

# Skills, Innovation, and Productivity

## The Role of Further Education Colleges in Local and Regional Ecosystems

Skills are central to the narrative of productivity, innovation and economic development. A skilled workforce is also key to attracting and retaining industry and reducing inequalities between places. The Productivity Institute commissioned research into understanding how Further Education Colleges (FECs) fit into their local and regional ecosystems. We interviewed 16 FECs across England and found six ways that government and business can boost their skills delivery:

- 1 Alleviate shortage of FE lecturers**

The ability for FECs to meet the needs of industry is increasingly constrained by a shortage of lecturers in key areas. This is exacerbated by longstanding gaps between industrial and education wages. Institutions need additional funding in targeted areas so that colleges can narrow the gap between education and industrial salaries. They also need sufficient flexibility to make posts as attractive as possible in terms of benefits, pensions and job specifications.
- 2 Encourage short-term skills qualifications**

The current policy environment places an emphasis on long-form qualification, whereas skills needs are often better addressed through flexible, shorter or modularised training.
- 3 See FECs as part of social and economic infrastructure**

The policy environment would better serve innovation and allow ecosystems to flourish if FECs were regarded as social infrastructure and their civic mission was better understood. This could be done through more devolved decision-making, more long-term commitment in funding and policy terms, and more room for scaling up.
- 4 Encourage employer investment in skills**

Improved productivity requires reinvigorated efforts to stimulate employer investment in training and development. The convening role of Chambers of Commerce through Local Skills Improvement Plans is a positive move in this regard but much more needs to be done.
- 5 Reduce constant policy churn**

Overregulation, intervention and systemic overcomplexity place barriers between providers and industries in meeting skills needs. This comes at the expense of the flexibility and clarity required by employers, as well as diverting resources away from front-line teaching. Twenty years after the publication of the Sweeney report, its recommendation that a contractual culture be replaced by one of professional trust between funder and provider still applies.
- 6 Align FEC needs across different ministries**

FECs fulfil goals that are shared by both education and innovation policy streams but these don't always align. Education policy often works against broader innovation goals and there needs to be a reconciliation. Closer alignment between Government departments presents an opportunity to eliminate tensions and reconcile objectives across portfolios. Ministerial turnover seems unlikely to help bridge the gap between policy streams.