policy connect

Realising the Potential of Place: Mapping skills for local growth

9:30 – 10:45, 26/03/2020

Chair: Nicola Richards MP   **Co-chair:** Simon Kelleher, Head of Education & Skills, Policy Connect
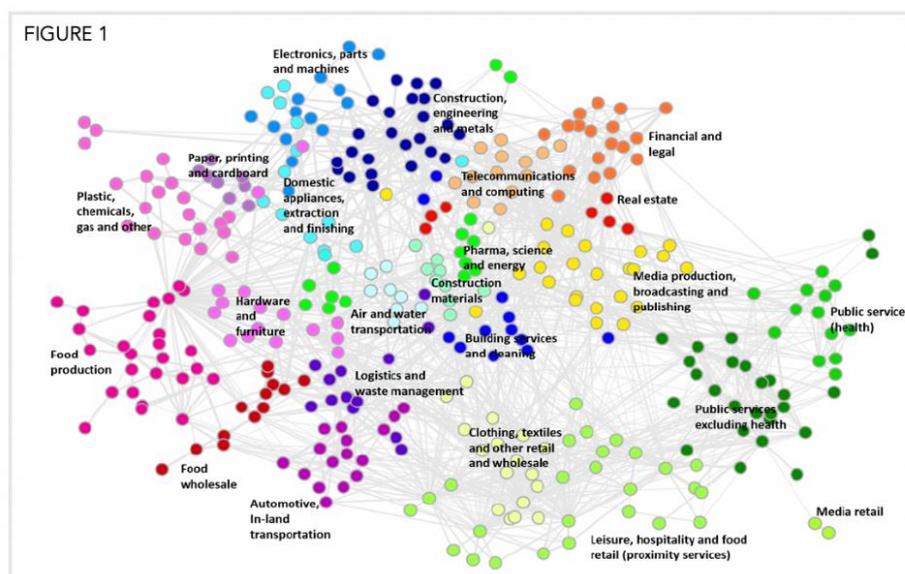
Zoom based roundtable

This note provides an update of the key points from the presentation and discussion, and outlines further work UCL and Policy Connect will undertake in this area.

A network modelling approach to the UK's urban skills base from Dr Neave O'Clery, Associate Professor, Centre for Advanced Spatial Analysis, UCL

This work applies methodologies used for modelling export-product clusters, to the UK's skills base.

In the context of export products this modelling has been used to analyse the varying strengths of national economies in their capacity to diversify their product offer, by showing the linkages between related products. Where products are densely clustered, the network modelling suggests that the principal of relatedness applies and these will be areas of future growth with related products being more likely to appear for export.

Applying this approach to the UK labour market, the team at UCL constructed a network of 399 industries based upon the Standard industrial classifications, and tracked the movement of workers transitioning between sectors using the data from the Annual Survey of Hours and Earnings between 2009 -17. The image below provides a visual representation of the clustering of UK industries.

FIGURE 1

Analysis of the network over a series of different scales can show how isolated or connected industries are from others and which might cluster and have a shared skills base. Regional models, such as UCL's work with Greater Manchester Combined Authority can also be constructed.

This approach to modelling can provide:

- An understanding of the structure of the labour market and patterns of mobility

- Alternative perspective on the options for industrial development and specialisms

- An insight into the potential resilience of an economy

- Comparisons with other economies and insights on potential industrial cross-overs

- Insights on the skills base and the appropriateness of provision

Key discussion points

- This has the potential to be a useful tool in further developing and assessing the progress of Local Industrial Strategies, especially during the post-COVID-19 economic recovery.

- FE and skills providers have limited capacity to interpret and strategically shape their provision around insights from LMI – they are constrained by short term funding cycles and Ofqual frameworks.
- Similarly employers struggle to articulate what their long term skills needs might be.
- A brokerage role is required here to help translate labour market intelligence and combine it with employer engagement to aggregate current levels of demand and future needs.
- As technological innovation disrupts the labour market and blurs the boundaries between sectors mechanisms to engage employers across different levels of the economy will become more important.
- Greater flexibility around skills provision may be needed at the local level to support local employers.

- Some LEPs, Combined Authorities and colleges are already starting to play a more strategic role in their local areas – i.e. Greater Manchester CA, the Tess Valley CA, and the West Midlands CA and Dudley College.
- The AoC and Colleges of the Future Commission is looking at College Based Careers hubs as a means to do this.

- How can businesses and academic institutions support this and the level-up agenda?
    - By engaging with FE colleges, training providers, LEPS and CAs
    - A Local Challenge Fund could be established, like the Global Challenge Fund, to bring together academia and FE colleges to tackle local problems

- In North America there are examples of integrated approaches with skills provision and careers guidance being more informed by this type of labour market intelligence (LMI).

- Enginuity has done an analysis of Apprenticeship standards and found many commonalities across lower level frameworks.

Next steps

- **UCL** are developing a mathematical tool box for international comparisons of labour market networks to see what the UK can learn around labour market resilience for cities in relation to automation.

  Through an Alan Turing Institute Grant these tools are also being tested to see how they can be used to inform labour market and transport interventions such as how an improved rail network might support the Norther Powerhouse.

- **Policy Connect** will be following up the recommendations from their recent Level Up Industry, and England's Skills Puzzle reports.

  The All-Party Group for Skills and Employment intends to develop these themes further through its 2020 programme with further roundtables planned looking at how skills and local partners can aid the post-COVID-19 economic recovery, and how FE and skills can keep pace with the fourth industrial revolution.

Contact

For further information about this roundtable, the work of Policy Connect's APPGs or research Commissions please contact Simon Kelleher, Head of Education and Skills at Policy Connect via simon.kelleher@policyconnect.org.uk or via 02072028575.