

The logo features a central dark grey shield with a pink bottom section. The shield is set against a large, thick dark grey circle. Three arrows point outwards from the shield: one to the left, one to the right, and one downwards. The right side of the shield and the right-pointing arrow are partially overlaid by a pink circular shape.

NORTH WEST BUSINESS LEADERSHIP TEAM

Skills for industry

Building the divide

How addressing the skills gap
would stimulate economic growth in
North West England and nationally

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'BRIDGING THE DIVIDE'

HOW ADDRESSING THE SKILLS GAP
WOULD STIMULATE ECONOMIC GROWTH
IN NORTH WEST ENGLAND AND NATIONALLY



A REPORT TO GOVERNMENT
AND SKILLS DELIVERY ORGANISATIONS
WITH RECOMMENDATIONS FOR IMPLEMENTATION

APRIL 2013

NWBLT

The North West Business Leadership Team is an independent group of influential business leaders, who work together to promote the sustainable economic development and long-term well-being of North West England. It was launched by HRH The Prince of Wales in July 1989. Membership of the Team is made up of senior executives from the region's major businesses (see Appendix D). It operates as an independent business voice for the whole North West, thus providing valuable strategic support for the region's Local Enterprise Partnerships.

Further information regarding the work of the North West Business Leadership Team can be obtained by writing to the Chief Executive, NWBLT, Daresbury Laboratory, Sci-Tech Daresbury, Keckwick Lane, Daresbury, Warrington WA4 4AD or by visiting www.nwblt.co.uk

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EXECUTIVE SUMMARY

This report on skills development is presented by the North West Business Leadership Team (NWBLT) as part of a programme of thought leadership discussed at a meeting with North West MPs in the House of Commons in September 2012. Skills development, particularly in relation to sectors such as manufacturing and engineering, is seen by NWBLT and by many other significant industrialists as the single most serious challenge we face – not just in the North West - if the UK is to compete successfully in the global economic race. This report puts forward some practical proposals which we believe would help to address this challenge in today's rapidly changing industrial world.

The speed of change in modern industry (and therefore in the skills and qualities required of employees) heightens the need to bridge the cultural divide between the educational and industrial worlds which we notice has grown alarmingly over the years. As major employers in the UK's largest manufacturing region, we are particularly concerned at the following problems which now seriously hinder the provision of the necessary skills for British industry to compete successfully in today's global marketplace:-

1. A shortage of young people qualified for employment in the principal wealth-creating industries, eg engineering and manufacturing.
2. Young people experiencing difficulty in quickly adapting to the world of work.
3. Cultural barriers discouraging some sectors of society from pursuing, for example, careers in engineering.
4. Complexities and frequent change in the education system.
5. Lack of coherence and consistency in educational and skills strategy and governance.
6. Employers experiencing difficulties in identifying the most appropriate training providers to meet particular needs.
7. Poor two-way communication between employers and the education and training providers.

We estimate that raising the skills levels of the manufacturing sector here in the North West would benefit the UK economy by around £160 million annually, or £1.33 billion over ten years in today's prices. We have therefore debated with education and training providers, LEP representatives and other key partners, what measures could counter these problems and, in relation to the key wealth-creating industry of manufacturing/engineering, our recommendations are:-

1. The establishment (by way of a pilot project in the engineering sector) of a **SINGLE BODY** - "The Talent Bank" - recognised by engineering employers and focused on promoting the **BRAND AND IMAGE** of engineering and manufacturing industry, with a small cohort of suitably diverse, high profile ambassadors. This "Talent Bank" would employ appropriate media for reaching young students and link closely with a well-informed national careers advice service.
2. Creation of a separate, **SINGLE SIGNPOSTING** and delivery body, industry-led but democratically accountable to Government, to help employers (particularly SMEs) to identify the most appropriate provider(s) to meet their specific needs. This body would work closely with UKCES, Ofsted and Ofqual, monitoring overall standards and quality.
3. The above two bodies then jointly perform one strategic design review in order to define and propose a **LONG-TERM NATIONAL SKILLS STRATEGY AND DELIVERY SYSTEM**. This, as in Germany, should then remain unchanged for long enough to ensure that educators and employers are speaking the same language. We expect this will take at least a decade.

NWBLT members are themselves investing heavily, in time and money, to help overcome the skills gap and we accept that substantial further investment will be necessary on the part of industry if the problems are to be overcome. However we firmly believe that the measures set out in this report would greatly simplify and streamline the system, thereby enabling British industry to compete much more efficiently in the global marketplace in the years ahead. If we are not to be left behind in the global race, we must start bridging the education-industry divide as a matter of urgency.

SECTION 1 - INTRODUCTION

This report on skills development is presented by the North West Business Leadership Team (NWBLT) as part of the programme of thought leadership promised by our Chairman Juergen Maier, Managing Director of Siemens UK Industry, at a meeting with North West MPs in the House of Commons in September 2012. Its purpose is threefold. First, to lend our collective voices, as senior business leaders from the UK's largest manufacturing region, to the call for action to address the increasingly serious "skills gap" which, year by year, is hampering many of our companies' efforts to compete in the global race for growth, particularly (but not exclusively) in relation to the wealth-creating industries of manufacturing and engineering. Secondly, to identify precisely what are the principal problems, or reasons, for the widening skills gap – which is going to worsen due to the ageing population, especially in the engineering sector. And thirdly, to demonstrate the potential economic benefit that would be achieved, for the North West and the UK, of successfully addressing these problems.

As the topic of skills for industry is very large and complex we have focused in this report on the largest skills shortage problem as perceived by the NWBLT – technical skills – although many of the recommendations will apply across all skills disciplines. Our report is based on a survey of NWBLT member companies, whose organisations are responsible for 30,000 employees in the North West, including over 750 apprentices. We have also received input and advice from the Chartered Institute of Personnel and Development (CIPD). Whilst we have focused on the specific issues we are facing in the North West, we believe that many of our observations may be relevant to the UK as a whole. Indeed the President of the Institute of Chartered Accountants in England and Wales (ICAEW), Mark Spofforth, has frequently drawn attention to the damage being caused to the nation's economic competitiveness as the UK continues to lose ground internationally in terms of educational attainment in Maths, English and Science.

The education, motivation, development and retention of a suitably skilled workforce is crucial to the future of the UK's economy, as it is to any successful business. This has always been the case but, in 2013, after several years of low or negative growth, maximising our nation's competitiveness and economic output is now of paramount importance. Rarely, therefore, have the roles of education and business - and their relationship with one another - been more important. In this regard, the potential for export-led growth in the manufacturing and engineering sector is of particular significance and, as the UK's largest manufacturing region, the North West has a particularly vital role to play in the economic recovery.

NWBLT is a well-established independent group of senior business leaders who provide an experienced and informed business voice for the North West as a whole, working in close collaboration with the region's Local Enterprise Partnerships which are well represented on the NWBLT Board. The membership of NWBLT covers both the manufacturing and service sectors, together with a few major professional firms and research-led Universities. Collectively we have for many years advocated greater priority and attention being given to developing and exploiting the industrial strength of the North West and today we see, more clearly than ever, its internationally competitive manufacturing and engineering, biomedical and digital and creative industries as key to the successful re-balancing of the regional and national economy. (Whilst this report focuses mainly upon manufacturing and engineering, many of the issues raised – and hence our recommendations – also apply across each of these sectors).

The skills gap faced by UK manufacturing industry is not a new phenomenon. Economic analysts, industrialists, educationalists and political commentators have for many years acknowledged the problem. What appears however to have been lacking up to now has been any workable or lasting solution. There have been changes to the educational system but still we experience serious shortfalls in terms of skills levels for our principal wealth-creating industries.

In recent times there has been a growing recognition of the importance of employer ownership, and employer organisations, in informing and influencing the UK's educational system. This reflects the need to recognise constant changes in the world of business and industry and in the kinds of skills required of employees in most modern industrial sectors. So the approach adopted by the UK Commission for Employment and Skills (UK CES) with the Employer Ownership of Skills pilot programme is broadly welcomed as an appropriate response to the problem of matching educational and training provision to actual industry requirements. The response to date by employers, in accepting the challenge to work collaboratively and find suitable ways of meeting particular sectoral or local needs, clearly demonstrates the importance attached by the employers themselves to addressing this major challenge. With several of NWBLT's own members having already submitted successful bids and embarked upon Employer Ownership pilot projects, we believe we are well placed to assess the progress to date of the Employer Ownership approach.

We also recognise, as employers, a number of structural and cultural problems which exist both regionally and nationally and hinder the provision of appropriate skills for industry generally in the UK today. These shortcomings, we believe, are the result of years of frequent and incremental (rather than strategic) change in the education delivery system at a time when we are also living in a fast changing business world. This has inevitably led to a growing cultural and demand-supply divide. The resultant shortcomings are reflected not only in insufficient numbers of suitably qualified applicants for many vital positions in British engineering and manufacturing industries (the “skills gap”), but also in many such applicants being unable to adapt quickly to working in the world of industry. Companies of all sizes are also becoming increasingly aware of a lack of regular, effective dialogue with their local schools and colleges and many find it difficult to develop such a relationship on an ongoing basis. Where a successful relationship does occur, it is often driven by local partnerships, based on the enthusiasm and passion of a small number of individuals, rather than as part of a national strategic framework. Our report identifies these problems, as observed by our members and other consultees, and these are set out in Section 2 below.

Over the past four years NWBLT and other employers have worked closely with the National Apprenticeship Service to raise awareness of the benefits of apprenticeships. There is now much greater recognition of their business benefits, particularly the impact of apprenticeships in improving workforce skills and increasing companies’ productivity and competitiveness. Nevertheless feedback from a number of companies indicates that they are still experiencing difficulties in attracting young applicants and that some vacancies remain hard to fill.

There is clear evidence of a particular problem for the engineering sector. A total of over 500,000 new apprenticeships were created nationally in 2012 but the statistics from Semta, the sector skills council for science, engineering and manufacturing technologies, continue to reveal a serious shortage of young people choosing advanced manufacturing or engineering as their career. This reflects the image problem which still haunts manufacturing and engineering in the UK. Semta’s latest published figures (January 2013) show a requirement to recruit 82,000 people, just to cover retirements up to 2016, so there is a real opportunity for young people to enter this sector. However Semta also report that only 9% of the advanced manufacturing workforce is aged between 16 and 24, compared with 14% on average across other industries, so there is little evidence that the image is improving.

Such statistics reflect not merely the image issue but also some of the other structural and cultural problems identified in this report. Addressing the North West's Members of Parliament in the House of Commons in September 2012, Juergen Maier, MD of Siemens UK and now the Chairman of NWBLT, highlighted the need for a fresh, forward looking approach to addressing these issues. He cited the evidence of major engineering companies experiencing serious shortages of relevant skills, whilst at the same time we have record levels of youth unemployment. The skills provision landscape, he suggested, is far too complex and serves neither the interests of employers nor those of its prospective workforce. Furthermore many of the "improvements" of recent years, whilst well-intentioned, have added yet more complexity and lead us to the conclusion that a one-off "overhaul" is now necessary. The remainder of this report considers the particular problems encountered by NWBLT's industrial companies, looking at both the demand and supply sides in relation to the relevant skills, and puts forward some specific, practical recommendations which we believe would go a long way towards addressing these pressing problems.

SECTION 2 – SEVEN MAJOR PROBLEMS

A recent survey of the skills needs of the North West's major employers, as represented by the North West Business Leadership Team, has identified seven significant problems which currently stand in the way of addressing the persistent gap between the skills needs of manufacturing and engineering and the educational provision by schools, colleges and higher education in the region. These are as follows:-

Major Problem 1	There is a shortage of young people gaining suitable educational qualifications for employment in wealth-generating industries, particularly manufacturing and engineering;
Major Problem 2	Among those who have gained such qualifications, too many are not ready to adapt quickly to the world of work;
Major Problem 3	Cultural barriers appear to discourage some sectors of the population (eg girls and those from ethnic backgrounds) from pursuing careers in engineering;
Major Problem 4	There are too many complexities and frequent changes in the educational system;
Major Problem 5	There is a lack of coherence in overall education and skills strategy and governance;
Major Problem 6	There is a lack of clear, reliable signposting for employers wishing to find the most appropriate training provision to meet their particular needs;
Major Problem 7	There is generally poor two-way communication between employers and the education and training providers.

In relation to Major Problem 1, the low level of educational qualifications in the North West (12% have no qualifications and 25% of the working age population have poor numeracy and/or literacy skills) results in productivity levels being 20-33% lower than the England average (source: New Economy's research to inform the North West's 2014-2020 EU Funding strategy). Many North West businesses feel that their staff lack enterprise skills such as team-working and problem solving. The shortage of young people suitably qualified for the manufacturing and engineering industries is particularly costly, for these industries require most of their recruits to have qualifications such as HNCs, foundation degrees or University degrees.

The growth in apprenticeships is helping, but the level of demand will prove especially difficult to meet in the North West where, for some time, there has been evidence of particular shortages in higher level STEM subjects, as was noted by the CBI's 2009 report "Stronger together: Businesses and Universities in turbulent times". It is these industries that hold the key to achieving the sustained economic growth and regional rebalancing which has thus far proved so elusive.

As Sir John Parker, President of the Royal Academy of Engineering (RAE) says: "Education and training in engineering and technical skills are essential for success. According to RAE's research about 1.25 million science, engineering and technology professionals and technicians will be needed by 2020 to support the UK's recovery and, if the industrial strategy is to be successful, we will need a much bigger push for vocational qualifications, particularly apprenticeships and support for university technical colleges." ("The Times", 16 October 2012). The evidence from the North West's business leaders, as shown in this report, strongly supports Sir John's viewpoint.

Major Problem 2, that of young people readily adapting to the industry environment, is one which is recognised by many of our consultees. Responses referred to a lack of flexibility, poor discipline and communications skills, and difficulties in adjusting to the corporate environment. Reference has also been made to stereotyped "pigeon-holing" of students and an educational and examination system which is not sufficiently flexible to encourage creativity. Major Problem 3 reflected some traditional views, eg in relation to the unsuitability of engineering as a career for girls, which may fail to recognise the need for "brain not brawn" in modern 21st century industry but perhaps also reflect some outdated practices within particular companies.

With regard to Major Problems 4 and 5 – the complexities and frequent changes in the educational system and the lack of coherence in overall educational and skills strategy and governance – these are widely-held complaints amongst employers nationally. This problem seems to stem from a short term and non-strategic approach rather than one designed to prosper future generations. While there is ready recognition that the content of any education system needs to evolve, this does not mean the structure for delivering the appropriate syllabus needs to be constantly changed. A key problem with this constant 'tinkering' is that too many employers, and careers advisors (amongst whom we include parents, aunts, uncles etc), are unable to understand the skills system well enough to provide the right advice or choose the best path. Compare that to Germany where the core system design for higher and vocational education has been so stable for over 40 years that everyone innately understands how it works.

In relation to Major Problem 6, respondents to our survey came up with a very wide range of bodies to which they currently turn for information and advice on recruiting people with appropriate training for their particular industry sector. Some go to a skills council, some to a chamber of commerce, some direct to their local college, others to their local enterprise partnership. Few had any great confidence that they were receiving the best impartial and expert advice from an organisation equipped with all the appropriate up-to-date information to meet their particular needs and broker relationships with the education and training providers.

Last but by no means least, Major Problem 7 - regarding poor two-way communication between employers and the education and training providers - was found in our survey to be a widespread problem and one that is shared by SMEs as well as the larger companies. Speaking at the Northern Economic Futures conference in November 2012, Mike Cherry, National Policy Chairman of the FSB, reported finding "schools and colleges frequently not aware of their local business community, its needs and opportunities". There are beacons of excellence which demonstrate the many advantages of such a relationship – one of which (Innovia Films) is featured later in this report - but these generally result from the efforts of particular individuals or companies rather than the system as a whole. Regular communication across the board is surely an essential pre-requisite of any successful partnership between education and industry.

SECTION 3 –THE POTENTIAL ECONOMIC BENEFIT OF INCREASING SKILLS LEVELS IN THE NORTH WEST

The potential importance, and value to the economy, of raising relevant industry skills levels, is very considerable. For example, the Commission for the New Economy (www.neweconomymanchester.com) estimates that the annual economic benefit of raising the skills levels of the manufacturing sector in the North West to match the national qualifications profile for the sectors, would be approximately £160 million. This is the equivalent of £1.33 billion over ten years in today's prices. The Commission's calculation uses data sourced from the Labour Force Survey and Oxford Economics, as follows:-

1. Data from 2011 editions of the Labour Force Survey (LFS) provide information on the qualification levels of people in the North West who work in the manufacturing sector. This shows that the region has a slightly different skills profile to the sector at a UK level – for example, 18% of manufacturing employees in the North West have a degree or equivalent qualification, compared to 19.6% in the UK. Using wage data also available from the LFS, it is possible to calculate the uplift in wages that would occur if the region's manufacturing skills profile matched that of the UK. Undertaking this analysis shows that total annual wages would increase from £7,510 million to £7,577 million, an increase of around £67 million – or 1%.
2. Data sourced from Oxford Economics estimate Gross Value Added (a broad measure of economic output) in the North West manufacturing sector to be in the region of £16.4 billion per annum. Assuming that the 1% increase in wages outlined above leads to a similar increase in manufacturing GVA in the North West, the annual increase in GVA would be approximately £160 million. This growth would not be isolated to a single year and the region would see the benefits over a much longer timeframe. As an example, over a 10 year period the value in GVA terms of improving skills in the North West's manufacturing sector so they are in line with those nationally could be worth £1.33 billion in current prices.

NWBLT believes that achieving an economic benefit on this scale in relation to the UK's largest manufacturing region would in itself be a major step forward in relation to the rebalancing of the UK economy. The overall national benefit, of raising manufacturing skills across the UK, would of course be considerably greater.

SECTION 4 –SKILLS REQUIREMENTS – THE EVIDENCE FROM NWBLT’S MEMBERSHIP

NWBLT undertook, between September 2012 and January 2013, a survey of its member companies’ skills requirements and their views regarding the issues examined in this report. The survey covered both quantitative demand forecasts and the specific qualities and qualifications required of recruits. It also invited the respondents’ opinions on matters such as cultural obstacles to recruitment, the introduction of University Technical Colleges (UTCs) and the merits or otherwise of introducing a single signposting organisation for identifying the college(s) most suitable for meeting particular employers’ requirements.

Responses were received from employers responsible in total for over 30,000 employees, including over 750 apprentices in the North West. The following summarises the key findings from the survey:-

- Skills shortages, particularly in professional engineering and manufacturing skills, are encountered across a number of industry sectors. There is also a shortage, in some areas, of staff with business acumen/awareness, analytical and financial modelling skills and the ability to suggest improvements.
- The demand for recruitment is likely to increase over the next five years, particularly amongst school leavers.
- Professional firms and university administration do not experience much difficulty in meeting their recruitment requirements and standards.
- The majority of respondents agree that overall there is a skills gap and that this is hampering the competitiveness of the North West economy. However it is to a large extent a national problem, perhaps resulting from national policy in areas such as the structure of secondary education and school examinations.
- Gender and ethnic barriers continue to be encountered by some firms, principally in manufacturing/engineering companies.
- The respondents gave almost unanimous support for UTCs and some members are already involved in their establishment (eg the University of Liverpool). A member commented that UTCs may help to “realign the focus on skilled labour and close the skills gap over time”.
- A strong view was expressed that the education and training system suffers from too much complexity and frequent change.
- A wide variety of organisations assist our members with their recruitment needs, from local colleges to universities, specific sectoral and professional bodies, Semta, the National Apprenticeship Service and many more.

- Most respondents would favour the establishment of a single signposting body which could save companies valuable time as well as providing a centre of impartial, relevant expertise on skills and training requirements which can point employers towards the most appropriate college etc.
- Members currently engage with a wide variety of colleges, which are generally selected on the basis of existing relationships, convenient location or in some cases appropriate industry specialisation.
- A number of members have commented on the need for much better communication between colleges and employers and the need to find ways of familiarising school and college students much earlier with the world of work and the culture of the workplace.

Our research also draws upon work undertaken for a separate study of manufacturing skills for the future, led by Hill Dickinson, Liverpool, in collaboration with Jaguar Land Rover and other partners during 2012.

SECTION 5 – INDUSTRY’S RELATIONSHIPS WITH SCHOOLS, COLLEGES AND CO-ORDINATING BODIES

NWBLT’s survey of its member companies showed that its members all engage actively with a number of schools, colleges and other training providers but that there are many difficulties needing to be overcome. Schools with which NWBLT’s members do engage are in many instances found to provide little in the way of careers guidance themselves, so the students have insufficient opportunity to learn about the modern working world. An observation we have received from the CIPD is that schools and colleges need to have properly qualified staff that can deliver tailored, up-to-date guidance and that schools need to secure a place for Career Education within the curriculum and the resources to manage relationships with employers.

In relation to colleges and other training providers, there was evidence in the NWBLT survey that the selection of the appropriate provider is frequently not tailored to the company’s specific requirements. Some members (eg BAE Systems, Siemens, Addleshaw Goddard and Bruntwood) cited the relevance of courses or a college’s particular expertise as being the main criteria for selection, but in other cases reference was simply made to long-established relationships or local geography. There was relatively little confidence that companies necessarily feel fully informed, on an up-to-date basis, on the relative merits of particular colleges for their specific needs.

The wide range of colleges and of available courses offered nowadays by the Further Education sector can make it unduly burdensome and time consuming for some employers to identify the appropriate courses – and hence the right colleges with which to build working relationships. Moreover the changing nature of some aspects of modern manufacturing industry makes it all the more important to ensure that up-to-date, impartial information is readily available in relation to the content, planning and delivery of courses. NWBLT’s survey showed that most respondents favoured the establishment of a single signposting organisation through which employers of all sizes could readily access up-to-date impartial information on the suitability of individual colleges to meet anticipated recruitment needs.

The introduction of UTCs was almost unanimously welcomed by NWBLT members as a more effective means of providing the vocational and technical skills required for industry. However, the proposed UTCs are still relatively few in number and there remains a need for secondary schools generally to offer vocational and technical education, accompanied by impartial careers advice so that pupils can be assisted on a properly informed and individual basis in relation to the direction of their secondary education. (See appendix B.4 which gives an example of one approach

we strongly advocate – the Siemens Education Portal.) It has also been suggested to us that the National Apprenticeship Service should go into schools (as for example does STEMNET) and that up-to-date information on technical careers should be made much more accessible to pupils, online and on a comparable basis to that provided by UCAS.

Our survey revealed a clear consensus that much more needs to be done to bridge the intelligence gap between technical training providers and industry. Whilst NWBLT's own member companies are actively engaged in working with schools and colleges, for example providing open days for science and careers teachers, supplying school Governors and running ambassador programmes to build working relationships, we acknowledge that there is still a great deal more to be done by industry in this direction. One of the main points which has emerged from our survey is that the process of building more effective relationships between the supply and demand sides would be greatly assisted by the establishment of a single, industry-led signposting body accompanied by clear two-way communication between providers and employers.

SECTION 6 – CONCLUSIONS AND RECOMMENDATIONS

This report from NWBLT, presented by a group of significant employers – and representing a wide range of industry sectors – confirms a number of major deficiencies in the system for preparing young people for a successful career in manufacturing and engineering industry. This key industrial sector, whose success would contribute directly to export-led growth, is on this evidence seriously hampered by the ongoing “skills gap”. Nor is it by any means the only sector which experiences such shortages – the digital/creative, energy/low carbon and health and transport sectors suffer similarly and NWBLT intends to examine these industries in separate reports at a later date.

However it is clear to us that the most pressing issues in the North West, as far as skills are concerned, are those affecting manufacturing industry. Our research has suggested that the economic benefit of addressing these problems, in the North West alone, could be in the region of £1.33 billion over ten years at today's prices (see section 3). Hence our collective concern and our determination to put forward - and be part of - “a better way”. We readily recognise that many of our members have a strong vested interest in being part of an effective solution to the skills problems discussed in this report and that the recommendations we put forward will all involve significant commitments by relevant employers. On this basis we have, over recent months, debated with education and training providers, LEP representatives and other key partners, a small number of practical and deliverable solutions. Our key recommendations are as follows:-

Recommendation 1

1. Establishment (by way of a pilot project in the engineering sector) of a **SINGLE BODY** – “The Talent Bank” - co-funded and controlled by employer organisations (including SME representation) and supported by a small cohort of suitably diverse high profile ambassadors, to promote the **BRAND** of engineering and manufacturing industry. This body would be established with clear and transparent governance arrangements so as to ensure appropriate legitimacy and accountability and would utilise appropriate communications media for reaching young students. Ideally it would be an existing body taking on a higher and governing role, setting standards and commissioning the training, and it should work closely with a well-informed national careers advice service and with a National Apprenticeship Service that is well-connected with schools as well as colleges. The body would need to be recognised by a vast majority of UK engineering employers as the main point of contact in this field. Organisations that the NWBLT recognise as adding significant value in this field include Engineering UK, STEMNET, EEF, Royal Academy of Engineering and IET.

Recommendation 2

2. Establishment of a separate, **SINGLE SIGNPOSTING** and delivery body for the manufacturing and engineering industries, organised as an industry-led public-private partnership with accountability to Government, to which employers (particularly SMEs) can go in order to identify the most appropriate provider(s) to meet their needs. This body would work closely with bodies such as the UK Commission for Employment and Skills (UKCES), Ofsted and Ofqual, monitoring overall standards and quality in education and training. We recommend using existing Sector Skills Councils as a basis for this, but it would either need a well working overarching alliance – as is intended with the Manufacturing Skills Alliance (but is in our view not seen as visible and effective in achieving this) or the selection of one of the sector skills councils (Proskills, Semta, Cogent, Improve or Skillset) to take the lead for all engineering and technical skills. Some examples of relevant collaborations which could be replicated are shown at Appendix B of this report.

Recommendation 3

3. The above two bodies then jointly perform one strategic design review to define and propose a **LONG-TERM NATIONAL SKILLS STRATEGY AND DELIVERY SYSTEM** to meet the future needs of industry, bearing in mind economic, demographic and cultural trends and ensuring an appropriate balance between vocational and HE education and between different industry requirements. This process would draw upon the expertise and resources of the relevant sector skills councils and provide a clear and consistent national strategic context in which local skills provision can be delivered. All the main political parties should be asked to contribute to, and commit to, this National Skills Strategy which, when formally approved by Government, would be published and promoted extensively as the way forward for a generation – without frequent and ad-hoc re-designs.

We feel that the time has come for such a one-off “overhaul” of the skills system as the current complexities will not shake themselves out nationally – and certainly not fast enough if left to natural market forces, as currently appears to be the strategy.

NWBLT members are themselves investing heavily, in time and money, to help overcome the skills gap and we accept that substantial further investment will be necessary on the part of industry if the problems are to be overcome. However we firmly believe that the measures set out in this report would greatly simplify and streamline the system, thereby enabling British industry to compete much more efficiently in the global marketplace in the years ahead. If we are not to be left behind in the global race, we must start bridging the education-industry divide as a matter of urgency.

SECTION 7 – IMPLEMENTATION

As stated in Section 6 above, NWBLT members share a collective concern and a determination to be part of a “better way” of bridging the divide, ie to be part of the solution. We are ready and willing to play an active role, alongside UK CES, engineering employer organisations, Local Enterprise Partnerships, colleges, universities and other relevant parties, to develop an implementation plan which would enable the recommendations set out in this report to be put into effect. We have shared the findings of our report with representatives of a number of the above bodies, and received valuable input and support for the recommendations. However we recognise that a considerable amount of further work is required in order to achieve the goal of a more streamlined and successful system for promoting and delivering manufacturing and engineering careers and to agree a coherent, long-term national skills strategy.

In compiling this report we have had the benefit of detailed input from a number of interested parties, including businesses (both within and outwith our own membership), Local Enterprise Partnerships and a variety of colleges and schools which are embracing - in broad terms – the approach which we advocate. Some of these are featured in the Appendices to the report.

In particular we strongly support the approach being adopted by Liverpool City Region within its City Deal (see Appendix A). The Liverpool City Region’s economic and social challenges have been well documented over many years but the progress made by the local Employment and Skills Board in recent years (eg in almost eradicating the area’s Level 2 qualification deficiency) bears powerful witness to what can be achieved, even in one of the most disadvantaged areas of the UK. The proposals put forward within the Liverpool City Deal necessarily involve further substantial commitments both by Government and the City Region itself. But we would expect the benefit achieved by addressing skills levels in such a single-minded and coherent manner to be of immense economic and social value, for many years to come.

Whilst calling for the early introduction of one coherent and forward-thinking national skills strategy and delivery system, NWBLT recognises that particular local needs, opportunities or limitations may dictate what precise delivery model is most appropriate in particular circumstances. Examples of good practice which meet a range of economic and industrial needs are shown at Appendix B whilst the approach put forward by Greater Manchester’s first Free School, Atherton Community School, is included as Appendix C.

We commend the findings of this report and look forward to working with Government and the relevant Departments, agencies and delivery bodies, to take forward its recommendations.

APPENDICES

- A Liverpool City Region Deal with Government –
A Deal for Jobs and Skills
- B Some Examples of Good Practice
- C Atherton Community School – an opportunity for a fresh start
- D Members of the North West Business Leadership Team, 2012/13

APPENDIX A - LIVERPOOL CITY REGION DEAL WITH GOVERNMENT – A DEAL FOR JOBS AND SKILLS

A Deal for Jobs and Skills

The Liverpool City Region has the economic assets, opportunities and latent growth potential for businesses to create 100,000 jobs over the next decade but it will be held back unless a distinct set of challenges and inhibitors in our employment and skills system are addressed.

With the agreement of this Deal the City Region will increase employment by combining public and private investments and empowering our businesses to create more jobs, tackle skills gaps and raise productivity. This will:

- Bring together up to £80million of public and private sector investment delivering business-led skills for growth;
- Create a skills system that keeps pace with structural economic rebalancing; and
- Reduce long-term youth unemployment by half within 3 years.

The City Region's Employment and Skills Board (ESB), accountable to the LEP and City Region Cabinet, brings together business, providers and Government Agencies and has a strong track record of delivery. Working collaboratively across the labour market area has delivered a number of successes, for example almost eradicating the City Region's Level 2 qualification deficiency from 6% in 2004 to just 2% in 2010. In this last year the City Region created more Apprenticeship opportunities for young people than ever before through a business-led campaign, resulting in 10,000 Apprentices in 10½ months.

Building on this momentum our proposition is to create a simplified and liberated 'skills for growth' system to drive forward growth and meet the local businesses needs. The key headlines of this Deal include:

- **Up to 10,000 Additional New Jobs Created with SMEs** – from a unified job creation investment fund for Small and Medium Size Businesses;
- **The Skills for Growth Bank** – an employer-owned mutual to simplify skills funding through grants and loans to businesses. Unlocking £20m skills co-investment from the Private Sector and allowing businesses to reshape the skills system to deliver 6,000 Apprenticeships and help 7,400 people into work;

- **Significant improvement to the effectiveness of the skills system** – by piloting a ‘payment by results’ approach to adult skills, where providers are rewarded when their services get people into work or progress in work; and
- **Reducing long-term youth unemployment by half in three years** – by Government supporting directly (and through its contracts) the recommendations of an ESB commissioned Youth Unemployment Task Force.

Our Challenges

For too long the employment and skills challenges we face have been looked at as needing a supply-side push rather than a demand-side pull. An over-reliance on combating unemployment by preparing people for work in a manner that is too far removed and independent from business growth. Our most immediate challenge remains a need to use all available means at our disposal to grow private sector jobs.

The City Region is making progress in overcoming long term structural issues, but skills gaps remain the most severe in the country and this has knock on effects to productivity and the attractiveness of the City Region as an investment opportunity. Some 43% of the City Region’s businesses report specific skills gaps; this is particularly acute in growth occupations such as Engineers and Chefs. To meet England averages we would need:

- 16,060 more Level 2 qualifications;
- 48,159 more Level 3 qualifications
- 67,065 more Level 4 qualifications; and
- 28,234 fewer people with no qualifications.

It is not just the sheer scale of this skills gap but the disjoint between training given to individuals and the skills needed by businesses. Enrolments remain high for sectors in structural decline and low for industries experiencing growth: for every individual that enrolls on a Maritime course there are 46 people enrolling on Hair and Beauty courses (2009/2010). In general terms, individuals choose courses that interest them rather than those that may have a more demonstrable impact on their economic productivity. As public resources tighten and growth opportunities arrive this is a luxury we may not be able to afford.

The rebalancing of skills investments needs to move at the same speed as our economic rebalancing. The ESB is increasing the depth and breadth of provider and business partnerships with ‘Skills for Growth Agreements’ between businesses, schools and providers; but unless businesses have a stronger role in determining skills investments the mismatch of provision will continue to inhibit growth.

Public funds alone will not be enough to unlock the step change in skill levels we need. Current mechanisms for co-investment are inefficient as businesses spend their money with different service providers than Government. To obtain greater impact we need to get public and private investments working together.

Our skills gap and historically low job density translate into significant challenges around worklessness, with 54,356 people registered as unemployed (Jobseekers Allowance) and a further 102,680 on Incapacity Benefit/Employment Support Allowance. Across all age groups, unemployment and benefit dependency remains much higher in the Liverpool City Region than almost anywhere else. This is particularly acute in the challenges facing young people trying to get a foothold in the labour market, the youth unemployment rate is nearly 50% higher in the City Region than the England Average. To avoid a lost generation we need to become much better at breaking down departmental and geographic boundaries to tackle unemployment in a way that fits with travel-to-work patterns and not local and national administrative constructs.

Current Employment and Skills Investments

We estimate that public sector investment in jobs and skills totals at least £150m per year, coming from a variety of local, national and EU funding streams and creating a provider-base of over 400 organisations. In far too many cases the look and feel of each of these programmes is driven by the offers providers choose to make and the restrictions of different funding streams. Those who stand to benefit most from investments are not sufficiently empowered to drive the allocation of resources.

Current arrangements for EU funding in the City Region are fragmented, disjointed and compartmentalized across separate Whitehall Departments. The result is that European Social Fund (ESF) has been used by Central Government for top-down initiatives with limited opportunity for local partners and the LEP to articulate what is needed and critically what is already being funded.

Information on what works is far from transparent, which limits our collective ability to buy the best performing services to help residents get back to work. Currently the ESB is overseeing local investments of £12.6m to tackle worklessness through ESF. If, along with Government and Work Programme Primes, we were able to share what works, we would all be better placed to invest more effectively. DWP in particular should work across the whole labour market area to prioritise and agree its resources alongside the ESB.

There are a number of local and national employer incentives working independently and frequently overlapping (leading to deadweight). These vary from £1,500-£9,000 per individual and are distorting the market.

If unified and targeted they could act as a significant job creation tool to deliver many new and additional jobs in small businesses. This would avoid confusion, duplication and deadweight. We are looking for Government to devolve this funding to create a unified job creation investment fund to streamline processes, reduce bureaucracy and simplify incentives for businesses.

In short, Government locally, nationally and EU-wide has created an overly bureaucratic system and there is too much of a separation between funder, supplier and customer – our deal seeks to empower individuals and businesses to lead the transformation of employment and skills investments.

Ask 1: Bring together up to £80m of investments and incentives to help businesses create more jobs, address skills gaps and increase productivity	
<p>City Region Offer to Government</p> <ul style="list-style-type: none"> • Create the UK’s first Skills for Growth Bank, a business-owned mutual to unify public and private sector organisations • Invest up to £1m to create and mutualise the ‘Skills for Growth Bank’ • Create ‘The Marketplace’ – an online price and quality comparison tool for skills training and co-investment by businesses • Invest £15m in the provision of incentives to SMEs to create additional jobs and Apprenticeships • Establish standardised non-competing Job Creation and Apprenticeship employer incentives within the City Region thus simplifying the landscape, eliminating deadweight and reducing bureaucracy • Leverage £20m of commercial skills co-investment through Skills for Growth Bank • Create 10,000 new jobs with SMEs • Deliver 6,000 Apprenticeships and place 17,400 unemployed people into work 	<p>City Region Offer to Government</p> <ul style="list-style-type: none"> • Endorse the approach outlined in the LEP’s application for £30m of Employer Ownership Pilot Funds to create the UK’s first Skills for Growth Bank Mutual, which provides the framework for the other asks in this section • Devolve £4.5m Apprenticeship SME Grants and extend the period of delivery by an extra year (latter subject to clearance by HM Treasury) • Encourage Work Programme primes to co-invest their employer incentives into this unified pot and allow flexibility in how they are granted in return for proportionate outcomes (£4.5m over 3 years) • DWP commits to allocate to the City Region Skills for Growth Bank (subject to confirming its eligibility) any available ESF under spend in the City Region.

Ask 2: Create a skills system that keeps pace with structural economic rebalancing

City Region Offer to Government

- Invest £0.5m to create a Labour Market Information Service to deliver high quality labour market information to help employment and skills providers to reshape their services
- Work with the SFA to develop a robust 'payment by results' pilot methodology
- Align local skills and employment investments to the same 'payment by results' formula to avoid market distortion.
- Challenge all deliverers of skills and employment services to perform better.

City Region Offer to Government

- Design, test and pilot a 'payment by results' system within elements of Adult Skills Funding in the Liverpool City Region: this will link the payments providers receive to the progression learning; employment; and/or wage gains of the individuals to whom they provide services to. Movement from designing and testing to full scale will require Ministerial and City Region agreement in advance of the 2013-14 academic year.

Ask 3: Help us to reduce long-term youth unemployment by half in three years

City Region Offer to Government

- Mobilise our civic and business leadership to support this shared cause
- Publicly commit to the achievement of this target
- Commission a Youth Unemployment Task Force
- Continue to resource governance arrangements that bring supply and demand together.

City Region Offer to Government

- DWP to work with Liverpool City Region to explore the alignment of its commissioning geography with the functional economic and LEP area
- Formally recognise the ESB as the single voice and strategic lead for employment and skills
- LCR to work with DWP to establish the feasibility of customer choice in the Work Programme and if deliverable move to a full pilot
- Explore the scope for improving accessibility to the New Enterprise Allowance
- Give cross-departmental support to the creation and recommendations of an ESB Youth Unemployment Task Force chaired by Jobcentre Plus District Manager, to include transport review. Work Programme prime contractors should also be encouraged to be involved.

Estimated Impact

- £80m targeted investment
- 6,000 additional Apprenticeships
- 17,400 unemployed people into work
- Long term youth unemployment halved in 3 years

APPENDIX B – SOME EXAMPLES OF GOOD PRACTICE

As part of the NWBLT's research, some examples of good practice and partnership have been identified which may help to point the way for addressing some of the problems identified in Section 2. We have carried out both desk-based research and face-to-face interviews and the examples quoted below demonstrate the different needs and solutions which might enable our recommendations to be applied in particular circumstances – these examples include an international automotive academy in the US (which demonstrates the importance this global leader attaches to technical education and training), illustrations of commitments and partnerships involving NWBLT member companies in the UK and a proposal which we are considering from a new Free School in Greater Manchester. If the recommendations in this report are adopted, we would encourage such local best practice approaches – within the framework of a national system.

1. Volkswagen Academy, Chattanooga Partnership, Tennessee, USA

The Partnership developed between Chattanooga State and Volkswagen Group of America merges the world of higher education with the realities and demands of the workforce. Selected by Volkswagen following a US-wide competition to manage its training centre, Chattanooga has collaborated with the automotive company to design and implement educational programmes that are specific and germane to the technologically-rich VW production environment.

The Volkswagen Academy has developed two specific training programmes designed for the industry. These are the Automotive Mechatronics Programme (AMP) and the Car Mechatronics Programme (CMP). 24 students are admitted to the AMP each year through a competitive admissions process, and 12 to the CMP. Each programme offers students a comprehensive learning environment which blends classroom and laboratory instruction with paid, on-the-job training experience in the VW plant.

The focus of the AMP is to develop multi-skilled craftsmen who are responsible for keeping the NW plant operational. Students receive hands-on training in mechanical systems, electricity, electronics, machining, welding and automated systems. The focus of the CMP is to develop highly-skilled technicians who can diagnose and repair mechanical and electrical issues with the VW automobiles produced at the Chattanooga plant. In addition CMP students learn basic techniques of body repair including paintless dent repair. Students in both programmes have an opportunity to apply what they have learned in classrooms and labs during their four semesters of paid on-the-job training.

First established in 2008, the VW Chattanooga Partnership continues to develop successfully. More than ever, workers are retiring in fields requiring technical know-how. In addition, as distribution centres, automotive manufacturers and chemical processors move into the area, the demand for highly-skilled workers continues to increase. The combination of programmes and the newly-created Tennessee Transfer Path makes it possible for students to complete their first two years at Chattanooga, then transfer to a four year institution knowing course credits will be accepted.

2. Innovia Films, Cumbria – The importance of a relationship with a Local School

Innovia Films is a global business employing 1350 people worldwide, of which 850 work on the Wigton site in Cumbria. The site has operated for almost 80 years, manufacturing cellophane and polypropylene films. The Wigton site is not just about manufacturing: as the HQ of Innovia's global business it employs staff in a wide variety of careers including R&D, engineering, sales, marketing, IT, IS and accounts.

In order to find the right people for its business, Innovia has built links with local schools. The relationship with the Nelson Thomlinson School (NTS) is particularly close. Innovia has supported Young Enterprise in the school for the last 22 years, provided science research projects for the Gold CREST Award for the sixth form students for the last 17 years, and has been involved in Work Experience for as long as anyone can remember.

Innovia works closely with NTS so that both parties benefit from the relationship: the school from having access to an organisation that puts into practice what is taught in the classroom, and the company from having the chance to influence the choices of the school's finest students.

The company supports students with careers advice and subject choices. It talks to Year 9 students about their GCSE options, and Year 10 students about the value of taking Work Experience opportunities to gain an insight into the workplace.

The support continues through advising on which A-level subjects employers would most value, and providing support for sixth formers about choosing university or employment options.

Innovia offers NTS staff a tour of the site every year. This helps to ensure that they are kept up to date with what the company has to offer. Plant tours are provided to sixth form pupils who are interested in careers within industry.

The company believes the effort has paid-off. They recruit 10 apprentices every year from local schools (in areas of engineering and production processes), and at least two NTS students (usually ex CREST project participants) are sponsored through university on chemistry or engineering degrees.

The work has helped demonstrate to pupils, parents, employees and the community as a whole the importance that Innovia attaches to recruiting local people to maintain their success. This in turn helps to maintain the employee's enthusiasm and extraordinary commitment to the company and the community within which it operates.

3. BAE Systems in Partnership with Furness College in Barrow in Furness

The geographical isolation and the competition to attract skilled engineering resources poses acute problems for BAE Systems in Barrow. The 2011 census indicates that Barrow has the second highest percentage of apprentices in the UK. BAE Systems plays a significant role in this achievement.

The company takes on approximately 130 new apprentices each year. The first year of training is spent at Furness College after which they continue on a day release throughout their Apprenticeship to complete their technical training. The College works very closely with the company to ensure that apprentices receive an integrated and seamless service. In 2003, the partnership was awarded one of the few education/business Centres for vocational excellence in the country. The award enabled the company to build a mock-up of a section of a submarine in the College for apprentices to gain knowledge and understanding of related engineering disciplines in a relevant setting. This was moved last year to the new college building and a new multi million pound engineering department built around the updated model.

The Centre of vocational excellence award also gave the company and the College an opportunity to plan curriculum models for the future and through those developments plan pathways for students through HNC to BEng(Hons). There are presently 300 students sponsored by BAE Systems on these courses.

Over 700 BAE Systems employees a year study at the College on a range of courses from those mentioned above to Foundation Degrees in Business to shorter courses organised by the Trade Union in IT, business administration and employment skills.

The company also puts a great deal of time into raising awareness/aspirations of engineering and employment prospects at the firm through

a close involvement in schools. This is done through the Furness Education and Skills Partnership, STEM ambassadors, mentorship for year 10 and 11 year school pupils, an active work experience programme and sponsorship of the local STEM related 'Top of the Form' competition. Over 50 employees are school governors in the local primary, secondary schools and further education colleges. BAE Systems are also benefactors and chair the new Academy.

Furness College has benefited from the relationship, enabling it to win a bid to build and resource a new college which includes a state of the art engineering department. It too has worked to enable developments gaining institutional status from the IET and IMechE. Furness College has also just become one of 12 Colleges in the Country to be awarded STEM assured accreditation. Last year, they became the first College in the country to appoint research/teaching lecturers to attract new blood into the area, raise the profile of engineering in the area.

It will never be enough to 'Grow Your Own' - there are areas that require new skills or specialist skills that the company has to find from outside. But building a close partnership means that local people are given the opportunity to develop higher skills and thus enhance the economic base of the local area, increase the community's economic capital and stimulate the growth of the specialist manufacturing sector by attracting other employers to set up where there is a developed pool of local talent.

4. The Siemens Education Portal

In February 2013 Siemens launched a groundbreaking new education and careers scheme for engineers in conjunction with the Cabinet Office, Department of Education and the Department for Business, Innovation and Skills.

"The Siemens Education Portal" will for the first time allow teachers, students and parents to access a central hub of information to be used in the classroom explicitly designed to encourage young people to engage with engineering and manufacturing related subjects. The portal will be rolled out to 5,000 schools across the UK by 2014 aiming to reach over 1.95 million pupils within the first year and 4.5 million by 2016.

The aim of the portal is to inspire students, support teachers and communicate to parents the considerable opportunities open to young people working in today's industry and manufacturing environments. Initially the portal will support the 11 to 14 age group with plans to expand the age range over the next two years.

The scheme will host a range of interactive education materials supporting Science, Technology, Engineering and Mathematics (STEM) related subjects;

from highly interactive schemes of work for practical application in the classroom to engaging 3D games based on some of the most ground breaking industrial projects and technologies in the UK. The content will connect teachers and young people through a range of curriculum based schemes of work and interactive teaching methods.

All the materials draw upon the technical expertise of Siemens as well as experienced curriculum developers and can be enhanced by inviting a Siemens employee into a school to provide the benefit of their own experiences and expertise in the subject matter. The content will draw from the Siemens Energy, Infrastructure and Cities, Healthcare and Industrial Sectors

The schemes of work include exploring the challenges facing product designers when designing vehicles for an urban environment, developing sustainable water supplies and creating sustainable energy supplies for modern cities using wind farms.

Juergen Maier, Siemens Industry Managing Director said "It remains vital that we all play our role in developing talent for the future to replace the ageing workforce in the manufacturing and industrial sectors. The only way to change the perceptions of engineering and manufacturing is to target children as young as nine – and really explain how exciting working in this field is."

"The portal we have developed is a unique and new way of reaching young people interested in working in engineering. We are passionate about showing aspiring students, girls as well as boys, that working in areas such as high value manufacturing can really lead to a solid and long term career."

"If we are to rebalance the economy we need to be developing the skills now to fill the jobs of the future. We know that sustained public and private investment in this area is essential if we are to win the global skills race and create sustainable growth."

Matthew Hancock, Minister for Skills, said at the launch of the portal: "Siemens are to be congratulated on this innovative new programme to get more young people into engineering.

"Engineers have highly adaptive skills which are valuable across our whole economy and our future competitiveness in the global race will depend on attracting the brightest and best talent into this rewarding career.

"The Government is very active in all policy areas from schools, apprenticeships, higher education, talent retention, and working with companies such as Siemens to tell the real story about engineering and inspire young people."

Sarah Sillars OBE, Chief Executive of Semta, the Sector Skills Council for Science, Engineering and Manufacturing Technologies, said: "It is absolutely vital we do all that we can to close the skills gap as the workforce ages and birth rates fall. As a country we need to take a new approach to getting our messages into the heart of the education system and it is very positive that Siemens has recognised the need to cultivate UK talent for future prosperity and economic growth. The portal really could be a game changer in the way in which businesses interact with the education system."

Siemens has already invested in the up-skilling of young people interested in engineering and manufacturing through the sponsorship of a number of UTCs across the UK. The business also took on over 160 apprentices in 2012, which for the first time exceeded the number of graduates recruited at the global engineering powerhouse. Siemens already have a number of programmes with managers and employees supporting local schools across the UK.

5. School of Engineering, University of Lincoln

The Lincoln School of Engineering is a £37 million project funded by a combination of HEFCE's Strategic Development Fund, ERDF and Lincoln City Council, with £7 million being allocated specifically for a dedicated, purpose-built engineering centre. The new School of Engineering building, the Engineering Hub, was completed in August 2011 and is located in the heart of Lincoln, on the University's main Brayford campus.

Combining state-of-the-art R&D and teaching facilities, the building makes an iconic statement about the status and intent of engineering at the University of Lincoln.

Focusing strongly on research-informed teaching the School has brought together an international team of staff from a range of disciplines and industry backgrounds to ensure that students get the most from their course and the best start in their engineering careers. The innovative and exciting degree courses are accredited by the Institution of Mechanical Engineers (IMechE) and the aim is to produce Engineering graduates who have the skills and knowledge to be industry ready.

Siemens have transferred R&D equipment to the Engineering Hub, as well as co-locating their training team at the School. The relationship has been strengthened further with the University selected as one of the five Siemens 'principal partner' universities in the UK.

Students' engineering programmes therefore benefit from industry insider knowledge and skills shared by Siemens engineers working in the sector today. They train alongside Siemens employees on the course and have the opportunity to spend time at the company's Lincoln base. Forming part of the greater campus development, engineering takes its place in a truly 21st Century university environment committed to teaching and research.

APPENDIX C – AN OPPORTUNITY FOR A FRESH START

AN OUTLINE PROPOSAL TO EXPLORE WAYS THAT ATHERTON COMMUNITY SCHOOL AND THE NORTH WEST BUSINESS LEADERSHIP TEAM MIGHT WORK TOGETHER TO ADDRESS SKILLS ISSUES AND IMPROVE THE EMPLOYMENT PROSPECTS OF STUDENTS

SUMMARY

We are a new Free School in one of the most deprived parts of the NW, set up by the local community following closure of their secondary school. Our staff bring a wealth of experience to our new school, having led similar projects in challenging areas, improving exam results along the way from 16 to 49% 5A-C GCSE grades including English and Maths, 100% pass rate at level 3 courses, as well as reducing NEETS from 11 to 4% whilst ensuring that all pupils who applied to university successfully achieved places. We are 100% committed to improving outcomes for our students.

This experience means we are familiar with the barriers facing our students and have learned much from past experience tackling these. We are, therefore, currently developing a new model to provide a springboard into the world of work for students who come from deprived backgrounds. These students have no role models for professional careers, no encounters with graduates other than teachers and subsequently have additional hurdles to achieving their dreams that can readily be overcome through productive business links.

Being a new school, and developing a Sixth Form from scratch, gives us a unique opportunity to do things differently in a way that can achieve a win / win – helping our students to achieve their full potential while meeting the skills needs of business in the region. In addition, while the cycle of careers support offered in some schools may not engage fully with employers and instead focus more specifically on the course choices of their pupils - for GCSE aged 14; A Level, BTEC or NVQ aged 16; university at 19 - our determination to include the business community in the development and aspirations of all young people means that, at every level, they will be aware of the employment needs and opportunities locally, while remaining at the forefront of developments whenever they move into the employment arena, whether that is post 16, post 19 or post graduation.

We are already developing strong links with SMEs in our community but believe that through an active collaboration with larger businesses of regional and national importance we can widen our students' horizons even further and open up to them the choices that children in more wealthy areas often take for granted. We believe that by listening to businesses and developing strong, lasting relationships with them we can make a positive

contribution to the prosperity of the NW, ensuring our students have the skills - generic and specific - that business needs, helping to make the recruitment process more efficient and improving retention levels.

We are already engaging business champions for a range of curriculum subjects. We would very much welcome the opportunity of piloting a project with NWBLT to explore new ways of working together, thinking outside the box and developing innovative approaches for the benefit of our students, of business in the NW and our community here in Atherton.

ATHERTON COMMUNITY SCHOOL

We are a brand new 11-18 secondary school in the heart of Atherton in the Borough of Wigan. Following the closure of the local High School in 2011, community leaders, local parents, community groups and local businesses came together and invited the Chapel St organisation to help develop a new Free School in this growing town of over 23,000 people. We are the first Free School in Greater Manchester to be approved under the new initiative announced by the coalition Government.

Free Schools are independent state funded schools set up in response to local demand. We cannot make a profit and are accountable to the Secretary of State for Education. We are subject to the same Ofsted inspections as all state schools and have to maintain the same rigorous standards. But we do have greater flexibility to develop new approaches that meet the particular needs of our community.

Chapel St is aiming to establish ten schools over the next five years, including others in the NW. Focusing on some of our most deprived communities Chapel St seeks to fuse innovation and localism to develop schools that respond to the specific challenges and opportunities of their catchments and individual learning pathways that take account of the unique gifts, abilities, needs and family background of each child. We have a broadly Christian ethos but work with children, families and carers of all faiths and no faith, helping people to come together for the common good and regenerate communities.

Our school in Atherton opened its doors in September 2012 with an in-take of 40 Year 7 students. We are currently housed in temporary premises in the Old Town Hall on Bolton Road but will move in September 2013 to a newly developed and refurbished site on Hamilton Street. At that time our Sixth Form will open and we will also take in a new Year 7 as existing students move to Year 8. We aim to grow to 650 students within 5 years. As a deliberately smaller school, we can personalise our teaching and tailor the specific information, advice and guidance to meet the individual needs of each student. This is our USP.

OUR CATCHMENT AND OUR STUDENTS

Originally a mining community, Atherton has a strong local identity. Its traditional industries of mining, nail and textile manufacture have declined and the town is now one of the most deprived in England. New retail areas and housing on the fringes have done little to regenerate run-down inner areas or re-invigorate the town centre. However, the setting up of the Free School has catalysed the Town to believe that it can determine its own fate.

52% of our students are eligible for free school meals.

60% of our students come from the 10% most deprived areas in the whole of England according to the 2010 Index of Multiple Deprivation. 25% come from an area in the bottom 3%. While in 2011 in this particular area approximately 84% of pupils achieved level 4+ at Key Stage 2 in reading, writing and maths (compared to 67% in England), only 36% achieved 5+ A* - C GCSEs or equivalent including maths and English (compared to 58% in England). Clearly something is happening in the transition between primary and secondary education. It's a complex picture but we might hypothesise that students who do not see value in qualifications lose motivation. Developing a closer relationship with business and facilitating career pathways can help us break this cycle and demonstrate the worth of qualifications and the benefits of Higher and Further Education.

OVERCOMING THE BARRIERS

Many of our students lack the "vocabulary" of the workplace and higher education. Others are under-confident and unaware of how to present themselves at interview. Even our most able and aspirational students face barriers such as lack of awareness of opportunities. Many fear student debt and most do not have access to the networks that can facilitate internships, work experience and employment.

Of primary importance in addressing these issues is our focus on personalised learning. Each child has a personal coach giving extra input and one-to-one support. Our school day is highly structured and combines teaching our curriculum with broadening experiences and skills tailored to individual needs. School hours are longer than most (8.30am to 4.00pm most days) in order to include compulsory co-curricular activities, the development of self and innovative project based approaches to learning that more accurately mirror the workplace.

We have adapted a programme known as “40 Developmental Assets” which has been used with over 2 million children and families in the USA to enable them to attain in education and succeed in the wider world. This is not the place to go into detail but it demonstrates our openness to innovation and the value we put on a commitment to enhance young people’s life chances.

The wider family plays a vital role in this, helping children thrive in their learning and transforming their educational outcomes. Every child is visited in the family home before starting at the school. We also work closely with parents and carers and actively encourage them to take part in the life of the school. They’re represented on our Governing Body and as volunteers. The numbers regularly joining us at our weekly school assembly is testament to our success in this. Post 16, every initial meeting with students intent on joining our Sixth Form next September has been attended by parents too, again demonstrating our willingness to engage, but also emphasising the interest and motivation of parents wishing to become involved in the education of their children wherever possible.

We firmly believe it takes a community to raise a child and are harnessing the skills and expertise our community has to offer to support our students. We have a thriving “Business Matters” group of local businesses working alongside us to set up projects, act as mentors, provide work experience and help us design our curriculum.

In addition we are developing a network of Subject Champions for sixth form students, from a range of businesses who will provide mentors for individuals, offer hotseating sessions and talks about ‘a day in the life of..’ for groups, for example. We have already recruited not only small businesses around Atherton, but Wrightington, Wigan and Leigh NHS Trust, the North West Ambulance Service and Alexander and Co Accountants in Manchester.

A further example of our determination to raise aspirations was our Year 7 pupils’ visit to Edge Hill University in their first half term – many experiencing that “light bulb moment” when they realised that something they’d never previously contemplated was within their grasp. Next week we’re taking them to the ballet!

OUR PROPOSAL

We would like to build on these ideas to work with the wider community of business in the NW in a two way relationship that sees us helping to meet the needs of business, and business helping us to prepare our students for the world of work.

We have plenty of ideas – for example to establish a web based forum to match students and training opportunities in NWBLT firms and having an academy approach to business links where businesses can scout their prospective employees. We are also committed to sharing the good practice that we develop with other post 16 providers so that they might cherry pick our best ideas that work in their context.

At this stage we believe a dialogue between the school and the NWBLT is the way forward. We don't just want to ask what NWBLT can do for Atherton Community School, but also what we can do for you in meeting skills needs and preparing students for work. We are a brand new school, growing over the next few years and we have a unique opportunity at this time to influence the development of our new Sixth Form. We think it's a very exciting prospect.

APPENDIX D

THE NORTH WEST BUSINESS LEADERSHIP TEAM
The voice of leading businesses in North West England

TEAM MEMBERS, 2012-13

Life Presidents: His Grace The Duke of Westminster, Lord Thomas of Macclesfield, Sir Alan Cockshaw and Neville Chamberlain	
Juergen Maier (Chairman)	Managing Director Industry UK, Siemens
Mike Blackburn (Deputy Chairman)	Director Central & Home Affairs, BT Global Services
Paul Lee (Deputy Chairman)	Partner, Addleshaw Goddard
Simon Allport	Senior Partner – Manchester Office, Ernst & Young LLP
Heejae Chae	Chief Executive, Scapa Group plc
Charlie Cornish	Group Chief Executive, The Manchester Airport Group
Mark Craig	Director of Corporate Affairs, The Co- operative Group
Bob Davies	Chief Executive, Renold plc
Dr Chris Doherty	Vice President, Global Medicines Development, AstraZeneca
Nick Donovan	Managing Director, First TransPennine Express
Iwan Griffiths	North West Regional Chairman, PricewaterhouseCoopers LLP
John Hudson	Managing Director, BAE Systems Submarine Solutions
Bill Lowther	Major Shareholder, Innovia Films Ltd

Patrick McGrath	Human Resources Director, Virgin West Coast Trains
Steve Mogford	Chief Executive, United Utilities plc
Dr Shelagh Muir	Vice-President, Unilever Research & Development (Port Sunlight)
Peter Nears	Strategic Planning Director, Peel Group
Professor Sir Howard Newby	Vice-Chancellor, The University of Liverpool
Ian O'Doherty	President of Card Services, Bank of America
Michael Oglesby	Chairman, Bruntwood Ltd
Brian Pilling	HR Director UK Operations, Pilkington UK Limited
David Pinder	Chief Executive, Baxi Heating UK Limited
Mark Preston	Group Chief Executive, Grosvenor Group Limited
Graham Ramsbottom	Chief Executive, Wheatsheaf Investments, Grosvenor Estate
Professor Dame Nancy Rothwell	President & Vice-Chancellor, The University of Manchester
Keith Rudd	Director, Arup & Partners International Ltd
Professor Mark E Smith	Vice-Chancellor, The University of Lancaster
Alan Torevell	Chairman, Dewhurst Torevell
Richard Topliss	Regional Director, Royal Bank of Scotland
Tony Wilson	Partner, Hill Dickinson LLP
Geoffrey Piper	Chief Executive