



Workforce Development Research

Final Report for Bradford and District Learning Partnership

Executive Summary

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Introduction

As a thriving industrial and commercial city, Bradford companies have a growing and changing demand for skills. In order to ensure that these needs are met Bradford Learning Partnership commissioned Ellfin Research and Consulting Ltd. to undertake a review of current workforce development (WFD) provision, to understand the needs of employers and to develop an action plan to progress the findings and recommendations.

Current Learning Provision

Ellfin interviewed the 20 LSC-approved workforce development providers in the City. Bradford is well served by its providers in WFD provision, with courses ranging from FMA to NVQ5 in over 50 subject areas/vocations; with course lengths ranging from a day to four years. Of the 20 providers interviewed, only 5 offered non-accredited learning, such as specialist short-courses designed for the employer/company.

16 of the 20 providers stated that they had “altered courses to suit the needs of the company,” however often syllabi and funding restrictions affected their ability to implement more radical changes.

14 of the providers were not solely restricted to government-funded programmes and were able to design courses specifically to meet the needs of local firms, though at a full cost rate.

12 of the providers stated that the courses they offered were based upon the needs of local companies. However, it was not uncommon for the courses offered to have remained unchanged for more than 5 years (in one case 23), which may suggest that training is not as closely aligned as is thought, especially in relation to newer industries, such as new media.

14 providers thought companies did not demonstrate sufficient commitment to WFD, with 10 citing lack of employer funding as the major barrier to participation.

Learning Provision Summary

Providers are getting demands for (free) training for older (25+) members of staff that they cannot meet. Additionally they are encountering problems with young trainees predicated upon poverty – and the implications of their employability-suitability-economic efficiency-value to an employer and whether this is helping or hindering cogent, strategic WFD activity. This is a societal problem and the responsibility for this cannot be allocated to learning providers alone.

Yet providers are involved in training young people for the world of work and entry level positions in the labour market and as such are critically placed to ensure that the next generation of workers have the skills and aptitudes necessary for local employers to support wealth and employment creation. They cannot fulfil this task alone and be expected to overcome the failures of other aspects of “the system” through a 4-week or even 52-week induction course. Their interventions, however professional and laudable, will struggle when confronted by the reality of participants with 3rd generation unemployment and low-level numeracy and literacy competence.

If learning providers are being asked to perform social inclusion interventions then they should be funded *through these bodies* to provide this or, not unreasonably, ask the social inclusion agencies to support the “hardest to help” participants *before* they commence learning. This is then further reinforced when we are in a competitive marketplace where the provider has to ensure that they meet their contract outputs in order to trade.

Otherwise there is a danger of these individuals being further marginalised through an “organisational merry go round” where no one agency takes responsibility for their needs and it ends up ultimately with an inappropriate, unproductive worker being placed into a local firm which damages the reputation of the learning provider and the belief of the employer in recruiting local young people – regardless of how much money is offered to “incentivise” the placement – no wage support grant makes up for a lost customer or a bad batch.

Suffice to say that with the possible exception of super-specialisms (which are not found in the local labour market in any noticeable numbers – e.g. bio-tech) that providers generally offer **or can offer** courses that serve and reflect the local labour market and have the capacity to respond to local employers' needs as and when required. However providers are also responding to the demands of not just employers but to the twin realities of the impact of poverty and its effects on the skills of placements and that of a funder-commissioner marketplace. The implications of both of which can never be underestimated.

Employers

64 companies responded to a postal questionnaire sent out in early December 2003, 872 surveys were posted, a 7% response rate. The Chamber of Commerce membership database was used to identify the firms. The companies that responded represented a broad cross-section from all sectors; the majority being medium sized small firms, turning over in excess of £500000 and established in Bradford for over 10 years.

Business confidence was high amongst those employers questioned; the majority had experienced sales growth in the past 2 years and expected this growth to continue in the forthcoming 12 months.

38 of the companies had some form of quality standard, 16 of which were IIP accredited. Generally the larger companies were more likely to hold standards than smaller firms.

Only 37 firms gave a response to the skills levels in their company with the majority having staff skilled above Level 3. 11 companies had staff working towards FMA/AMA – this is higher than the comparable figures in the recent survey of Airedale.

Companies identified “Upskilling” and “the need for new skills” as the 2 main drivers of training; as such the drive for training is for existing staff and is supplemented by recruitment and training issues. Both larger and smaller companies favoured in-house training as their preferred WFD method, with the larger companies preferring the more expensive forms (such as in-house by external trainer or day release).

51 of the companies felt their current WFD provision met their needs, but only 19 rated their current provider as “good” or “very good.” When asked to choose a ranking for a range of training variables the average ranking was Quality, Cost, Location, Reputation and Past Usage.

Only 23 companies intend to carry out WFD in the forthcoming 12 months, they wished to undertake a range of courses (ICT being the most popular with 4 responses), reasons for training included changing legislation and to meet IIP. However no one course or reason was statistically significant. **31 companies said they would not be training staff in the next 12 months.**

38 of the companies (59%) reported that they had encountered a skills shortage, this compares with only 10% in the recent similar survey in Airedale. The larger the company the greater the likelihood of a skills shortage – the skills shortages were basically across all sectors. The main areas for skills shortages were in management, customer service, sales and ICT. The main impact on the companies experiencing skills shortages were identified as the inability to fill certain positions and higher staffing costs.

Yet 52 companies stated their workforce demonstrated a desire to develop their skills.

Employer Summary

So it appear that we have a situation where we have the majority of companies identifying that they have experienced skills shortages, across all sectors and in all occupational disciplines, and acknowledging that these have had a deleterious effect upon company performance. This is combined with a situation where we have more companies with staff who are ready and willing to train than companies expecting to deliver workforce development over the next 12 months. These would appear to be divergent and it could be argued illogical conclusions, which militate against the best interests of the firms.

Findings

1. Employers and learning providers are aware, capable and sanguine about the need to train
2. Employers have a patchy appreciation of the intrinsic value of work-based learning but are nonetheless sensitised (rather than aware) to the opportunities present
3. Employers and learning providers both agree that one of the key constraints to improving WFD provision and take-up is the financial system that underpins remuneration for qualification-based programmes
4. The employers in our survey are, on the whole, large, growing employers – creating wealth for the City – and connected with a variety of support structures and advice (such as Bradford Chamber). However, less than half plan on training in the next 12 months – despite envisaging increasing sales turnover and staff who want to train.
5. Cost therefore would not appear to be the only, or key, driver of WFD
6. For WFD to take place it needs to do so within a business context and the company needs to understand the strategic benefit to it – up to and including the return on investment. This should arguably be the role of the company. However learning providers have a role to play in presenting and demonstrating the value of learning within this commercial context
7. It must never be forgotten by all parties that learning providers are themselves commercial operations and as such are mindful of their own cost and profit drivers
8. These can potentially conflict
9. As such one needs to consider the funding options and how a learning provider “makes a living” and its correlation to the demands of industry

10. It would appear that much of the demand from companies is for learning at 25+ targeted to short interventions related to particular short-term skills deficiencies. However, funding is predominantly targeted at long-term qualification based interventions for under 25s

11. Companies are then potentially faced with two contradictory propositions from WFD providers, where they are offered free training for an unproven or less productive employee yet full cost recovery training for activity they believe they need and want

12. If WFD *per se* is the priority then this circle needs to be squared. This is the responsibility of funding agencies

Recommendations

- **Consideration should be given to the targeting of discretionary WFD funding into over 25 interventions**
- **Funds that can be used to “prop up” FMA, AMA and other programmes through additional support should instead be redirected to WFD if this is to be the priority of the Learning Partnership**
- **It should be the responsibility of both social inclusion agencies (for harder to help groups) and learning providers to prepare under 25 learners effectively for employers before they are placed so they are able to contribute materially to the bottom line of the business. This will increase FMA and AMA opportunities. This should be done through existing funding streams and wherever possible in a less complex manner. The mindset should be “how can we help this company to grow and continue to create wealth?” and not “how many NVQs and FMAs can this firm offer?”**
- **In all this WFD activity, concentration should be on business support not qualification accrual and/or placement opportunities**

Action Plan

Set out below is a suggested approach to implementing the recommendations outlined above. For the recommendations to carry weight we believe that as a precursor to any definitive activity there needs to be a discussion as to the “philosophy” of workforce development as outlined in this report and a decision taken as to whether this is the path that Bradford LP and its members/ partners wish to follow. Unless this takes place the LP is in danger of committing itself to a course of action that would not be based upon the support and co-operation of local actors and as such would have the potential to be less effective an intervention.

Action 1 – Strategic re-appraisal of workforce development interventions

Work with all stakeholders – both employers and agencies – to develop a shared understanding and commitment to interventions based upon support to enable businesses to survive and expand, targeted predominantly at existing employees, so creating further employment opportunities.

Timescale: 3-6 months

Lead: Bradford LP

Action 2 – Development of this into a funding support framework

We would see the funding framework as having 2 basic elements

Element 1

75% of LP discretionary funding allocated to WFD intervention at 25+, non-qualification focussed, free or low-cost at point of delivery.

This could have 2 potential loci –

The first being the development of a “WFD Fund” to enable business support advisers to assist companies in meeting their WFD needs and providing them with assistance with the costs of training, or wage replacement costs to free the employee to train.

The second being funding to learning providers to meet the funding gap between the charge they make to the company for WFD and the cost of implementing this training at an agreed profit margin.

In both of these the emphasis of the intervention is to enable flexible responses to the needs of the companies and target the WFD activity directly at the needs of the business enabling it to survive, prosper, recruit further staff and generate wealth.

Element 2

25% of the funds should be targeted at pre-learning activity. This should be work with the “hardest to help” groups suffering multiple disadvantage in the most deprived areas of Bradford. Much of this work will be “unlearning” the socialisation behaviours necessary to survive in poverty and unemployment and overcome issues of non-attendance in mainstream education. This activity should be led by locally based social inclusion agencies – both voluntary and statutory – to enable learning providers to utilise their skills to ensure that these people can become skilled and valuable employees to local firms and not have to extend valuable resources in pre pre pre-vocational activity.

Timescale: 1 month

Lead: Bradford LP/LSC West Yorkshire

Action 3 – Consultation on the WFD Funding Framework

All potential stakeholders and/or project deliverers should have the chance to contribute their views to the funding framework before it is finalised.

Timescale: 1 month

Lead: Bradford LP

Action 4 – Secure funding for WFD Framework

Funding should then be secured based upon this consulted framework from local agencies including the LSC, Local Authority, LSP and Yorkshire Forward.

Action 5 – WFD Tender Specification Framework

This WFD framework should then be broken down into tender specifications, the number depending upon the level of funding available. Ideally the tenders should be of a period of at least 18 months to provide stability of funding arrangements to providers.

Lead: Bradford LP/LSC West Yorkshire

Action 6 – Contract Commissioning and Delivery

The tenders should be let and commissioned according to the rules of the LP.

Action 7 – Evaluation and Review

Fundamental to the effectiveness of this process will be the gauging of employers' and providers' views as to the effectiveness of the revised WFD approach so as to enable "tuning" of the process prior to the next funding/commissioning round. This should be a combination of external evaluation and internal review.