KIRKLEES DISTRICT COUNCIL

2020 SKILLS: THE KIRKLEES LABOUR MARKET AND SKILLS STRATEGY 2008-2020

FINAL REPORT
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FOREWORD

EXECUTIVE SUMMARY

1. Kirklees Council commissioned the development of a Labour Market and Skills Strategy with a view to providing a broad overview of the Kirklees labour market to 2020, including skills issues, identifying key drivers of change, and addressing issues raised by forecasts of the medium and long-term economic future of the district. The Strategy is intended to be forward-looking and wide-ranging, considering skills, learning needs and provision, demographic changes, access to employment, and enterprise and entrepreneurship.

2. In the UK, global economic forces and rapid change over recent years are serving to drive up skills requirements across the economy as a whole. In 2020 the Sector Skills Development Agency (SSDA) estimates that over 40% of UK jobs will be at NVQ level 4 (degree equivalent) and above. To be successful in 2020, therefore, it is important that this Kirklees 2020 Skills Strategy is, firstly, sufficiently ambitious and far-reaching enough to motivate individuals and local institutions to raise their aspirations in the short term, and to take action to improve long-term prospects that will in turn promote the economic and social development of Kirklees. Secondly, it should not be another isolated 'strategy', in that the 2020 Skills Strategy needs to dovetail skills and employment issues within the wider framework of local economic and social regeneration.

3. Policies for economic development, employment and skills systems for the UK are changing in response to global developments and trends. At national level, a significant policy driver is the July 2007 HM Treasury review of sub-national economic development and regeneration (SNR). The review argues that the diversity of the UK economy means that regions and localities will be affected in different ways as globalisation and technological innovations change the economic base. Regional Development Agencies are to be given a stronger focus on driving economic growth, but are expected to devolve responsibility for policy development and spending to councils and city regions. In 2009, a new single integrated regional strategy coordinating jobs, economic growth, housing, planning and environmental objectives will replace the current mass of overlapping strategies. The SNR, in 2008, is the start of a process to unravel a multitude of economic development and regeneration structures and initiatives that have been created during the past decade with little real attempt at coordination, and to focus activity back at the local level as well as the regional.

4. Among national studies, the Leitch Review of Skills is most important for this report. It sets an ambitious vision that the UK must become a world leader in skills by 2020, believing skills to be the most important lever within our control to create wealth and reduce social deprivation. The Review evaluates the UK's long-term skills needs, and concludes that a doubling of attainment is needed at most levels. However, the prize is a more prosperous and fairer society, and a potential net benefit estimated at £80 billion over 30 years. The Leitch Review is of particular relevance to the medium-term and long-term challenges in districts like Kirklees, where skills issues and worklessness are significant barriers to economic development. The UK Commission for Employment and Skills is expected to review the complex and confusing skills delivery system, strengthen the employer voice, and bring greater business leadership to the skills debate.

5. The Government is to increase substantially the proportion of public funding for adult training that is 'demand-led'. Train to Gain employer training funds will increase to more than £650 million in 2008/09, and more than £900 million in 2010/11. In return for this increased level of investment, there is an expectation that individuals and employers will take much more responsibility for improving their own skill sets and qualifications. Further changes to the current systems of education and training in response to the Leitch Review include the new Education and Skills Bill, which was introduced into the House of Commons in November 2007 and is currently in progress through the House. The establishment of a new National Apprenticeship Service to lead the expansion and improvement of the apprenticeship programme is under way.

6. In March 2008, the Government indicated its intention to dissolve the LSC by 2010, and to transfer £7 billion to local authorities to help colleges and sixth forms deliver the reforms needed to raise the age for leaving education and training to 18. This is of particular relevance to Kirklees Council, as it will then bear the responsibility for expenditure on education for those just entering or about to enter the labour market. Local authorities will be responsible for offering all young people in their area a full menu of choices, with the new Diplomas and Apprenticeships alongside GCSEs and A-Levels.

7. As the economy has undergone a period of restructuring, job opportunities have developed in key growth sectors. In Kirklees, the current most important sectors in terms of employment are public administration, education and health, hotels and restaurants, and manufacturing. The District has also experienced growth in the

financial services, communications, the creative industries (mainly printing and publishing), and the media sectors. For example, between 1998 and 2004 the industry sector in Kirklees experiencing the greatest growth in terms of employment was financial services. Other growth sectors include: communications, and distribution, hotels and catering. The occupations that are growing fastest are managers and professionals, associate professionals, and sales and customer service. This reflects the general trend of an increase in the skill levels required by some occupations.

Economic activity rates in Kirklees (78%) are similar to the region and nation. However, the economic activity rate of various ethnic minority groups within Kirklees varies greatly. Economic activity within the black and minority ethnic population (particularly so in the case of Muslim and Black Caribbean communities, and white working class males) is considerably lower than the sub-region and the nation as a whole. The demand for skills-related intervention is increasingly driven by the needs of employers. The National Employer Skills Survey showed that one in four employers in Kirklees identified a skills gap or skills shortage in their workplace in 2005.

8. In terms of the qualification levels of Kirklees residents – where NVQ level 2 or equivalent is seen as increasingly important in terms of getting a job and level 3 in terms of making a contribution to competitiveness and increased earnings – there is a mixed pattern of attainment. Generally, attainment levels in Kirklees are broadly in line with the sub-region as a whole at all NVQ level equivalents, although there are concerns regarding qualification levels in localities such as Huddersfield, Dewsbury and Batley.

9. On the demand side, the 2020 Kirklees Skills Strategy needs to be both outward looking in terms of the location and nature of available employment opportunities in adjacent areas and inward-looking in terms of the indigenous business base and the locality priorities. At the same time a strong supply-side element is required, focusing on ensuring that the barriers to work facing residents, particularly those most at risk of exclusion, are addressed in a way that enables them to connect with the new employment opportunities available to them in the wider labour market. At the same time, Kirklees needs to ensure that the higher level skills required for a successful economy in the 21st century are developed, and that it responds to the policy changes ahead by bringing together private and public sector employers and key sector champions.

10. Some additional 91,000 people need to be trained to at least NVQ level 2, and of these, 49,000 need to be trained to at least NVQ level 4, if the "Leitch targets" are to be realised in the District. Two key ***"drivers"*** of the district economy are the ***global economy*** and the emerging (Leeds and Manchester) ***City Region*** agenda. The key ***"enablers"*** which can facilitate the efforts to up-skill Kirklees residents in order to raise its economic and social ambitions are ***human capital***, ***leadership*** and ***sustainable development***.

11. The 2020 skills vision for Kirklees is one of: **"*Nurturing, encouraging, challenging and developing the skills and aspirations of all Kirklees residents to meet the requirements of the 21st century in the District and city region; Providing opportunity for all to up-skill and improve productivity; Seeking to realise a shared ambition to inspire creativity and innovation and to fully exploit our diversity within a green economy*". We recommend that this vision be adopted by the Labour Market and Skills Board and all partners.**

12. The Kirklees 2020 Skills Strategy does aspire to realise five thematic programme ambitions. These programme ambitions are informed by the economic and social data and the challenges facing the District, as well as the ever-changing policy context. They attempt to capture the aspirations of the District and focus efforts on realising the obvious potential that abounds in Kirklees. The five ambitions offer an opportunity for the District to articulate its economic and social skills programme. Whilst being aspirational, they are all grounded in reality.

    The five programme ambitions are:

    Global Economy

    - Developing and spreading the University Town buzz

      Kirklees aims to be a place that attracts and retains young people bringing opportunities for investment and attracting new viable businesses and employers.

    City Region

    - Central Skills Exchange

      Kirklees is strategically placed between the three major city regions of the North, Leeds, Manchester and Sheffield, offering key opportunities and challenges for economic development.

Human Capital

- Great People - Enterprising Communities

  Kirklees recognises that the key to economic success lies within its diverse and multi-cultural residents.

Sustainable Development

- Green District - Green Skills

  Kirklees will take forward its ambition to be the greenest local authority in the country.

Leadership

- Education and Skills - Aspiring to be the Best

  Kirklees needs to develop an ethos of excellence.

13. To realise these ambitions, there is the need to match the programme themes with a detailed work programme on the issues of:
    - Youth skills and training (especially 14-19 year olds);
    - Adult skills and training;
    - Employment aspirations and progression;
    - Understanding and influencing employer HR development programmes;
    - Local skills provision reform;
    - Key sectors;
    - BME skills provision and focus on disadvantaged and underachieving communities.

14. Key recommendations:

A. Organisation and structure

- **We recommend a strengthened remit for the Labour Market and Skills Board (LMSB) for Kirklees, in line with the Leitch Review, to enable it to:**

  ❖ **Monitor the local labour market:** monitor local skills, productivity and employment; establish and articulate the needs of local employers; recommend improvements to the delivery of the integrated employment and skills service; and be innovative in helping disadvantaged groups back to work**;**

- **Raise employer engagement:** engage with local employers to raise their investment in skills and engagement with Welfare to Work, which could include brokering agreements between employers and providers.

- **We recommend that labour market and skills issues are given a high priority both for Kirklees Partnership (the Local Strategic Partnership) and within the Cabinet.**

- **Membership of the Board needs to reflect a good balance between providers, the public and private sectors, and the voluntary and community sector. The Board should look to incorporate existing structures developed by the Learning Partnership.**

- **We support the decision to create a specific post within the Council to co-ordinate skills and labour market issues across all Directorates and local partners, lead on the implementation of this strategy, and ensure that the proper structures are in place to take full advantage of the emerging skills provision landscape.**

- **The LMSB should direct the new Skills Co-ordinator to examine and explore training and economic development opportunities working with "champions" from the public, private and voluntary sectors.**

B. Priorities and Resources

- **The LMSB needs to engage more and in new ways with local employers. This will be major challenge, however we recommend that Kirklees explores and adopts a variety of good practice examples developed by neighbouring districts such as an annual local Skills Summit, an on-line "Economic and Skills Bulletin" and associated website, a Kirklees HR Managers Forum, and a strategic and focused dialogue with the Sector Skills Councils, the new UK Commission for Employment and Skills, and the city region(s).**

- **Kirklees needs to be proactive and assertive in promoting its priorities and key sectors to the Leeds City Region. The District needs to take an active role in the development of the new Multi Area Agreement for skills.**

- **Kirklees should actively and regularly seek to identify key economic opportunities in Leeds, Manchester and Sheffield, and encourage District**

residents and providers to look to Manchester and Sheffield and not just Leeds for employment, and also encourage a greater focus on local work opportunities.

- **There is the need to focus sharply on promoting enterprise skills throughout the District. This could be linked to the development of a strategy aimed at deprived and low-achieving groups and communities to encourage, nurture and support entrepreneurship within Kirklees.**

- **Kirklees needs to agree its sector priorities for future intervention. We recommend that the focus be geared towards the following sectors:**
    - **Growth Sectors – Financial and Business Services, Leisure and Retail, Construction and the Public Sector**
    - **Value-added – Creative/Media (with an emphasis on design), Green Technologies, and Advanced Manufacturing (particularly in engineering skills).**

- **Over the next three years Kirklees needs to dedicate full resources towards achieving its Local Area Agreement (LAA) targets with particular reference to tackling worklessness and Level 2 skills**

C. Capacity

- **A stronger and more focused dialogue is required between the educational sector (universities and colleges), private sector employers (Mid Yorkshire Chamber of Commerce and Industry; key employers), and the public and voluntary sectors, with regard to training targets and policies. We recommend that the "co-ordinator" referred to earlier (see Recommendations: section 6.2.1) leads this dialogue.**

- **We recommend that the LMSB forges a very close working relationship with Huddersfield University and the colleges.**

- **The Skills Co-ordinator will need to develop a range of collaborative initiatives aimed at raising school-age attainment.**

- **Furthermore, the LMSB needs to identify six key individuals who will take forward the following "task and finish" exercises over the next three months to identify key opportunities and actions:**

- **Funding;**
- **Apprenticeships and Train to Gain;**
- **Locality skills plans;**
- **Priority sectors and skills implications, focusing especially on:**
  - **Finance and Business Services (particularly Business to Business Skills)**
  - **Advanced Manufacturing (particularly in engineering skills);**
- **Dialogue with Leeds, Manchester and Sheffield City Region teams on Kirklees' priorities;**
- **Skills Delivery and Progression (including a focus on the role of informal/neighbourhood/1st rung learning in skills development).**

- **Progress in other priority sectors, including construction, the public sector, creative and digital, and green technologies will need to be tackled by further task and finish phases. Furthermore, all of the priority sectors will need to be reviewed on a regular basis, and will require sustained resources and investment.**

D. Value Added

- **Kirklees Council and the public sector in the District should show strong leadership in promoting and implementing this labour market and skills strategy in terms of its own workforce development.**

- **Kirklees needs to take a continued proactive approach to the EU, seeing Europe as an opportunity to raise the profile of the District, learn from good practice and access available funds. Kirklees should consider developing a network with European cities which have similar progressive and ambitious plans and this effort needs to be fully resourced.**

- **The District needs to take a proactive approach to dealing with regional and national agencies like Yorkshire Forward, the LSC (and its successor agencies) and the Sector Skills Councils. This includes regularly aligning Kirklees' strategic priorities with the stated aims and objectives of these partners.**

- **Kirklees should continue to stress the central importance of skills and human resource development within the context of its economic and social development plans and strategies.**

- **The proposed task forces could bring forward policies to ensure that access is spread throughout the District, and clearer policies are developed around centres of expertise and excellence.**

- **In terms of sustainable development, Kirklees Council and partners should continue to promote greener technologies, encourage and reward greener lifestyles, and advocate the development of excellence in:**
  - ❖ **Environmental technologies industries (skills);**
  - ❖ **Sustainable construction and brownfield skills;**
  - ❖ **Green business development opportunities.**

E. Localities

- **For the next three years, we recommend that two new Skills and Training Taskforces be set up under the auspices of the LMSB to co-ordinate the strategy and actions required to improve both youth and adult learning, qualifications and training. One taskforce should focus most intensely on Huddersfield, and the other on North Kirklees, especially Dewsbury and Batley. The key remit of these taskforces is to seek solutions to the skills needs of NEET groups and adults, particularly among the white working class, the BME population and other deprived and disadvantaged groups.**

- **The LSC (and its successor agencies) and Yorkshire Forward should be approached for financial support, and the taskforces should be chaired and coordinated by key private sector employers, with maximum participation by the key employers and BME entrepreneurs.**

- **The development of the seven Localities gives Kirklees the opportunity to develop localised interventions on labour market and skills, and to draw together a greater collaboration of local partners. The Board needs to allocate resources to develop labour market and skills action plans for each locality. Attention needs to be paid to the resource implications of this.**

- **The LMSB should pay particular attention to the development and implementation of an education and training action plan focused on deprived, underachieving and disadvantaged communities.**

- **Kirklees needs to develop bespoke and integrated labour market and skills interventions for major developments, such as the Queensgate Shopping Centre proposals in Huddersfield, and the development of the Kirklees Strategic Economic Zone.**

15 The “world of work” is undoubtedly changing rapidly, and the skills needed to fully participate are undergoing radical re-appraisal. The Leitch Review concluded that by 2020, at least 40% of all adults should possess a minimum of NVQ Level 4. For Kirklees this means up-skilling and additional 49,000 people by 2020 – a 9% increase on the 2007 level. We believe the successful implementation of the recommendations and key actions proposed in this report will go a long way to closing that gap and ensuring that the Kirklees labour market is sufficiently equipped for the challenges ahead.

CHAPTER ONE

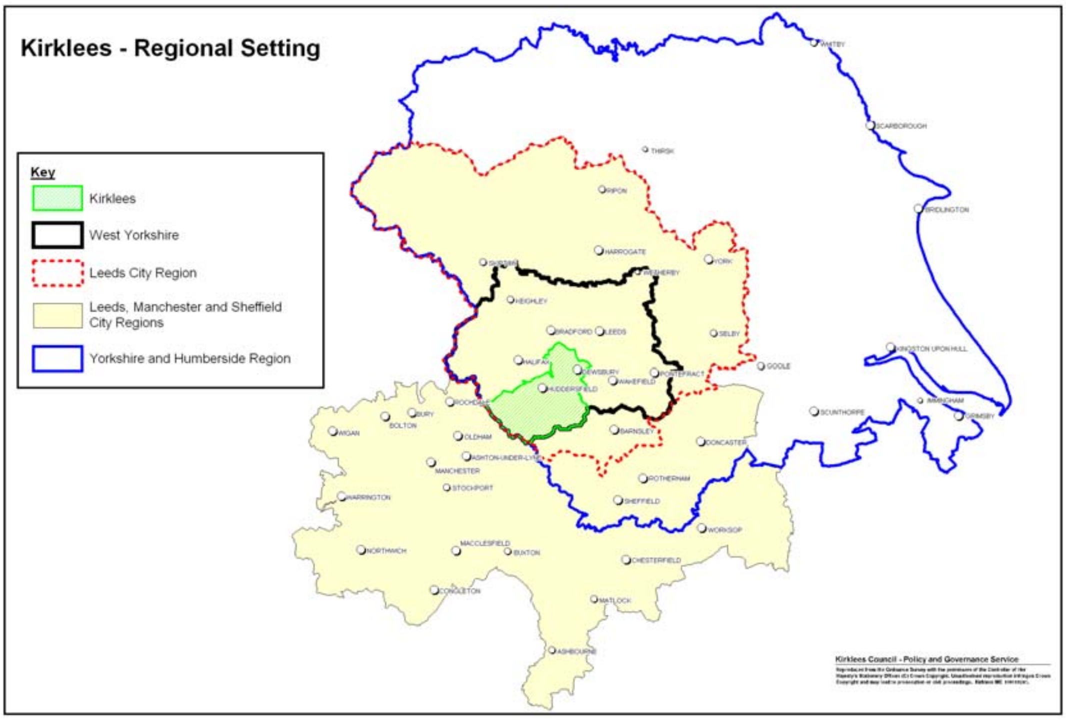
INTRODUCTION AND VISION

1.1 HISTORICAL BACKGROUND

Kirklees is located in the Pennines in the centre of England, and covers an area of 157 square miles or 40,860 hectares. Some 70% of its area is greenbelt land, and the district includes 4,574 ha of the Peak District National Park. The District is bounded by Calderdale, Bradford, Leeds, Wakefield and Barnsley in Yorkshire, High Peak in Derbyshire, and Oldham in Lancashire. Kirklees lies within the Leeds City Region, and adjacent to the Manchester City Region (Fig. 1.1).

Kirklees is a District/unitary authority in West Yorkshire; the administrative boundary is a modern one, established with the implementation of local government reorganisation in 1974. The District was formed by merging the county boroughs of Dewsbury and Huddersfield with the municipal boroughs of Batley and Spenborough and the urban districts of Colne Valley, Denby Dale, Heckmondwike, Holmfirth, Kirkburton, Meltham and Mirfield. The name of Kirklees was taken from the estate on the site of the former Kirklees Priory, a Cistercian nunnery with links to the Robin Hood legend, located between Huddersfield and Dewsbury.

Fig 1.1 Location of Kirklees in the Yorkshire and Humber Region



(Source: Kirklees Council)

Kirklees District's administrative centre is Huddersfield, which is the largest town in England without city status. Kirklees also encompasses the smaller towns of Batley, Birstall, Cleckheaton, Denby Dale, Dewsbury, Heckmondwike, Holmfirth, Huddersfield, Kirkburton, Marsden, Meltham, Mirfield and Slaithwaite. The Council has subdivided the District into seven localities for service delivery purposes: Batley, Birstall and Birkenshaw; Denby Dale and Kirkburton; Dewsbury and Mirfield; Huddersfield North; Huddersfield South; Spen; and The Valleys.

Most of the settlements of the District are old mill towns. The District's growth during the Industrial Revolution was based on the woollen textile industry, as well as on industries such as coalmining, and settlements were created or expanded to provide housing for the workers required. The construction of canals and railways enabled the commercial growth of these sectors. Huddersfield built its reputation on fine textiles and its woollen worsteds are still widely exported. Dewsbury, with Batley, Morley and Ossett, was noted for its "shoddy" industry, which involved the recycling of old woollen items. The wealth created in the 19th-century has left a legacy of fine Victorian architecture. Huddersfield has 1,660 listed buildings, the third highest number in the country.

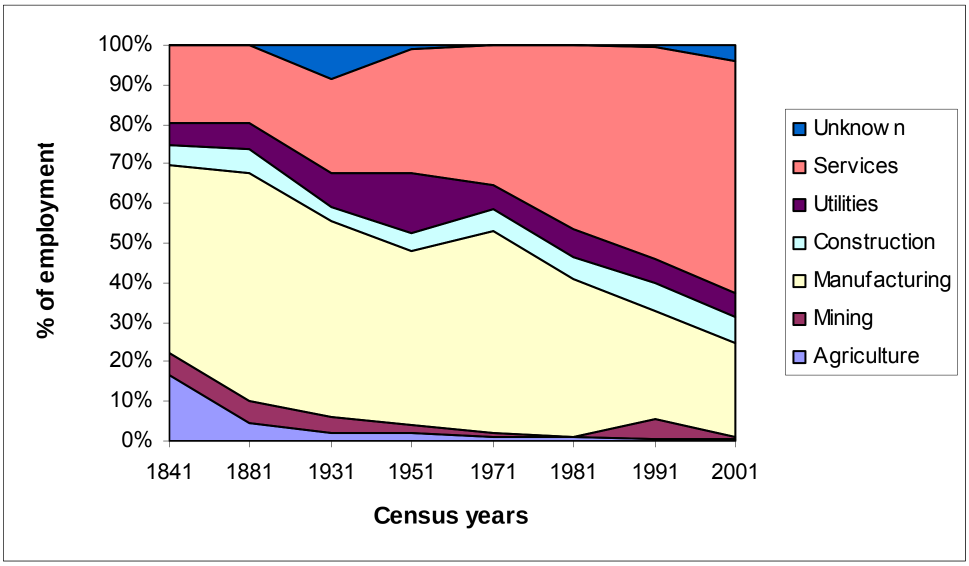
The industrialisation of this area of West Yorkshire in the 19th century is reflected in the population figures for the period. The District's population was estimated to be 398,200 in 2006 (Nomis), but in the 1801 Census the population was only 72,523. There was a dramatic increase in population in the 19th century, which saw a population increase of 356% to 330,805 by 1901.[1] There has been a less dramatic population increase of 17% over the 20th century, which in the latter part of the century was in large part due to immigration from Commonwealth countries, mainly from South Asia. Many of these new immigrants found employment in the declining textile industry.

The nature of employment has also changed over the past two centuries. Historical data from the censuses has been re-organised to the broad industrial categories used in the 2001 Census Key Statistics, and these are shown in Figure 1.2. In 1841 17% of all jobs were still in agriculture, 48% in manufacturing and 20% in service occupations. The proportion of employment in manufacturing peaked in the 1881 Census at 58%, but declined thereafter through the 20th century, with the exception of an upturn in 1971, since when it has decreased steadily to 24% in the 2001 Census. Employment in

[1] Data from the Census Parish Tables; source: www.visionofbritain.org.uk, the University of Portsmouth's Great Britain Historical GIS Project.

services, on the other hand, has steadily increased, from 20% of all jobs in the later 19th century to 36% in 1971, and 59% in 2001.

Fig. 1.2: Kirklees, Percentages of all Employment by Industrial Sector, 1841-2001



(Source: www.visionofbritain.org.uk; data are based on residence not place of work)

Over recent decades the industrial base of Kirklees has altered, as in other industrial areas. The last working remnant of the West Yorkshire coalmining industry is Hay Royds Colliery in South Kirklees, a small privately-owned drift mine. Many of the old textile mills have either been demolished or converted to other uses, and the industries that once supported the textile industry, such as chemicals and engineering, have contracted. The long-term decline of manufacturing and extractive industries has led in some areas to social decline and deprivation, which has been tackled in recent years by regeneration projects including the fostering of new and emerging industrial sectors such as creative and digital industries. The present economic state of the District is discussed in more detail in Chapter Three.

1.2 CONTEXT FOR THE KIRKLEES 2020 SKILLS STRATEGY

Kirklees Council commissioned the development of a labour market and skills strategy with a view to providing a broad overview of the Kirklees labour market, including skills issues, identifying key drivers of change, and addressing issues raised by forecasts of the medium and long-term economic future of the district. The Strategy is intended to be forward-looking and wide-ranging, considering skills, learning needs and provision, demographic changes, access to employment, and enterprise and entrepreneurship.

The aim of the strategy is to complement and enhance a range of other local and sub-regional initiatives. These include Kirklees Economic Development Service's Prospectus for Investment, the Kirklees Economic Assessment, Local Area Agreements (LAAs), the seven Locality Plans, the Sustainable Communities Strategy (which replaced the Community Strategy), the Local Development Framework (LDF), and Learning and Skills Council (LSC) West Yorkshire's forthcoming Skills Strategy for the District. The strategy will also make reference to wider regional and national policy documents, including the Yorkshire and Humber Regional Economic Strategy (RES) and the Leeds City Region Development Plan (LCRDP).

The strategy also aims to contribute to the four key ambitions of Kirklees Council and its partners to transform the District to become a place where:

- Diversity is a strength;
- It is a great place to be young;
- It is a beacon place for green living;
- There is a strong economy.

1.3 THE STRATEGY AND THE SKILLS VISION

In the UK, global economic forces and rapid change over recent years are serving to drive up skills requirements across the economy as a whole. In 2020 the Sector Skills Development Agency (SSDA) has estimated that over 40% of UK jobs will be at NVQ level 4 (degree equivalent) and above. To be successful in 2020, therefore, it is important that this Kirklees 2020 Skills Strategy is, firstly, sufficiently ambitious and far-reaching enough to motivate individuals and local institutions to raise their aspirations in the short term, and to take action to improve long-term prospects that will in turn promote the economic and social development of Kirklees.

Secondly, it should not be another isolated 'strategy', in that the 2020 Skills Strategy needs to dovetail skills and employment issues within the wider framework of local economic and social regeneration.

Thirdly, it must not be insular in so far as what happens in surrounding districts and the region are important influences; indeed, in reality the way labour markets work is to pay little regard to discrete spatial boundaries. Kirklees has to think through its strategy not only in the context of developments in the Leeds City Region, it must also orientate itself to the adjacent Sheffield and Manchester City Region plans, and think through its "place" and role in the wider regional and national picture.

The agreed 2020 skills vision for Kirklees is one of: "*Nurturing, encouraging, challenging and developing the skills and aspirations of all Kirklees residents to meet the requirements of the 21st century in the District and city region. Providing opportunity for all to up-skill and improve productivity. Seeking to realise a shared ambition to inspire creativity and fully exploit our diversity within a green economy*".

Hence the Kirklees 2020 Labour Market and Skills Strategy will operate within a framework of, and link with, policies, plans and external forces which will influence change in Kirklees in the next twelve years. Many of these policy drivers will be relatively new and untested; their impact is yet to be fully felt. Chapter Two discusses the key policies that will impact on the 2020 Skills Strategy, either directly or indirectly. For example, April 2008 saw the launch of the UK Commission for Employment and Skills, which will play a critical part in securing for the UK world class skills for 2020 and which has the aspirations of an 80% employment rate. This report shows the Kirklees commitment to this debate and the new policy agenda.

Chapter Three sets out the major changes to the local economy since 2000 which require reflection, action and response. Chapter Four presents new projections and forecasts and seeks to offer a view of future demand, based on the Cambridge Econometrics forecasting model and trends to 2020. Local institutions need to respond to such forecasts in order to meet changing knowledge and skills requirements. Chapter Five discusses the integrated strategy and presents the key ambitions, and Chapter Six draws conclusions and makes recommendations. In Chapter seven we propose a set of key actions with the aim of responding to employers' and the educational sector's needs across key parts of the local and regional economy.

CHAPTER TWO

POLICY AND ECONOMIC CONTEXT

2.1 INTRODUCTION

Policies for economic development, employment and skills systems for the UK are changing in response to global developments and trends, as recently outlined in a Cabinet Office Strategy Unit discussion paper, *Realising Britain's Potential* (Strategy Unit 2008). This paper provides a comprehensive assessment of the long-term challenges and opportunities faced by the UK, covering demography, society and communities, economics, public services, democracy and climate change. It points out that by 2020 China and India will be the second and sixth largest economies respectively, and that 40% of the world's labour force will be in these two countries. Increasing effects of climate change and pressure on global resources are also highlighted. These factors will increase the competitive pressures faced by the UK, which will need to move increasingly into high value added manufacturing and services, and promote new technologies and innovation. The paper cites the creative industries and financial services as examples of industries where Britain is well placed to succeed over the next decade. The increasing competition means that the UK will require a more highly skilled and creative workforce, and will need to continue improving the skills of its population at all levels.

The Government's intention is that our systems should be more responsive, reliable and high performing for this changing global competition which we will experience in the years ahead. Local authorities, for example, are to assume greater powers for economic development and will gain a say in employment and skills policies, and thus need to work in concert with employers and the voluntary and community sector to deliver successfully.

2.2 EUROPEAN EMPLOYMENT POLICY

The Spring 2000 European Council reiterated the need for a more effective and comprehensive implementation of the European Employment Strategy, particularly by emphasising education and skills, flexibility in the labour market (i.e. flexicurity), mobility, and a life-cycle approach to labour force participation. The need for adaptable labour markets means that the revised Lisbon Strategy and the subsequent Integrated Guidelines for Growth and Jobs (2005-2008) place a strong emphasis on the need to invest more in human capital through better education and skills.

The European Social Fund (ESF) Programme for England for 2007-2013 allocates new Regional ESF Frameworks targeted through Regional Skills Partnerships and informs ESF Co-Financing organisations on plans for 2007-2010. ESF funds are available through both open and competitive tendering, and the new ESF Programmes promote:

- Equal opportunities and gender equality;
- Sustainable development.

Kirklees received EU funding from 2001-2006 from the EQUAL Community Initiative to test and promote new ways of tackling discrimination in the workplace and to work with European partners.

2.3 NATIONAL POLICY DRIVERS

2.3.1 HM Treasury Review of Sub-National Economic Development and Regeneration (SNR)

At a national level a significant policy driver is the July 2007 HM Treasury review of sub-national economic development and regeneration (‘SNR’; HM Treasury 2007b). The review was set up in March 2006 to examine ways of reducing regional economic inequalities; its report was published in July 2007. The report argues that the diversity of the UK economy means regions and localities will be affected in different ways as globalisation and technological innovations change the economic base. Increased specialisation may be required so that regions with clusters of high value-added, knowledge-intensive manufacturing and services, such as business, legal, creative and financial services, can gain from shifting comparative advantage. Similarly, regions with sectors that are early adopters of new environmental technologies and resource efficiencies are also likely to gain. Regions need to be more innovative and more aware of their unique local and regional strategies.

The SNR proposes new streamlined regional government, with the phasing out of Regional Assemblies from 2010. In essence the SNR empowers all local authorities to promote economic development and neighbourhood renewal, with greater flexibility, stronger partnership working and cooperation from other agencies. This implies Councils will take a lead role in their area, creating a consensus for growth by working with local strategic partnerships (LSPs) and developing local area agreements (LAAs). Regional Development Agencies (RDAs) are to be given a stronger focus on driving economic growth but are expected to devolve responsibility for policy development and spending to Councils, city regions and sub-regions. The new single integrated regional strategy coordinating jobs, economic growth, housing, planning and environmental objectives will replace the current mass of overlapping strategies. The SNR, in 2008, is the start of a process to unravel a multitude of economic development and regeneration structures and initiatives that have been created during the past decade with little real attempt at coordination. Moreover, it also means that economic development is a key theme for regeneration, influencing the outcome of the Comprehensive Spending Review and developments for the 2008-2011 period.

Implementing the SNR

Taking Forward the SNR

Work is currently taking place on implementing the various strands of the SNR. In December 2007 the Department for Communities and Local Government (CLG), together with the Department for Business, Enterprise and Regulatory Reform (BERR), published a paper setting out progress to date, *Taking Forward the Review of Sub-National Economic Development and Regeneration* (CLG and BERR 2007), in advance of the full consultation document which was published in March 2008 (see below).

Progress so far on implementing the SNR includes the following, some measures being incorporated in the Government's *2007 Pre-Budget Report and Comprehensive Spending Review* (HM Treasury 2007a):

- A concordat governing the relations between central and local government;
- A White Paper proposing the introduction of new powers for local authorities in England to raise and retain local supplements to the national business rate in order to fund projects to promote economic development;
- Legislation included in the Planning Bill for a new Community Infrastructure Levy to empower local councils to apply levies on new developments to support infrastructure delivery;
- Reform of local authority business growth incentives (LABGI) with an issues paper seeking views on how LABGI could further strengthen the incentive for local authorities to take a stake in the economic well-being of their areas;
- A new £1.5bn Working Neighbourhoods Fund to be paid as part of Communities and Local Government's contribution to the new Area Based Grant; this replaces the existing Neighbourhood Renewal Fund and will help to break the cycle between worklessness and lack of economic growth;
- A new local government performance framework, developed as part of the Comprehensive Spending Review, that will allow key outcomes to be monitored while giving more freedom to local leadership;

- Announcement of the 13 sub-regions that are working towards establishing a Multi-Area Agreement (MAA) by June 2008 (these include the Leeds City Region);
- Publication of the Local Transport Bill, which will allow the boundaries of Passenger Transport Authorities (PTAs) to be extended and for PTAs to take on more powers allowing a more integrated approach to transport management at the sub-regional level;
- Announcement that the Train to Gain skills brokerage service will be merged with Business Link by April 2009;
- Appointment of Regional Ministers for each of the nine English Regions;
- Announcement in the Governance of Britain Green Paper that the Government will work with Parliament to agree the best way of enhancing the Parliamentary scrutiny of regional constitutions and regional economic policy.

A number of the most significant reforms announced in the SNR will require primary legislation, and the Government is working towards this legislation:

- To designate RDAs (outside London) as regional planning bodies;
- To set out the principles underpinning the new regional strategy;
- To facilitate greater delegation of funding and responsibility from RDAs to sub-regional bodies and local authorities;
- To change the scrutiny and accountability arrangements for RDAs;
- Subject to consultation, to introduce a new duty on local authorities to assess their local economies;
- To enable local authorities to establish statutory sub-regional economic development authorities that enable pooling of economic development resources and responsibilities;
- To devolve funding of 14-19 education from the Learning and Skills Council (LSC) to local authorities.

Prosperous Places: SNR Consultation

In March 2008 the Government published the final consultation document on the SNR, *Prosperous Places: Taking Forward the Review of Sub-National Economic Development and Regeneration* (CLG and BERR 2008). The consultation on this document runs until June 2008.

The reforms set out in the SNR are intended to enable regional, sub-regional and local partners to tailor solutions to their specific problems, making best use of available talent and opportunities, and to ensure that decisions are taken at the right level to be effective. The proposed reforms would:

- streamline the regional tier, introducing integrated strategies and giving the RDAs lead responsibility for regional planning;
- strengthen the local authority role in economic development, including a new statutory duty to assess local economic conditions;
- support collaboration by local authorities across economic areas.

Under proposed new legislation, upper tier and unitary local authorities would be given a duty to assess the economic conditions of their area, including employment and skills needs, and the infrastructure needed to support sustainable economic growth, including housing and transport investment. Local authorities and the RDAs would use these assessments as the basis for regional strategies covering housing, skills, transport and regeneration, to encourage greater economic growth but within the low-carbon agenda. RDAs will lead the development of the strategies and be responsible for agreeing the draft with local authorities. The Government is considering whether it should also require the development of delivery plans setting out actions and investment priorities, and the nature of accountability arrangements for such plans.

The suggested timescale is that the first economic assessments would be undertaken to inform local strategies and local area agreement targets for 2011/2012, and to contribute to the development of the first regional strategies. The new duty is likely to result in additional costs to local authorities, which will be assessed and met in line with the Government's new burdens principles.

Building on those areas where local authorities are developing Multi-Area Agreements, the legislation would also give statutory backing to voluntary arrangements between local authorities at the request of sub-regions, if these are cost-effective and improve accountability. The Government believes that the focus for new sub-regional arrangements should be economic development, although it is prepared to consider a wider range of functions.

To improve the accountability of RDAs, they will be answerable to new regional forums of local authority leaders, following the phasing-out of the regional assemblies, and also to Parliamentary Select Committees for the regions.

2.3.2 The Leitch Review of Skills

Among national studies, the Leitch Review of Skills is most important for this report. It sets an ambitious vision that the UK must become a world leader in skills by 2020, believing skills to be the most important lever within our control to create wealth and reduce social deprivation (HM Treasury 2006).

The report evaluates the UK's long-term skills needs and concludes a doubling of attainment is needed at most levels. However, the prize is a more prosperous and fairer society and a potential net benefit estimated at £80 billion over 30 years. The following principles underpin delivery of the ambition:

- *Shared responsibility.* Employers, individuals and the Government must increase action and investment;
- *Focus on economically valuable skills.* Skill developments must provide real returns and skills should be portable to deliver labour market mobility;
- *Demand-led skills*. The skills system must meet the needs of individuals and employers;
- *Adapt and respond.* Future demand is difficult to predict so the skills framework must be adaptive and responsive to future market needs;
- *Build on existing structures.* Continuity is important, so improvements rather than new structures are needed.

The main recommendations of the Leitch Review are:

- *Increase adult skills across all levels.* Additional annual investment in skills up to Level 3 will need to rise to £1.5-2 billion by 2020*;*
- *Route all public funding for adult vocational skills in England, apart from community learning, through Train to Gain and Learner Accounts by 2010;*
- *Strengthen the employer voice.* This involves rationalisation of existing bodies and articulating employer views via the new UK Commission for Employment and Skills from April 2008;
- *Increase employer engagement and investment in skills.* Reform, re-license and empower Sector Skills Councils (SSC) and only allow public funding for vocational qualifications where the content has been approved by the SSCs. Expand skills brokerage services for both small and large employers;
- *Launch a new 'Pledge' for employers to voluntarily commit to train all eligible employees up to Level 2 in the workplace.* Review progress in 2010 and if

insufficient introduce a statutory entitlement*;*

- *Increase employer investment in Level 3 and 4 qualifications in the workplace.* Extend Train to Gain to higher levels. Dramatically increase Apprenticeship volumes. Improve engagement between employers and Universities. Increase co-funded workplace degrees. Increase focus on Level 3 and above skills;
- *Create a new integrated employment and skills service.* This is to be based on existing structures to increase sustainable employment and progression. Launch a new programme to improve basic skills for those out of work. Develop a network of employer-led Employment and Skills Boards to influence delivery.
- *Increase people's aspirations and awareness of the value of skills to them and their families.* Create high profile, sustained awareness programmes. Rationalise existing fragmented 'information silos' and develop a new universal adult careers service under the Learn Direct branding.

It is anticipated that these recommendations will have a major impact in the UK from 2008. For example:

- *All individuals* will become more aware of the value of skills developments and easier access to opportunities;
- *Workless people* will have a better chance of finding work via more effective diagnosis of their skills needs and greater support to obtain sustainable work;
- *Low-skilled workers* will have more opportunities to gain a full Level 2 qualification and basic skills in the workplace via Train to Gain and more control over learning via their Learner Accounts;
- *Skilled workers* will have more opportunities for workplace development via Apprenticeships, degrees, management and leadership programmes;
- *Employers, especially small firms,* will have easier access to relevant training for their employees with benefits for management skills, competitiveness and productivity;
- *Employers* will have more influences over skills strategy within a simpler system, advice and incentives to invest;
- *UK society* will gain as skills deficiencies reduce.

The Leitch Review is of particular relevance to the medium-term and long-term challenges in districts like Kirklees, where skills issues and worklessness can be significant barriers.

Implementing the Leitch Review

The UK Government has responded to the Leitch Review with the publication in July 2007 of *World Class Skills: Implementing the Leitch Review* (DIUS 2007). In this paper, the Government has committed itself to the ambition of becoming a world leader in skills by 2020. For England, it means that by 2020 the country would need:

- 95% of adults to have the basic skills of functional literacy and numeracy;
- More than 90% of adults to have gained at least a level 2 qualification (equivalent to 5 GCSEs at A*-C grade), with a commitment to achieve 95%;
- To shift the balance of intermediate skills from level 2 to level 3 (equivalent to 2 A-levels), with 1.9 million more people achieving level 3 by 2020;
- To deliver England's share of the UK ambition to have 500,000 people a year in apprenticeships;
- More than 40% of all adults to have a higher education qualification (at level 4 and above).

The Government is to increase substantially the proportion of public funding for adult training that is 'demand-led'. Train to Gain employer training funds will increase to more than £650 million in 2008/09 and more than £900 million in 2010/11. In return for this increased level of investment, there is an expectation that individuals and employers will take much more responsibility for improving their own skill sets and qualifications.

DIUS and DWP will work together to create a joined-up employment and skills system. The information and advice services of learndirect and nextstep providers are to be merged into a new universal adult careers service in England, working in partnership with Jobcentre Plus. The new careers service will ensure that everyone is able to access the help and support they need to advance themselves and achieve their full potential. Flexible training will be offered in a way that can be combined with job searching and continued alongside work. Train to Gain brokerage and employer training funds will play an important part in supporting this objective. New 'Skills Accounts' will give individuals greater ownership and choice over their learning.

The UK Commission for Employment and Skills

The Government has also established the new UK Commission for Employment and Skills, which commenced work in April 2008, incorporating many of the roles of the SSDA, the Skills Alliance in England and the National Employment Panel, which have now closed. The Commission will ensure that the employment and skills system is delivering the services that employers and individuals need. The Commission will play a key role in securing the UK ambitions of achieving a world class profile in skills by 2020 and the aspiration of an 80% employment rate.

The Commission will:

- Advise Ministers on the strategy, targets and policies needed to increase employment and skills rates;
- Monitor the contribution that each part of the employment and skills system makes to sustained employment and career progression, challenging performance and recommending improvements in policy and delivery;
- Ensure that employment and skills services in England are integrated, and are meeting the needs of individuals and employers, and will report to the Government in 2010 on whether further institutional change is required;
- Have responsibility for the performance of Sector Skills Councils (SSCs), advising Ministers on re-licensing.

The Commission will research, request evidence, identify emerging issues and promote new approaches that may influence the aspiration of an 80% employment rate and the Leitch target for skills. It will report to the highest levels of Government and publish an annual report on the state of the UK employment and skills system, at all levels from basic literacy and numeracy skills to the highest skills delivered in Higher Education. Given its pivotal position, the UK Commission will develop strong relationships with employers, trade unions, Jobcentre Plus, and the skills and higher education funding bodies in England, Wales, Scotland and Northern Ireland.

The Education and Skills Bill

Further changes to the current systems of education and training in response to the Leitch Review include the new Education and Skills Bill, which was introduced into the House of Commons in November 2007 and is currently in progress through the House. The new Education and Skills Bill, which follows the Green Paper *Raising Expectations* published in March 2007 (DfES 2007; DCSF 2007), aims to increase participation in learning for young people and adults. For the first time in over 30 years, the education leaving age will be raised and young people will stay on in education or training until the age of 18, with appropriate support where necessary; and adults will be given a second change to gain the skills they need. The key provisions of the Bill are to:

- Raise the age young people stay in education or training, with a duty on young people to participate and on parents to assist with this;

- Establish a duty for employers to release young people for the equivalent of one day a week to undertake training elsewhere, where there is no in-house training;
- Introduce a duty for local authorities to ensure that young people participate, and to provide the support service Connexions;
- Require local authorities to assess the education and training needs of young people aged 16-19 with special educational needs;
- Require the LSC to secure the proper provision of courses for learners over the age of 19.

Qualifications Reform

In March 2008 the Government published its strategy for 14-19 qualifications, *Promoting Achievement, Valuing Success* (DCSF 2008). This paper makes proposals for achieving the vision set out in the 2005 14-19 Education and Skills White Paper, for a reformed curriculum and qualifications system. *Promoting Achievement, Valuing Success* is open for consultation until June 2008.

There are two key parts to the strategy:

- a new process for deciding which qualifications may be publicly funded in England, where qualifications outside the main pathways are funded only for as long as they meet the needs of a group of learners, employers or universities better than any within the main pathways can do;
- the continued development and refinement of the four key pathways (Diplomas, reformed GCSEs and A-levels, Apprenticeships, and the Foundation Learning Tier) to bring into these frameworks the best of what exists outside, to meet the needs of all learners.

There are to be new criteria against which to assess which qualifications can be taken by students in the maintained sector. In practice, these criteria will mean that free-standing qualifications will cease to be funded if there are nationally available qualifications within the national suites which can equally and demonstrably meet the needs of young people, employers, universities and wider society. A new external body, the Joint Advisory Committee for Qualifications Approval, will advise the Secretary of State on whether qualifications meet these criteria.

Successfully developing and delivering the Diploma programme, to tackle the historic divide between academic and vocational learning, will be central to the future qualification offer. To ensure that Diplomas offer the full range of choice to all young people, the flexibility of the Diploma system will be used to bring the best of existing qualifications, such as BTECs and City and Guilds awards, into the Diploma structure. Extended Diplomas are to be introduced at each level, and three new Diplomas in Science, Humanities and Languages are to be introduced from 2011. Entitlement to all 17 Diplomas will be introduced for 16-18 year-old learners from 2013, and in 2013 the Government will consider whether the entitlement should be extended in this way for 14 to 16-year-olds.

For GCSEs, new GCSEs will ensure that content is up-to-date, and young people in England will need to achieve functional skills at level 2 before they can be awarded an A*-C grade at GCSE in English, mathematics and ICT. For A-levels, changes will ensure that assessment places even more emphasis on deep learning and the ability to make connections across a subject. At the same time the burden of assessment is to be reduced, with the introduction of Extended Projects from September 2008.

To ensure that the qualification offer available to young people is simple and deliverable, options that duplicate and add complexity will be removed. Once Diplomas are available across the country from 2013, for example, Applied A-levels will no longer be needed. There will be a first full review in 2013 to consider how Diplomas, GCSEs and A-levels, and any other general publicly funded qualifications at that point, are combining to meet the needs of young people, employers and universities.

Securing more Apprenticeship places is a key priority to ensure that more young people are participating in post-16 education or training. It is to be made easier for learning achieved through an Apprenticeship to count towards a Diploma (and vice versa), with resulting benefits for learner transition and progression routes.

The Foundation Learning Tier will be crucial, providing for the first time clear routes (Progression Pathways) for young people working below level 2 to achieve combinations of qualifications at Entry level and level 1 that will prepare them fully for level 2 and beyond. The Foundation Learning Tier will be piloted from September 2008.

A clear and transparent qualifications framework is key to enabling all qualifications to be well understood. Moving to a single credit-based framework for all 14-19 qualifications could have significant benefits, supporting progression from one route to another and into adult learning. More detailed proposals will be put forward on how to move 14-19 qualifications onto a credit-based framework, with a view to completing this by 2013. The new independent regulator (the Office of the Qualifications and Examinations Regulator, to be known as Ofqual) will have a key role to play in relation to 14-19 qualifications, ensuring that standards are maintained and that different qualifications are easily comparable.

The Apprenticeship Review

To complement the Education and Skills Bill, and in response to the Leitch Review's aspirations for 400,000 apprentices in England by 2020, in January 2008 the Government published its 'Apprenticeship Review', *World-Class Apprenticeships: Strategy for the Future of Apprenticeships in England* (DIUS and DCSF 2008), which sets out an ambitious plan to expand and strengthen apprenticeships, and to make them a mainstream option for young people. The aim is to ensure that by 2013 apprenticeship places will be available for all suitably qualified young people, in the expectation that within a decade one in five young people will be undertaking an apprenticeship; there is also to be significant growth in apprenticeships for older people. Further measures proposed are:

- A new National Apprenticeship Service to lead the development of the apprenticeship programme, a service which will commence work in April 2009 and will in the first instance be housed within the LSC;
- Action to make it easier for employers to improve the range of apprenticeships by, for example, enabling them to include their own accredited qualifications;
- A pilot wage subsidy programme for small businesses, to encourage them to offer high quality apprenticeship places;
- A new drive to increase apprenticeships in the public sector, setting targets in key areas;
- A task force to improve the take-up of apprenticeships in London, where there is a current shortfall;
- Use of the public procurement process to encourage companies to offer apprenticeships.

Raising Expectations White Paper

In March 2008 the Government followed the proposal to devolve funding from the LSC to local authorities, put forward as part of implementing the SNR, with a White Paper, *Raising Expectations: Enabling the System to Deliver* (DCSF and DIUS 2008). This paper indicates the Government's intention to dissolve the LSC by 2010, and to transfer £7 billion to local authorities to help colleges and sixth forms deliver the reforms needed to raise the age for leaving education and training to 18. This is of particular relevance to Kirklees Council, as it will then bear the responsibility for expenditure on education for those just entering or about to enter the labour market. Local authorities will be responsible for offering all young people in their area a full menu of choices, with the new Diplomas and Apprenticeships alongside GCSEs and A-Levels. The *Raising Expectations* White Paper is open for consultation until June 2008.

The four key points of the Government's approach to learning for 14-19 year-olds as outlined in the White Paper are:

- Local authorities will be responsible for providing a place in learning for every young person through strategic commissioning;
- Local authorities will cluster together in sub-regional groupings reflecting travel-to-learn patterns to commission provision for young people across the wider local area;
- This will be supplemented by a national Young People's Learning Agency, which will have responsibilities for budgetary control and for securing coherence in the event that agreement cannot be reached locally;
- There should be progressive devolution of power and authority to the sub-regional level as the collaborative arrangements become stronger, successful and more formal.

It will be incumbent upon local authorities to estimate supply and demand for different forms of provision for 16-18-year-olds, and to decide where to commission more provision, where to expand the best provision to fill gaps, and where to remove the least effective provision. Local authorities will be responsible for making the new entitlements available in full to all young people at the highest possible standard, and will produce commissioning plans for young people's learning as part of their Children and Young People's Plans. Local authorities will also have powers to lead more significant reorganisations of 16-18 provision where this is necessary.

When commissioning plans are agreed, they will provide the basis for funding allocation, and funding will follow the learner's choice. Local authorities will be funded according to the institutions which are in their area, and not according to where young people live. Providers such as FE colleges may draw students from many local authority areas, so local authorities will need to work together to develop and implement plans, and to form sub-regional groups to commission provision.

With regard to apprenticeships, local demand will be identified by each local authority, aggregated within the region, and agreed with the National Apprenticeship Service which will then provide the necessary apprenticeship places (through contracting with employers and training providers). Funding will be transferred to the National Apprenticeship Service at national level. Similarly, for specialist and third sector organisations that operate at a national and regional level, there should be a single contract covering all these operations in a region, drawn up by the Young People's Learning Agency on the basis of aggregated demand from local authorities.

Local authorities will come together as a regional planning group for each Government Office region, to consider and agree the overall commissioning plan for the region. Regional Development Agencies will co-chair these groups, which will be convened by the Young People's Learning Agency and include representatives from the Government Office and the adult Skills Funding Agency.

Local authorities will also be primarily responsible for planning and funding of provision for learners with learning difficulties and/or disabilities, who have an entitlement to education or training up to the age of 25, and for the education and training of young people in juvenile custody.

National Government will continue to have a role in managing the strategic direction of the system, maintaining the national funding formula, setting expectations and providing the necessary resources. The main mechanism to hold local authorities to account for 14-19 provision will be the new performance framework set out in the *Strong and Prosperous Communities* White Paper (CLG 2006).

Ready to Work, Skilled for Work

The Government has also published a joint command paper, *Ready to Work, Skilled for Work: Unlocking Britain's Talent* (DWP and DIUS 2008), which sets out how Government intends to work with business and employers to raise the skills of the workforce. It concentrates on three key elements:

- How employers are driving strategic change in the employment and skills infrastructure, to ensure that it provides simplified support and delivers the required skills;
- How simplified and demand-led government support can help firms to recruit and train staff in a way that meets their needs;
- How businesses can cooperate with partners to tackle the most entrenched local problems.

2.3.3 The Freud Report on Welfare Reform

The Freud Report, published in March 2007, focused on a major review of the welfare system, charting progress in labour market policy and praising recent performance and the challenging 80% employment rate target set by Government (Freud 2007). However, it argued that if this target is to be achieved, further large-scale reform of welfare provision, particularly the active labour market policy aspect, is needed. The report confirms the emphasis put forward in the Leitch Review on making the links between addressing low skills and future economic competitiveness and also goes further to identify the strong linkages that are often present between low skills and a range of other complex barriers to work, such as drug and alcohol dependency, homelessness and criminal behaviour. The main recommendations are:

- Greater use of private and voluntary sector resources and expertise to provide ‘harder to help’ (12 months or more) benefit claimants with more employment support;
- A focus on long-term mentoring to tackle the problem of repeat benefit claimants helping to keep them in work and encourage progression to higher paid jobs;
- Greater rewards for organisations who are successful in helping claimants to find and stay in work;
- Greater personalisation of employment support, with higher financial incentives for organisations to target resources at the hardest to help who need more support before they are ready to return to work;
- Rebalancing of rights and responsibilities and simplification of the welfare system – matching increased support with greater obligations on claimants to look for work.

Implementing the Freud Report

In response to the Freud Report, in July 2007 the Government published a Green Paper, *In Work, Better Off*, which set out proposals to deliver major changes in the support offered to the most disadvantaged people in the labour market, with the goal of “full employment in our generation” (DWP 2007b). At the heart of this is a new ‘jobs pledge’, building on the Local Employment Partnerships announced in the 2007 Budget, and aiming for major employers to offer a quarter of a million job opportunities to the long-term out-of-work. Other key proposals include:

- A new social contract with lone parents which expects an eventual move into the labour market in return for the necessary personalised support;
- A more personalised, flexible and responsive New Deal, tailored to the individual;
- An integrated skills and employment agenda.

Consultation on this Green Paper took place between July and October 2007, and resulted in the publication in December 2007 of *Ready for Work: Full Employment in Our Generation*, outlining the welfare reform the Government will implement in order to reach the long-term goals of an 80% employment rate and world class skills (DWP 2007c). Its aim is to ensure that workless people have access to efficient, modern, personalised support, and that recipients of benefits will become active participants rather than passive beneficiaries, seeking work and improving their skills. It proposes a flexible New Deal to provide personalised back-to-work support to the long-term unemployed, supported by an improved Jobseeker's Allowance regime offering more support to people the longer they are unemployed. These proposals are also supported by a separately published evidence paper on a flexible New Deal (DWP 2007a).

Other measures to reform the welfare system which will take effect in 2008 include the Welfare Reform Act 2007, which received Royal Assent on 3 May. This Act brought into law a number of measures, including the reform of incapacity benefits by:

- The introduction of a new Employment and Support Allowance in 2008 to replace Incapacity Benefit and Income Support based on incapacity or disability;
- The introduction of a new Personal Capability Assessment to assess an individual's entitlement and the possible support needed to get back into work.

2.3.4 The Third Sector Review

The Third Sector Review is one of a series of detailed policy reviews informing the 2007 Comprehensive Spending Review (HM Treasury 2007a). Published in July 2007, the Review identified four major areas of common interest between the sector and Government:

- Enabling greater voice and campaigning;
- Strengthening communities;
- Transforming public services;
- Encouraging social enterprise.

The Third Sector Review (HM Treasury and Cabinet Office 2007) sets out a series of measures to build the partnership with the sector. These are:

- A new focus on enabling the third sector's role in campaigning and voice activity, including investment in innovative consultation approaches and better using the Compact to protect the right of organisations to campaign;

- A new £50m local endowment match fund enabling local independent foundations to develop community endowments to provide sustainability in future grant making, building on the £80 million small grants programme for community action and voice announced in Budget 2007;
- At least £10 million of new investment in community anchor organisations and community asset and enterprise development, building on the £30 million Community Assets Fund announced in the 2006 Pre-Budget Report;
- £117m of new resources for youth volunteering, building on the work of **v**, alongside other volunteering programmes;
- Building capacity of third sector organisations to improve public services, through the Futurebuilders Fund, training for public sector Commissioners and work to build the evidence on opportunities for the third sector;
- Additional investment to raise awareness of the social enterprise business model and support for Government Departments to investigate areas for social enterprise delivery;
- Better mechanisms to drive best practice in funding the third sector, including in the expectation that when Government Departments and their agencies receive their 2008-11 budgets, they will pass on that three year funding to third sector organisations that they fund, as the norm;
- A new programme to build the third sector evidence base, including a new national research centre;
- A new third sector skills strategy;
- Over £85 million of new investment for third sector infrastructure development through Capacitybuilders, with new programmes on voice and campaigning, social enterprise and a focus on reaching down to the smallest community groups;
- Continued focus on the Compact as a means to build the relationship between the third sector and all levels of Government.

The Third Sector Review also set out measures for how the Office of the Third Sector will strengthen its advisory structures, by committing to fund the strategic partner programme into the 2007 Comprehensive Spending Review years (2008–2011), and by creating a single, streamlined advisory body. April 2008 will see the establishment of this new advisory structure which will replace the three advisory structures currently operating. Following consultation, the Minister for the Third Sector has decided that this will be set up as an advisory non-departmental public body, with up to 12 individual members and one Chair, placed on the body as public appointments.

The findings and measures outlined in this Review will shape the third sector greatly in the short to medium-term. Organisations operating within the sector in Kirklees will have to be fully prepared to take advantage of available opportunities.

2.4 REGIONAL AND SUB-REGIONAL POLICY INFLUENCES

The implementation of the SNR should enhance the role of RDAs, city regions and local authorities in economic development. The existing regional and sub-regional framework already exerts an important influence over Kirklees, especially the emerging city region programme.

2.4.1 The Northern Way Growth Strategy

The recent regional context for economic development stems from the Northern Way Growth Strategy launched in September 2004 in recognition of the growing North-South income disparity (Northern Way Steering Group 2004). Developed with the three northern RDAs (NWDA, Yorkshire Forward and One NorthEast), it is based on adding value via pan-regional working building on the North's combined assets and networks, for example, the Northern Way Transport Compact. A set of 'Investment Priorities' contributes to closing the productivity gap by addressing the challenges facing the North. Among those pertinent to the labour market are:

- Bringing more people into work;
- Driving innovation;
- Building entrepreneurship;
- Meeting employers' skills needs.

This long-term strategy links with the individual Regional Economic Strategies of the Regional Development Agencies (RDAs), and also brings into play the concept of the eight Northern city regions, recognising that the key assets in the North lie in the major cities and in the areas of influence surrounding those cities. Between them the eight city regions of the Northern Way area contain 90% of the North's population and over 90% of its wealth creation.

The Northern Way has recently outlined its research and policy development programme for the next three years (Northern Way 2008a), which aims to develop a comprehensive evidence base about the economy of the North of England to influence policy-makers and improve the economic performance of the North. This builds upon work commissioned in 2007, which found that economic growth in the North has become increasingly dependent on key cities and city regions, although growth has been unevenly focused on "the largest, most diverse, and best connected places" (Northern Way 2008b). High value added activities have been drawn into cities as a result of agglomeration. The leading city regions in the North in terms of economic growth are Manchester and Leeds.

2.4.2 Yorkshire Forward and the Regional Economic Strategy

Yorkshire Forward, the regional RDA, is responsible for the Regional Economic Strategy (RES) for Yorkshire and The Humber (Yorkshire Forward 2006). The RES provides a shared vision for the long-term development of the region's economy to enhance its competitiveness and improve the regional evidence base. The Yorkshire and Humber Regional Economic Strategy 2006-2015 has six objectives to address the aims of business, people and environment:

- More businesses;
- Competitive businesses, innovation and productivity;
- Skilled people;
- Connect people to good jobs, especially in deprived areas;
- Enhanced transport, infrastructure and the environment;
- Stronger cities, towns and rural communities.

In turn these objectives link to other strategies, such as those pertaining to regional skills and transport.

Yorkshire Forward's Corporate Plan 2007-10 establishes five objectives which will guide the work of the agency. These corporate objectives are:

- Championing the delivery of the RES
- Helping people access good jobs, skills and transport
- Helping businesses to start-up, grow and compete through innovation
- Regenerating cities, towns and rural communities
- Improving Yorkshire Forward's capacity to help deliver the RES

The seven-year review of the RDA identified the need for the RDA to move to a programme approach. This implies a move to policy product ranges and geographic programmes rather than a predominantly project focus.

The RDAs' current basket of 12 public service agreements and 10 output targets will be replaced by a single over-arching growth objective that aims to increase regional gross value added per head. The RDAs will gain new powers over planning and business growth but may delegate a proportion of their budgets to local authorities.

2.4.3 The Regional Spatial Strategy

The Regional Spatial Strategy (RSS) is a statutory plan prepared by the Yorkshire and Humber Regional Assembly (2004) and is the spatial expression of the Yorkshire & Humber's vision "Advancing Together". A sub-area approach has been adopted to develop the overall policy drivers for the RSS, identifying six concept areas ranging from 'the Coast' to 'Vales and Tees links'. One of these, the Leeds City Region within which Kirklees lies, has been given further impetus by the growth of city regions (see below). Under the SNR, the RSS will be incorporated into the single regional strategy developed by Yorkshire Forward, with the Regional Assembly being phased out from 2010.

The current statutory RSS was published by Government Office for Yorkshire and The Humber (GOYH) in December 2004. A draft revision to the RSS was published for consultation in January 2006, and examined by an independent Panel. The Panel's recommendations to the Secretary of State were published in May 2007. Consultation on the Secretary of State's Proposed Changes to the draft Plan (GOYH 2007) took place between September and December 2007, and responses to that consultation are now being considered. The revised RSS is expected to be published by GOYH on behalf of the Secretary of State in May 2008. Notwithstanding the planning changes proposed in the SNR (see section 2.3.1 above), the Government is committed to completing the current round of regional spatial strategies, with further reviews where necessary to re-examine planned housing provision. This work will be led by the regional assemblies.

2.4.4 City Region Development Programmes (CRDPs)

The recent prominence of city region policy thinking is very important for Kirklees, lying within the Leeds city region but also influenced by developments in the neighbouring Manchester one. Although Northern city regions are relatively untested, having only just created visions, development programmes, leadership and governance arrangements, it is widely expected that city regions could be the key drivers of the economy, particularly the knowledge economy, in the 21st century (Northern Way 2008b). The SNR gives a major impetus to city-region networks, backing groups of councils being able to establish 'statutory sub-regional bodies' for economic development and multi-area agreements (MAAs) between groups of councils.

Leeds CRDP

Leeds is an acknowledged development driver for its city region, which forms a functioning economic space and covers a population of 2.8 million. The city region encompasses the local authority districts of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York. Moves towards the Leeds city region partnership began with an "Economic Summit" in November 2004, and culminated in the launch of the final CRDP document in November 2006 (Leeds City Region 2006).

The aim of the CRDP is *"to achieve 4% p.a. growth in GVA per capita over the coming 10 years".* Accordingly the programme focuses on driver clusters in key sectors that offer the greatest opportunities to maximise jobs and GVA growth, such as:

- Financial and business services;
- Electrical and optical equipment;
- Bioscience, health and medical research;
- Digital and creative industries.

Other areas seen to offer future development potential include: communications; public services, including education and health; environmental/'green' technologies; logistics and distribution; and niche manufacturing. The Leeds CRDP also highlights the need for interventions to address underlying inhibitors, including:

- Skills and labour market;
- Transport connectivity;
- Business infrastructure and support;
- Housing and sustainable communities;
- Quality of place and life;
- The rural economy;
- Innovation, science and enterprise.

Many of these factors are also central to issues in Kirklees, which lies within Leeds City Region (see Fig 1.1 above). The appendices accompanying the CRDP provide a statistical base, examine in detail the key financial and business services sector and the crucial areas of housing provision and the transport vision, the latter being seen as the 'glue that binds the region'. The Kirklees 2020 Skills Strategy will need to consider the implications and opportunities arising from these elements.

Leeds City Region Draft MAA

The draft MAA for the Leeds city region has been developed to help progress the delivery of the CRDP. The MAA focuses on two key themes:

- Ensuring free-flowing **Transport** connectivity of our people and places, in particular to support city region travel-to-work and travel-to-learn flows.
- Closing the persistent gaps in identified higher level **Skills** (NVQ levels 3/4+) which have been identified in our growth sectors/drivers.

To explore how relevant central government departments could support the city region's priorities, the MAA identifies three "asks" for both themes. For the higher level skills theme these are:

- **Ask 1: Strategic alignment** enabling partner focus on city region drivers/sectors, and closing high level skills gaps, in order to drive the following:
- **Ask 2: Make the skills system responsive to demand** e.g. understanding employer needs in key sectors.
- **Ask 3: Piloting a streamlined approach to accreditation** to drive Leitch aspiration of a transformation in high level skills attainment.

For Kirklees, engaging in this process is crucial to ensure that the District's priorities are fully addressed in the emerging landscape.

Manchester CRDP

Kirklees needs to take cognisance of developments in the Manchester city region, which has significant economic assets including: Manchester airport; the regional media hub forging Northern growth in creative industries and communications; Manchester Universities forming the Knowledge Capital Partnership; and a leading group of private sector service firms. The Manchester CRDP (Manchester City Region 2006) points to similar issues as Leeds (skills, enterprise etc), and also identifies sectors offering the greatest potential for accelerated growth as:

- Manchester Airport;
- Financial and professional services;
- Life Science industries
- Creative, cultural and media;
- Manufacturing;
- Communications.

Potentially Kirklees also needs to keep a strategic eye on the Sheffield City Region plans, which are based on the development of the creative industries.

2.4.5 Sub-Regional Planning

The sub-regional delivery mechanism for the Yorkshire and Humber RES has been the West Yorkshire Investment Plan covering 2004-2009. It is produced by the West Yorkshire Economic Partnership, of which Kirklees Council is a key partner. Lead agencies co-ordinate each investment theme, including:

- Urban and Rural Renaissance – led by the five local authorities;
- Business Support – West Yorkshire Enterprise Partnership (WYEP);
- Connecting People:
    - Skills and Learning – LSC;
    - Investment and Connectivity – Metro (West Yorkshire Passenger Transport Executive).

Earlier in 2007, prior to the launch of the SNR, Yorkshire Forward announced a move to develop sub-regional investment planning on a city region basis. The 2006 Strategic Economic Assessment (SEA) of West Yorkshire supports the Investment Planning process. Various sector policies have been produced on a regional and sub-regional basis, including Transport and Rural strategies (e.g. work of the West Yorkshire Rural Partnership). With Skills, at a sub-regional level the Kirklees 2020 Skills Strategy will need to link with, complement and inform the LSC West Yorkshire and local (Kirklees) Skills Strategies and the emerging city region strategies.

2.5 KIRKLEES LOCAL POLICY DRIVERS

At the local delivery level, 'place-shaping' considerations are increasingly important. The *Local Government White Paper* (CLG 2006) develops the new framework for local strategic leadership, setting out to develop the principles of a place-focused approach by improving decision-making and cross-sector working. In particular it:

- enhances the leadership role of local authorities as democratically-elected representatives of their area;
- establishes local strategic partnerships (LSPs) as the over-arching strategic partnership for the area;
- brings together in the LSP responsibilities for:
    - preparing a sustainable Community Strategy - the *vision*;
    - the Local Development Framework (LDF) – *its spatial expression*;

- the Local Area Agreement (LAA) – *its delivery agreement*.

Although this strategy focuses primarily on the adult skills and workforce issues it is important to stress the need for linkage with the 14 to 19 agenda and the contribution that improved attainment levels play in supporting the skills and labour market agenda. This Kirklees 2020 Skills report provides the vision and strategy for long term action on skills in the District and is an important stage in delivering the Local Area Agreement. Appendix 1 presents some of the priorities, indicators and targets identified in the draft LAA (April 2008).

The Kirklees 2020 Skills Strategy will need to dovetail with these strategies/plans and their revisions. The new Sustainable Communities Strategy will replace the existing Community Strategy by 2008. Visions for Kirklees include ambitions surrounding diversity; young people; green considerations; and achieving a stronger economy. The LDF is currently being developed and the spatial implications of labour market developments in terms of factors such as commuting patterns and employment land zoning will be informed by the Kirklees 2020 Skills Strategy.

Other important influences on the Kirklees 2020 Skills Strategy and its application will be the recent Kirklees Economic Assessment which provides an important economic contextual input, the ESF Equal Common Ground Partnership relating to diversity and equality in Kirklees, and the Investment Prospectus outlining the main challenges and opportunities for Kirklees.

2.6 DRIVERS OF CHANGE

In addition to the changing policy and institutional context, the Kirklees 2020 Labour Market and Skills Strategy needs to take into consideration other major drivers of change impacting now *and in the future* on the economy and in turn the skills base.

Reference has been made to the Leitch Review (section 2.2.2 above), which itself is a response to the UK's future needs within an increasingly competitive and global economy. Global trends have local effects. During the past 30 years shifts in comparative advantage have impacted on traditional West Yorkshire industries such as textiles and machine tools, necessitating adaptation by firms and individuals. The regional economic base has shifted progressively from manufacturing to encompass producer, and more recently consumer, services (e.g. sports, cultural industries, tourism and retailing), recognising the service sector's ability to generate external income. However, shifting into growth sectors is not sufficient, especially when they too can be vulnerable to global impacts, as witnessed in financial services by the 2007 Northern Rock difficulty on the back of US sub-prime loans. Moreover, modern thinking is that for an economy to grow, more than just an increase in *gross* external income is needed. For districts such as Kirklees the ability to raise *net* income is vital; if income created 'leaks' immediately back out of the local economy, net income will not necessarily rise. Hence 'localisation' initiatives linking economic development to the Voluntary and Community Sector (VCS), social inclusion, environmental and sustainability agendas, as well as the evaluation of supply-chains and retailing patterns, are examples of potential local drivers each with skills and labour market implications.

The Kirklees 2020 Labour Market and Skills Strategy needs to take into account demographic changes in terms of the age, gender, ethnicity and migration profiles and dynamics. Broadly across West Yorkshire, and notwithstanding the volatility associated with migration, there is a significant rise in people of pensionable age, an increase in the older working age population (45-64) and in the number of young adults (<25) entering the workforce, especially the proportion from ethnic minority groups. When added to health issues associated with specific locations and vulnerable communities, these factors raise important implications for many aspects of local service provision including primary health care planning, demand for leisure, housing and transport facilities which in turn create future skill needs.

Among other influences the growth of the e-society (e-commerce, e-learning and the growth of virtual communities) brings forth challenges in basic ICT competencies and applications, learning and skills development in schools, colleges, firms and in communities. Part of this is not just achieving technical competence but the provision and use of information in an optimal way, and the increasing emphasis on content and creative skills. Traditional businesses increasingly will need to respond to the on-line revolution.

As well as skill needs associated with sectoral changes alluded to earlier, structural developments in the economic base will bring forth new challenges. For example, there is a general need in the Yorkshire and Humber region to unpick the growth and entrepreneurial potential of small and micro-businesses to engage more people into such employment. However, often in areas affected by industrial change the combination of low aspirations and a lack of successful role models hinder new enterprise creation. In considering the labour market and skills implications the issues go beyond basic supply-side concerns regarding provision of business incubation space or leadership/management skills training to a wider evaluation of localised business networks, supply-chains and the immediate locality needs of, and interactions by, employers.

Such examples of policies and drivers point to a complex, multi-faceted environment which the Kirklees' labour market and skills strategy needs to address, enabling it to be linked to a wider regeneration framework. Indeed, while the stated aims/objectives of the Kirklees 2020 Skills Strategy brief focus on the labour market and skills, the stated outcomes also emphasise the wider economic and business growth context for the locality.

CHAPTER THREE

THE KIRKLEES ECONOMY: LABOUR MARKET AND SKILLS ISSUES – BASELINE ANALYSIS

This baseline has been prepared to support evidence-informed development of the Kirklees 2020 Skills Strategy. It draws on primary and secondary evidence to provide a picture of the economy, and focuses on the demand-side in terms of identifying where job opportunities exist in (or adjacent to) the local economy, and the supply side in terms of local providers and the current level of skills of the local population. The broad context for this baseline is outlined in the Kirklees Community Strategy 2006-2008, developed by the Kirklees Partnership (which acts as the Local Strategic Partnership). The Strategy highlights the role that creativity and learning play in the vision for the area, and stresses that the District's low-wage, low-skill economy needs to be addressed.

3.1 POPULATION

The estimated population of Kirklees District at June 2006 was 398,200 (Table 3.1). Broken down into broad age bands, it can be seen that the District has a higher proportion of young people under 15 (19.4%) than the Yorkshire and Humber region, or England as a whole (both 17.7%). This is reflected in the District's ambition for Kirklees to be "a great place to be young".

Those of working age (in age bands 15-64 years old for males and 15-59 years old for females) number around 252,800, or 63% of the total population. Of the working age group, 52% are male and 48% are female. About 17% of the population are over retirement age; in this age group, females significantly outnumber males.

Table 3.1 Resident Population Estimates by Age, Mid-2006

	Kirklees						*Yorkshire and Humber %*	*England*
	Males	*%*	*Females*	*%*	*Total*	*%*		
0-14	39,300	20.2	37,800	18.6	77,200	19.4	17.7	17.7
15-24	28,800	14.8	26,800	13.2	55,600	14.0	14.4	13.2
25-49	66,900	34.3	69,700	34.3	136,500	34.3	34.0	35.4
50-64	35,300	18.1	35,700	17.6	71,000	17.8	17.9	17.8
65+	24,600	12.6	33,500	16.5	58,000	14.6	16.0	15.9
TOTAL	195,000		203,200		398,200			

(Source: ONS)

The economic activity rate for those of working age in the District is 78% overall (84% for males, 73% for females) (Table 3.7 and section 3.6 below)

By ethnicity, the population of Kirklees has a lower proportion of White people than the region and England as a whole, and a higher proportion of Asian or Asian British people, more than twice the average for the region and for England (Table 3.2). The largest single black and minority ethnic group (BME) is of Pakistani origin (6.9%), the second largest being Indian (4.2%).

Table 3.2 Resident Population Estimates by Ethnicity, Mid-2005

Ethnic group	***Kirklees %***	***Yorkshire and The Humber %***	***England %***
White	84.5	91.6	89.1
Mixed	1.6	1.2	1.6
Asian or Asian British	11.7	5.2	5.3
Black or Black British	1.6	1.1	2.7
Chinese or Other Ethnic Group	0.5	0.9	1.3

(Source: ONS)

3.1.1 Migrant workers

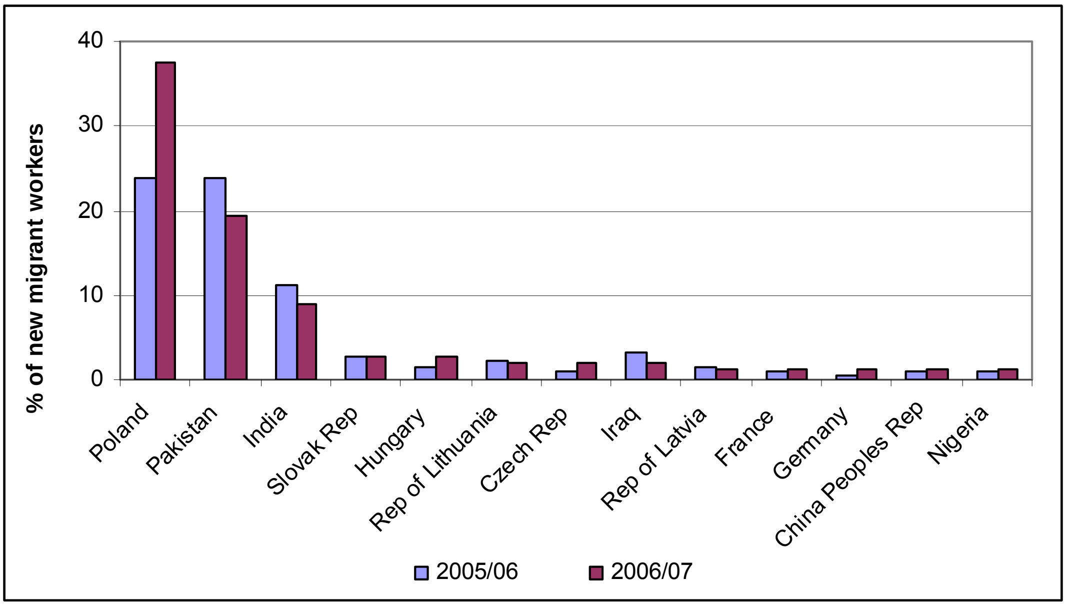
In recent years, the patterns of economic migration to the UK have been changing, particularly with the accession of the A8 countries (Czech Republic Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia) to the European Union, and West Yorkshire is not exempt from these changes.

There are a number of different definitions of migrant workers, and confusion between terms such as migrants, asylum seekers and refugees, which can make comparison between different research studies and data sources more difficult (Nunn 2006). However, research has shown that despite negative media publicity, migrant workers do not generally disadvantage existing workforces as they tend to fill skills gaps or shortages rather than displacing existing workers (Dustmann *et al*. 2003; Gilpin *et al*. 2006).

Given the different routes into work in the UK for foreign workers, many of whom do not need to apply for work permits or register under the new Worker Registration Scheme, a good source of information on migrant workers is the Department for Work and Pensions' National Insurance Number Registrations for non-UK nationals. Recent figures for new migrant workers to Kirklees District show that the pattern of immigration has changed between 2005 and 2007, and the numbers of migrant workers has increased, from 1,880 in 2005-06 to 2,580 in 2006-07. In 2005-06, the two largest groups, from Pakistan (as might be expected given the demographic composition of the District) and Poland, were equal in size at 450 (numbers being rounded to the nearest ten). By 2006-07 the number of Polish migrant workers more than doubled to 970, outstripping the number of Pakistani migrants (Fig. 3.1). The numbers of Polish migrants are still far fewer than in Wakefield, Bradford and Leeds, however, where new migrants from Poland in 2006-07 ranged from 1,260 to 2,970 in number.

All other groups of new migrant workers coming to Kirklees were relatively small. The next largest groups of migrants were from India (70 people in 2006-07) and other eastern European countries (70 or fewer), most showing a small increase in 2007-07 from the previous year. One exception is Iraq, which saw numbers fall from 60 to 50.

Fig. 3.1 Kirklees: Numbers of New Migrant Workers by Their Countries of Origin, 2005-2007



(Source: National Insurance Number Registrations for non-UK nationals, DWP. Numbers are rounded to the nearest ten; bar chart shows only groups of 30 or more in 2006/07. Other countries represented by smaller groups of migrants are Albania, Australia, Bangladesh, Bulgaria, Canada, Democratic Rep of Congo, Egypt, Eritrea, Gambia, Ghana, Greece, Iran, Italy, Jamaica, Japan, Jordan, Malawi, Malaysia, Netherlands, New Zealand, Norway, Philippines, Portugal, Rep of Estonia, Rep of Ireland, Russian Federation, South Africa, Spain, Sudan, Syria, Thailand, Trinidad & Tobago, Turkey, USA and Zimbabwe.)

3.2 LEVELS OF DEPRIVATION

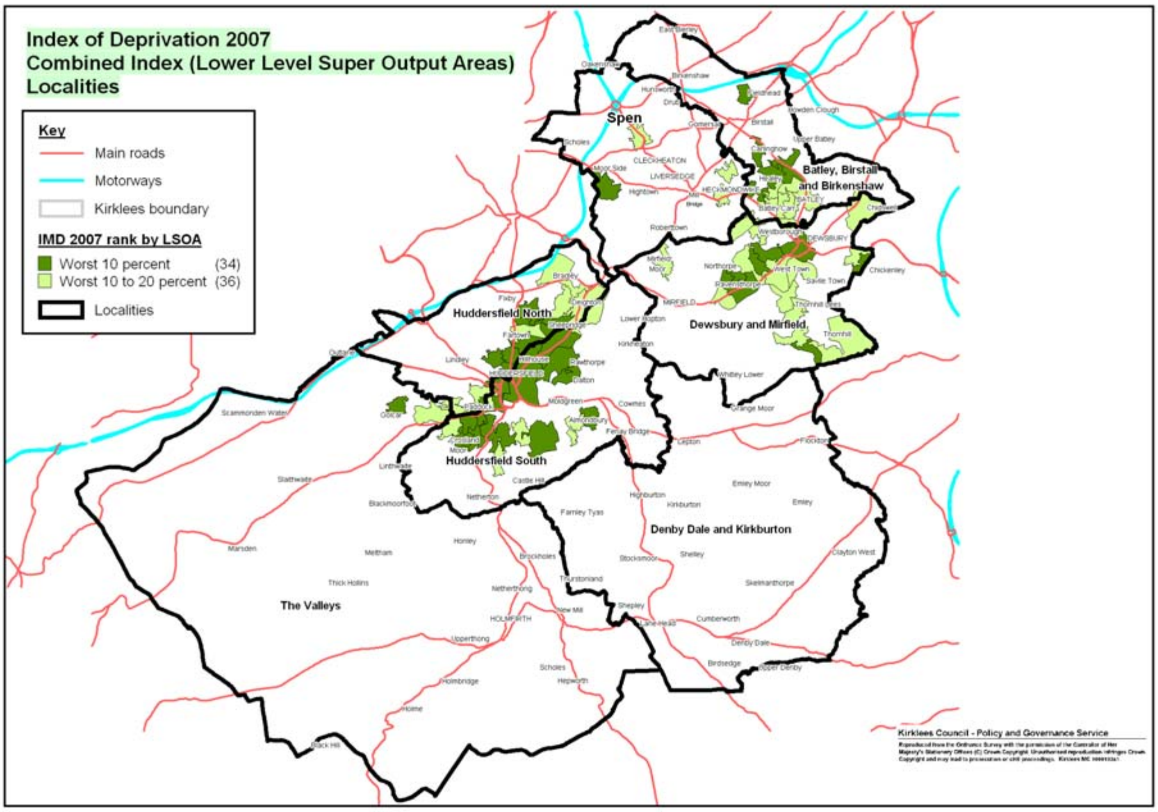
On the combined measures that make up the Index of Multiple Deprivation (IMD) 2007, Kirklees is ranked as the 82nd most deprived local authority district out of 354 English districts (CLG 2007). Just over a quarter of the 260 Lower Layer Super Output Areas (LSOAs) in Kirklees fall within the most deprived 20% of LSOAs in England (70, 27%).

These are mainly centred on Huddersfield, Dewsbury and Batley (Fig 3.2).

Within the domains that constitute the IMD, 22% of the District's LSOAs are among the most deprived 20% in England in terms of employment; between 15% and 29% of the population in these areas are employment-deprived. In terms of income, 27% of the Kirklees LSOAs are among the most deprived 20% in England, having income-deprived population rates of between 25% and 60%. For the domain of education, skills and training, 26% of the District's LSOAs were among the most deprived 20%.

For the District as a whole, within the district summary scores Kirklees performs worst on the Rank of Income Scale (it ranks as 12th most deprived out of the 354 English districts), and the Rank of Employment Scale (15th most deprived).

Fig 3.2 Super Output Areas in Kirklees with Highest Deprivation, IMD 2007



(Source: Kirklees Council)

3.2.1 Hidden Unemployment

Researchers from Sheffield Hallam University have recently published a report reassessing the real scale of unemployment across the UK, taking into consideration not only people included in the official Jobseeker's Allowance (JSA) claimant counts, but also those diverted onto other benefits, principally Incapacity Benefit, as well as those who are out of the benefits system altogether. This report estimates that more than one-third of those on incapacity benefits are in fact 'hidden unemployed', and argues that the downward trend in claimant unemployment has created "the misleading impression that the unemployment problem is fading away". The researchers have published an alternative set of 'real unemployment' figures for all districts, as at January 2007. The figures for West Yorkshire are set out in Table 3.3, where local authority districts are shown in descending order of total 'real' unemployment rates.

Table 3.3 Alternative Measures of Unemployment in West Yorkshire by District, Jan 2007

	Claimant count (%)			*Real unemployment (%)*			*Real unemployment*		
	Male	*Female*	*Total*	*Male*	*Female*	*Total*	*Male*	*Female*	*Total*
Wakefield	3.8	1.4	2.6	10.1	7.7	9.0	10,500	7,400	17,900
Bradford	5.0	1.7	3.4	10.4	6.8	8.7	15,900	9,700	25,600
Calderdale	4.4	1.6	3.0	8.6	6.3	7.5	5,300	3,700	9,000
Kirklees	**3.9**	**1.4**	**2.7**	**8.5**	**6.1**	**7.3**	**10,600**	**7,200**	**17,800**
Leeds	4.5	1.5	3.0	7.6	5.1	6.4	17,800	11,600	29,500
Yorkshire and The Humber	4.2	1.5	2.9	8.6	6.1	7.4	140,000	92,000	232,000

(Rates are of total working age populations. Source: Beatty et al. *2007)*

It can be seen that with this methodology, Kirklees ranks fourth among the five West Yorkshire districts in terms of 'real' unemployment trends, with Wakefield, Bradford and Calderdale all experiencing higher rates. The lowest 'real' unemployment rate, perhaps not surprisingly, is in Leeds. The 'real' unemployment rate for Kirklees, 7.3% of the working age population, compares with a JSA claimant count rate of only 2.7%. On this measure, there is still much to be done to address the problem of worklessness in the local economy, although the rate is close to the regional average of 7.4%. Steady progress is already being made through the efforts of Kirklees Council and its partners, but it is useful for all (external) agencies to bear in mind the "hidden unemployed" issues when assessing the local economy.

3.3 CONCEPTUALISING SKILLS AND THEIR ROLE IN PUBLIC POLICY

The current skills agenda is influenced by the twin policy objectives of improving the competitiveness of the economy at the same time as reducing economic and social exclusion. Yet, the concept of 'skill' is multi-dimensional and can differ depending upon the particular context and perspective. For example, ‘skills’ can refer to general social attributes, the level of educational attainment, industry or sector-specific training, qualifications and/or technical competences and expertise.

The relationship between skills and qualifications is particularly relevant in respect of current government policy, as qualifications are seen as the most common measure of skills in the labour market. Indeed, in the Leitch Review of Skills ‘qualifications’ are implicitly considered as skills that carry a measurable economic value. Consequently, the Leitch Review lays out targets in terms of accreditation at NVQ levels 1, 2, 3 and 4. Yet it cannot be taken for granted that an individual who possesses a ‘skill’ has a corresponding certifying qualification; neither can it be assumed that an individual with a recognised qualification has all the necessary skills to work in a particular industry, sector or occupation.

Over the last decade government policy effort has emphasised the need to move from a ‘low-skills equilibrium’ – where an economy becomes trapped in a vicious circle of ‘low value added’, low skills and low wages – towards a situation where employers more readily follow product and market strategies that place a greater emphasis on higher-level skills.

Further, current economic orthodoxy considers the development of a well-motivated, highly-skilled workforce as a key determinant of a firm’s ability to increase productivity and thus competitiveness. In considering the mechanisms to support skills acquisition in the workplace, training and education is an integral element in the up-skilling of the workforce.

3.4 THE DEMAND SIDE IN KIRKLEES

In order to inform the development of the Kirklees 2020 Skills Strategy, evidence of the demand side of the market in terms of employment opportunities has been collated. This is presented in terms of sectors, size, location and nature of employment opportunities.

3.4.1 Sectors

The top three sectors of the economy in terms of employment in Kirklees are public administration, education and health (28%), distribution, hotels and restaurants (24%) and manufacturing (21%) (Table 3.4).

Table 3.4 Employee Jobs in Kirklees (2005)

	Kirklees (employee jobs)	Kirklees (%)	Y & H (%)	UK
Total employee jobs	160,100	-	-	-
Employee jobs by industry				
Manufacturing	33,300	20.8	13.8	11.1
Construction	6,300	3.9	5.1	4.6
Services	119,600	74.7	79.9	82.9
Distr., hotels and restaurants	38,000	23.7	24.0	24.1
Transport & communications	6,900	4.3	6.0	6.0
Finance, IT, other business	21,000	13.1	17.1	20.7
Public admin, education & health	46,100	28.8	28.2	26.9
Other services	7,600	4.8	4.7	5.2
Tourism-related*	11,000	6.9	7.8	8.1

- Data unavailable
** Tourism consists of industries also part of the services industry*
% is a proportion of total employee jobs
Employee jobs excludes self-employed, government-supported trainees and HM Forces
(Source: Nomis; original source ONS Annual Business Inquiry Employee Analysis)

As the economy has undergone a period of restructuring, job opportunities have developed in key growth sectors. For example, between 1998 and 2004 the industry sector experiencing the greatest growth in terms of employment for Kirklees was Financial Services (See Table 3.5). Other growth sectors include: communications, other (mainly public) services, and distribution, hotels and catering (LSC 2006). Furthermore, when interviewed, stakeholders also identified the District's health sector and the creative industries (dominated by printing and publishing) as important in terms of future growth. Stakeholders also identified the media sector and the Huddersfield Media Lounge in particular, as a small sector of strategic importance.

Table 3.5 Growth/Decline in the Proportion of Employees in Employment by Sector across West Yorkshire (%), 1998-2004

	Bradford	Calderdale	Kirklees	Leeds	Wakefield
Manufacturing	-25.9	-22.2	-19.9	-15.5	-21.6
Construction	12.6	43.1	28.0	47.9	21.9
Distribution, hotels and restaurants	4.3	14.0	24.5	9.6	17.5
Transport and communications	7.0	6.6	21.5	17.8	155.2
Banking, finance and insurance etc.	15.8	5.4	42.2	20.2	32.8
Public administration, education and health	15.2	9.9	10.2	31.4	28.3
Other services	1.8	2.2	8.5	8.5	3.1
Total	1.7	1.5	14.8	14.8	19.3

(Source: LSC 2006; original data ONS)

High-value niche manufacturing specialisms in areas such as furniture, agro-chemical products and paints are emerging in the Kirklees economy, but these remain relatively small in employment terms (LSC 2006).

3.4.2 Business Size

More than a quarter of Kirklees employees are employed by large enterprises (200+), and a further quarter by medium-sized firms (50-199). Four out of ten work for businesses employing less than 50 people (Table 3.6). Interestingly, Kirklees has the highest rate of self-employment in West Yorkshire, at 9.9% (See Table 3.7).

Table 3.6 Number of Employees by Size of Business, 2004

Size Band	Bradford		Calderdale		Kirklees		Leeds		Wakefield	
	Number	%	Number	%	Number	%	Number	%	Number	%
1-10 employees	36,395	19	18,925	23	33,328	21	61,530	15	26,121	19
11-49 employees	45,575	23	22,551	27	39,553	25	90,587	22	36,638	27
50-199 employees	51,148	26	20,204	24	43,468	27	108,934	26	34,415	25
200+ employees	63,508	32	21,527	26	44,235	28	158,298	38	40,735	30
Total	196,625	100	83,207	100	160,584	100	419,349	100	137,909	100

(Source: LSC 2006; original source ONS)

Table 3.7 Economically Active (Jan 2006-Dec 2006)

	Kirklees (numbers)	Kirklees (%)	Yorkshire and The Humber (%)	UK (%)
All people				
Economically active†	194,000	78.3	78.1	78.6
In employment†	185,900	74.9	73.7	74.3
Employees†	159,100	64.5	65.3	64.6
Self-employed†	25,200	9.9	8.1	9.3
Model-based unemployed◊	9,500	4.8	5.5	5.3
Males				
Economically active†	106,200	83.7	83.1	83.4
In employment†	100,700	79.2	77.7	78.5
Employees†	82,600	65.3	65.6	64.9
Self-employed†	17,100	13.3	11.9	13.2
Unemployed◊	5,600	5.2	6.3	5.8
Females				
Economically active†	87,700	72.5	72.8	73.5
In employment†	85,300	70.4	69.3	69.8
Employees†	76,500	63.8	65.0	64.3
Self-employed†	8,100	6.2	4.0	5.1
Unemployed◊	2,500	2.8	4.6	4.8

† numbers are for those aged 16 and over, % are for those of working age.
◊ numbers and % are for those aged 16 and over. % is a proportion of economically active.
(Source: Nomis; original source ONS Annual Population Survey)

None of the stakeholders contributing to the research identified any employers of sufficient size to dominate the District economy, although they point to several who make a large contribution at the local level. For example, supermarkets and some manufacturers provide a large number of job opportunities for local people.

3.5 WHERE ARE THE JOBS?

Residents in Kirklees work both within Kirklees and beyond. There are almost 12,000 employers in the District, providing employment opportunities (Table 3.8).

About 160,000 people work for employers located in Kirklees, with the majority of the jobs to be found in the urban areas of Huddersfield, Dewsbury, Batley/Birstall. There are, however, low numbers of jobs and businesses in the areas of Denby and Kirkburton (Picture of Kirklees conference, 2007).

Table 3.8: Local VAT-Registered Businesses by District (2007)

Area	Number
Bradford	12,895
Calderdale	7,065
Kirklees	11,895
Leeds	23,740
Wakefield	8,910

(Source: National Statistics online)

The area around Leeds Road in Huddersfield, the ‘Kirklees Strategic Economic Zone’, is currently being promoted for the use of undeveloped and underdeveloped land which will provide job opportunities in the future. This ‘umbrella’ Renaissance programme is one of four underway in the District. The others are: Huddersfield Renaissance Strategy; the Marsden/Slaithwaite Renaissance Market Town initiative; and the North Kirklees Investment Framework.

Table 3.9: Net Balance of Commuters

	Net in	Net out
Leeds	55,400	
Bradford	8,600	
York	5,400	
Craven		1,700
Calderdale		4,800
Harrogate		6,500
Wakefield		6,600
Selby		6,800
Barnsley		14,400
Kirklees		31,800

(Source: Leeds City Region 2007 (original source Census of Population, 2001)

Notwithstanding this local business base, Kirklees has the largest number of workers daily commuting out of its District in the whole of the sub-region, mainly to the City regions of Leeds and Manchester (Table 3.9). If this trend continues, and there is currently no reason to suggest otherwise, then the obvious pressure on transport infrastructure needs to be seriously considered especially the impact on the environment. Relatively large-scale out-commuting also has a significant impact on the local economy. There remain over 20,000 vacancies in the Leeds City Region, with the majority of these in low-skilled occupations: sales and customer service, and machine operatives. Vacancies are higher in Kirklees (14.6%) than in the city region as a whole (11.7%). These labour market dynamics are an important factor to consider in the development of the Kirklees 2020 Labour Market and Skills Strategy. On one hand, Leeds, Sheffield and Manchester can offer higher wages and more breadth in terms of sectors of economic activity and can thus lure and attract skilled labour more easily. On the other hand, Kirklees and other such local authorities can offer cheaper office rent and start-up costs to attract companies to set up. The full consequences of being located next key economic hubs need to be fully investigated and understood.

3.5.1 The Nature of Employment

A wide range of employment opportunities are taken up in Kirklees and occupational employment in the local economy extends from ‘higher skilled’ occupations (40% of the workforce) to lower-level occupations (22%) (Table 3.10). The mix of occupations broadly reflects that of the national picture.

Table 3.10 Employment by Occupation (Jan 2006–Dec 2006)

	Kirklees (numbers)	Kirklees (%)	Yorkshire & The Humber (%)	UK (%)
SOC 2000 major group 1-3	72,800	39.2	37.5	42.3
1. Managers & senior officials	24,600	13.3	13.2	15.0
2. Professional occupations	22,200	11.9	11.4	13.0
3. Associate professional & technical	26,000	14.0	12.8	14.3
SOC 2000 major group 4-5	41,000	22.0	23.3	23.0
4. Administrative & secretarial	18,100	9.8	11.4	12.1
5. Skilled trades occupations	22,800	12.3	11.9	10.9
SOC 2000 major group 6-7	29,800	16.0	16.6	15.7
6. Personal service occupations	15,300	8.2	8.4	8.0
7. Sales and customer service occupations	14,500	7.8	8.2	7.7
SOC 2000 major group 8-9	41,600	22.4	22.4	18.7
8. Process plant & machine operatives	17,100	9.2	9.3	7.3
9. Elementary occupations	24,500	13.2	13.2	11.4

Numbers and % are for those of 16+
% is a proportion of all persons in employment
(Source: Nomis; original source: ONS Annual Population Survey)

The occupations that are growing fastest are managers and professionals, associate professionals, and sales and customer service. This reflects the general trend of an increase in the skill levels required by some occupations.

The majority of jobs in the Kirklees economy are full time (65%), with part-time work dominated by females. This broadly reflects the national picture. Average median earnings by residence exceed those for the region but are lower than those apparent at a national level (Table 3.11).

The data suggests that average earnings for those employed by Kirklees employers is lower than both the regional and national average (Table 3.12).

Table 3.11 Earnings by Residence (2006)

	Kirklees (£s)	Yorkshire & The Humber (£s)	UK (£s)
Gross Weekly Pay			
Full-time workers	423.5	414.7	449.6
Male full-time workers	469.2	457.1	490.5
Female full-time workers	374.2	353.5	387.6
Hourly Pay			
Full-time workers	10.68	10.29	11.26
Male full-time workers	11.25	10.91	11.91
Female full-time workers	9.96	9.25	10.28

Median earnings in pounds for employees living in the area
(Source: Nomis; original source: ONS Annual Survey of Hours and Earnings)

Table 3.12 Average Median Gross Weekly Earnings and Hours Worked, April 2006 (residents of Kirklees)

	All Workers		Full-Time Workers		Part-Time Workers	
	Kirklees	UK	Kirklees	UK	Kirklees	UK
Weekly pay – excluding overtime	£319.10	£348.80	£403.80	£426.00	£125.20	£130.90
Hourly pay – excluding overtime	£9.32	£9.93	£10.57	£11.18	£6.85	£7.00
Total hours worked (weekly)	37.0	36.9	37.5	37.5	18.7	18.9
Normal basic hours worked (weekly)	36.9	36.9	37.5	37.5	17.6	18.1
Overtime hours worked (weekly)	4.3	4.0	4.5	4.3	n/a	3.0

(Source: Kirklees Fact Sheets 2007; original source ONS)

3.6 WHO GETS THE JOBS?

Economic activity rates in Kirklees (78%) are similar to the region and nation. However, the economic activity rate of various ethnic minority groups within Kirklees varies. Economic activity within the black and minority ethnic population (particularly so in the case of the Muslim and Black Caribbean communities) and for White working class males is considerably lower than the sub-region and the nation as a whole (Table 3.13).

Table 3.13 Working-Age Employment Rate by Ethnic Group, 2002/03

	All	White	All Non-White	Mixed	Indian	Pakistani & Bangladeshi	Black	Other
Bradford	67.8	74.8	45.2	55	68.7	39.3	63.5	54.9
Calderdale	77.5	79.8	52.1	61	90.5	42.8	100	59
Kirklees	74.4	77.9	53.3	73	44.2	57.4	58	45
Leeds	73.9	75.7	56.8	47.5	68.7	46.6	64.1	48.9
Wakefield	73.0	73.7	54.9	..	72	33	..	100
West Yorkshire	72.9	76.0	50.8	53.9	61.9	43.7	64.4	54.8
Yorkshire and The Humber	73.3	74.9	51.3	53.0	66.1	42.4	66.1	52.4
England	74.5	76.3	57.4	60.7	68.5	42.4	60.3	55.1

(Source: LSC 2007, from original data from ONS, 2006a)

Long-term unemployment (over six months) is lower in Kirklees (27% of JSA claimants) than in the region (31%) and across Great Britain (33%); however, youth (18-24) unemployment (in terms of JSA claimants) is slightly higher in Kirklees (34%) than in the region (32%) and Great Britain (31%) (Table 3.14). Areas of above-average unemployment rates are shown in Figure 3.3.

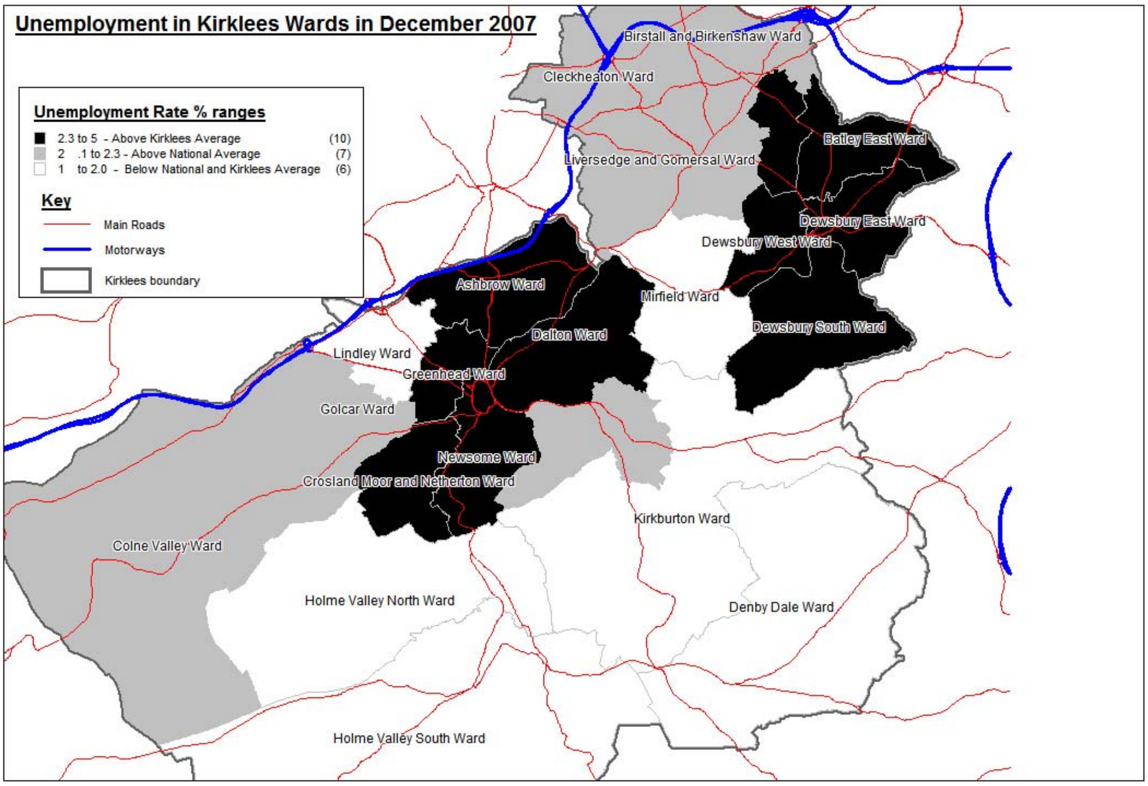
Table 3.14 JSA Claimants by Age and Duration (Sept 2007)

	Kirklees (numbers)	Kirklees (%)	Yorkshire & The Humber (%)	UK (%)
By age of claimant				
Aged 18-24	1,955	33.6	32.0	31.1
Aged 25-49	2,940	50.6	51.9	52.3
Aged 50 and over	855	14.7	15.1	15.7
By duration of claim				
Up to 6 months	4,235	72.8	68.9	67.0
Over 6 up to 12 months	935	16.1	16.8	17.0
Over 12 months	645	11.1	14.3	16.1

% is a proportion of all JSA claimants
(Source: Nomis; original source: ONS Claimant Count age and duration)

There are some concerns relating to a spatial mismatch between the location of job opportunities and pockets of relatively severe unemployment. For example, the Kirklees Strategic Economic Zone is perceived to be disconnected from particular deprived communities that would benefit from the increased job opportunities the Zone will provide (Stakeholder interviews, Picture of Kirklees Conference, 2007). Figure 3.3 shows that the localities experiencing the highest levels of unemployment in the District are Dewsbury, Batley and Huddersfield (north and south). Some stakeholders, consulted as part of this process, argued that public transport links from the Dewsbury and Batley localities to Leeds are regarded as much better than in the Huddersfield direction. Such, sentiments, albeit anecdotal, need to be addressed to bridge the gap between the unemployed and deprived and the enterprise and skills support programmes on offer throughout the District especially within the Strategic Economic Zone.

Fig 3.3 Unemployment in Kirklees Wards, Dec 2007



(Source: Kirklees Council)

3.7 EMPLOYER DEMAND FOR SKILLS

The demand for skills-related intervention is increasingly driven by the needs of employers. Evidence of demand is provided through the National Employer Skills Survey***. One in four employers in Kirklees identified a skills gap or skills shortage in their workplaces in 2005*** (data from National Employer Skill Survey 2005, LSC).

Current generic skills needs are in literacy and numeracy, project management, financial management, leadership and customer care. Industry-specific skills needs include IT professionals, skilled chemical and textile trades, drivers (LGV, bus, coach) and food and drink technologists. Notwithstanding this, a significant minority of enterprises (more than one in three) did not identify a need to improve the skills of their workforce when surveyed in 2003 (LSC, 2003).

In general, however, training is provided as part of an induction process and over half of the employers had recruited staff in the previous 12 months. Yet one in three employers had experienced recruitment difficulties – sometimes as a result of skills issues. The most common occupations facing recruitment difficulties were sales representatives, health related occupations and vehicle trade (Table 3.15).

Table 3.15 Hard-to-Fill Vacancies in Kirklees (in Order of Difficulty)

Hardest	%
Sales representative	8
Health/related occupations	7
Vehicle trade	6
Other occupations sales/service	6
Associate professionals/technical occupations	5
Other craft/related occupations	5
Metal forming/welding/related trade	5
Sales occupations	4
Managers/administration	4
Specialist managers	4

(Source: LSC 2006; original source LSC 2003)

When surveyed by the Policy Research Institute at Leeds Metropolitan University in 2005, the majority of Kirklees employers (82%) reported providing training opportunities for at least some of their staff (Table 3.16). However, some groups, notably the disabled, self-employed and those employed by small companies, were far less likely to be provided with training.

Employers form one side of the contemporary demand for workplace skills, individual learners/trainees form the other. Data from the PRI 2005 Kirklees Household Survey provides an indication of the interest in learning amongst various groups within the population. The findings suggest that there are lower levels of interest amongst older people, the disabled, the economically inactive and those in semi-skilled occupations (Table 3.17).

Table 3.16 Levels of Employer Support for Training Amongst the Employed Workforce in the Kirklees Area (2005)

%		Provides Training	Time in Work Time	Flexi Time	Financial	Equipment	Other	No Support
West Yorkshire		81.2	67.0	50.0	58.9	55.2	5.4	13.8
Kirklees		82.9	68.9	50.9	63.8	60.9	5.1	15.3
Age	16-24	91.4	67.0	52.3	60.0	59.9	2.1	23.3
	25-49	80.9	71.9	52.3	67.1	61.0	5.4	14.5
	50+	85.1	61.0	46.4	55.9	61.0	5.5	13.9
Gender	Male	83.0	73.6	50.6	63.9	67.1	3.0	18.9
	Female	82.9	64.3	51.2	63.7	54.9	7.1	11.1
Disabled		75.9	66.3	47.6	41.7	49.1	0.0	18.7
Ethnicity	White	83.3	68.5	49.9	64.4	61.7	5.0	13.8
	Non-white	81.8	72.5	60.2	56.9	52.0	4.4	29.6
Worker Type	Full-time	83.4	71.6	50.6	65.1	63.6	5.0	15.3
	Part-time	84.3	60.9	51.4	58.5	52.2	6.1	19.2
	Self Employed	30.0	52.3	73.4	60.3	50.7	0.0	6.1
Occupation	Managers	85.0	81.2	59.5	82.9	68.9	6.7	7.2
	Professional	88.2	74.5	43.3	80.8	68.7	4.2	7.3
	Ass. Prof.	88.4	68.7	56.0	75.8	69.3	4.3	6.6
	Admin/Sec'l.	84.7	71.5	52.5	65.2	58.1	6.6	8.1
	Skilled Trades	70.0	60.7	25.5	45.3	55.3	11.3	18.0
	Persnl Servs.	80.7	76.6	58.7	65.0	57.4	6.3	7.0
	Sales	83.3	65.3	59.9	38.5	47.2	4.8	18.3
	Semi-skilled	74.8	65.6	52.0	54.4	61.8	0.0	27.5
	Unskilled	84.6	51.3	48.3	42.6	50.2	2.3	33.8
Industry	*Agr. Fsh.	51.7	100.0	51.7	51.7	51.7	0.0	0.0
	*Energy	100.0	100.0	100.0	100.0	100.0	0.0	0.0
	Manuf.	83.4	66.0	42.1	57.3	66.0	3.6	22.5
	Const.	71.9	75.4	51.0	69.4	74.6	5.2	16.1
	Dist/Hot/Cat	76.3	61.1	49.5	44.3	55.5	3.3	24.9
	Trans/Comms	63.5	61.3	25.9	43.3	35.6	10.8	24.0
	Bank/Ins/Fin	77.8	60.2	51.1	65.0	58.7	0.0	12.9
	Pub.ad./Ed./Hlth.	89.2	74.2	55.8	74.3	61.4	8.6	6.0
	Other	93.9	81.8	68.2	74.8	64.7	0.0	9.6
Bus. Size	1-10	62.1	63.0	66.5	58.7	50.3	7.8	6.5
	11-249	82.8	67.4	48.6	65.1	62.5	4.2	23.1
	250+	87.9	75.8	51.4	66.8	66.4	5.8	13.0
****Income**	Low	83.9	59.6	51.1	53.0	49.5	6.0	21.9
	Middle	80.1	67.8	49.0	58.2	61.0	5.4	17.0
	High	86.6	77.1	54.1	80.0	68.4	4.2	7.9

** indicates small size of LP data sub-cell*

*** data source: New Earnings Survey*

(Source: Policy Research Institute, 2005)

Table 3.17 Levels of Interest in Learning or Developing New Areas of Knowledge or Skills for Residents of Kirklees in the Future

%		*Any future learning ambitions*
West Yorkshire		51.4
Kirklees		50.8
Age	16-24	57.1
	25-49	55.6
	50+	40.3
Gender	Male	47.2
	Female	54.2
Disabled		40.0
Ethnicity	White	49.4
	Non-white	58.5
Status	In Work	53.6
	Unemployed	67.9
	Inactive	45.3
Worker Type	Full-time	53.6
	Part time	58.7
	Self Employed	47.1
Occupation	Managers	59.1
	Professional	62.6
	Ass. Prof.	59.8
	Admin/Sec'l.	55.3
	Skilled Trades	43.8
	Persnl Servs.	49.7
	Sales	51.6
	Semi-skilled	35.1
	Unskilled	46.7
****Income**	Low	49.3
	Middle	45.3
	High	66.0

** indicates small size of LP data sub-cell*
*** data source: New Earnings Survey*
(Source: Policy Research Institute 2005)

3.8 WHO ARE THE PROVIDERS? QUALITY AND SUFFICIENCY

There are a wide range of organisations involved in the provision of education and training services in Kirklees including schools, sixth form colleges, Further Education (FE), Higher Education and private sector providers.

The key FE providers in Kirklees include Dewsbury College who had a total of almost 3900 learners in 2006/07 (1,300 full-time and 2,600 part-time) and Huddersfield Technical College who had a total of almost 9,800 learners (3,300 full-time and 9,500 part-time). These colleges offer a wide range of course provision for both 16-18 year old learners and adults across the range of subject areas. Huddersfield Technical College is the largest provider of further education training to adults in Kirklees, followed by Dewsbury College. There are a number of campuses in and around both Huddersfield and Dewsbury.

The provision ranges from pre-entry level to graduate programmes including academic and vocational programmes and leisure courses. Huddersfield Technical College is the largest Work Based Learning provider for 16-18 year old Kirklees residents, offering a broad range of Apprenticeships and Advanced Apprenticeships including Construction, Engineering and Retail and Commercial Enterprise. Dewsbury College also delivers Apprenticeships and Advanced Apprenticeships predominantly in the areas of Health and Social Care, Leisure and Travel and Information Communications technology.

Other providers in the area include two sixth form colleges in Huddersfield (Greenhead College and Huddersfield New College) and Shelley College School sixth form in South Kirklees and five school sixth forms in North Kirklees (John Fisher Catholic High School, Mirfield Free Grammar and Sixth Form Centre, Heckmondwike Grammar School, Howden Clough Girls High School and Whitcliffe Mount 13-18 High School. North Kirklees is also home to an Independent School, Batley Grammar School, as well as Madni Muslim Girls School and Zakaria Girls School.

The majority of Further Education in Kirklees is provided by the colleges located in Kirklees, although residents do access FE provision at a number of other providers in Bradford, Leeds and Wakefield for example. FE Colleges are open to varying degrees for a variety of adult learning. Other work-based learning providers in Kirklees include Kirkdale Industrial Training Services and A&R Training, as well as national providers, e.g. CITB-Construction Skills. An LSC report, *Developing a 14-19 Education Plan*, suggests that “past trends in numbers do not suggest that there will be significant growth in Kirklees until there is a step change in the level of employer commitment and engagement with work-based learning programmes” (LSC 2007, p.15).

The Adult Learning Partnership oversees a variety of Neighbourhood Learning and Skills for Life provision. It provides geographical profiles drawing on a range of indicators including the level of qualification held in an area, the proportion of those with no qualifications (by age), proportion of learners by various ethnic groups, gender and age along with type of courses available. Of concern is the decrease in adult participation in FE learning. having fallen from 5.5% in 2003/04 to 3.1% in 2006/07 in Kirklees. This is seen to reflect both re-focused FE funding away from adult learning in the community. and policies associated with-fee charging for various courses (including language provision for non-English speakers). Data on Personal and Community Development Learning programmes has only been collected more recently (2005/06 onwards), and currently shows 1.4% of the Kirklees adult population participating in this provision

The Post-16 and Adult Learning Team in Kirklees Metropolitan Council leads a multi-agency approach to developing neighbourhood learning provision to address the vision for Kirklees expressed in the Community Strategy. The Kirklees Learning Partnership coordinates Neighbourhood Learning Networks (NLN) to plan and promote adult learning in the most disadvantaged areas of Kirklees. The NLN are designed to improve the quality, coherence and range of the curriculum offer for adults and include local community organisations, neighbourhood learning centres, children's centres, schools, libraries, community history, faith organisations, colleges, Careers4Adults, health. The NLNs have contributed to raising the rates of learning participation in disadvantaged areas above the average for Kirklees as a whole. The contribution of NLNs in Kirklees has been recognised as outstanding by Ofsted (report no. 316624, 2007).

The FE Sector is undergoing of process of change and merger and collaboration activity offer possibilities for development of the infrastructure. The proposed merger of Dewsbury College and Huddersfield Technical College is one such example (LSC 2007b). The merger seeks to bring together two education providers who currently serve the Kirklees area as well as drawing in learners from the surrounding areas of Bradford, Leeds and Wakefield.

However, stakeholders report that there is currently not enough vocational training available in the District, and that training and education providers are not fully responsive to skills shortages in key growth sectors. Some schools, colleges and training providers enjoy a good record in relation to the level and quality of training, whilst others have unfortunately underperformed (LSC 2006).

In respect of children and young people, pupil exclusion rates from school are higher in disadvantaged areas such as Dewsbury and Mirfield (Picture of Kirklees conference, 2007). However, there has been an increase in the number of Year 11 pupils remaining in learning post-16.

Stakeholders report some problems associated with the employability of school leavers. However, they also highlighted the key role that the University of Huddersfield has to play in the development of a value-added economy in Kirklees (in areas such as nanotechnology). Furthermore, local graduates are an important source of higher level skills – although in common with other districts containing a Higher Education institution, the extent to which they remain in the area after graduation is a concern.

3.9 ATTAINMENT LEVELS

In terms of the qualification levels of Kirklees residents – where NVQ level 2 or equivalent is seen as increasingly important in terms of getting a job and level 3 in terms of making a contribution to competitiveness and increased earnings – there is a mixed pattern of attainment. Generally, attainment levels in Kirklees are broadly in line with the sub-region as a whole at all NVQ level equivalents (Table 3.18), although there are concerns regarding qualification levels in local areas such as Huddersfield South, Dewsbury and Mirfield, and specific areas within The Valleys (Picture of Kirklees conference, 2007). A relatively low proportion of Kirklees residents (22.7%) are qualified at degree level compared to the national average (26%).

There are also groups within the local population who are much less likely to attain NVQ level 2 than the population more generally. These include older people, the disabled, those who are unemployed or economically inactive and those in semi-skilled or unskilled occupations.

Table 3.18 Distribution of Qualification Levels (NVQ Equivalents) in Kirklees, 2005

%		NVQ 0 /NA	NVQ 1	NVQ 2	NVQ 3	NVQ 4+
West Yorkshire		24.1	9.9	20.9	17.7	27.4
Kirklees		24.8	11.1	20.3	15.8	28.0
Age	16-24	16.1	12.6	37.3	19.7	14.4
	25-49	20.2	12.0	18.5	16.3	32.9
	50+	36.5	8.9	13.0	12.8	28.8
Gender	Male	23.5	12.1	21.9	13.8	28.7
	Female	26.2	10.2	18.7	17.7	27.3
Disabled		39.7	13.3	18.6	10.6	17.7
Ethnicity	White	25.3	10.5	19.4	15.2	29.6
	Non-white	22.1	15.2	24.7	18.9	19.1
Status	In Work	18.1	10.7	21.7	16.1	33.4
	Unemployed	38.6	15.5	17.0	14.1	14.8
	Inactive	33.6	11.3	18.5	15.5	21.2
Worker Type	Full-time	15.9	11.1	21.4	14.8	36.9
	Part time	24.7	8.0	24.3	19.6	23.5
	Self Employed	21.4	13.5	18.6	17.3	29.2
Occupation	Managers	17.3	5.6	12.8	17.2	47.1
	Professional	3.9	2.3	3.9	8.2	81.6
	Ass. Prof.	15.6	6.8	11.2	20.4	46.1
	Admin/Sec'l.	16.2	7.9	24.0	21.4	30.5
	Skilled Trades	17.0	8.9	37.0	24.4	12.7
	Persnl Servs.	18.6	22.8	21.1	24.1	13.3
	Sales	24.2	14.1	25.8	19.1	16.8
	Semi-skilled	40.9	14.7	18.0	12.6	13.7
	Unskilled	53.5	17.1	19.5	3.5	6.4

** indicates small size of LP data sub-cell*
*** data source: New Earnings Survey*
(Source: Policy Research Institute, 2005)

The proportion of school leavers not in education, employment or training (NEET) has remained broadly constant over the past 5 years (Table 3.19). However NEET remains a key policy concern and an important potential priority of the Kirklees Labour Market and Skills Strategy.

Table 3.19 Levels of NEET in Kirklees (% of School Leavers)

	2007	2006	2005	2004	2003
NEET	6.68	8.40	7.48	7.63	6.58

(Source: Calderdale and Kirklees Careers Ltd)

3.10 CONCLUSIONS

- In Kirklees the current most important sectors in terms of employment are public administration, education and health, hotels and restaurants, and manufacturing;
- The District has experienced growth in the financial services, communications, the creative industries (mainly printing and publishing), and the media sectors;
- A quarter of Kirklees residents work in large enterprises, with a further quarter employed in medium-sized businesses. The District also has the largest proportion of registered self-employed in the region;
- There are currently some 12,000 VAT-registered employers trading in the District, with the majority of available jobs being in the urban areas;
- Kirklees also has large numbers of residents who commute out of the District each day to the city regions of Leeds and Manchester;
- Within the District, there exists a mix of occupations that broadly reflects the national picture, with growth in occupations such as managerial and professionals, and sales and customer services and continuing contraction in manufacturing;
- The District's economic activity rate of 78% also broadly reflects the regional and national picture, although some ethnic minorities do not enjoy parity with their white counterparts in relation to economic activity rates;
- Kirklees does, however, have less registered long-term unemployed than the wider region. Yet unemployment among young people in the District is higher than in the region and the UK;
- One in three employers have reported recent recruitment difficulties, and one-in-four has identified a skills gap or skills shortage in their workplace. Local stakeholders have expressed the view that some firms would benefit from increasing their investment in skills training;
- Furthermore, stakeholders report that there is currently not enough vocational training available in the District. However, educational achievement in Kirklees is broadly in line with the sub-region and there are now more Year 11 pupils staying on in education.

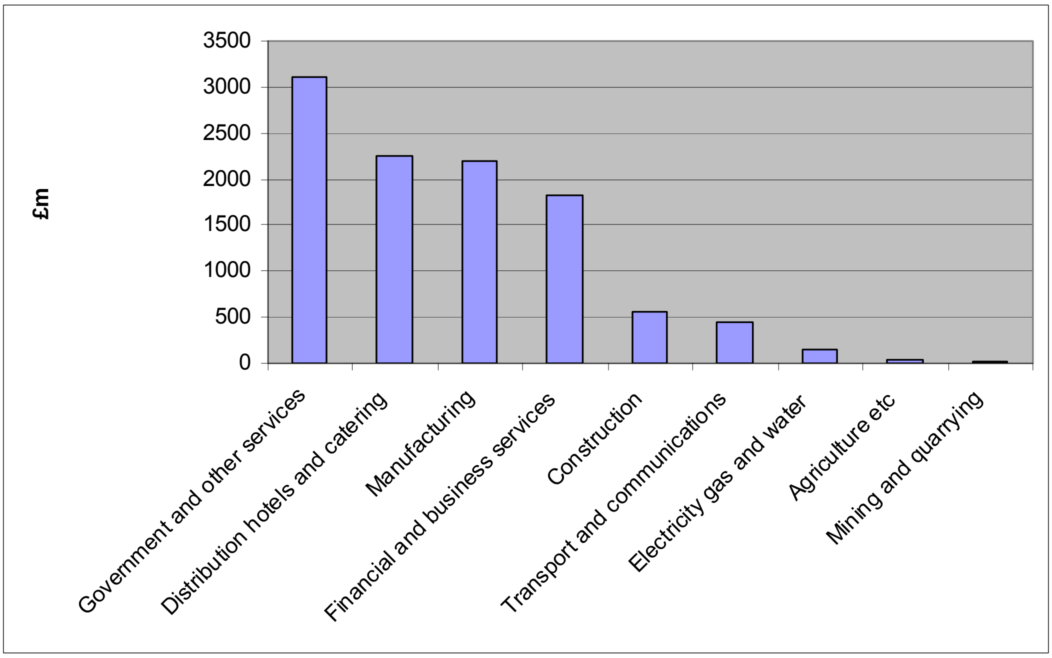
CHAPTER FOUR

FUTURE LABOUR MARKET AND SKILLS TRENDS AND PROJECTIONS

4.1 INTRODUCTION

This section of the report draws on Econometric Forecasting data which has been produced using the Local Economy Forecasting Model (LEFM) produced by Cambridge Econometrics. The data constitutes a crucial component of the labour market strategy for Kirklees as it builds a picture of how industries and occupations are likely to change over time. The results are intended to provide a sound statistical foundation for the deliberations of all those with an interest in the demand and supply of skills. However, it should be recognised that nobody can predict the future with certainty and the projections are best viewed as indicators of general trends and orders of magnitude rather than precise forecasts of what will happen. Overall, the number of jobs in Kirklees is predicted to grow by 14% between 2000 and 2020 which will equate to 196,000 people in employed work (up from 180,000 in 2006).

Fig. 4.1 Kirklees: Projected Output by Sector, % Change 2000-2020



(Source: Cambridge Econometrics Forecasting, 2007)

The projections (2000-2020) focus on the net growth (or decline) in industrial sectors and occupations. Such estimates provide a useful indication of the likely ‘gainers’ and ‘losers’ from forecasted employment change. This has traditionally been referred to as expansion demand although for some occupations and sectors it can be negative.

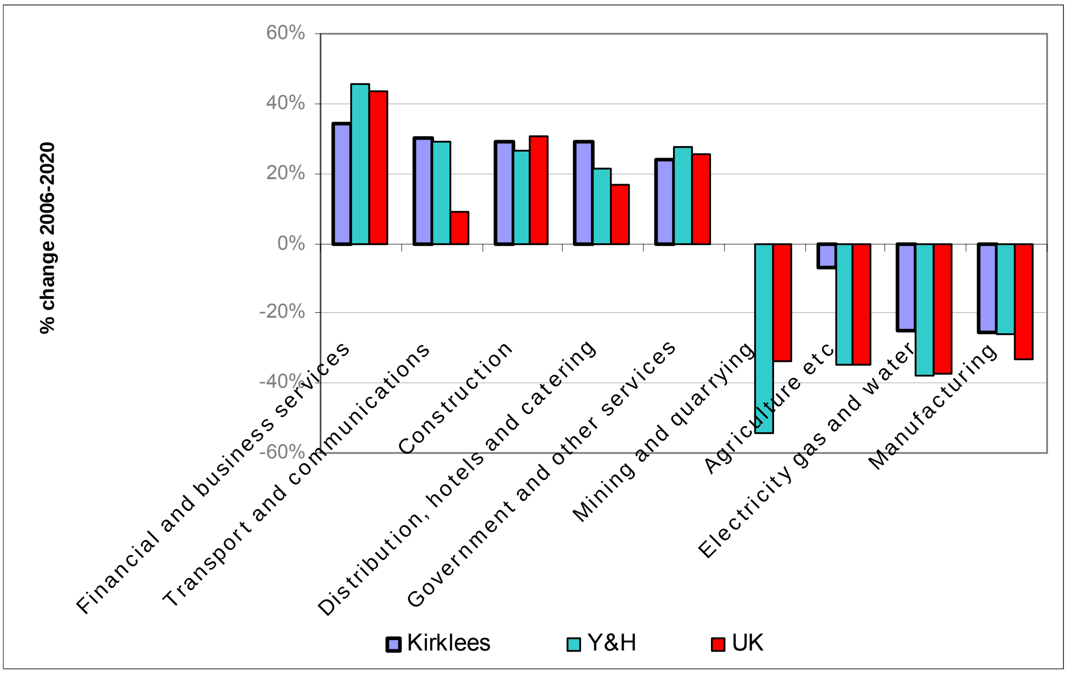
Using data which compares Kirklees with the region and the UK as a whole, the forecasts allow us to explore future trends in jobs in different sectors of the economy, in different occupations and different employment status.

Figure 4.1 shows that if current trends continue, the growth sectors in the District in terms of output, will be Government and other Services, Distribution, Hotels and Restaurants, Manufacturing, Financial and Business Services and Construction in that order.

4.2 EMPLOYMENT BY INDUSTRY

There have been major changes in the structure of employment in industrialised countries in the post second world war years. This has been the result of a complex mix of factors including globalisation, technological development, changes in regulation and political structures. Together these changes have resulted in the reduction of employment opportunities in certain sectors of the economy including agriculture, coal mining and most parts of manufacturing. In contrast employment has risen in other sectors such as health and education and financial services.

Fig. 4.2 Kirklees: Projected Employment by Industry, % Change 2000-2020



(Source: Cambridge Econometrics Forecasting, 2007)

The largest increase in employment between 2000 and 2020 is expected to be in financial and business services, with a 34% rise (see Fig. 4.2). This equates to a net increase in jobs of around 8,000. Following that, the biggest rises are projected to be in transport and communications (30%), construction (29%), and distribution, hotels and catering (29%) and Government and other services (24%) (Appendix 2).

Many of the sectoral growth dynamics reflect the general situation at the regional and national level although the growth of 29% in distribution, hotels and catering in Kirklees is notably higher than the growth of 21% in Yorkshire and Humber and of 17% in the UK as a whole.

The general trend in decreasing manufacturing employment is predicted to continue between 2000 and 2020. Manufacturing (as a broad industrial sector) is expected to contract in employment terms by 26% in Kirklees in line with decreases at the regional and national level (26% in Y&H, and 33% in the UK). However, it is still forecast to remain an important source of employment in Kirklees, and is expected to employ some 32,500 people (or 17% of the total workforce of 196,000) by 2020 and remain an important source of employment opportunities in some localities.

The largest sector providing employment opportunities in Kirklees in 2020 is expected to be Government and Other Services, with around 65,000 jobs and a rise of 24% over the 20 year period (see Table 4.3). This is primarily focused in health and education, but not exclusively so.

Table 4.1 Kirklees: Employment by Industry 2000-2020

	2000	***% of Total***	**2010**	***% of Total***	**2020**	***% of Total***	**% change 2000-2020**
Financial and business services	22.1	*12.9*	25.3	*13.7*	29.7	*15.2*	34.4%
Transport and communications	6.7	*3.9*	8.3	*4.5*	8.7	*4.4*	29.9%
Construction	7.9	*4.6*	9.8	*5.3*	10.2	*5.2*	29.1%
Distribution hotels and catering	36.9	*21.5*	43	*23.3*	47.6	*24.3*	29.0%
Government and other services	52.7	*30.7*	61.5	*33.3*	65.2	*33.3*	23.7%
Mining and quarrying	0.1	*0.1*	0.1	*0.1*	0.1	*0.1*	0.0%
Agriculture etc	1.5	*0.9*	1.6	*0.9*	1.4	*0.7*	-6.7%
Electricity gas and water	0.4	*0.2*	0.5	*0.3*	0.3	*0.2*	-25.0%
Manufacturing	43.7	*25.4*	34.7	*18.8*	32.5	*16.6*	-25.6%
Total	**171.9**	*100.0*	**184.9**	*100.0*	**195.8**	*100.0*	**13.9%**

(Source: Cambridge Econometrics Forecasting 2007)

Clearly within the broad industry classification there will be sectors and sub-sectors which perform at different levels and contribute to local employment opportunities to different degrees. The employment forecasts for Kirklees reveal contrasting patterns within the broad sectors described above.

The largest percentage falls in employment are expected to be in 'traditional' industry sectors such as metals and mineral products, textiles, wood and paper, chemicals and utilities. It is important to note that these are not large employers in Kirklees to begin with and therefore the base numbers are low; nonetheless they are indicative of the trend away from manufacturing into business service industries and the public sector. However printing and publishing, specialist manufacturing (not elsewhere classified) and computing services are all set to witness large percentage increases in employment levels and all of these sectors have an element of high-tech design, manufacturing and creativity which are a priority in Kirklees.

Although Finance and Business Services is expected to grow by 34% to 2020, employment in banking and finance is predicted to fall in employment levels by 17% over the same period. If the predictions materialise, the banking and finance sub-sector will employ less than 2,000 people in 2020 in Kirklees (see Appendix 2).

Two of the key employment sectors will remain to be retailing and education which are both expected to employ around 22,000 by the end of the next decade.

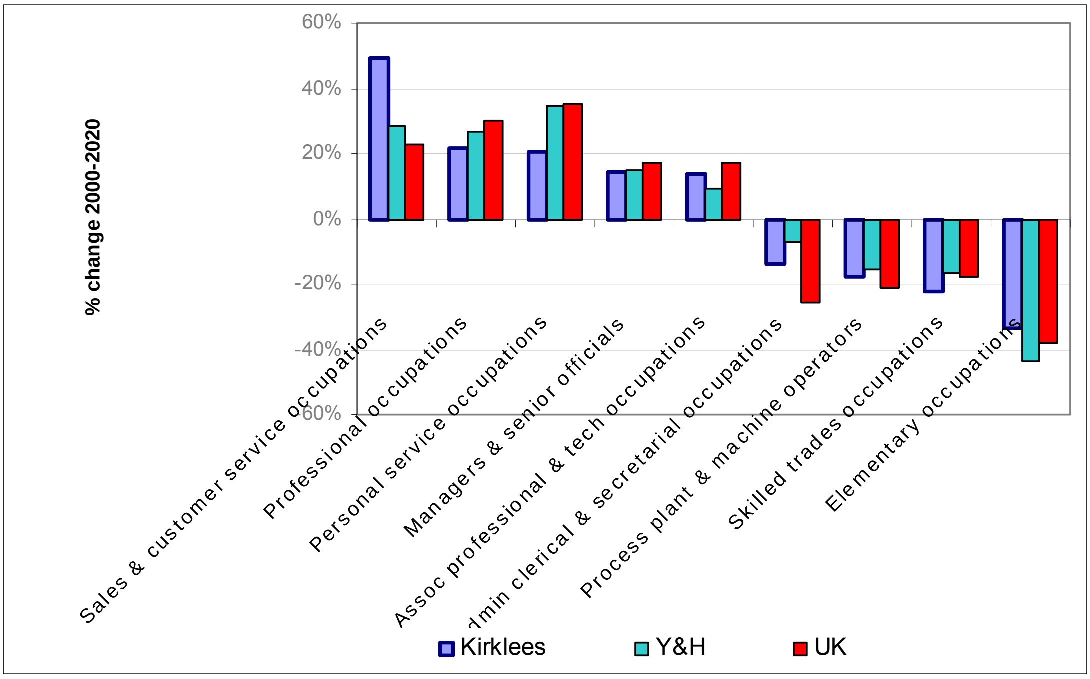
The largest growth in narrow industrial classification is expected to be in professional services, which is forecast to rise by 60% to 2020 and will employ over 12,000 people in the district.

Construction is expected to grow by 29% and forecast to employ over 10,000 people in the district by 2020. This is a net increase of around 2,300, but if replacement demand is taken into consideration, then a picture begins to emerge of a very high demand for construction skills and qualifications over the next 10-12 years.

4.3 EMPLOYMENT BY OCCUPATION

The restructuring of the industrial structure of the economy is being accompanied by fundamental shifts in the occupational structure of the economy. Global competition, technological change and increased emphasis on customer service and product quality are some of the key factors influencing changes to production methods and the organisation of work. Changing patterns of industrial specification have major implications for the demand for different occupations. In general, the decline of employment in primary and manufacturing sectors has resulted in a dramatic reduction in the need for many skills associated with these sectors of the economy. In contrast the growth of the service sector has led to substantial additional jobs over a range of occupations.

Fig 4.3 Kirklees: Projected Employment by Occupation, % Change 2000-2020



(Source: Cambridge Econometrics Forecasting, 2007)

In terms of employment share, forecasts have been calculated by broad occupational group for the District, region and country (see Fig. 4.3). The key findings suggest that:

- whilst in 2000, a larger proportion of people were in elementary jobs in Kirklees (14%) than in any other occupational group, forecasts suggest that proportion will shrink by around a third to 10% by 2020. Notable forecast falls in employment are associated with trades, plant and machine operators and administrative roles;
- the biggest rise by far in Kirklees is predicted in sales and customer service occupations.[2] A predicted rise of 49% will result in just under 13% of the workforce

2 The regional and national picture is slightly different to Kirklees, with the biggest rise expected in personal services. The rise in these occupations could be as big as 35% in both Yorkshire and the Humber and the UK, compared with 20% in the District.

being employed in these occupations by 2020. The rise in sales and customer service occupations of 49% in Kirklees is also a far more dramatic change than the 28% in Yorkshire and the Humber and 23% nationwide;

- By 2020, over 15% of the workforce of Kirklees will be classed as managers, and over 13% will be employed in associate professional and technical roles.

Using a narrower definition of occupational groups and using absolute numbers rather than percentage share, we can begin to get a more detailed picture of the Kirklees labour market in 2020. Customer service occupations are expected to grow by 133%, from a base of 2,400 in 2000 to an anticipated figure of 5,600 in 2020.

By far the largest occupational group in 2020 in Kirklees will be corporate managers, potentially witnessing a growth of 49% to over 26,000. The next largest group will be those in sales (19,000), then administrative and clerical roles (17,000). Although elementary clerical roles are expected to reduce by 28%, they will still account for 12,000 jobs across the district. Skilled metal and electrical trades could fall in number by half, to 4,300 by 2020.

4.4 CHANGING EMPLOYMENT PATTERNS BY STATUS AND GENDER

The past few decades have seen dramatic changes in the patterns of employment by status and gender. Many of these changes have been linked to the wider restructuring of the economy and the decline in full-time manufacturing jobs traditionally held by men and the increase in part-time employment opportunities in the services sector of the economy (generally filled by women). The forecasting data for Kirklees suggest that both full time and part-time work opportunities in the region are likely to increase (see Table 4.2), although the magnitude of the increase is at odds with the regional and national picture:

According to the forecasting data, the number of people in full-time work in Kirklees will rise by 16% between 2000 and 2020. This outstrips growth both in the region (12%) and across the UK as a whole (9%).

The percentage growth in part-time roles looks very different. Part-time work is expected to grow by 15% in Kirklees over the same period, but by 36% in both the region and the UK.

Self-employment has provided employment for a steadily increasing number of people over the past decades. In the UK it is forecast to grow by 13% in the UK but by a much smaller margin at the regional level (3%) over the period 2000-2020.

Table 4.2 Projected Employment Status in Kirklees, % Change 2000-2020

	Kirklees %	Y & H %	UK %
Full-time	16.1	11.7	8.5
Part-time	15.1	36.1	36.3
Self-employed	-3.4	3.4	13.1
Total	13.9	17.8	16.4

(Source: Cambridge Econometrics Forecasting, 2007)

Table 4.3 Projected Self Employment by Gender in Kirklees, % Change 2000-2020

	Male %	Female %
Kirklees	1.6	-15
Yorkshire and Humber	7.7	-8
UK	16.8	4

(Source: Cambridge Econometrics Forecasting, 2007)

Worryingly, the number of people in self-employment in Kirklees is predicted to fall over 3% to just over 17,000. The forecasts indicate that the percentage of the workforce in self-employment in Kirklees will be 9%; in Yorkshire and the Humber it will be 10%, and across the UK it will be 12% (Tables 4.2, 4.3).

A key source of the variance between self-employment growth at the national and local level relates to the male self-employed in construction trades. This is predicted to grow by 52% across the UK, and by only 24% in Kirklees (although it will remain the largest sector in the district for male self-employment). Around 12,400 males will be in self-employment in Kirklees by that time, a rise of 1.6% over the 20-year period. The same percentage growth across the country as a whole could be around 17%.

For females in self-employment, all sectors in Kirklees are expected to witness a fall in numbers except for manufacturing, which could see a rise of 75% to 1,400 in total. Total female self-employment is expected to fall by 15% in Kirklees over the given period. It will also fall across the region (-8%), but is forecast to grow overall in the UK (4%).

4.5 SUMMARY

- The shift in the industrial structure of the economy of Kirklees towards service related industries is set to continue.
- The largest increase in employment between 2000 and 2020 is expected to be in financial and business services. Following that, the biggest rises are projected to be in transport and communications, construction and distribution, hotels and catering and Government and other services.
- The general trend in decreasing manufacturing employment is predicted to continue between 2000 and 2020. However, manufacturing is still forecast to remain an important source of employment in Kirklees (about 17% of the total workforce).
- The single largest sector providing employment opportunities in Kirklees in 2020 is forecast to be Government and other services (almost one in four of the total workforce).
- Construction employment is expected to grow, and when replacement demand is taken into account, there are likely to be further increases in demand for construction skills and qualifications to 2020.
- The trend towards higher skills, particularly in terms of managers and professional occupations, is forecast to grow, and by 2020 28% of the workforce in Kirklees will be classed as managers or associate professionals. At the same time, the proportion of people in elementary jobs is forecast to decrease from 14% in 2000 to 10% in 2020.
- Against the trend in the region and nation, the number of people in self-employment is forecast to fall in Kirklees by 2020.

CHAPTER FIVE
AN INTEGRATED LABOUR MARKET AND SKILLS STRATEGY

5.1 TOWARDS AN INTEGRATED STRATEGY

Kirklees is at a turning point in 2008/9. The foundations of a successful integrated labour market and skills strategy lie in its ability to understand demand and develop a longer-term sustainable supply of suitably qualified labour, and to address the locality and progression issues in Kirklees along with the rapidly changing economic environment. On the demand side, the Kirklees strategy needs to be both outward looking in terms of the location and nature of available employment opportunities in adjacent areas and inward-looking in terms of the indigenous business base and the locality priorities. At the same time a strong supply-side element is required, focusing on ensuring that the barriers to work facing residents, particularly those most at risk of exclusion, are addressed in a way that enables them to connect with the new employment opportunities available to them in the wider labour market. At the same time Kirklees needs to ensure that the higher level skills required for a successful economy in the 21st century are developed, and that it responds to the policy changes ahead by bringing together private and public sector employers and key sector champions.

5.2 THE DEMAND SIDE

The demand side of the labour market is outlined in terms of (i) employers, and (ii) individuals.

5.2.1 Employers

The Kirklees Skills Strategy has been influenced by the wider economic context both globally and closer to home. Individual employers adapt, respond and influence their environment through their business strategy, which in turn drives their demand for skills. It is generally recognised that there are several elements to employer demand for skills. There are first-order decisions relating to the product market and competitive strategy adopted by the enterprise, and there are second-order decisions about work organisation and job design which are central to the ways in which skills are employed in the workplace. Training and development is often a lower order decision associated with both what the employer does and how it does it. The evidence (see section 3.5) associated with occupational structure, skills gaps and skills shortages provides an indication, associated with the nature of employer demand for skills which is forecast to rise in terms of the level of skills required by the economy and the number of people required in more skilled occupations. It is essential that the Kirklees Skills Strategy recognises these differences and tackles the variations in skills levels and skills shortages, and above all raises aspirations locally.

Employers already make a considerable investment in training and development of their staff, and at a national level employers spend up to £12.4bn on direct course costs and up to £17.4bn in total, although much employer training takes place outside the publicly funded system (HM Treasury 2006, p. 51). Notwithstanding the substantial investment made by employers, the current government policy aspiration to be taken into the future is to encourage employers to ‘raise their game’ and to invest more heavily in skills development. The evidence suggest that about one in three employers (mostly micro-enterprises employing fewer than 10 people) do no external or accredited training at all, and those that do currently train could do more. Mobilising increased demand within these enterprises and for those employers that already invest in training will be a considerable challenge for those involved in implementing the Kirklees skills strategy in the future. Bringing together the private sector employers is an important component of the Skills Strategy if the aspiration towards a demand-led system is to be realised. At the same time there is a potential opportunity for public sector organisations to provide local leadership in the employer-led skills agenda.

Table 5.1 provides details of the largest employers in the District who will need to be drawn into the skills debate.

Table 5.1 Top Employers in Kirklees District

	Company	Jobs	Town	Type
1	Kirklees Metropolitan Council	19,500	Huddersfield	Local Authority
2	Calderdale and Huddersfield NHS Trust	3,500	Huddersfield	NHS Trust
3	Mid Yorkshire Hospitals NHS Trust	2,500	Dewsbury	NHS Trust
4	Carlton Cards Limited	2,500	Dewsbury	Manufacture of greeting cards
5	The University of Huddersfield	2,120	Huddersfield	University
6	West Yorks. Fire and Civil Defence Authority	1,915	Birkenshaw	Fire and civil defence authority
7	West Yorkshire Ambulance Services	1,700	Birkenshaw	Ambulance Service
8	Fox's Biscuits	1,600	Batley	Manufacture of biscuits
9	Huddersfield Technical College	1,200	Huddersfield	Further Education
10	Kalon Decorative Products Ltd (acquired by PPG Industries of Pittsburgh Jan.2008)	950	Batley	Manufacture of paints
11	Hoyer UK Ltd.	900	Huddersfield	Haulage Contractors
12	Holset Engineering Company Limited	750	Huddersfield	Manufacture of turbo chargers for diesel engines
13	Kirklees Primary Care Trust	730	Huddersfield	NHS Primary Care Trust
14	Syngenta	615	Huddersfield	Manufacture of chemicals
15	Dewsbury College	600	Dewsbury	College Of Further Education/Business Studies
16	Kirklees Primary Care Trust	600	Batley	NHS Primary Care Trust
17	John Cotton Mirfield Limited	550	Mirfield	Manufacture of mattress fillings, duvets etc.
18	J Sainsbury plc	536	Huddersfield	Supermarket
19	Asda Superstore Limited	520	Huddersfield	Supermarket
20	Instore	500	Huddersfield	HQ: Store Chain
21	IKEA Ltd	500	Batley	Furniture Store
22	Mamas and Papas	500	Huddersfield	HQ: Supplier of Nursery Products

(Source: Kirklees Council)

The evidence presented in Chapters Three and Four draws attention to the importance of the adjacent city regions as a source of employment opportunities for local residents with this likely to remain the case in the future. Understanding the nature of the demand for labour in the city regions and connecting this with local supply is an important aspect in the implementation of the strategy. Consideration of the scale, scope and nature of the employment opportunities available in adjacent areas will be an important input into the further development of the strategy over time. For example, Kirklees needs to consider its role in relation to the financial services sector in Leeds City Region, and to the cultural sectors in Manchester and Sheffield, in greater depth.

Whilst access to employment opportunities in adjacent areas is an important element of the demand side, the evidence points to employment in Kirklees itself as the main source of jobs for residents of the district. Emergent high-technology enterprises in priority sectors such as environmental technologies, creative industries, nanotechnology and advanced engineering can make an important contribution to the economy and to raising the demand for skills, and resources need to be applied to encourage these new sectors to grow and flourish, and for them to provide substantial employment opportunities. However, the bulk of the employment opportunities will remain in more traditional sectors of the economy, such as public services and distribution, retail, hotels and catering. As in the past, new job opportunities will arise; however, most of the job opportunities are likely to emerge in the form of replacement labour. The competitiveness of local enterprises needs to be a core concern for the strategy, and appropriate business support in terms of, for example, access to suitable premises, financial incentives, and information and guidance, needs to be harnessed to support inward investment, business start-up, and the skills development of established businesses. Effective connections need to be made between these activities and the development of a variety of skills, including leadership and management, entrepreneurial and basic employability skills, as well as sector and organisation-specific technical skills.

The aspiration is to place employers at the heart of the skills system in the near future, and this is a central plank for the development of the 2020 Kirklees Skills Strategy. Informing and being informed by the strategies of the Sector Skills Councils, local Employment and Skills Boards and the UK Commission for Employment and Skills will be an important element in ensuring the integration of the Kirklees 2020 Skills Strategy.

5.2.2 Individuals

Along with employers, individuals lie at the heart of the current realignment of the training and education infrastructure, which is the key to the development of the system both in the short term and the long–term. An increasingly student-centred learning approach is demanded by policy planners, both now and in the future. Qualifications (as a proxy for skills) remain a key element of the national strategy to 2020, and they are increasingly relevant for individuals seeking to gain employment as the skills levels employers and the economy more generally require will rise in the future. There is an emphasis on the development of more flexible qualifications frameworks and access to learning opportunities, along with a focus on progression in the labour market, which is set to continue in the future.

Individuals' demand for skills and qualifications is rising, with learning choices increasingly informed by the interests of the individual, influenced to varying degrees by what they believe employers want. Those seeking higher level skills (level 4 and above) are increasingly expected to pay for their own learning (at least to some degree), either through their own resources or, if in employment, with funding from their employers. Those with no or low qualifications (under NVQ level 2 or equivalent) and those most at risk of exclusion are likely to be eligible for considerable publicly funded support in the pursuit of relevant qualifications linked to entry to the labour market.

Table 5.2 shows the Kirklees "Leitch gap" based on the Regional Econometric Model. The table reveals that some additional 91,000 people need to be trained to at least NVQ level 2, and of these 49,000 need to be trained to at least NVQ level 4, if the Leitch targets are to be realised in the District.

Table 5.2 Kirklees "Leitch Gap", Based on Regional Econometric Model, Sept 2007

	2007	*2008*	*2009*	*2010*	*2012*	*2014*	*2016*
NVQ Level 0	17,556	17,553	17,615	17,664	17.71	17,736	17,734
NVQ Level 1	34,073	34,163	34,292	34,422	34,609	34,760	34,836
NVQ Level 2	43,096	43,338	43,510	43,682	43,939	44,151	44,282
NVQ Level 3	37,896	38,288	38,501	38,699	39,001	39,263	39,469
NVQ Level 4	37,740	38,254	38,472	38,769	39,395	39,987	40,477
NVQ Level 5	12,312	12,393	12,404	12,452	12,579	12,707	12,806
Total Working Age	247,400	248,200	249,100	250,000	251,200	252,700	254,000
Gap to Leitch 4	**48,908**	**48,633**	**48,763**	**48,779**	**48,506**	**48,386**	**48,318**
Gap to Leitch 2	**91,615**	**91,107**	**91,303**	**91,398**	**91,166**	**91,323**	**91,566**
Regional Gap 4	553,500	552,042	553,714	553,785	549,973	544,204	538,432
Regional Gap 2	962,636	959,568	962,854	964,659	963,851	958,599	951,950
Share in Kirklees:							
Level 4	8.8%	8.8%	8.8%	8.8%	8.8%	8.9%	9.0%
Level 2	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.6%

1. Gap to Leitch based on Regional Econometric Model total employment forecasts at NVQ level using ONS Sub National Population Projection working age denominators.
2. The figures are presented in a nested format (2+ includes level 2, 3, 4 and 5).
3. Individual level data is presented so that information on the specific contribution at each level can be seen.
4. The presumption is made that the gap is a function of gap to 2+ and 4+ of the working age population - the Leitch Review is not entirely clear - but the aspirational percentage makes no sense at individual level.
5. Gap estimates include refined treatment of 15 age group cohort in adjusting working age estimate.
(Source of NVQ Occupational Employment: Regional Econometric Model, September 2007.)

The evidence presented in Chapters Three and Four provides an indication of the uneven distribution of skills amongst various socio-cultural groups, with those out of work and in lower-skilled occupations far less likely to hold a qualification which will support their recruitment or progression in the workplace. The evidence also suggests certain groups at risk of further economic exclusion due at least in part to the level of their skills, notably some ethnic minorities, NEETS, older people and people with disabilities. Younger people are an important constituent of demand – particularly looking to the future - and there is evidence of a wide variation in attainment within the Kirklees area as a whole, which impacts on the future labour market opportunities for those becoming of working age but without the skills and attitudes to enable employment. In terms of locality focus, Dewsbury, Batley and Huddersfield need the most focused and sustained attention. The strategy should strive to support the move towards a 'learning locality' in Kirklees, where knowledge and skills are valued and applied to the good of the economy and the community. The locality-based strategy Kirklees Council intends to adopt will need to consider its approach to skills and seek to bring all the partners together.

5.3 THE SUPPLY SIDE

The key to an integrated strategy is the extent to which employer demand for skills, education and training is mobilised, and the supply of labour with the required skills is aligned with this increased demand. In the past, policy attention and resources have generally been concentrated on the supply side in attempts to improve the quality, availability and access to learning opportunities, and to overcome socio-economic and cultural barriers to learning. In the future, there will be a continued emphasis on encouraging employers to get more involved with the system, both in terms of design or relevant offerings, and consumption of learning opportunities. In the short term, the Sector Skills Councils, employment representative bodies and the new UK Commission for Employment and Skills have a key role to play in 'making the employer voice heard', and influencing the supply side to provide high quality training that meets employer needs. In the longer term, new structures may emerge as the infrastructure changes and evolves, and the new Kirklees Labour Market and Skills Board (see Recommendations) needs to be at the epicentre of this debate, shaping both Train to Gain and the Apprenticeship Training Programme, for example, in Kirklees.

At an individual level, greater emphasis will be on stimulating and supporting demand through resources to reform existing streams of learner support. The introduction of

Skills Accounts, and the increasing emphasis on targeted support for those who need it most, are recent examples of this approach to be taken into the future. There is also a need to connect those who are economically excluded with jobs that offer both retention and progression, in order to make a real difference to standards of living and to reduce the problems associated with continued low pay and intermittent employment. A stronger framework of rights and responsibilities is at the centre of current welfare to work reforms, and more effective personalised support is proposed to support people back into work. Partnership remains a key element of policy intervention, with the private and voluntary sectors playing an increasingly important role in the education and training system. Targeting areas with high levels of worklessness by devolving and empowering local communities is a key element of policy, and the Kirklees Neighbourhood Learning Networks may have a key role to play. These principles appear to offer a sound foundation for the future development of the 2020 Kirklees Skills Strategy, but the role of agencies needs greater clarification.

Employment opportunities will exist, change, develop and grow in key sectors in both Kirklees itself and in adjacent cities, and it is important that local supply is informed by labour market intelligence gained from areas within Kirklees and in discussion with the adjacent city regions such as Leeds and Manchester. It is also important that the intelligence is used to inform the labour market information, advice and guidance that is available to people living in Kirklees, so that they are equipped with the information as well as the skills necessary to realise the benefits of employment opportunities both within and outside Kirklees.

Those most at risk of disadvantage often face multiple and substantial barriers to employment and education; these barriers include factors such as health, caring responsibilities and employer recruitment practices, which need to be addressed. Furthermore, access to employment opportunities generally should not be viewed in isolation, and an integrated labour market and skills strategy needs to both inform and be informed by other strategies associated with economic development, transport, health, environment, cohesion and equal opportunities, for example.

5.4 KEY CHALLENGES

Figure 5.1 presents a view of the challenges facing Kirklees District in 2008. It shows two key **“drivers”** of the District economy, namely the ***global economy*** and the emerging (Leeds and Manchester) ***City Region*** agenda. The recent global financial crisis and expected economic downturn is already impacting on the national and regional economy, spreading uncertainty and doubt, which in turn affects confidence and investment decisions. An economic slowdown will affect public spending, and this could have a short-term adverse effect on Kirklees, given the size of – and heavy dependence on – the public sector in the District. The public sector employers must be drawn into the skills strategy as key exemplars.

The City Region Development Programme could also have a significant impact on the District, especially in terms of resource allocation and the priorities to be focused on. With the increasing remit of the RDAs and Yorkshire Forward's decision to plan investment on a city-regional, as opposed to a sub-regional, basis, Kirklees' role and influence within the Leeds City Region and its relationship with the Manchester and Sheffield City Regions is crucial, and thus there is the need to recognise elements of these relationships which are based on collaboration. The future role of the Regional Skills Partnership is uncertain, given that the announcement of the dissolution of the LSC by 2010, and Kirklees must consider its position in this changing policy context.

Figure 5.3 shows the key **"enablers"** which can facilitate the efforts to up-skill Kirklees residents in order to raise its economic and social ambitions. These enablers are ***human capital***, ***leadership*** and ***sustainable development***.

Given Kirklees' ageing population, it is legitimate to ask how the future skill needs of the District will be met, and how replacement demand is to be satisfied. Will the District experience greater commuting in both directions? Current attainment and qualification levels are largely below average, especially above NVQ2. There is a significant gap between the "desirable" skills levels suggested by the Leitch Review and current levels, and if current trends continue, the gap will get even wider (Table 5.2). It is imperative for all stakeholders to consider the full potential impact of a sustained investment in human capital, and how better targeting (Dewsbury, Batley and Huddersfield) is to be achieved.

To develop the 2020 Framework, the public sector in the District needs to show vision and leadership and offer itself as a role model for others to follow. The Council, Health Authority and public sector employers need to commit themselves to the National Skills Pledge. Champions should also be identified from the private sector to lead this effort, and this needs to be the subject of greater debate with the Mid Yorkshire Chamber of Commerce and Industry and the key private employers. It is, however, vital that critical issues pertaining to funding, roles and responsibilities are clarified as soon as possible.

Finally, the sustainable development challenge needs to be grasped and fully exploited. The District needs to take forward its ambitions to be the home of “green” businesses. Is there scope for an exemplary “Green Business Zone” to be established? The Council has taken the lead in installing wind turbines above its offices. This is a critical statement of intent. However, the issues at stake go far beyond that. The level of commuting in the District makes a greener transport strategy essential, and the development of environmental business demands a whole new way of thinking about skills development.

Figure 5.3 How Does Kirklees Focus and Respond to the Skills Challenge?

GLOBAL ECONOMY	CITY REGION	HUMAN CAPITAL	SUSTAINABLE DEVELOPMENT	LEADERSHIP

• How Kirklees can be more competitive?
  • Developing a focus on new markets & sector; creative and digital; environmental technologies; nanotechnologies; & leisure: responding to rapid change
• A flexible and adaptable labour market and economy.
• Developing niche markets – enterprise and innovation and R&D – linked to universities.
• Using higher level skills to drive up productivity.
• A 50% graduate level
  • A focus on emerging markets and skills. What does this imply for Kirklees?
	• Raising the profile of Kirklees in the City Region
	• Developing a focus on skills within key growth sectors; (see section 6.1)
	• Examining travel to Work, commuting patterns and land mix and seeking to improve public transport
	• Focus knowledge-sector activities
	• Diversifying away from the public sector
	• Limited resources mean focus on priorities in the key localities; Dewsbury and Mirfield: Batley, Birkenshaw and Birstall: and Huddersfield north and south.
	• Diversification away from an over-reliance on the public sector
		• Responding to demographic change: diverse, growing and ageing population
		• Raising attainment levels
		• Building aspirations - participation and progression
		• Achieving greater equality and cohesion
		• Responding to changing migration patterns
		• Investment in human capital to stimulate greater economic wellbeing
		• Core and basic skills – role of informal and adult learning
		• The role of the universities and colleges
		• Responding to the Leitch targets
			• Responding to the threats and opportunities presented by Climate change.
			• National recognition as Best Practice in Green Living
			• Developing green technology clusters
			• Reducing pressure on commuting and supply chains
			• The role of the CVO and the third sector in developing localised solutions
			• integrated housing linked to wider regeneration and labour market priorities
			• Developing skills for sustainable development
				• Labour market and Skills Board to take the strategy and vision forward
				• Role of the public sector as an exemplar
				• Private sector commitment and leadership and focus on Train to Gain
				• Clarify funding commitments and priorities for LSC and Yorkshire Forward
				• Who will co-ordinate what in the LM&Skills Board and set the agenda?
				• Bringing the third sector into the 2020 Skills Strategy

5.5 2020 STRATEGIC FRAMEWORK

Kirklees has three skills aims to 2020, which are:

1. ***to nurture, encourage, challenge and develop the skills and aspirations of all Kirklees residents to meet the requirements of the 21st century in the District and city region;***
2. ***to provide better opportunities for all to up-skill and re-skill to improve productivity in Kirklees;***
3. ***to inspire creativity and innovation and to fully exploit our diversity within a green economy.***

Through these three aims, the 2020 Skills Strategy will aspire to realise five thematic programme ambitions. These programme ambitions are informed by the economic and social data presented in the preceding chapters and the challenges facing the District, as well as the ever-changing policy context. The ambitions are also designed to respond to the enablers and drivers presented in Figure 5.3. They attempt to capture the aspirations of the District and focus efforts on realising the obvious potential that abounds in Kirklees. The five ambitions offer an opportunity for the District to articulate its economic and social skills programme. Whilst being aspirational, they are all grounded in reality.

5.5.1 Strategic Ambitions

1. Global Economy: *Developing high-level skills and spreading the University town buzz*

Kirklees has an ambition to be a place that attracts and retains young people. Places with a sense of buzz and positive energy are also attractive to business. Young people bring with them great opportunity for greater investment, attracting businesses and employers in their wake and building new sectors like the creative and digital industries. Enterprising young graduates in Kirklees will be encouraged to stay in the District.

2. City Region: *Central Skills Exchange*

Kirklees is strategically well placed in between the three major city regions of the North (Leeds, Manchester and Sheffield). Its distinct place at the heart of these city regions offers key opportunities and challenges for the District, and the 2020 Skills Strategy will contribute towards the goal of making Kirklees central to investors and as a key university town supplying talent not just to the north of England. The key goal for the Kirklees economy is to be both ***creative and competitive***. The 2020 Skills Strategy will present the framework to work together with business to develop strategies to ensure that local people are equipped with enterprise and innovation skills, especially in the key sectors, and to showcase Kirklees as a place where creative talent is nurtured and developed.

3. Human Capital: *Great People – Enterprising Communities*

Kirklees recognises that the key to economic success lies within its diverse and multi-cultural residents. There is a need for greater emphasis on “human capital”, and the 2020 Skills Strategy has a pivotal role in making this a reality. There will be a strong focus on the priority localities of Dewsbury and Mirfield, Huddersfield north and south, and Batley, Birkenshaw and Birstall in terms of skills and enterprise policy. In particular, talent development must be harnessed in disadvantaged and underachieving communities.

4. Sustainable Development: *Green District - Green Skills*

Kirklees must take forward its ambition to be the greenest local authority in the country. This will have a positive impact on attracting and retaining investment associated with the green and sustainable development agenda. This ambition will inspire a new approach for building the environmental technology industries and embrace new skills in sustainable development and living. In March 2008, the Academy for Sustainable Communities and English Partnerships published the draft Brownfield Skills Strategy for consultation (the final report will be published in summer 2008). The strategy aims to change attitudes towards skills, encourage cross-disciplinary working, raise the profile of brownfield careers, and promote a common framework for skills development. The lessons and recommendations need to be absorbed in pursuance of the sustainable development ambition. Kirklees has already made some commitments in this policy area, and this should be expanded further.

5. Leadership: *Education and Skills - Aspiring to be the Best*

Kirklees needs to develop an ethos of excellence. Kirklees should not be satisfied with ‘good enough’ – it should strive towards being a place where only the best will do, and raise the level of personal ambition and aspiration across all its communities.

5.5.2 Cross-cutting issues

To realise these ambitions, there is the need to match the themes with detailed work on the issues of:

- **Youth skills and training (especially 14-19 year olds)**
  - Targeted intervention on those most at risk of exclusion, and on key localities.
- **Adult skills and training**
  - Promoting the value of skills to employers.
  - Developing Train to Gain (roll-out in Kirklees).
- **Employment aspirations and progression**
  - Information, advice and guidance about employment opportunities integrated with skills development opportunities.
- **Employer HR approaches**
  - Understanding and influencing employer Human Resource Development activities designed to identify, meet and assess skills acquisition activity in the workplace for both the existing workforce and new recruits.
- **Employer-led provision**
  - Encouraging and supporting business development through brokerage services, and linking this with knowledge, education and skills.
- **Key growth sectors**
  - Encouraging and leading sector-specific skills development in priority growth sectors (creative industries, nanotechnology, environmental technologies, advanced engineering).
  - Linking inward investment to skills development and recruitment opportunities in the key sectors of the local economy.
- **BME skills provision and focus on disadvantaged and underachieving communities**
  - Especially in Greater Huddersfield, Dewsbury and Batley.

5.6 CONCLUSIONS

The skills policy and delivery focus is currently in flux, working towards a new system by April 2010. Kirklees must respond to the changing agendas and bring together the public, private and third sectors to co-ordinate the 2020 skills strategy, and to respond to the demands of tomorrow's economy and the fast-changing labour markets of the future.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 CONCLUSIONS

This Kirklees 2020 Labour Market and Skills report aims to coordinate the local and sub-regional actions needed to respond to the Leitch Review of 2006 (section 2.3.2 above), and the need to create an even more competitive workforce for the District and the wider city region. It aims to ensure that the UK Commission for Employment and Skills' agenda is developed at local level in Kirklees, and seeks to co-ordinate the activities of the new Kirklees Labour Market and Skills Board.

The evidence shows that the **Kirklees economy is changing fast**, and will continue to do so. The largest occupational group in 2020 in the District will be corporate managers. In the next 12 years, elementary clerical roles are expected to reduce by 28%, and skilled metal and electrical trades could fall by 50%. Customer service occupations and professional and technical occupations will continue to grow. Government and public services are expected to grow by 24% (see Appendix 2). Increased competition from China, India, Brazil and Russia, combined with demographic change, can only exacerbate these trends. Kirklees has to shape a new future for itself in the next decade. It must participate fully in the skills revolution and develop a more local response. This report begins to set the framework for that debate.

Recent policy statements from central government (see Chapter Two) suggest that **local authorities will be expected to play an enhanced role in the economic development** of their districts. The SNR explicitly strengthens the role of local authorities in this regard, and places a new statutory duty on upper tier and unitary authorities to assess local economic conditions. These assessments will form the basis for the new integrated regional strategies – which will cover housing, skills, transport and regeneration – under the leadership of the RDAs, which will be responsible for agreeing the draft local economic assessment with local authorities.

The SNR also supports **Multi-Area Agreements** across economic areas. The MAA for Leeds City Region is being finalised, and focuses primarily on "ensuring free-flowing **transport connectivity**" and "closing the persistent gaps in identified **higher level skills**". This has direct implications for the implementation of this 2020 Skills Strategy, especially the latter aspiration.

The **landscape for the provision of skills and training in the UK is changing rapidly**. The LSC is due to be abolished by 2010 and replaced by two smaller agencies (the Skills Funding Agency and the Young People's Learning Agency). Local authorities, under the new proposals, will receive £7billion in total to help Further Education and Sixth Form colleges deliver the reforms needed to raise the age for leaving education and training to 18, and will be expected to work in sub-regional groupings reflecting travel-to-learn patterns in order to commission provision. There are also the ongoing qualifications reforms and the new National Apprenticeship Service, both of which are of direct relevance to all local authorities.

The **Local Area Agreement** for Kirklees District is currently being finalised. The priorities, indicators and targets specified in that agreement will have to **dovetail with the new Multi Area Agreement for Leeds city region, the Regional Economic Strategy, and the RDA's new Corporate Plan,** which confirms a **shift from project delivery to a programme approach with policy product ranges**.

It is therefore exceptionally vital that Kirklees Council and all partners in the District work closely throughout this period of great reform to ensure that the needs and aspirations of the District are met. The "world of work" is undoubtedly changing rapidly, and the skills needed to fully participate are undergoing radical re-appraisal. The Leitch Review concluded that by 2020, at least 40% of all adults should possess a minimum of NVQ Level 4. For Kirklees, this means up-skilling an additional 49,000 people by 2020 – a 9% increase on the 2007 level. We believe the successful implementation of the recommendations and key actions proposed in this report will go a long way to closing that gap and ensuring that the Kirklees labour market is sufficiently equipped for the challenges ahead.

6.2 RECOMMENDATIONS

6.2.1 Organisation and Structure

We recommend a strengthened remit for the Labour Market and Skills Board (LMSB) for Kirklees, as strongly encouraged in the Local Government White Paper 2006 (referred to variously there as 'Skills and Employment Boards', 'Employment and Skills Boards' and 'Skills Boards'), and again recommended in the Leitch Review. The broad responsibilities of these Boards as stated in the Leitch Review are to:

- Monitor the local labour market: monitor local skills, productivity and employment; establish and articulate the needs of local employers; recommend improvements to the delivery of the integrated employment and skills service; and be innovative in helping disadvantaged groups back to work;

- Raise employer engagement: engage with local employers to increase their investment in skills and engagement with Welfare to Work, which could include brokering agreements between employers and providers.

In the past, Kirklees Council's regeneration activity placed a high priority on skills and labour market activities. Indeed, Kirklees was responsible for the development and delivery of some good practice in relation to the development of Local Labour Schemes such as Job Placement Link and Job Link. Sadly, many of these activities relied on short-term funding programmes which have now largely disappeared. As a result, much of the provision, and with it the expertise and reputation, have gone. The "build" Local Labour in Construction Initiative (Appendix 3) is now the only surviving element.

In recent years, Kirklees' Regeneration priorities have tended to reflect the prevailing funding and policy environment by focusing its resources and investment primarily on physical development and business support activities.

Current Government (Leitch) and EU (Lisbon Agenda) thinking clearly identifies skills and workforce development as playing a central role in achieving our target to increase the productivity and competitiveness of the economy. Kirklees needs to respond to this by placing greater priority and resources into skills and labour market activities. **We recommend that labour market and skills issues are given a high priority both for Kirklees Partnership (the Local Strategic Partnership) and within the Cabinet.**

Membership of the Board needs to reflect a good balance between providers, the public and private sectors, and the voluntary and community sector. The Board should look to incorporate existing structures developed by the Learning Partnership.

We support the decision to create a specific post within the Council to co-ordinate skills and labour market issues across all Directorates and local partners, lead on the implementation of this strategy, and ensure that the proper structures are in place to take full advantage of the emerging skills provision landscape.

The LMSB should direct the new Skills Co-ordinator to examine and explore

training and economic development opportunities working with "champions" from the public, private and voluntary sectors.

6.2.2 Priorities and Resources

The LMSB needs to engage more and in new ways with local employers. This will be a major challenge, however; we recommend that Kirklees explores and adopts a variety of good practice examples developed by neighbouring districts, such as an annual local Skills Summit, an on-line "Economic and Skills Bulletin" and associated website, a Kirklees HR Managers Forum, and a strategic and focused dialogue with the Sector Skills Councils, the new UK Commission for Employment and Skills, and the city region(s).

The aim is to focus skills development with the relevant Sector Skills Councils and to develop joint action across the city region, creating specialist training initiatives in conjunction with the University and colleges, and key local employers. ESF and Apprenticeship training resources in particular could be focused in this direction, and a better dialogue on priorities needs to take place with Yorkshire Forward and the LSC.

SME growth and entrepreneurship policies need a higher profile within the District. Furthermore, better external projection of Kirklees enterprise policies and development is required in the Manchester, Leeds and Sheffield City Regions. In this regard **Kirklees needs to be proactive and assertive in promoting its priorities and key sectors to the Leeds City Region. The District needs to take an active role in the development of the new Multi Area Agreement for skills** currently focusing on higher level skills within the Financial and Business Service Sector. Kirklees needs to position itself favourably in this process. There is also the need to develop a strategy for marketing opportunities to the west and south of the District. Employers in the District need to be at the forefront of this effort to change attitudes and perceptions.

Kirklees should actively and regularly seek to identify key economic opportunities in Leeds, Manchester and Sheffield, and encourage District residents and providers to look to Manchester and Sheffield and not just Leeds for employment, and also encourage a greater focus on local work opportunities.

There is the need to focus sharply on promoting enterprise skills throughout the District. This could be linked to the development of a strategy aimed at deprived

and low-achieving groups and communities to encourage, nurture and support entrepreneurship within Kirklees. In particular, there is the potential to build Kirklees as a centre for new enterprise and skills focusing not only on young people but also on female entrepreneurship (see Chapter 4), the growing Asian population and the over 50 age group, which is set to grow significantly for the foreseeable future.

Kirklees needs to agree its sector priorities for future intervention. We recommend that the focus be geared towards the following sectors:

- **Growth Sectors – Financial and Business Services, Leisure and Retail, Construction and the Public Sector**
- **Value-added – Creative/Media** (with an emphasis on design)**, Green Technologies, and Advanced Manufacturing** (particularly in engineering skills)**.**

There is the need for a sharper focus on actions to develop sector growth plans for 2020, and greater consideration is required with regard to the detailed training and economic development implications for these sectors, starting with the 2008-2011 period and rolling this forward to 2020. In particular, the specialist Sector Skills Councils and the Regional Skills Partnership must also be in closer dialogue with Kirklees with regard to priorities and investment.

Over the next three years Kirklees needs to dedicate full resources towards achieving its Local Area Agreement (LAA) targets with particular reference to tackling worklessness and Level 2 skills (see Chapter 2 for details of the LAA 2008-2011).

6.2.3 Capacity

A stronger and more focused dialogue is required between the educational sector (universities and colleges), private sector employers (Mid Yorkshire Chamber of Commerce and Industry; key employers), and the public and voluntary sectors, with regard to training targets and policies. We recommend that the "co-ordinator" referred to earlier (see Recommendations: section 6.2.1) **leads this dialogue.**

We also recommend that the LMSB forges a very close working relationship with Huddersfield University and the colleges. Such collaboration could focus on exploring possibilities for Foundation degrees and qualification programmes in engineering, design, creative skills and entrepreneurship.

The Skills Co-ordinator will need to develop a range of collaborative initiatives aimed at raising school-age attainment. Examples include making better connection between schools and young people the world of work; expressing the sense of ambition, priority and aspiration as detailed in this strategy; making strong connections with the Building Schools for the Future programme and exploring innovations in educational delivery, such as methods for forging closer partnerships between local enterprise and schooling (e.g. Studio Schools and Academies).

Furthermore, the LMSB needs to identify six key individuals who will take forward the following "task and finish" exercises over the next three months to identify key opportunities and actions:

- **Funding**
- **Apprenticeships and Train to Gain**
- **Locality skills plans**
- **Priority sectors and skills implications focusing especially on**
  - **Finance and Business Services (particularly Business to Business Skills)**
  - **Advanced Manufacturing (particularly in engineering skills)**
- **Dialogue with Leeds, Manchester and Sheffield City Region teams on Kirklees's priorities.**
- **Skills Delivery and Progression** (including a focus on the role of informal/neighbourhood/1st rung learning in skills development).

Progress in other priority sectors including, construction, public sector, creative and digital and green technologies will need to be tackled by further task and finish phases. Furthermore all of the priority sectors will need to be reviewed on a regular basis and will require sustained resources and investment.

There is also the need for much improved intelligence. This should not be limited to labour market statistics and forecasts, but should extend also to work on understanding key groups and issues - businesses; inactivity and incapacity; some BME groups (e.g. Pakistani females); and NEETs. This would enable Kirklees Council and the LMSB together with partners to gain a deeper understanding, and to develop packages of support that are better able to address the issues.

6.2.4 Value Added

Kirklees Council and the public sector in the District should show strong leadership in promoting and implementing this labour market and skills strategy in terms of its own workforce development.

Kirklees needs to take a continued proactive approach to the EU, seeing Europe as an opportunity to raise the profile of the District, learn from good practice and access available funds. Kirklees should consider developing a network with European cities which have similar progressive and ambitious plans, and this effort needs to be fully resourced.

The District needs to take a proactive approach to dealing with regional and national agencies like Yorkshire Forward, the LSC (and its successor agencies) and the Sector Skills Councils. This includes regularly aligning Kirklees' strategic priorities with the stated aims and objectives of these partners.

The District has experienced considerable success in developing its European Strategy in relation to skills training, and has participated in ESF and the EQUAL Community Initiative. Its European Skills focus needs further elaboration in the context of this 2020 Skills Strategy. This report itself has been funded and developed with the support of the EQUAL Programme.

In a number of areas – migration, Central European expansion and investment, cultural and environmental industries, and education and training – it is possible to envisage a stronger European policy focus for Kirklees in the period to 2020. In particular there may be merit in Kirklees pursuing INTERREG funding, and also examining European training and educational opportunities in like-minded European "university towns" as a means of informing progressive skills and economic policies. Thus Bologna, Delft, Leuven, Uppsala, Freiburg and Santiago de Compostela may be important university towns to study. All are established university towns which are embracing the growth of universities and the rise of the creative class and tourism and service sector industries, and have a strong commitment to both environmental and creative industries.

Kirklees should continue to stress the central importance of skills and human resource development within the context of its economic and social development plans and strategies.

Developing and promoting Huddersfield as a “university town” and centre of knowledge economy development can only be successful if the FE college and surrounding towns can fully participate in and benefit from this “buzz”. **The proposed task forces could bring forward policies to ensure that the access is spread throughout the District, and clearer policies are developed around centres of expertise and excellence.** The university has a central role to play in helping local growth sectors such as environmental technologies, nanotechnology, creative industries and advanced engineering to flourish through the application of knowledge and skills. It is imperative that a graduate retention strategy is formulated and implemented, building stronger links between the University and colleges and local businesses and communities.

In terms of sustainable development, Kirklees Council and partners should continue to promote greener technologies, encourage and reward greener lifestyles, and advocate the development of excellence in:

- **Environmental technologies industries (skills);**
- **Sustainable construction and brownfield skills;**
- **Green business development opportunities.**

Kirklees has already gone some way down this road, but it could do even more with regard to **actively promoting greener technologies and encouraging and rewarding greener lifestyles**. The predicted growth in the construction sector, fuelled in part by the government’s housing targets (35,000 new homes for Kirklees by 2020), requires new skills in sustainable construction as “eco” standards for buildings get tougher. The ‘build’ organisation is planning to create a Sustainable Construction Skills Academy in the Colne Valley, and this needs to be supported and resourced as an exemplar for the rest of the District (see Appendix 3).

6.2.5 Localities

The LMSB should seek to respond to the locality focus of Kirklees communities by promoting better Locality and Skills Strategies, especially for North Kirklees and Huddersfield. The problems and challenges for these localities are well known, but the key task of raising education and training aspirations and awareness appears so far to be elusive.

For the next three years, we recommend that two new Skills and Training Taskforces be set up under the auspices of the LMSB to co-ordinate the strategy and actions required to improve both youth and adult learning, qualifications and training. One taskforce should focus most intensely on Huddersfield and the other on North Kirklees, especially Dewsbury and Batley. The key remit of these taskforces is to seek solutions to the skills needs of NEET groups and adults, particularly among the white working class, the BME population and other deprived and disadvantaged groups.

Parts of North Kirklees have a significant young population; priority needs to be placed on these localities to ensure that there is adequate Further and Higher Education provision to cater for this demand. Dialogue between local schools, Further and Higher Education providers should be brokered with the aim of creating greater collaboration and enhanced of provision for North Kirklees.

The LSC (and its successor agencies) **and Yorkshire Forward should be approached for financial support, and the Taskforces should be chaired and coordinated by key private sector employers, with maximum participation by the key employers and BME entrepreneurs.**

The development of the seven Localities gives Kirklees the opportunity to develop localised interventions on labour market and skills, and to draw together a greater collaboration of local partners. The Board needs to allocate resources to develop labour market and skills action plans for each locality. Attention needs to be paid to the resource implications of this.

The LMSB should pay particular attention to the development and implementation of an education and training action plan focused on deprived, underachieving and disadvantaged communities.

The locality issues are extremely complex: culture, discrimination, access to jobs, public transport, health inequalities, drugs, lack of aspiration, increasing migration and insularity, all need to be brought into sharper focus. Regenerating these localities requires a multi-agency, multi-disciplinary and integrated approach.

Kirklees needs to develop bespoke and integrated labour market and skills interventions for major developments, such as the Queensgate Shopping Centre proposals in Huddersfield and the development of the Kirklees Strategic Economic Zone. The Skills Co-ordinator would work closely with colleagues working on physical regeneration projects to develop a framework agreement together with a detailed action plan for skills and employment. These Skills and Employment Frameworks would outline a strategy for engaging with developers and eventual tenants on specific large-scale developments.

CHAPTER SEVEN

KEY ACTIONS

Further work will need to be undertaken by the **Skills Co-ordinator** together with the **LMSB** to develop and refine the following action points into a Comprehensive Action Plan (with timescales resource implications and responsibilities) agreed, supported and owned across the District.

7.1 ORGANISATION AND STRUCTURE

- Greater resources should be placed on ensuring co-ordination on skills and labour market issues. There should be a Co-ordinator assigned to this function from the Labour Market and Skills Board.
- Further discussion should take place with the UK Commission for Employment and Skills to examining potential for new pilots and models.
- Route Train to Gain resources through Labour Market and Skills Board and focus strongly on key growth and aspirational sectors.

7.2 PRIORITIES AND RESOURCES

- Developing a greater understanding of the nature of the demand for skills on behalf of employers and individuals and the capabilities and capacities of the supply side in and around Kirklees is a key priority.
- Work with the Primary Care Trust and Early Years Service to deliver packages which support people into work.
- In relation to Leeds City Region, Kirklees should seek to develop a Kirklees Financial Sector Initiative, the Kirklees Media and Creative Industries Initiative and the Kirklees Environmental Business Initiative, all led by private sector "champions".
- Commission market research and establish a dialogue with employers in the key sectors like financial and business service, creative, digital and media in Leeds, Sheffield and Manchester city regions to establish Kirklees as a location of choice. Then develop branded products to attract employers.
- Launch a campaign to market Manchester and Sheffield jobs to Kirklees residents.

- Intelligence – there is a need to invest resources into gathering and analysing key information relating to the changing local labour market and skills environment, and to understand key strategic issues such as Eastern European recruitment patterns, worklessness, and health inequalities at a local level.

7.3 CAPACITY

- Develop clear pathways of provision from first rung engagement in learning through to higher level skills. Each of the key sectors will establish a defined pathway.
- A focus on customer service skills is needed to reflect the growing service sector in Kirklees. This will support aspirations for a quality town centre retail experience, and take into account the skills required for looking after the ageing population (health and social care).
- Graduate retention – working in partnership with the University and local employers. Focus on attracting higher-waged jobs into the area.
- Work with the development of the Building Schools for the Future programme to ensure connections with local employment and Further Education.
- Focus on design – Kirklees (its providers and University) should look to develop a range of design skills excellence. This should start with school provision and run through into enhanced University provision, in areas including architecture, urban design, and product design (furniture textiles etc). Pathways will be established, and a branding/marketing campaign promoting Kirklees as a centre of excellence in design.
- Develop a pilot utilising a local enhancement to Train to Gain alongside a relaxation of accreditation regulations with a particular focus on Business to Business Skills and the Creative/media sector.
- Explore the potential for greater collaboration between SMEs on the take up of Train to Gain in the construction, advanced manufacturing and creative/media sectors (possibly brokered by “build”, the Textile Centre of Excellence and CIDA).
- Work alongside the University on the development of Foundation Degree provision linked to the local labour market.

7.4 VALUE ADDED

- Support will be given to local employers to adapt to and benefit from key demographic changes. There is a need to develop flexible working arrangements, diversity management and workforce development.

- Actively explore opportunities to exploit EU funding (particularly ESF) for sector skills training and development, possibly linked to apprenticeship schemes.
- Engagement and consultation (place-shaping skills) – Kirklees could work with the Academy for Sustainable Communities to establish skills in place-shaping and consultation and engagement with the public.
- The public sector as an exemplar – the public sector has a key role in championing good practice in terms of labour market and skills. The local authority, health authorities and other public sector partners should lead the way in the development of workforce development, skills pledges, flexible working arrangements, Investors in People and diversity management etc. – leading from the front and aspiring to be seen as role models.
- The local authority also needs to develop new ways of distributing and disseminating skills intelligence. Ongoing and relevant dialogue and engagement with employers is critical in this process. New and improved techniques will need to be adopted utilising, for example, new e-technologies.

7.5 LOCALITIES

- An emphasis should be placed on the key benefits which the diverse population offers in terms of new markets and frontiers – particularly trade with China and the Indian and Russian sub-continents. New skills products need to be developed to capture the benefits of this key advantage.
- Raise ambition and prospects for young people – school and FE provision – greater links between providers. Targeting areas of growth for young people in particularly in Dewsbury and Batley.
- Seek improved attainment levels at 16.
- New initiatives to tackle the causes of NEET.
- Examine the changing role of university towns in Europe and the actions required.
- A focus on women and communities, and the development of the third sector.

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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

BERR	Department for Business, Enterprise and Regulatory Reform
BME	Black and Minority Ethnic
CIDA	Cultural Industries Development Agency
CLG	Department for Communities and Local Government
CRDP	City Region Development Plan
DfES	Department for Education and Skills
DIUS	Department for Innovation, Universities and Skills
DWP	Department for Work and Pensions
ESF	European Social Fund
FE	Further Education
GOYH	Government Office for Yorkshire and The Humber
IMD	Index of Multiple Deprivation
JSA	Jobseeker's Allowance
LAA	Local Area Agreement
LABGI	Local Authority Business Growth Incentives
LCRDP	Leeds City Region Development Plan
LDF	Local Development Framework
LMSB	Labour Market and Skills Board
LSC	Learning and Skills Council
LSOA	Lower Super Output Area
LSP	Local Strategic Partnership
MAA	Multi-Area Agreement
NEET	Not in Employment, Education or Training
NLN	Neighbourhood Learning Networks
NVQ	National Vocational Qualification
NWDA	North West Development Agency
ONS	Office for National Statistics
PTA	Passenger Transport Authority
RDA	Regional Development Agency
RES	Regional Economic Strategy
RSS	Regional Spatial Strategy
SEA	Strategic Economic Assessment
SME	Small and Medium-sized Enterprise
SNR	Sub National Review (HM Treasury 2007b)
SSC	Sector Skills Council
SSDA	Sector Skills Development Agency
WYEP	West Yorkshire Enterprise Partnership

APPENDIX 1 Kirklees District Local Area Agreement Mandatory Indicators (Abridged)

Priority	Mandatory Indicators	Baseline	Targets		
			2008/09	2009/10	2010/11
Education attainment & progress	Achievement of 5 or more A*-C grades or equivalent including English and Maths	48.3% (2007 target)	48.3%	50%	51%
	✷Reduction in number of schools where fewer than 30% of pupils achieve 5 or more A*-C grades at GCSE and equivalent including GCSE in English and Maths	8 Schools	6 Schools	3 Schools	1 School
	Narrowing the gap – to improve the proportion of young people from Pakistani backgrounds achieving 5 A*-C including English and Maths	30.7%	33%	38%	43%
Improving the life chances of vulnerable children & young people	✷16-18 year olds who are not in education, training or employment (NEET)	10.1% (2006/07 actual)	7.9%	7.3%	6.5%
Reduce worklessness	✷Working age people claiming out of work benefits in the worst performing neighbourhoods	7,665 May 2007	5,890	5,842	5,772
Increase skill levels of working age population	✷Proportion of population aged 19-64 for males and 19-59 for females qualified to at least Level 2 or higher	59%	60%	61%	62%

(Source: Draft Local Area Agreement for Kirklees District, April 2008.)

NOTE:
The indicators have been identified as priorities to improve the quality of life in Kirklees. The Kirklees Partnership has negotiated targets with central government for 35 indicators, which have been drawn from the National Indicator Set. These indicators have been marked with a '✷'. The targets for all other indicators have been agreed locally with the Kirklees Partnership. Some of these local indicators have also been drawn from the National Indicator Set and others we have written to meet local needs.

APPENDIX 2 Kirklees: Projected Employment by Industry (Sub-Sectors)

(000's)	*2000*	*2010*	*2020*	*% change 2000-2020*
Prof. Services	7.7	10.4	12.3	59.7%
Misc. Services	8.7	11.5	13.6	56.3%
Manuf. nes	3.2	4.5	4.9	53.1%
Computing Services	1.6	1.8	2.4	50.0%
Retailing	14.5	19.3	21.6	49.0%
Printing & Publishing	4.2	5.3	5.7	35.7%
Public Admin. & Def.	7.1	9.2	9.5	33.8%
Land Transport etc	5.4	6.8	7.2	33.3%
Construction	7.9	9.8	10.2	29.1%
Other Bus. Services	10.3	11.2	13.1	27.2%
Education	17.9	21.9	22.4	25.1%
Pharmaceuticals	0.4	0.4	0.5	25.0%
Communications	1.3	1.6	1.6	23.1%
Distribution	13.3	14.8	16.3	22.6%
Hotels & Catering	9	9	9.7	7.8%
Health & Social Work	18.9	18.8	19.7	4.2%
Other Mining	0.1	0.1	0.1	0.0%
Manuf. Fuels	0.1	0.1	0.1	0.0%
Electronics	0.1	0.1	0.1	0.0%
Oth. Transp. Equip.	0.1	0.1	0.1	0.0%
Agriculture etc	1.5	1.6	1.4	-6.7%
Food, Drink & Tob.	2.9	2.9	2.7	-6.9%
Motor Vehicles	1.2	1.2	1	-16.7%
Banking & Finance	2.3	2	1.9	-17.4%
Metal Goods	3.4	2.7	2.5	-26.5%
Mech. Engineering	5.6	4.1	4	-28.6%
Chemicals nes	3.1	2.2	1.8	-41.9%
Wood & Paper	1.5	0.9	0.8	-46.7%
Text., Cloth. & Leath	11.5	6.9	6.1	-47.0%
Basic Metals	0.8	0.5	0.4	-50.0%
Electricity	0.4	0.3	0.2	-50.0%
Rubber & Plastics	2.1	1.3	0.9	-57.1%
Elec. Eng. & Instrum.	1.7	0.8	0.6	-64.7%
Non-Met. Min. Prods.	1.7	0.8	0.4	-76.5%
Insurance	0.2	0	0	-100.0%
Total	171.9	184.9	195.8	13.9%

(Source: Cambridge Econometrics 2007)

APPENDIX 3 'build' - Pathway into Construction

'build', standing for 'building unity in local development', is a local purchasing and labour initiative for the construction and allied industries in the Kirklees District. 'build' supports the local construction industry by ensuring as far as possible that construction developments in the district utilise local supply chains and labour sources, including trainees. It also provides direct support to its SME membership by way of business development grants, a helpline, consultancy, and job matching services.

'build' is managed by Kirklees Council's Economic Development Service, and funded by the European Regional Development Fund, Yorkshire Forward, and private and public sector match funding. The project was piloted through SRB and Yorkshire Forward, and JobcentrePlus/ESF co-finance was won for the first training programmes.

'build' has been operating since 2000. It developed the Pathway into Construction training and employment programme following a general consultation with employers about training. Employers were asked what they needed from trainees, and the responses consistently indicated that they preferred people who already had some grounding in a trade as well as appropriate life skills prior to starting their employment, rather than 'raw' apprentices.

The Pathway into Construction programme aims to provide an intensive initial training leading to a recognised first level construction qualification, as well as health and safety, first aid, manual handling, and soft skills elements. Importantly, this was to be followed immediately by a minimum 40-week period of subsidised employment and next level training, mentoring and monitoring. Each element is crucial to the individual's success and their value as an employee. The courses are delivered by local Technical Colleges at dedicated 'build' academies in Huddersfield, Dewsbury and Batley.

For people who do not fit the criteria for Pathway into Construction, or those who want to re-skill or up-skill, another programme, 'b-best', has now been established.

'build' thus contributes to improving the local economy for the social and economic benefit of the district, developing human capital, and supporting sustainable development by reducing "travel to work" miles and transport requirements. For the future, 'build' is exploring a number of avenues including renewable energy, and extensions of the existing schemes. 'build' is also a partner in local initiatives to start a local green construction business centre and associated sustainable construction training programme.