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On: 24th December 2006

Subject: response to questionnaire issued on 11/12/06 on implications of Leitch, Eddington and Barker

Dear Sir Michael,

Our response (see below) specifically looks at the implications of the Leitch review (backed by the Learning and Skills Council's 'Skills in England 2005' report). To increase the ability of authorities to pursue economic prosperity and the well-being of their communities, this response suggests:

- some specific changes to central policies (see sections 1. to 3. below) and
- some aspects where funding will be necessary (see sections 4. and 5. below).

As your questionnaire sought broader feedback, some additional comments are provided (see sections 6. and 7. below), some referencing specific paragraphs within your Inquiry's May 2006 publication 'National prosperity, local choice and civic government'.

Please kindly ensure that I receive an acknowledgement of receipt of this response. Thanks.

Also, please contact me in case of query or for expansion of this comment.

Best wishes,

Ro Pengelly

Context of this response

Workplaces in this response are all those that trade i.e. private sector firms AND also an increasing number of social enterprises within the voluntary/third sector. This response focuses on encouraging local authorities better to engage with those in workplaces, as this is essential to the economic well-being and development of local communities, especially as an increasing number of firms plan to continue to dispense with their UK-based staff. As noted in a recent survey of firms of all sizes ('Enterprise in a Global Marketplace', Institute of Chartered Accountants of England and Wales, 2006, 36 pp.), around 55 percent of responding firms have already moved all or part of their functions to outside the UK, with 14 percent of respondents from small firms intending to do this in the next five years, along with 16 percent of those from medium-sized firms and 30 percent of those from large organisations with more than 250 UK-based staff. This finding only adds to urgency for **a primary focus on achieving higher levels of paid UK-based work**. The reduction in European social funding only adds to the urgency, as this will lead to fewer supported jobs being maintained and to community-based social enterprises either closing or making redundancies in order to survive solely on their trading activities.

- 1. Inadequate measurements set by central government:** A crucial measure of effective economic development and regeneration is in terms of the increase in paid work, to curb social exclusion and to stem disappointment of people (such as students, learners, those in New Deal and those on unpaid work experience placements) whose learning and experiences fail to lead to paid work. However, local

government (and other development agencies) continue to be set a measured target of increased jobs, rather than **net increase in paid jobs**; so can claim job creation targets have been met while ignoring any local redundancies through closures. Although many communities are losing their shops and other community facilities, privately- or socially-owned, because of vandalism and other threatening behaviour, the police are not set a target to **resolve reported crimes on non-domestic property**. The introduction of this one target could be the most effective for economic development, as there is no sense in spending resource in recreating enterprises and the paid work they may provide without first staunching the closures of established workplaces through fear of vandalism and crime.

2. **Inadequate focus on economic development, counter to HM Treasury rules:** Economic development does not seem to have adequate strategic focus in the work of many local authorities. This may be because economic development can reside in different parts of authorities, from corporate services to alongside planning functions. Local authorities are funded for many work-related initiatives along with those for rehabilitation of disadvantaged people, for social inclusion and on the environment, but these do not seem to be at all pulled or joined together across many authorities. HM Treasury Green Book rules for inter-departmental budget transfers where an initiative run by one department helps the work of another department, but such rules are likely to continue to be ignored unless they are valued within the Comprehensive Performance Assessment of local government.
3. **Convergence of urban and rural areas:** Although there are differences between urban and rural areas not least in terms of remoteness, there is an increasing similarity as fewer areas now host headquarters of large or medium-sized workplaces. Even where there are such workplaces in the locality, they assist in community-related activities not at a local level, but usually at a national or international level. Consequently, an increasing number of areas are left solely with small workplaces that have a local interest in maintaining local jobs and in engaging with authorities in community-related initiatives and most UK local authorities need to be motivated to work in partnership with what may be a great number of very small workplaces and relatively few large ones. This will require extra resource within local authorities to achieve meaningful engagement.
4. **Local Authorities' role with people aged from 14 to 19 years**
 - i. Local Authorities need to work properly in partnership with Further Education and other colleges, with incentives that enable students to choose the vocational, apprenticeship option; cash incentives to keep pupils in school counter apprenticeships as a valued option. (Central government has recently recognised its need to promote this option.)
 - ii. Local Authorities should also ensure that they implement their bye-laws on work permits for children, so schoolchildren may avoid a poor initial experience of work.
 - iii. Arising from authorities' work with people aged from 14 to 19 years, Local Authorities need to represent their communities' work- and skills-related interests fairly to the LSC. However, to start to achieve this, on-going, low-level funding would be required to enable authorities and colleges to engage meaningfully with their local workplaces, say to secure work placements for students and college (or local authority) staff, and to learn what local jobs are, or could be, available. Relationships with local workplaces will take time to build - many colleges have poor reputations further to having sold things (such as catering and hairdressing services) that have undercut local workplaces, and many local authorities can be seen to have instigated priced services (such as recycling ones) that are too expensive for many local organisations to utilise.
5. **To start achieving informed links between employment and skills provision:** There are some key ways in which local authorities may be best involved in employment- and skills-related issues:
 - i. As different cultures need to work together well for effective economic development, on-going training provision for authority staff needs to be in place, in particular on how to engage meaningfully with those in local workplaces, for purposes including those of inspection, planning, purchasing and community initiatives such as those on social inclusion and sustainable development. This may be the best way of **enabling local authorities to play a key role in a new demand-led skills system**. However, authority staff need also to learn the skills in gathering, analysing and acting upon objective and practical employment and skills-related information collected on a periodic basis from workplaces, workers, students and unemployed people within the local community. Authorities acting upon such findings may

be the best way in which to help get 'demand' through to the LSC, as the current LSC/SSC/SSDA set-up seems deaf to such input and incapable of seeing where currently separate skills-related initiatives need to be brought together and adapted to address practical issues that curb employment. Such deafness needs to be overcome, otherwise introducing Employment and Skills Boards will only compound current central inefficiencies.

- ii. Local authorities could well ensure that small, key agencies are grant-funded for the local community, such as those that help disadvantaged people through education and into jobs. Such agencies could be social enterprises that inform local disabled people of their DDA-related rights, while in education and when in work, and that also provide helplines for workplaces who employ disabled people, ex-offenders, reformed drug addicts or other people from disadvantaged groups. Such agencies could also provide grant-funding for workplaces, to subsidise part of an apprenticeship scheme or to help to adapt premises or processes so that a disadvantaged person may be employed successfully.

6. Additional comment to specific paragraphs within the Inquiry's May 2006 publication, as the questionnaire sought broader feedback.

- i. The potential roles for frontline councillors, as listed in paragraph 4.46, should include the roles of engaging: with workplaces (traders); with non-trading community facilities (voluntary/third sector organisations, such as youth groups); with agencies and other partners (such as colleges, LSC, ESBs); and specifically with 14-19 year olds.
- ii. How will central government ensure that local authorities are set a clear role, as they are licensors, regulators and inspectors, while also being promoters on issues such as health, while requiring to play a third, essential role as a leader of local projects to raise community involvement and well-being? The local authority should appoint staff with the responsibility for ensuring these conflicting roles are not confusing the local community.
- iii. Could the Lyon's Inquiry include 'heritage' as well as 'culture' in its forthcoming papers, as culture can cover performing arts, but perhaps heritage may better cover creative arts, from stonemasonry and stained glass renovation, through to furniture-making, textiles and toy-making? Many of the heritage-related skills are in industry sub-sectors that require reactivation including growth in apprenticeships, even if at too low a level to be of prime interest to the LSC, SSCs and the SSDA.
- iv. What measure would the Inquiry propose to encourage meaningful engagement between local authorities and trading workplaces, privately- and socially-owned? A basis of an effective measure has to be to 'franchise' all workplaces in a community, at least in the sense of being centrally listed within a local authority for consultation purposes, perhaps having some voting rights. This question is raised further to there being no one list that is currently maintained by central or local government of the different sorts of social enterprises and of private firms and sole traders in an area. Such a franchise needs to include all such organisations in an area, whether or not they are headquartered there, whether or not they are registered for value added tax purposes or for business rating purposes.
- v. A meaningful measure of engagement between colleges and local workplaces is also essential - could this be proposed by the Inquiry?

7. Additional comment, specifically relating to Local Authorities as purchasing bodies

- i. What consideration could the Inquiry make of the recent procurement-related report ('Procuring the Future, Sustainable National Action Plan: Recommendations from the Sustainable Procurement Task Force', Department for Environment, Food and Rural Affairs, PB 11710, 2006, 92 pp.) that found evidence of the growing gap between public purchasers and their actual and potential suppliers? HM Treasury rules state that purchases should be made on a whole-life basis, but the task force found evidence that economic considerations routinely preclude sustainability ones, both environmental and social. However, purchasers have common difficulties in quantifying the positive impact of environmental and socio-economic aspects, and note such impacts are not valued by the Public Accounts Committee and the Comprehensive Performance Assessment.
- ii. Could the Inquiry also include comment on other of the task force's findings, particularly that buyers are less frightened of breaking EU procurement rules than by not conforming to UK purchasing policies, of

which about 20 try to progress additional aspects, such as those relating to environmental, race, disability or social issues? In practice, the Government's Efficiency Programme forces short-term purchasing decisions that preclude progressing additional aspects. This results in confusion for potential suppliers, as additional aspects are key at tendering but are often driven out during final negotiations. The task force calls for clearer progression of additional aspects through buying, with cross-government ownership, so that purchasers may know clearly what is mandatory in tendering documents and what may be left to their discretion, but is silent on making a much-needed call for clear definition of any target groups for purchasing policies - buyers need to know how they may recognise, for instance: small and medium sized enterprises, social enterprises, black and minority firms, women-owned businesses, voluntary social organisations and the third sector. The task force stresses that a mechanism must be developed to address cross-departmental cost and benefit issues for when a purchase progresses the work of more than one department. For instance, where a local authority spends money to keep citizens out of hospital, so saving local primary care trust budgets, budgetary transfers rarely happen in practice, although allowed in HM Treasury Green Book guidance.

End of response.