Northampton Waterside Enterprise Zone Skills Strategy – Appendix 2d

Report 4: Investing in local workforce development case study

Northampton Borough Council
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A report submitted by ICF GHK
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1 Investing in local workforce development case study

1.1 Introduction

Headline messages

Challenges

■ The evidence shows that 15% of the working population within Northamptonshire have no formal qualification. Equally, employers in Northampton report skills shortage vacancies which affect growth and productivity. Further challenges such as meeting replacement demand, mean that individuals and employers alike need to be supported to upskill to meet the increasing need for training and skills development;

■ There is sectoral diversity in the local area, however there is above average employment in the knowledge economy. This is a key strength but also places considerable demands on the skills base to meet the needs of companies locally (and if these cannot be met then recruitment takes place outside the area);

■ Workforce development is taking place in the local area, however this tends to be confined to higher level occupations and to specific sectors e.g. engineering. The challenge for partners and stakeholders locally is to develop and disseminate a clear message around the benefits of developing the workforce;

A potential solution

■ In order to meet the skills demands identified within the evidence base, and articulated by employers and those who work to support them, investing in skills development and training activities for individual employees is an effective solution. Developing skills resources internally, rather than having to recruit, and facilitating partnership working with providers to ensure that skills provision on offer is geared towards meeting the employers organisational needs, are both central to success.

Benefits delivered

■ Investing in the local workforce offers significant benefits – for employers, individuals, stakeholders and partners, and also the local economy. Research shows that developing skills internally within a company structure shows a commitment to staff, resulting in increased retention and greater productivity;

■ Developing the skills of people in the local area means that the labour market is better equipped to meet the documented skills shortages experienced by employers. By investing in the local workforce, companies are helping to prevent the ‘brain drain’ which affects the Northampton area, as well as strengthening the local ‘offer’ for potential inward investors;

■ Developing partnerships between employers, providers, and other stakeholders strengthens the local strategic and operational infrastructure, facilitating joint working and developing connections which can generate a myriad of other joint working opportunities.

Key lessons and building blocks

■ In order to successfully engage with employers, providers and employer representative organisations are key. The evidence shows that effective collaborative working between employers, providers, and other stakeholders is crucial to achieve an impact;

■ Not only do the benefits of investing in the workforce need to be clearly articulated, but employers must be given the opportunity to work with providers and directly input into shaping provision, to ensure that it meets the needs of companies;

■ Employers also need to be helped to identify the ‘tools’ and appropriate support available to enable them to participate. This may be information and advice, financial resource, in-kind support, or other kinds of support;
The Action Plan represents an opportunity to bring together key stakeholders locally, to develop and implement activity to engage with employers locally, and ensure they are aware of the benefits of, and know how to go about, developing the skills of their employees.

1.2 Case study purpose

The rationale for the case study approach is outlined in Section 1.1 of the Executive Summary and Report 1: National and local skills context. The purpose of this case study is to present and discuss evidence and examples of the impacts of investing in the local workforce:

- Engaging with and supporting employers to articulate their training and skills needs;
- Understand how such companies promote and embed their provision with local economies, whilst also linking to national skills priorities (e.g. as identified by Sector Skills);
- Potential to identify a ‘model’ that can be rolled out into other sectors across the NWEZ / SEMLEP areas;
- Collective employer efforts to increase the level of training, so lessons for developing ATAs and other group training.

1.3 Case study rationale

Greater investment in skills by employers is a vital part of UK policy to drive economic recovery – with training enhancing productivity, performance and ultimately driving growth. In addition to employer investment in training, it is important that employers engage with broader skills issues within their sector and thereby contribute to the up-skilling of current and future workforces.

There are numerous different models to support employers to upskill their employees. The UKCES’s Employer Ownership of Skills model is just one example of activity to encourage and support business to invest in their workforce. The range of tailored projects and targeted funding programmes geared towards employers investing in skills development highlights the diverse nature of the business population, and the associated challenges: there is no ‘one size fits all’ when it comes to motivating and supporting employers to invest in skills. Mainstream programmes such as Apprenticeships, as well as other more locally focussed projects and programmes all strive to support employer investment in skills.

Rolls Royce Apprenticeship Academy

Rolls-Royce has developed an Apprenticeship Academy which offers high quality training towards apprenticeships. Rolls-Royce invests approximately £38m each year on vocational education – with £1.2m invested in supporting further and higher education for apprentices. The Apprenticeship Academy is based at Rolls-Royce’s Learning and Career Development Centre in Derby – and was developed in partnership with the Skills Funding Agency. There are four engineering focused apprenticeships programmes:

- **Midlands Manufacturing Apprenticeship (Level 2)**; a partnership between Rolls-Royce, a local education college and Training 2000 who have provided an apprenticeship which recruits people wishing to specialise training in engineering and prepares people to progress onto an advanced apprentice framework. The programme includes an 11-month off the job programme to widen the qualification base of each individual and to develop new skills;
- **Rolls-Royce Apprenticeship (Level 3 and 4)**: Advanced apprenticeship includes a mix of class-room based and on-the-job training and usually lasting 3.5 years. The higher Apprenticeship also enables individuals to move to graduate level and build up practical work experience using world-class technologies and processes;
Community Apprenticeship (Level 3): Rolls-Royce acts as the training provider in this programme for individuals from SMEs engineering companies across the East Midlands and supports the recruitment process, training and assessment delivery;

Young Apprenticeship (Derby only): a two year programme designed to support students from Year 9 onwards to develop engineering skills and gain new qualifications, alongside Key Stage 4 studies. A day each week is spent at Rolls-Royce in addition to two 10 day work placements, one at a Rolls-Royce company and the other in a local engineering company.

654 trainees were employed by Rolls-Royce in their advanced apprenticeship scheme in the UK in 2011. Rolls-Royce have achieved a 98% retention rate on their apprenticeships, with the scheme graded an Ofsted 1:1. Over half of their apprentices enter higher education courses before the age of 30. Furthermore, 30% of senior management roles are occupied by ex-Apprentices. In 2011, Rolls-Royce in Derby began to train more Apprentices than its own requirements had capacity for. These apprentices were placed in local manufacturing businesses and supply chain companies. The Rolls-Royce facilities are also used by local companies to deliver foundation skills training – with 59 apprentices from non-Rolls-Royce companies as of March 2012.

In directly engaging with employers, and achieving the crucial ‘match’ between employers effectively articulating their skills needs, and provision being flexible enough to respond to and meet these needs, therein lies the challenge.

1.4 Why a similar initiative for Northampton – the potential benefits?

There is a considerable amount of evidence highlighting the benefits of investing in the workforce, encompassing benefits for business, and also for stakeholders. These include:

The benefits to business:

- **Skills supply**: skills that can be shared with the broader workforce, ensuring that a good fit between skills of employees and employer needs, internal supply of skills;

- **Recruitment and retention of staff**: the ability to attract better staff due to the offer of training / qualifications, staff that receive training are more likely to stay;

- **Motivation and reward**: receipt of a qualification can motivate staff, and investment in staff is a sign that they are considered worthy of investment;

- **Meeting industry norms**: particularly in sectors such as engineering / construction – apprenticeships are viewed as the norm in vocational education and training;

- **Corporate social responsibility**: investing in young people and the workforce.

A study on the impact of apprenticeships found that returns to employers are significant:

- **Value for money**: despite wage costs being greater for apprenticeships during training, post-training costs are recouped through increased worker output;

- **Increased competitiveness**: 77% of employers felt more competitive as a result of involvement with apprenticeships, 76% felt they enjoyed higher productivity;

- **Retention and internal progression**: higher employee retention and potential for staff to progress internally. Staff turnover is reduced and training provides the skilled workers required for the future;

- **Apprentices as a resource**: apprentices are seen as more loyal and providing a pool of skilled people for future promotion.

Benefits for stakeholders:

- **Businesses**: developing training to meet business needs; power to businesses in the training market; increasing the responsiveness of providers to business needs;
- **Young People**: placing increased economic value and status on skills; provide better options; an improved culture of employer-employee partnership and greater commitment to skills development;

- **Colleges and training providers**: the ability to compete on quality and innovation; better partnerships with employers; better articulation of how training can benefit employers;

- **Government**: a long term skills strategy based on sustainability and growth, a system based on employer and employee need that delivers more valuable skills (i.e. directly responding to identified need and providing those that are needed).

### 1.5 The challenges to engaging employers to invest

Employers are more likely to invest in their workforce through provision of training where they attach value to that training. Employer engagement with external training such as HE provision can also be inhibited by a number of factors, such as:

- Financial (costs);
- Credibility (demonstrable value to employer and employee);
- Time (availability);
- Student support in the workforce;
- Lack of flexibility and responsiveness (too slow, too static);
- Complexity (complicated systems and bureaucracy); and
- Lack of relevance and outdated curricula.

Key to overcoming these barriers is dialogue and communication between providers and employers so that both are aware of the realities of what can be provided and the demands an employer has of its workforce.

**Providers are the key**

Employer involvement in workforce development has benefits for employers, providers and learners. However, research shows that employers rarely take the initiative to make or maintain contact with training providers or to influence provision. More often, providers take the lead in instigating relationships. Bodies representing employers such as Sector Skills Councils also have a role in improving mechanisms to enable smaller providers and the employers they work with to influence the development of provision nationally and locally. They can also encourage employers to become more actively involved with providers, to ensure they get the education and training they need.

In the best examples of employer involvement seen in the research, strong partnerships were formed between employer and provider (and in some cases also involving schools and other education sector organisations), in which each recognised and valued the other’s contribution to developing provision to meet employers’ and learners’ needs.

**NEXUS: Training and Resources for Engineers**

Nexus is a training centre based on the Enterprise Zone, situated just outside Great Yarmouth. There are other Enterprise Zones in the area locally. The location of Nexus on the Great Yarmouth and Lowestoft Enterprise Zone came about due to existing links and relationships between partner organisations, and those involved in developing the Enterprise Zone.

The centre comprises units housing training facilities, teaching space, specialist equipment housed in a workshop area, as well as a large meeting room and office facilities. Funding for the Centre was secured via Norfolk County Council, to support delivery of vocational training and qualifications. There is already a need for engineering skills development locally, due predominantly to older workers retiring and the replacement demand. Also there are offshore wind developments, with discussions currently around developing one off the Norfolk coast. There is a lot of activity around
renewables currently, opening up the Southern North Sea, which has implications locally.

Nexus is a not for profit organisation and therefore has no liability conditions attached. Management arrangements have been set up as a two-tier system, with three Directors: Two Heads of Schools, and Head of Norfolk County Council Children’s Services; and Stakeholders: including: three Business Organisation Representatives - OPITO for oil and gas, EEEGR the East of England Energy Group, and the Mason Trust a support organisation for young people aged 12 to 25 in Norfolk and Suffolk who have become, or are at risk of becoming, disengaged; a Borough Council representative; Principal of Lowestoft College; Head Teacher of local school; Head of Engineering at Great Yarmouth College.

Funding and resources

At the time of establishing the Centre, the local Borough Council contributed funding from the Development Fund. Currently, Nexus funding comes via the Trust - Local schools ‘buy into’ the Trust and partnership, at a cost of £2 per pupil per year.

Nexus is housed in the first building on the Enterprise Zone to be occupied, in this way it represents a ‘flagship’ for the Zone, and acts as a ‘show home’ for the site. The favourable rates afforded by locating on the Enterprise Zone have been beneficial to establishing and developing the centre. Four members of staff are employed in the centre.

The NEXUS ‘offer’: Nexus works with a range of partner organisations, offering services to:

- **Business**: offering bespoke adult training for businesses, for example developing and delivering CNC (computer numerical control – a specialisation in mechanical engineering) training for a local company. This was developed and tailored specifically to meet the needs of the business;

- **Education**: engaging with schools in the local area: for example the Centre offers a half day training provision for a BTEC Levels 2 Engineering Course, as well as supporting delivery of GCSE courses such as Graphic Products. Also developing KS2 provision for primary schools, a package based around STEM engineering. Also offer summer schools, and provide equipment on loan free of charge. Locally post-16 provision includes an FE College and a Sixth Form College, both of whom link in with Nexus. Nexus delivers courses for Great Yarmouth College, for instance as part of the ECITB – engineering and energy qualification, The centre also offers the building for teacher training and CDP activity, as well as teambuilding activities. Nexus also use the 3D CAD software, and manage the license on behalf of local schools, this includes telephone back up and support, as well as providing training for the teachers;

- **Engineering sector**: offering a specialist parts-making service, rapid prototyping, CAD, etc.

**Progress to date**

Delivery began on 5th November 2012. Since then there has been a lot of interest in the centre, including visits from local stakeholders, schools, colleges, industry representatives, local companies, partners, press, MPs, etc. as well as organisations interested in the EZ site. There have been approximately 200 learners through the doors to date (End of Jan 2013). Nexus has produced a business plan which will be reviewed and updated at least every 2 years. The priority for Nexus now it is about becoming self-sustaining and sustainable, becoming part of the provision offer locally, not duplicating existing provision.

**1.6 Opportunities for local replicability**

The evidence around employer investment in the workforce for the local area is presented in Section 3.5. Key points of relevance here are:

- 22% of workers in Northampton aged 16 to 64 had received training compared to SEMLEP and UK averages of 19.0% and 18.4% respectively.

- 5,040 people started on an apprenticeship programme in Northamptonshire in the 2011/12 year, an increase of 81% since 2005/2006.

Therefore there is already some investment taking place in the workforce, however the evidence suggests this is focussed on higher level occupations and particular sectors and businesses e.g. engineering.

The opportunity lies in ‘spreading the word’ promoting the benefits of investing in the workforce, and ensuring this is an activity undertaken across all sectors and all types of
companies. In relation to directly engaging with employers, and achieving the crucial 'match' between employers effectively articulating their skills needs, and provision being flexible enough to respond to and meet these needs, therein lies the challenge. However, during the course of the research project, an example of this exact interaction between provider and employer currently taking place was identified within the Northampton area.

The University of Northampton and Norbert Dentressangle

The University of Northampton is currently working with logistics firm Norbert Dentressangle, to develop a new course to provide existing management staff with new management techniques.

Norbert Dentressangle is the second largest transport and logistics company in the UK with over 12,800 employees, and as is a key actor within the logistics sector for the Northampton area and more broadly.

The co-operative working arose from existing links between the University and the logistics company, developed through the University Engineering Department.

The Foundation Degree in Leadership and Management teaches management skills that can be applied immediately in the working environment and integrates teachings with current Norbert Dentressangle practices, providing managers with a nationally recognised degree.

The course took four months from concept to delivery, and is delivered to an average of 30 people per year, and is delivered on a flexible basis, in two day blocks, which can take place at the weekend if needed.

Since successfully employing this approach, the University has replicated this model with other companies.

Northampton College has also developed a joint working partnership with Dale Carnegie Training, a training organisation with a global presence. The agreement means that business in the Northamptonshire area can access training opportunities offered by Dale Carnegie at a preferential rate. Courses available include Leading and Managing to Engage and Motivate employees, as well as sales-related training.

The evidence has identified that there are emerging opportunities for the local area, especially with regard to facilitating and enhancing employer engagement in training and workforce development, e.g. the new University Technical Colleges which are to open in 2013. The different channels by which employers can be encouraged and supported can be considered in the local context:

- Accessing existing mainstream programmes such as ESF, Apprenticeships: a key challenge is to ensure the ‘message’ permeates the business community locally, and that employers are made aware of what is available, what the eligibility criteria are, and are supported to apply;
- Local Authorities identifying resource in response to a local need: identifying flexibility or available resource within current Local Authority controlled funds to support tailored activity to support employer investment in the workforce. NEP currently deliver a range of business support activities including tailored events and on-line resources, this could be further developed to promote and facilitate employer investment in the workforce. There are also examples of overarching funds, that join together several funding pots to create one flexible source of funding for a range of projects, for example, the Yorkshire and the Humber Skills Fund;
- Co-investment such as the Unionlearn Collective Learning Funds, whereby projects are funded to support investment in the workforce, on a co-investing model to make such learning affordable and accessible by leveraging in cash and in-kind contributions from employers, providers, unions and individuals;
Group Training Associations/ Apprenticeship Training Agency: a relatively new development, in its nascent stages but nonetheless should be considered as a potential route to engaging with employers and facilitating workforce development through local area activity and collaborative working on the part of providers.

1.7 **Summary: key learning points for Northampton**

The key points to note from the case study evidence are:

- Partnership working is the key – in particular enabling employers to work collaboratively with providers to directly input and shape the provision to meet their needs. Other stakeholders will also be involved, e.g. Local Authority, sector bodies, educational sector organisations. This will strengthen partnership working locally, allowing the sharing of intelligence and facilitate the development of strategic and operational relationships between stakeholders;

- There are existing examples of employer investment in the workforce, through dedicated provision (University of Northampton, Northampton College) however there is huge potential for more. The key messages around the benefits of investing in the workforce, and the support available to facilitate this investment need to be effectively disseminated;

- The local economy enjoys sectoral diversity but nonetheless has higher than average employment in the knowledge economy. This is a key driver for economic growth and prosperity, but only as long as the local labour market and skills supply can meet the demands of a knowledge-intensive based business population. Encouraging employers to invest in the workforce is a powerful tool for meeting these requirements, identifying and developing skills resources internally avoids the need to look elsewhere and recruit from the wider labour market (potentially outside the area);

- There are a range of mechanisms to facilitate investment in the workforce (mainstream national programmes, locally targeted interventions, institutional level activity) but all offer holistic support, tailored to the needs of the employer, whilst also recognising the importance of supporting the individual to develop within the context of the ‘host’ business;

- The barriers to employers investing in the workforce are known and have been well documented, these can be considered in the context of the Action Plan, and appropriate interventions and/or support mechanisms developed to encourage business to upskill and move towards meeting the skills shortage vacancies highlighted in the evidence base.

**Footnotes and references**


5. BIS (2012) ibid.


**Ofsted: Good practice in involving employers in work-related education and training, 2010**
[https://www.education.gov.uk/publications/standard/Trainingandworkplacelearning/Page1/090227](https://www.education.gov.uk/publications/standard/Trainingandworkplacelearning/Page1/090227)


**http://www.opito.com/**

**http://www.eeegr.com/**

**http://www.themasontrust.org/**

**Apprenticeship Programme Starts by Region and Local Authority (2005/06 to 2011/12 in-year estimates). Data at LA level, therefore no data at SEMLEP geographical area.**

**http://www.northampton.ac.uk/info/20021/training-solutions/26/leadership-and-management-development**

**http://www.northamptoncollege.ac.uk/business/about/DaleCarnegiecourses.aspx**

**http://www.northamptonshire.gov.uk/en/councilservices/Environ/economic/Pages/business-support-events.aspx**