, along with all of the other factors that make an area a good place to live.

Proportion of the working age population with at least a NVQ level 3 qualification (equivalent to 2 or more A levels)



Entrepreneurship and innovation

Increasing the number of business start-ups within Stoke-on-Trent & Staffordshire will be an important aspect of generating new jobs within the area. There are a large number of factors that are likely to impact on the level of business start-ups, such as the cost of resources, access to finance and the quality of the environment.

However, the skills of the local population will also be a key factor in the levels of entrepreneurship. Of particular importance is the extent to which people have entrepreneurial qualities and leaders who will drive innovation. Therefore, appropriate programmes and courses will need to be in place in order to promote entrepreneurship amongst local residents, along with leadership, management and skills necessary to run a business to ensure that start-ups and existing companies have the greatest opportunities to innovate and grow.

Proportion of business births per 10,000 resident population aged 16+



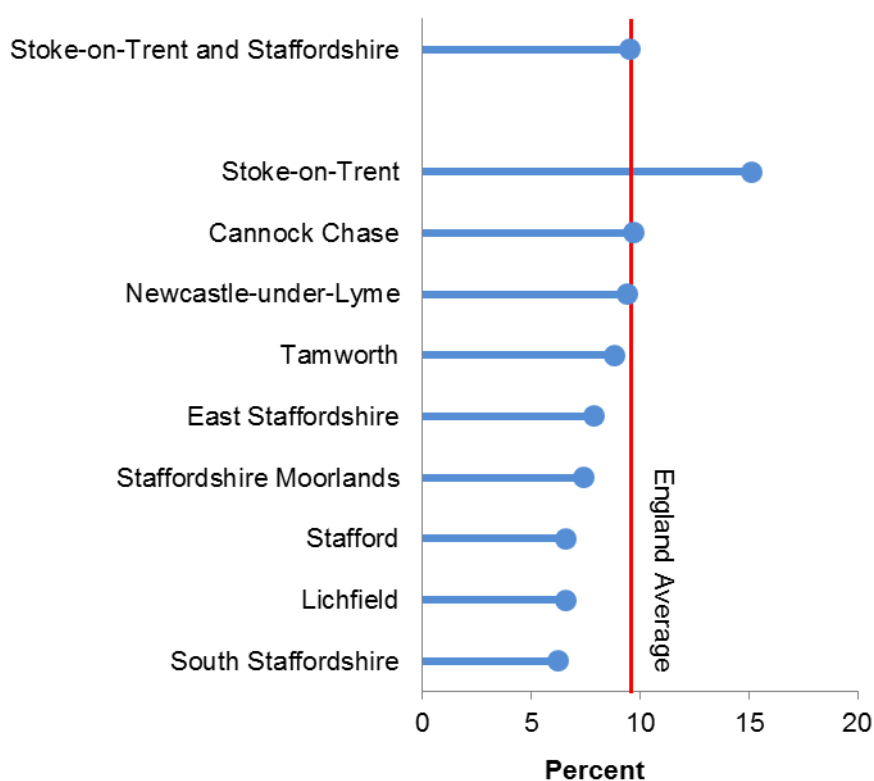
Employability skills and worklessness

Parts of Stoke-on-Trent & Staffordshire suffer from significant levels of economic inactivity amongst the resident population. Worklessness is one of the key reasons as to why the productivity of the economy of Stoke-on-Trent & Staffordshire lags behind many other similar areas. Getting people who are economically inactive into work will therefore play a significant role in increasing the productivity of the local economy. In order for this to happen, not only will there be a need to generate new, appropriate jobs in the area but also people will need to have the necessary skills to access these jobs.

Young people suffer disproportionately from unemployment locally, therefore tackling youth unemployment should be seen as a priority, as people who experience unemployment when young are much more likely to become long-term workless. Therefore ensuring that local and national programmes are operating to provide the greatest benefit possible to the young unemployed will be vital.

Ensuring that people who are not in employment have the skills that all businesses require will be particularly important. This not only means ensuring that people have good levels of numeracy and literacy, but also other employability skills such as team working and communication.

Proportion of the working age population claiming an out-of work benefit , Q3 2014



Apprenticeships / vocational education and training

Apprenticeship programmes offer a different approach to continuing in learning by combining on the job training with a recognised framework of qualifications. Schemes such as work placements, traineeships and apprenticeships are likely to be increasingly important in equipping young people with the skills to compete in today's tough job market.

The industrial sectors that exist within the local area and the developing may also mean that vocational qualifications are a more suitable route to employment in some industries. High value added sectors, such as those involved in research & development activities, are always likely to require degree level qualifications and above. However, sectors involved in production and manufacturing for example, which are likely to require more engineering type skills, may find vocational qualifications better meet the needs of their workforce. Given the range of sectors that the LEP aims to develop in Stoke-on-Trent and Staffordshire, a greater range of formal / vocational education and training will be required as the best approach to meeting the needs of the local economy.

Further information on education & skills in Stoke-on-Trent & Staffordshire can be found on the Staffordshire Observatory website:-

www.staffordshireobservatory.org.uk

Annex 2 – National Policy

There have been a number of policy developments in recent years which support and impact on skills provision in England.

Following the May 2015 General Elections the Government has also indicated a clear focus around increasing productivity across the economy, furthermore within this context there is a strong acknowledgement that tackling the issues around the skills agenda is central to achieving this, with local areas being best placed to deliver a step change in the skills system. This also includes the clear drive to create three million new apprenticeships by 2020. The previous national direction is expected to become much more focused by an emphasis on stronger and faster delivery around improving the skills base nationally – helping to boost productivity.

The emerging details of the UK's *Productivity Plan* (and how this will translate into national policy around skills) will become clearer as further announcements are made by the Government running up to and beyond the Budget on 8th July 2015.

Rigour and Responsiveness in Skills was published in April 2013. This government strategy identifies six important areas for development;

1. **Raising Standards** – introducing 'Chartered Status' for lecturers and teachers; providing a clear administrative process for failing colleges; providing information to employers and individuals about the quality of provision.

The Government response to the consultation on 16-19 accountability: **Reforming the accountability system for 16-19 providers** was published on 27 March 2014 and details the various measures that will be introduced to enable individuals to consider the provision on offer to them. This will introduce more rigorous minimum standards; publish clearer and more comprehensive performance information about schools and colleges, the headline measures are progress, attainment, retention, destinations and progress in English and maths plus a broader set of additional measures. It is expected that these will be published from January 2017.

One of the additional measures will be the **Technical Baccalaureate (TechBacc) Measure**. It will recognise the achievement of students taking advanced (Level 3) programmes which include a DfE approved Tech Level, Level 3 maths and an extended project. It will be introduced for courses beginning in September 2014, for reporting in the 16-19 performance tables from 2016

2. **Reforming Apprenticeships** – employers setting apprenticeship standards and taking greater ownership of skills provision; a greater focus on literacy and numeracy; core principle that should for those new to a job or role and will require sustained and substantial training.

The government is consulting over a **new model of apprenticeship funding** particularly aimed at smaller business. The 'Apprenticeship Credit' would allow employers of any size to control their apprenticeship funding via a special online account, automatically triggering contributions from government when the employer had paid into it. This would offer an alternative to the 'PAYE model' due to launch in 2016-17.

The first eight **Employer-led apprenticeship trailblazers** were announced in the government's implementation plan in October 2013. These trailblazers have developed the first 11 clear and concise apprenticeship standards with further trailblazers being developed involving leading employers in 29 sectors. By 2017/18 all new apprenticeship starts will be working towards standards rather than frameworks.

3. **Creating Traineeships** – will provide a combination of a focused period of work preparation; a high quality work placement and training in English and maths; employers having oversight of the design and delivery of the programme
4. **Meaningful Qualifications** – reducing the number of qualifications currently on offer for adults, courses must demonstrate that they are rigorous and have been influenced by employers to be eligible for government funding.

As part of the **BIS Reform of Vocational Qualifications Plan** a new set of business rules for approval of qualifications for funding took effect from January 2014, by 1 November 2014 all qualifications will need to meet all rules which cover size, purpose and employer recognition for new qualifications and proven track record and progression for existing qualifications. UK Commission for Employment and Skills is working to define the characteristics of new higher-level occupational standards which will draw on the content of new apprenticeship standards.

5. **Funding Improving Responsiveness** – introduction of loans for those aged 24 or over and direct employer funding the Employer Ownership Pilot to incentivise education providers to respond to what individuals and employers need.

24+ Advanced Learning Loans have replaced government grants for some adult learners. They are an option for people aged 24 and over to fund their course fees upfront at Level 3 and Level 4 in approved colleges and training providers in England.

Through the **Employer Ownership Pilot** companies of all sizes have access to government funding to design and guide vocational training to meet the needs of their workforce. The aim is to test a new approach, built around an open and flexible offer for employers. The second round has seen a further 11 employer led pilots being implemented.

Stoke-on-Trent and Staffordshire LEP are one of three areas who secured the **Skills Funding Pilot** the aim of the pilots is to encourage provision to align to local skills needs as identified by Local Enterprise Partnerships (LEPs), and to forge active partnerships between skills providers and LEPs. Where the LEP considers that local priorities have not been achieved by a provider, the Skills Funding Incentive Pilots will enable the LEP to instruct the Skills Funding Agency to clawback 5% of their Adult Skills budget

6. **Better Information and Data** – individuals and employers to be able to make more informed decisions with access to data on local labour market trends, job opportunities and courses available.

Revised statutory guidance for Careers Guidance has been published to be effective from September 2014. The guidance strengthens the requirement for schools to build links with employers to inspire and mentor pupils and also sets a clear framework for the provision of advice and guidance, giving schools clarity on the required approach to ensure that expectations are set high. The need to provide pupils with direct experience of the world of work, a clear view of the labour market and a good understanding of progression routes through education including apprenticeships and university, is emphasised.

The special needs reforms through the **Children and Families Bill** which will come into force in September 2014 have a strong emphasis on high aspirations and improved outcomes for children and young people aged up to 25. The local offer should provide information about support in preparing for and finding employment as well as information on apprenticeship, traineeships and education provision.

Three preliminary recommendations from **The Heywood 16-24 Review** were included in The Chancellor's Autumn Statement

- Reduced employer national insurance contributions for under-21's
- Additional funding for Jobcentre Plus to work with local authorities in supporting 16 and 17 year olds into apprenticeships and traineeships
- A pilot to test participation conditions on young people claiming Jobseekers Allowance

The government's response to the **Witty review of universities and growth** sets out the plan to

- Make a long term commitment to supporting universities in their mission to deliver economic growth
- Drawing national successes through to the local level by strengthening LEPs and helping universities to support small and medium enterprises
- Taking forward the 'Arrow Projects' concept to secure the potential of the technologies of the future
- Aligning support for different scientific fields with the priorities that are developed for technologies and sectors in the context of the government's Industrial Strategy.

In April 2014 a **new package of changes to GCSEs and A levels** was announced. This introduces revised content for many subjects and sets higher expectations and provides further challenge to those aiming to achieve top grades.

Annex 3: EU Priorities

The European Union Investment Strategic Framework (EUSIF)

Between 2014 and 2020 LEPs in England are responsible for designing and delivering strategies on how best to use the Structural and Cohesion Funds (comprising European Regional Development Funds (ERDF), European Social Funds (ESF) and Cohesion funds (CF)) - the EU's mechanism for supporting social and economic restructuring.

The skills development programmes will be delivered via the EUSIF Strategy, supporting the delivery of the key actions identified in the Strategic Economic Plan for skills, employability and innovation.

To deliver the European Programme match-funding is required the majority of which will come from three opt-in partners (Skills Funding Agency (SFA) / Department of Work and Pensions (DWP) / Big Lottery).

The notional allocation for Stoke-on-Trent and Staffordshire LEP to deliver its European Structural and Investment Funds (ESIF) Strategy, which must be spent in line with a set of overarching priorities set out in the EU regulations, is approximately £141 million. Of this, £55m is focused on Skills, Employment and Social Inclusion.

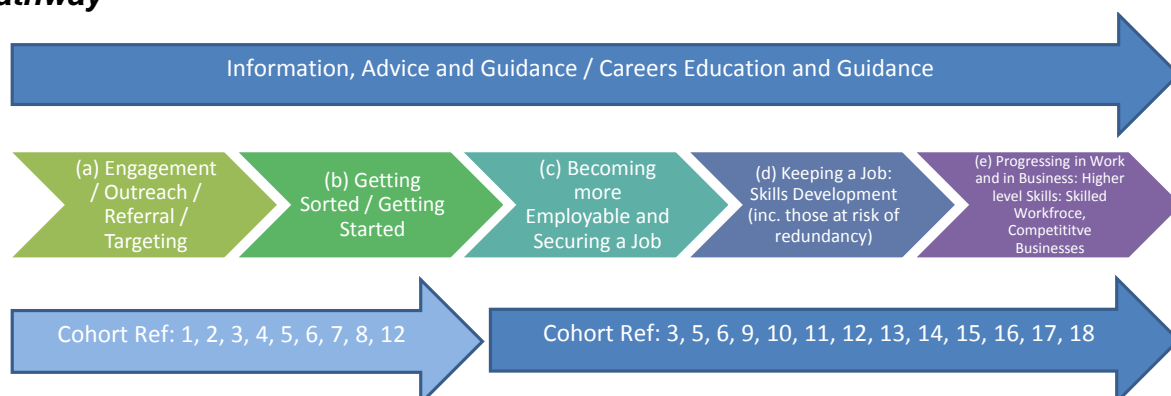
In addition, there is £27 million of investment **ERDF and ESF** funding to be spent on interventions within the Stoke-on-Trent and Staffordshire LEP transition area. This funding is part of the Greater Birmingham and Solihull (GBS) LEP allocation, and will be administered by GBSLEP in partnership with the Stoke-on-Trent and Staffordshire LEP.

The programmes delivered through the EU Investment Strategy will support the customer journey through an **Employment, Skills and Enterprise Pathway** (See Figure 2) **which moves people back into work and helps them progress in work with Careers Information and Information Advice and Guidance support throughout the journey.**

This approach for the Education Trust is centred around supporting people in the early steps they take into work and social inclusion, feeding into work readiness and employability skills and then on the path from employability to employment, higher level skills and career progression.

The **Big Lottery** Programme has its strengths in the early steps which people take – in initial engagement, working with people to address barriers they face, and in activities focused around social inclusion. This then feeds into **DWP** programmes around work readiness, which leads to addressing skills gaps on the individual level. As the pathway continues, the **SFA** activity comes in, working through Adult and Community Learning as well as the creation of an Advanced Manufacturing Skills Hub, addressing several areas of skills development at all levels and careers guidance. ESIF funding is the anchor that will enable better and more joined up working between these partners, allowing each individual learner's journey to be tailored to their personal circumstances.

Figure 2 - Stoke-on-Trent and Staffordshire Employment, Skills and Enterprise Pathway



ESF Target Beneficiaries

1.15-19 NEET	2.NEET 19-24	3.Unemployed less than 6 months, claiming JSA or ESA	4. Unemployed less than 6 months, aged 25+ but not claiming JSA or ESA
5.Unemployed, workless, aged 55+	6 Unemployed more than 6 months, aged 25+, claiming JSA/ ESA	7. Care Leavers	8. YOS
9. Employed but with functional skills needs	10. Employed but with skills requirements to progress career	11. Employed but with skills requirements to transfer to new job within existing company	12. Employed at risk of redundancy
13. Employed but need to enhance skills portfolio- multi skilled	14. Employed less than 16 hours	15. Self-employed	16. Hard to reach groups with multiple barriers
17. Higher level skills - enterprise	18. Higher level skills employability		

For the purposes of understanding the skills requirements in Stoke-on-Trent and Staffordshire, the key issues for the target beneficiary cohorts are highlighted below against the stages of the pathway¹⁰:

(a) Engagement / outreach / referral / targeting

- There are high rates of worklessness in the north of the SSLEP area (particularly in Stoke-on-Trent), and areas of unemployment in urban areas to the south of the county as well as in Newcastle-under-Lyme.
- The youth unemployment rate in Stoke-on-Trent is above the national average, and pockets exist within the county.
- Some groups in Stoke-on-Trent face particular multiple barriers, such as heritage, age and place of residence.
- A clear need exists in Staffordshire to support young people with care responsibilities.
- High levels of disability exist across many areas of Stoke-on-Trent and Staffordshire.

¹⁰ Further details available in the ESIF Commissioning Plan Needs Assessment

- Stoke-on-Trent has a high rate of young people who are at risk of becoming NEET and Staffordshire again has areas where this is a particular issue.
- There are high levels of benefit claimants, particularly Employment and Support Allowance (ESA) in Stoke-on-Trent and North Staffordshire.

(b) Getting sorted / getting started

- Basic skills attainment (at Key Stage 4) is an issue, particularly in Stoke-on-Trent – there are clear requirements for innovative programmes to support and motivate young people with few qualifications across the SSLEP area.
- At Key Stage 5 / Level 3, again there are issues for both Staffordshire and Stoke-on-Trent in terms of attainment.
- Progression onwards into higher education is below the national average, and more so in Stoke-on-Trent.

(c) Becoming more employable and securing a job

- Apprenticeship starts have fallen year-on-year, and are heavily weighted on the 16-24 age group. Apprenticeships being taken also do not always match the key sectoral growth aims of SSLEP.
- Individuals with no qualifications face seriously impacted employability, and there are areas within Stoke-on-Trent and the county where this is a significant issue.
- ‘Softer’ skills like team working and communications are vital for some of the LEP’s key sectors.
- Enterprise rates in Stoke-on-Trent and the county are low.
- There are some gaps in provision for those who are employed but require additional skills to progress their career or move to different jobs within their employer’s company.

(d) Keeping a job: Skills development (including those at risk of redundancy)

- Some of our key sectors have a high rate of churn or struggle with staff retention.

(e) Progressing in work and in business: Higher level skills – skilled workforce, competitive businesses

- The proportion of the working age population qualified to National Vocational Qualification (NVQ) Level 4 or above in both Stoke-on-Trent and Staffordshire areas being below the national average.
- Some of the key sectoral growth areas of the LEP will see a rising demand for higher level skills, with Leadership Skills in particular.
- Inward investment requires a mass of higher level skills.

The five **Strategic Investment Areas** that have been identified in the EUSIF for investment are:

1. Skills for Employment

- To improve employability skills across the Stoke-on-Trent & Staffordshire labour market with a particular focus on the unemployed, NEETs, school leavers, graduates and vulnerable groups.
- To deliver programmes that support local communities and disadvantaged groups to deliver local employability training solutions to engage disadvantaged learners (broad employability programmes, delivered by local networks with a focus towards building stronger local communities).

2. Skills to Support Growth, Innovation and Enterprise

- Ensuring that the Stoke-on-Trent and Staffordshire labour market has the appropriate skills to meet the needs of existing and emerging priority sectors and technologies and to drive enterprise, including retaining and attracting graduates and ensuring that existing employees / residents are given the chance to up-skill and re-skill. Focus on building upon existing, strong linkages between employers, sector organisations and education institutions to identify future skills needs and ensure suitable provision.
- Support for local communities and Voluntary, Community & Social Enterprise (VCSE) organisations to develop social enterprise and investment projects.

3. Vocational Routes to Employment

- Working with education providers and employers to support the development and implementation of vocational routes into employment, in particular actions to support the coherent delivery of vocational training activities, placements and apprenticeships across the area.
- To deliver programmes to develop employability skills and job outcomes – programmes aimed at people who are “close to the labour market” i.e. training that will get someone into a job.
- To deliver programmes that help to develop better links between the education and business sectors.

4. Access to Employment

- Efforts to improve employability across the Stoke-on-Trent and Staffordshire labour market, with a particular focus on the unemployed, people not in education, employment or training (NEET) and vulnerable groups. Ensuring that residents are signposted to routes to employment and have support in accessing these (for example, brokerage).
- To deliver programmes that address access to employment issues for Stoke-on-Trent & Staffordshire residents. Barriers to employment come in various and

multiple guises, and include soft and basic key skills, language, childcare and transport issues.

5. Promoting Social Inclusion among Disadvantaged Groups

- The focus of this strand will be support for key disadvantaged groups and communities to improve social inclusion and employability, with a focus on areas of multiple deprivation and socially excluded groups.

Additional European Social Fund Programme – Additional to Opt-Ins

One additional programme, **Skills for Growth**, will focus on stimulating and addressing demand for workforce development amongst Small and Medium-sized Enterprises (SMEs), and will see to foster a culture of workforce development, including the promotion of apprenticeships, across the LEP area.

This programme places an emphasis upon identifying and meeting the specific needs of SMEs, including the development and delivery of customised training to support their growth and development. The programme of support will therefore meet a variety of workforce development needs including across a range of functional areas with a range of training subjects, content and level.