

A flexible workforce for local economic resilience

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Working towards sustainable recovery

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Cities across the EU have experienced a period of huge economic volatility with massive job losses and rising unemployment. Many have introduced dedicated economic recovery packages and there is growing acceptance that demand-led workforce development is a key ingredient for sustainable economic growth.

ESIMeC (Economic Strategies and Innovation in MEdium sized Cities) – led by Basingstoke and Deane Borough Council – will help medium sized cities cope better with the challenges of sustainable economic development, particularly in an economic downturn. More specifically it will explore how demand-led workforce development strategies can be used as an instrument of sustainable economic recovery in medium sized cities.

Activities already being developed and delivered by cities throughout the EU can be used to identify some of the key challenges in this field and draw key lessons for city policy makers. Work carried out by the OECD LEED Group (Organisational for Economic Cooperation and Development, Local Employment and Economic Development Forum) and URBACT's own study into the local impact of the crisis (April 2010)¹, demonstrates that **integrated and flexible workforce development strategies that simultaneously tackle the demand and supply side of the labour market are a prerequisite of sustainable economic prosperity.**

An adaptable workforce for local economic stability

According to the OECD "Workforce development" is a term used to describe activities which increase the

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http://urbact.eu/fileadmin/general_library/Survey_CitiesandCrisis_01.pdf



capacity of individuals to participate in, and contribute effectively to, employment, either through training or other forms of public assistance.

The OECD LEED Forum report "Putting in place jobs which last: A guide to rebuilding sustainable employment at local level"², argues that localities with a labour force able to adapt to external trends and shocks are more likely to recover quickly and absorb the impact of future economic crises. It states that alongside business interventions "countries need to be laying the foundations for a more sustainable economic future". It goes on to advocate "...a new approach to employment and skillstied much closer to the longer term economic development of local communities and the competitiveness of national economies".

At the same time, the economy is changing. In the new knowledge economy, **people are our main economic asset**. If they do not have the right mix of skills or are not sufficiently flexible to adapt to economic change then the economy will not be able to respond to the needs of new and growing sectors such as green technologies and social and health care.

In simple terms **demand-led workforce development** is where the training provided to the workforce (the supply of labour) is designed to meet the ongoing skills needs of employers (on the demand side). This is the win-

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http://www.oecd.org/document/23/0,3343,en_2649_33956792_44464727_1_1_1_1,00.html

win sustainable employment scenario that cities across Europe strive to achieve. To do so workforce development strategies must either be driven by, or at the very least must engage, employers during development and delivery. Strategies must also tackle the supply side.

Learning from the past

Many cities have focused on workforce development as a route out of the recession. While this is not a new concept, it is one that continues to be difficult to get right. Here we look at a few examples of attempts to solve this puzzle.

Back in 1998 **Workforce Investment Boards**³ (WIBs) in the US started to play a central role in creating more integrated strategies to address employment and skills within broader economic development strategies locally. There are 650 WIBs across the US, at state and local level. They are led by business, chaired by business and have a majority business membership. They also include representatives from labour unions and local educational institutions as well as economic development officials. Businesses take a genuine lead. There is more emphasis on corporate social responsibility and the state plays a smaller role. WIBs experiment with new activities and have a proven capacity to deliver. States in the US can apply for certain laws to be waived to allow for additional flexibility in implementing innovative workforce strategies and initiatives which they develop. This approach not only promotes innovation but also awards flexibility to those most able to make use of it. It is an example of a national level employer driven intervention which has benefited local economies.

Between 2001 and 2005 an EQUAL project in London (UK) started to explore demand-led workforce development through the **Building**

³ <http://www.nawb.org/> - National Association of Workforce Investment Boards website

London Creating Futures⁴ (BLCF) project, which was born from a European Social Fund project. The aim was to create a lasting, demonstrable and transferable model of cooperation and coordination between local labour and regeneration initiatives that responded effectively to employer and individual needs.

BLCF was delivered by a partnership of local authorities and construction employers. "WorkPlace Coordinators", paid for by the project, were hosted by the private sector construction employers to broker their labour force needs with the employment needs of local unemployed people. This was backed up with an extensive e-brokerage and employment training offer.



The evaluation⁵ concluded that being industry-based and industry-specific gave access to the right people within employers at the right time, and also helps to foster good relationships with employers by having a sound understanding of their needs. The project provides a successful brokerage model as it works with both the supply side (beneficiaries) and the demand side (employers): *"BLCF has an important role in the construction industry. It helps contractors find good local workers and the additional training and support it provides benefits both*

⁴ <http://www.equal-works.com/resources/contentfiles/968.pdf>

⁵ External Evaluation by Aurora for Cross River Partnership, 2004, unpublished

contractors and employees enormously.” Director, Bovis Lend Lease

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The model developed by BLCF from 2001-2005 has since been mainstreamed through the “London Employer Accord” and the “Construction Employer Accord” programmes and transferred to a wide range of other employment sectors including health, hospitality, arts and culture and business and financial services. The Employer Accord’s aim is to work with significant employers in the UK capital, from the private, public and third sectors. The Accord tests models for an enhanced and more integrated service to meet their business support, recruitment, employment and skills needs, by working with the range of publicly funded delivery agencies and contracted training providers who support individuals into work and training.

Current state of play in some URBACT cities

Newcastle and Gateshead (UK) Council, (featured in a recent URBACT case study⁶ with Gateshead leading the RUnUP project⁷) has included in their economic recovery plan a series of long term measures to deal with both ends of the labour market (The NewcastleGateshead 1 Plan). It argues that the “growth of the knowledge economy will create jobs for a new generation of technicians and skilled workers...”. A LOAN (Linking Opportunity And Need) response team is being set up which will develop and implement recruitment and training schemes linked to major regeneration projects. On the supply side, the Council will develop a package of projects with schools in order to reduce the numbers of people leaving with no

qualifications and provide comprehensive employability support during the transition from school to work alongside actions aimed at attracting and retaining good students to the universities and colleges. There is also a package of support measures for people who have been made redundant. On the demand side the Council has developed a Local Employment Partnership to improve access to its own 17000 jobs and increase the size of its apprenticeship programme. Newcastle believes that this multifaceted approach towards the demand and supply side of the labour market will create sustainable jobs at both the high end of the labour market and at entry level.

This has paved the way for a range of different measures, such as those being introduced in ESIMeC partner towns that are helping to balance the needs of employers and employees and create a sustainable job market for the future.

In **Cherbourg** (France) for example the Employment and Training Centre maps local skills and jobs and forecasts the skills needs of businesses on the demand side alongside training requirements on the supply side – for both unemployed and employed people. It also carries out a wide range of activities to help the supply of labour meet the needs of local employers, in order to achieve sustainable employment.

In **Albacete** (Spain) two associations of business representatives, FEDA and ADECA have come together with CAMARA, the Chamber of Commerce and Industry to deliver a €2.8m annual training programme. The programme aims to provide employees and employers with a wide range of up to date employment skills and knowledge in keeping with jobs that are newly available. Currently the programme is targeting workers made unemployed in the post-construction boom period. They are being re-trained in areas such as renewable energy and energy efficiency technologies.

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http://urbact.eu/fileadmin/general_library/Newcastle.pdf

⁷ <http://urbact.eu/en/projects/innovation-creativity/runup/the-role-of-universities-for-economic-development-in-urban-poles>

In **Basingstoke and Deane**, the Council (UK lead partner of ESIMeC) is a key player in the cross sector Skills and Employability Priority Action Group which includes a wide range of public, private and community stakeholders sharing a common interest in workforce development. Its priorities are to promote apprenticeships to employers; to gear local colleges up to provide Science, Technology, Engineering and Maths training and to be in a position to react to the needs the unemployed and employers alike.

"Workforce development is key to ensure medium sized cities have a skilled and adaptable workforce to respond to the current and future needs of employers. This can only be achieved through partnership working between the public, private and academic sector. A skilled workforce able to meet the demands of businesses will not only help cities to ride the recession but also ensure long-term economic growth. Our residents are our main asset and we need to ensure we invest in their development."

Leader of Basingstoke and Deane Borough Council Cllr Andrew Finney

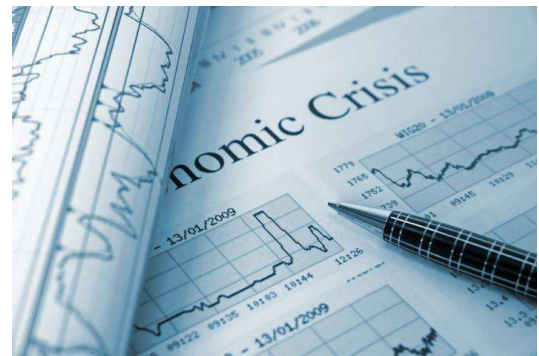
These examples give a sense of some of the different measures being delivered and the different approaches being taken in URBACT cities. The direct and proactive involvement of employers is a common thread as is the aim to meet current and future skills needs in a flexible way. These can be taken forward within the URBACT framework in the work of URBACT Local Support Groups and subsequently in the co production of practical Local Action Plans.

Meeting the challenge of balancing supply and demand

Achieving the dream scenario of balancing supply and demand in the labour force is by no means easy. Although many cities are making

progress in this area, there continue to be many diverse challenges for practitioners and policy makers alike. These include:

- How to join up the skills agenda with overall economic recovery
- How to understand which of the multiple actors need to be involved in developing and delivering effective demand led skills strategies
- How to better understand the features and players of the skills ecosystem and particularly the skills requirements of evolving growth sectors such as Green Technologies and Health and Social Care



- How to recognise diversity amongst the stakeholders but still be able to find a common language and agree a set of priorities which everyone understands, can sign up to and deliver
- How to engage the right people (including industry, government and universities) effectively in this debate
- How to motivate and incentivise employers to innovate, introduce change and share responsibility for a skilled workforce – e.g. by improving job design and finding more productive ways of using their workers in the future
- How to help their businesses and citizens understand and value the potential of higher education and skills
- How to fund workforce development in a context of contracting public sector budgets
- How to provide workers with generic and adaptable skills within a flexible lifelong learning system which meets employers' needs now and in the future?

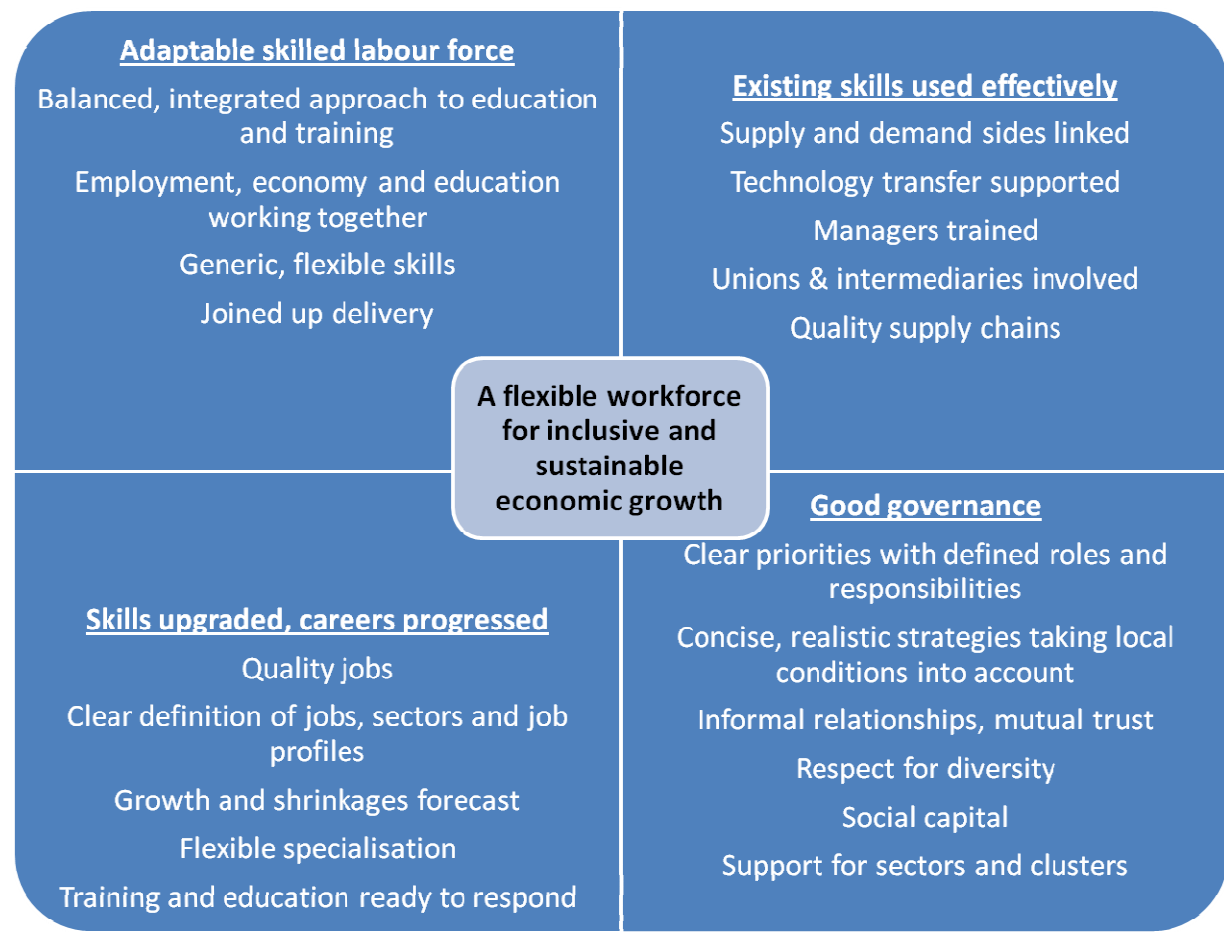
Responding to these challenges is no easy task. Anecdotal evidence suggests that the cultural and institutional differences across the public and private sector are sometimes so vast that even establishing effective dialogue is difficult.

The way forward for policy makers

The OECD LEED Forum's sustainable employment report highlights a wide range of messages for policy makers. The key point is that work needs to be driven by employers, involve all

stakeholders and be taken forward in a coordinated, flexible and responsive way which is integrated into existing economic development and employment strategies.

People are a city's asset. The skills of the future need to be identified now and training providers need to gear up to provide them. Generic and transferable skills are essential to this new and flexible market. Supply and demand sides of the labour market have to be carefully balanced to achieve sustainable employment.

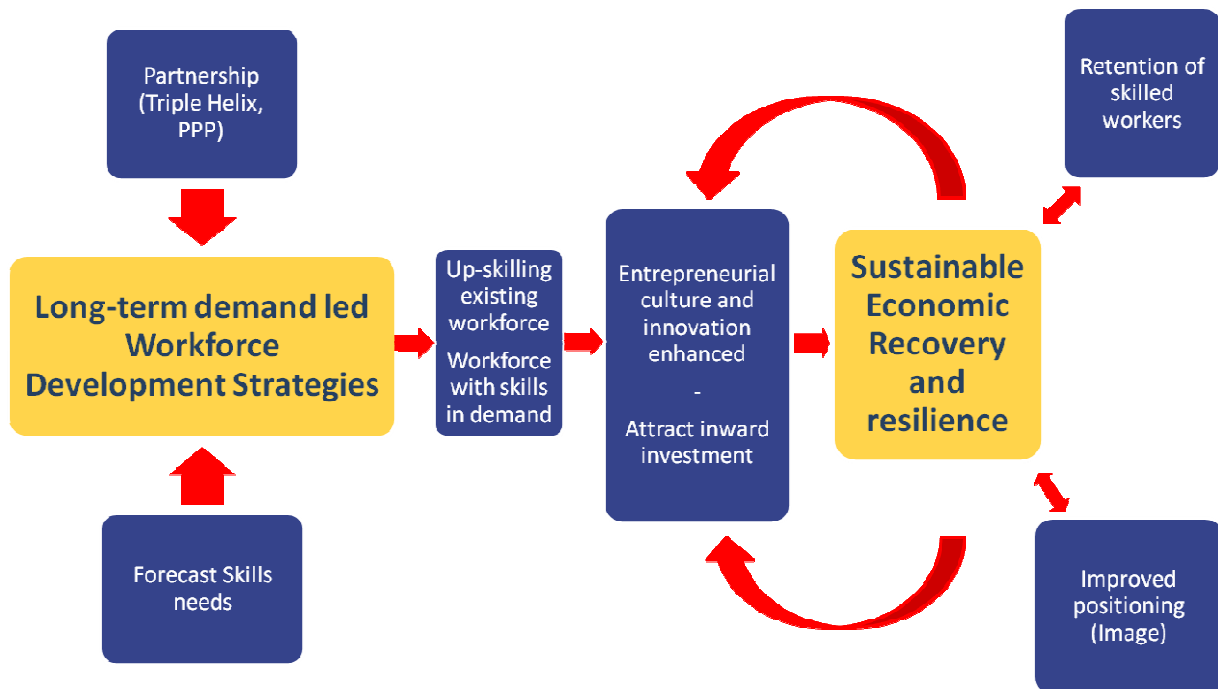


The diagram above is adapted from information from the OECD report and highlights some of the key messages for policy makers:

How ESIMeC can contribute to the debate

ESIMeC will explore how best to identify and meet the needs of employers in this field – ensuring that both the demand and supply needs of the labour market are met. It will address the challenges set out above and look at each and every angle of the virtuous cycle of sustainable growth set out below.

ESIMEC Virtuous circle of sustainable growth



The ESIMEC partners hope that working together will help them creatively address and answer a wide range of questions relating to the role of medium sized cities in post crisis economic growth. They believe that while medium sized cities may face barriers in terms of their lack of entrepreneurial culture, perceived lack of vision and leadership and image compared with larger agglomerations they have the potential to create a favourable structural framework for sustainable economic development by providing local people with the necessary skills and qualifications in the industries of the future to make them a fundamental resource. Through the URBACT Local Support Groups and Local Action Plans the cities will start to identify and implement concrete actions, working with employers to create a flexible workforce for sustainable economic growth. For more information on ESIMEC and its partners please visit www.urbact.eu/esimec.

Conclusion

In considering how policies and practices across the EU are adapting to the needs of the rapidly changing

economy, this article has demonstrated the potential for demand- led workforce development to contribute to sustainable economic resilience in the 21st century. It is clear that employers have a large part to play and that cities will need to adapt their policies, behaviour, governance and funding mechanisms to be in a position to open and sustain constructive dialogue with them which leads to positive and mutually beneficial results. European Union funding also has a role to play and integrating competitiveness (ERDF) and employment and training (ESF) programmes will be more and more important.

The challenges and barriers to success are considerable and diverse. The work of ESIMEC aims to make a substantive contribution to the debate and develop and test some new local approaches which can feed into policy and practice across the EU. There is no single solution and different approaches and combinations of approaches will suit different local contexts. A flexible, adaptable and open approach is the key as is the opportunity to learn from other cities and to keep the debate alive.

URBACT II

URBACT is a European exchange and learning programme promoting sustainable urban development.

It enables cities to work together to develop solutions to major urban challenges, reaffirming the key role they play in facing increasingly complex societal challenges. It helps them to develop pragmatic solutions that are new and sustainable, and that integrate economic, social and environmental dimensions. It enables cities to share good practices and lessons learned with all professionals involved in urban policy throughout Europe. URBACT is 300 cities, 29 countries, and 5,000 active participants

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