

Consultation Document on the Frontier Economics Report “Strategic Review on upskilling Guernsey’s workforce”

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Background and Consultation Process

1. Introduction

1.1. In October 2009, the Commerce and Employment Department commissioned Frontier Economics to carry out a strategic review of work related skills and training provision in the Island in order to maximise its return on investment in upskilling Guernsey's workforce. The specific issues covered in the review were to :

- ascertain the range of work related learning opportunities, education and training available and required within the Bailiwick of Guernsey;
- identify overlapping provision across providers, the implications for, sustainability and effect of duplication;
- examine the funding models under which the public sector funded bodies currently exist;
- examine the effect on pricing (and thus competitiveness) of States and GFSC grants to public funded bodies in comparison with private providers;
- carry out an analysis of whether States funded providers need to offer their existing range of work related learning opportunities, education and training, including the GTA University Centre's (GTA) role as a provider of graduate level training, against other means of accessing such qualifications;
- provide an analysis of the long term provision of training and the role of States funded bodies in sustaining strategically important training, learning and education where commercial viability is not immediately apparent and therefore not attractive to private sector providers; and
- provide an examination of the scope for pan island delivery of business education, learning and training with Jersey.

1.2. The Commerce and Employment Department is now inviting comments on the findings and recommendations contained within the Frontier Report.

2. Consultation Process

2.1. The consultation period will run from Wednesday, 10th February, 2010 to 6th April, 2010. Written comments should be submitted before 5.00pm on Tuesday 6th April, 2010 and should be addressed to:

Strategic Review on Upskilling Guernsey's Workforce Consultation
Commerce & Employment Department
Raymond Falla House
PO Box 459
Longue Rue
St Martin
Guernsey
GY1 6AF

Or submitted by e-mail to: commerce@gov.gg

- 2.2. All comments should be clearly marked "Comments on the Strategic Review on Upskilling Guernsey's Workforce Consultation."

2.3. All comments are very welcome, but it would make the task of analysing the responses easier if comments reference the relevant question numbers from this document.

Areas for Consideration

The main areas for consideration are summarised below. Please read in conjunction with the Frontier Report – a cross reference to the relevant part of the report is provided for each section

3. An analysis of skills needs, the supply of skills and skills gaps in Guernsey.

Frontier Report cross reference: Section 2: Skill needs and gaps in Guernsey, pages 11 to 44 and annexes 1, 2 and 3

- 3.1. Frontier Economics carried out a comprehensive skills survey, to provide an evidence base of the existing skill levels and skill needs of employees in Guernsey organisations. With this knowledge it will be possible for government to develop an appropriate skills strategy and response to addressing Guernsey's skill needs.
- 3.2. The Skills Survey found that there is not a 'significant' skills problem in Guernsey. Only 2% of employees are felt by their employers to be significantly under skilled. Employers felt that 29% of their employees were slightly under skilled and the remaining 69% were adequately skilled.
- 3.3. Keeping in mind that 31% of employees are under skilled to some degree, further analysis of the survey shows that there are three priority skill areas for employers. These are:
 - customer handling skills;
 - communication skills; and
 - leadership skills.

Q1: Do you concur with the findings of the Skills Survey, and are there any specific skills needs which you consider may have been overlooked?

4. The need for a Skills Strategy

Frontier Report cross reference: Section 3: A skills strategy and skills agency for Guernsey, pages 45 to 57

- 4.1. The Frontier Economics survey of skills needs and skills provision on the Island showed that there is a positive culture towards training by Guernsey employers, with local employers ready and willing to make use of a variety of training providers, both on and off island.
- 4.2. Although there is not evidence of a significant skills gap at present, Frontier Economics believe that this does not mean Guernsey should be complacent about skills development in the Island, and that there was a need for the Island to remain dynamic and work hard to maintain its competitive advantage.

- 4.3. Skills development is an important driver of economic development and growth, and therefore Frontier Economics has indicated that a strategy for developing skills on the Island is essential if Guernsey wants to maintain its competitive advantage in key sectors and remain an attractive place to work.

Q2: Do you agree that there is a need for a high-level skills strategy in Guernsey?

- 4.4. Frontier Economics has recommended that a skills strategy must prioritise and point the way on Guernsey's skills needs. It should not be a wish list – it should be about establishing the priorities. The strategy should have three objectives:

1. Setting the priorities for young people;
2. Setting the priorities for those in work; and
3. Setting the strategic priorities for the future.

There already exists the basis for a skills strategy in Guernsey. This is the April 2008 Workforce Development Programme. However, the Workforce Development Programme needs to be fully developed into a skills strategy.

There are three critical elements to developing an effective skills strategy:

- a consultation with stakeholders;
- a clear set of skills priorities; and
- a clear funding strategy for how public sector money will support the priorities.

Q3: Do you agree with the three priority areas for a skills strategy set out above? Are there any other areas which should also be included in a skills strategy?

5. The need for a Skills Agency

Frontier Report cross reference: Section 3: A skills strategy and skills agency for Guernsey, pages 45 to 57

- 5.1. Discussions conducted by Frontier Economics with stakeholders, and their own analysis, indicated that there is insufficient coordination across the States at a strategic and operational level to deliver a successful skills strategy and onward implementation programme. This view is upheld by the work carried out by Tribal Consulting for the Fundamental Spending Review, which highlighted a silo approach among Government Departments in Guernsey.
- 5.2. In order to deliver a successful skills strategy, and in order to ensure that there is sufficient coordination between responsible departments, Frontier Economics recommend that representatives from each of the main Departmental boards (that is Commerce and Employment, Housing, Social Security and Education) with a strategic focus on skills should

come together to create the “Guernsey Skills Agency” (the Skills Agency). The Skills Agency would be responsible for:

- the development of a skills strategy for Guernsey; and
- the implementation of that strategy.

5.3. The Skills Agency would require a Director and secretariat. The key functions of the Director and secretariat would be to:

- Provide ongoing advice, evidence and support towards the development of the Skills Strategy to the representatives of the Departmental boards;
- Provide evidence and support on skills needs for an Advisory Group (see Figure 1 and paragraph 6.2), made up of business organisations and other stakeholders;
- Develop an implementation plan for the Skills Strategy and be responsible for monitoring and evaluating the success of actions in the implementation plan.
- Publish an annual report that:
 - presents the annual Skills Strategy;
 - reports on the performance on delivering the strategy in the previous year; and
 - sets out the implementation plan for the following year.

5.4. The implementation plan would include a detailed set of activities required to achieve the strategic objectives set out in the Skills Strategy. It would identify which public sector provider was responsible for delivery, and it would develop service level agreements with each provider that receives public funds, that set out the delivery milestones.

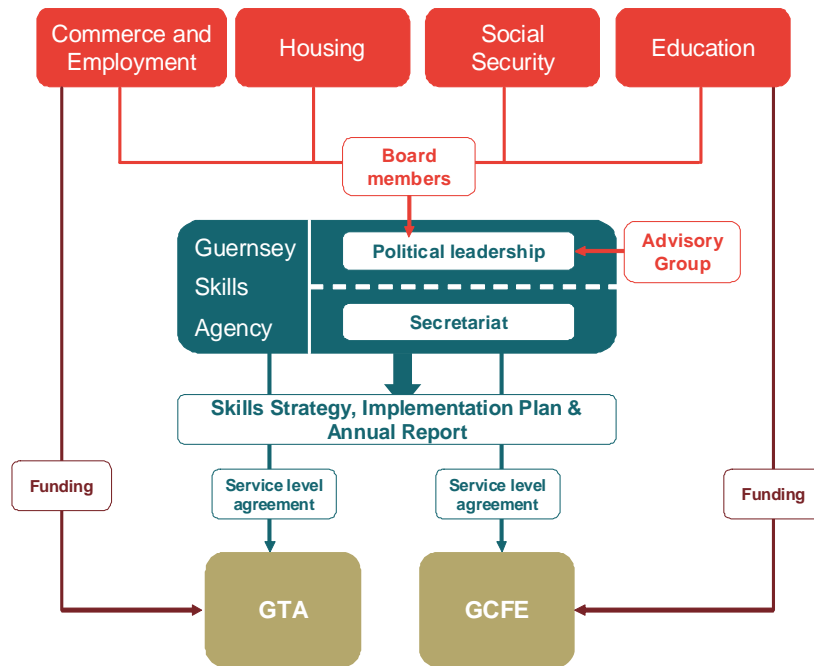
Q4: Do you agree that the formation of a “Guernsey Skills Agency” along the lines suggested by Frontier Economics would be the best way to ensure that a Skills Strategy is effectively and efficiently delivered in the Island?

6. Possible Organisational Structure for the Guernsey Skills Agency:

Frontier Report cross reference: Section 3: A skills strategy and skills agency for Guernsey, pages 45 to 57 (Figure 1, page 55)

6.1. Frontier Economics has suggested a possible organisational structure for the Guernsey Skills Agency which is shown in **Figure 1** below:

Figure 1: Possible Organisational Structure for the Guernsey Skills Agency



6.2. The Skills Agency will need to develop an official advisory process with the full range of business organisations and other stakeholders that have an interest in skills development (The Advisory Group in Figure 1 above). Frontier Economics recommend that employers and other key stakeholders should meet with the Skills Agency on a regular basis.

Q5: Do you think that the proposed organisational structure for the Guernsey Skills Agency is an appropriate model? Have you any further suggestions for how the Guernsey Skills Agency may operate?

7. Public Sector Funding of a Skills Strategy

Frontier Report cross reference: Section 3: A skills strategy and skills agency for Guernsey, pages 45 to 57

7.1. Frontier Economics has indicated that the States of Guernsey must be clear about the financial resources it is putting towards skills development in Guernsey and what it is looking to achieve with the funds. In particular, the Skills Strategy should identify those areas in which the private sector can be counted on to provide training. Public sector involvement should focus on the following four areas:

- academic and vocational qualifications;
- professional qualifications;
- finance and strategic higher level skills; and
- courses where there are “thin” private markets but there are noticeable skills shortages.

Q6: Do you agree that Public Sector funding of a skills strategy should be focused on the areas identified by Frontier Economics above?

8. Future role of the GTA University Centre

Frontier Report cross reference: Section 4: Maximising Commerce and Employment's return, section 4, pages 59 to 71

- 8.1. The main part of the Commerce and Employment Department's investment in upskilling the workforce is the grant which it provides to the GTA.
- 8.2. A similar amount of funding is provided by the Guernsey Financial Services Commission (GFSC), but there is some doubt that this funding will continue from the GFSC in the medium term.
- 8.3. There is therefore a risk of the GTA suffering a major shortfall in its funding in the near future.
- 8.4. A major finding from Frontier Economics' research has been the substantial support that the GTA has received from nearly all stakeholders in Guernsey, and the fact that it is highly admired by its counterparts in the UK and Jersey.
- 8.5. Frontier Economics recommend that the GTA should be primarily funded from government funds. This will reflect their role in delivering the Skills Strategy. This will have implications for the governance structure of the GTA, which may need to reflect a body primarily funded by the States of Guernsey.

Q7: Do you agree that given the financial difficulties faced by the GTA, that it should be primarily funded from public sources?

Q8: If the GTA were to be funded by the public sector, how should the corporate governance arrangements be changed?

- 8.6. Frontier Economics also recommend that as the GTA's role will be one of delivering key aspects of the Skills Strategy developed by the Skills Agency and that the GTA needs to be able to demonstrate value for money in its use of taxpayers' funds. A Service Level Agreement (SLA) should be developed in order to achieve this. This SLA will focus the attention of the GTA on delivering training provision in line with the Skills Strategy set by the Skills Agency. The SLA will also provide clear performance and cost information to allow value for money to be assessed.

Q9: Do you agree that GTA's role should be one of delivering the Skills Strategy as set out by the Skills Agency, and that this should be determined by means of a Service Level Agreement?

Q10: In the event that a Service Level Agreement should be developed, the Department would welcome views on what should be the Key Performance Indicators to demonstrate value for money.

- 8.7. Finally, Frontier Economics recommended that the GTA should look to expand its offer of training provision in higher education (in line with what is identified in the Skills Strategy), whilst at the same time reducing the number of courses which can be provided from the Private sector training market. It would also be necessary for other public sector providers (i.e. the Guernsey College of Further Education) to reduce the number of courses which might be better provided by the private sector.

Q11: Do you agree that the GTA should focus more on higher education provision, whilst reducing the number of courses which could also be provided by the private sector training market?

9. Scope for pan-Island delivery of training

Frontier Report cross reference: Section 3: A Skills strategy and skills agency for Guernsey section 3.2.2 page 56 and 57

- 9.1. Frontier Economics has examined the issue of pan-Island delivery of business education, learning and training with Jersey, and has concluded that whilst there are greater opportunities for pan-Island developments, these will be difficult to develop with the current structure of public provision in Guernsey.
- 9.2. However, Frontier Economics believe that the Skills Agency would be in a much stronger position to talk to stakeholders in Guernsey, and would be able to explore the opportunities available for pan-Island delivery of training courses.

Q12: Have you any further suggestions for how the potential of pan-Island training might be developed in the future?

**Commerce and Employment Department
February 2010**