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Aligning Vocational Education and Training Policy to Economic Development Strategy **Implications for Regional and Local Policymakers and Actors in Vocational Education & Training and Economic Development**

INTRODUCTION

Aligning VET and LED: The role of labour market forecasting

A core purpose of the VET-EDS project is to identify good examples of the effective alignment of Vocational Education & Training policy and economic development strategies; particularly the role played by labour market information and intelligence (LMI) and specifically forecasting. Two new reports provide evidence on this.

40 examples of good practice

The first report presents 40 examples and case studies of good practice covering the following key themes:

Key themes

- Matching education with employers' needs
- Forecasting
- Sector specific training
- Integrating the socially excluded (including immigrants) into the labour market
- Analysis & monitoring

Review of partner labour market observatories

The second report reviews the partner observatories in each member state identifying objectives, opportunities and challenges.

Both reports combine secondary research with interviews with forecasters, VET policymakers, economic development officers and LMI users in the seven participating Member States (Czech Republic, Germany, Italy, the Netherlands, the Basque Country in Spain, Sweden, the United Kingdom).

Main Highlights

The reports emphasise that it is of critical importance:

- to ensure that the labour market intelligence, and the information on which it is based, is of high quality;
- to provide the information at local and regional levels;
- to involve a wide range of relevant actors or social partners across the entire process of gathering, analysing and using the labour market intelligence and information;
- to use opportunities for innovative sources of labour market information and intelligence.



KEY OBSERVATIONS

Report 1. Examples of good practice

In the **first Report**, good practice examples provide information on: fits with aim of VET-EDS; why it has been chosen as an example of good practice; its context and settings (economy, geography, VET and economic development setting); a description (its scale, type of VET policy, target groups, organisations involved and stakeholders, how is it organized, what worked and why, constraints); its impact on VET and economic developments; in what circumstances could it be replicated; and contact details.

Matching education with employers' needs

Ten examples are present concerning the matching of education with employers' needs. The examples include developing intermediaries to improve and develop the interaction between school and business, as often schools focus on knowledge while employers focus on skills. Delta Blekinge (in SE) is a nonstandard organization involving school, business and government at the regional level based on a variant of the Triple Helix model. This helps bring "real" inspiration from the working life to school.

In seeking to improve apprenticeship training, the GOA Publiek (NL) project found three important success factors include: staying close to professional practice; cooperating closely with all involved organizations; and having sufficient (financial) resources.

Other projects developed methods for innovation and technology transfer to small and medium-sized enterprises with Higher Technical Institutes (IT) emphasising experiential learning where learning takes place through action.

Forecasting

Five examples directly tackle the **forecasting of labour market trends**. UAPS (SE) is a comprehensive regional forecast on education and training, covering all the major occupational areas of the labour market over short-, medium- and long-term time scales. A 'competence platform' has been developed for crafting a consensus on the current states of view in the region and generating relevant knowledge for key actors. Its success is partly due to it being comprehensive, including neighbouring local actors and linking to national policy.

Institutional changes can provide an opportunity for improving forecasting. The process of developing a Local Skills Plan (UK) included the assembly and interrogation of the skills evidence base, drawing on local and national statistics and research as well as informed opinion gathered at consultation events and conferences, and overseen by a local board and special Steering Group. However, it indicates the concern of the 'hollowing out' of analytical skills if regional agencies contract out much of their work.

How the forecasts are developed and used is important. An employer confederation (CZ) used a project on basic LMII about future developments of selected economic sectors, especially in the

context of changing employment structures, an ageing workforce and the necessity of prolonging working life, in order to facilitate dialogue with trades unions and experts.

A series of local conferences built on sophisticated regional and local forecasts and analysis, (in the regio pro project, D) bringing together regional labour market and VET-system actors to develop an institutionalized framework for developing regional strategies, which can overcome mismatches in current and future qualification demand and supply for skilled labour in certain sectors.

Sector specific training

Eight examples consider **training for several different sectors** and for specific large employers such as an airport and a new power station. The 'Bildungswerk (D) is the primary training institution of the logistic sector, acting as an intermediary to bring professional training and unskilled workers together, while also being a strategic stakeholder and taking part in industry policy processes and decision-making. It is especially useful for SMEs who cannot provide in-house training and whose employees have very limited options to improve their skills and enhance their career options through the usual national VET-system.

The Sectorial Expert Panel (ES) represented a co-operative approach focused on the renewable energy sector. It involved key private companies, public agencies and educational/training bodies in analysing data and designing an agile, practical and results-oriented tool, to match training offers to labour market needs.

The Construction Skills Network (UK) presents a sectoral approach to LMII supported by a training levy. It has two principal components: forecasting models, designed and managed by a private research company; and a membership body of 700+ representatives drawn from government, federations and employers whose primary role is to validate and test the forecasts and assumptions produced by the network. The information generated is for the construction sector and for national cross-sector datasets. The network works at local and regional level with their industrial partners and with colleges and training providers, actively seeking to support VET and economic development policy.

Integrating socially excluded/immigrants into the labour market

Seven examples analyse good practices in seeking to **integrate the socially excluded or immigrants into the labour market**.

HeMonA (D) is a web-based labour market monitoring system providing detailed information about migrants. It provides empirical data for decision processes targeted at migrants and their integration in regional labour markets. A variety of LMII, including current means of integration and a communal labour market integration-index, are presented on a dedicated web-portal to enable easy access and wide spread usage.

The Oliver Twist School (IT) uses a non-profit organisation to support school dropouts by developing training paths in the

handicraft and tourism industries. It is an example of a multiple bottom-up approach in service design through the development of VET courses combining social inclusion and economic development.

Netwerk Noord (NL) is a partnership between a Dutch and a German municipality designed to improve cross border cooperation in trade and industry and labour market. The main objective is to qualify jobseekers for jobs in Germany, where there is higher labour demand. Vocational education and training is offered to participants to help them obtain the required qualifications. An employment agency employs the participants on a temporary basis, after which the job should become permanent.

Analysis & Monitoring

Although most of the examples involve rigorous local and regional analysis of LMII, eight illustrate **particular analytical issues**. These include cost-benefit analysis, identifying clusters of professional profiles and analysing regional competitiveness.

Other examples include a Regional Innovation Strategy (CZ) where important analysis and information about future trends is provided to help define the position of the region. A second section identifies main areas where the public resources should be allocated and the strategic objectives which should be reached in these areas. Several specific measures for each of the areas are proposed and their implementation monitored by specific indicators. All of the important regional stakeholders are involved.

Territorial planning and coordination of the key actors involved in local development requires smart territorial information systems that enable them to face a constantly changing context. The Urban Observatory (ES), developed by regional development agencies, is based on a Georeferenced Statistical Information System. It makes available regional and local information about demographic, economic, labour market, social, environmental, tourism, equipment, transport, health, culture, education, security and public protection, resources and other issues to its target groups: public, municipal technicians, entrepreneurs, researchers, companies and investors. It helps to improve understanding and to make a more efficient decision making process for economic development, labour market, and training policies.

WollyBi (IT) is an Observatory analysing more than 750,000 web-based job vacancies that are constantly up-dated, offering a comprehensive view of labour trends for unemployed people, companies and the training system. It also investigates occupations and skills that are in high demand.

Report 2. Issues facing partner observatories

The **second Report** presents a local and regional Literature Review which: analyses the partner labour market observatory; identifies good practice from each of the partner regions/localities; and identifies the state of the art. Each partner observatory considered:

1) **the context and observatory environment** (socio-economic

structure of the region, education and labour market, drivers and challenges for the local economy and skills system, VET policy overview and context);

2) **the observatory and its work** (how the Observatory is financed, how it operates, who established it, what kind of products, services, information are provided and how these have developed over time, what users work with Observatory outputs);

3) **the impacts of the Observatory on regional policy.**

The main aim of observatories differs in relation to their legal status, origin and driver. There are usually four types of legal **status**:

- Part of Public Employment Services - For example Spain/Basque
- University Institute – e.g. UK, Germany,
- Regional Agency (under the Regional Authority) – e.g. the Czech Republic, Italy, Sweden
- Private organization – e.g. Netherlands

Main aims of Observatories

Most of the Observatories focus on **supporting decision and policy making processes at regional and local level**, through labour market analysis and gathering information about skill needs, analysing and matching of skills demand and supply. Their aims varied and included supporting labour market decision-makers and other key actors through:

- Prospecting and building Labour Market Information & Intelligence, including labour market analysis from the social, economic and labour perspectives and identifying key regional challenges;
- Supporting policy design;
- Supporting the uptake of effective employment and learning policies and practices and the integration of VET, labour market and economic development policies and information systems;
- Evaluating and monitoring policies and their impacts, and helping to create a systematic canon of practice on employment policies.

SWOT analysis of the Observatories

Strengths

Future changes are important for regional and local Observatories. SWOT analyses indicated:

Some strengths of the Observatories include:

- a well-defined structure and legally recognised responsibilities
- **close tie-in with regional policy and strategies** and has direct link with employment and VET policy makers
- influence not just the area of labour market and education, but all areas covered by local economic development strategies
- **recognition and respected by most stakeholders,**

- including employers
- tripartite management (government, trade unions and employer associations)
- acting as a **bridge between diverse regional actors and knowledge sources**, enabling networking and cooperation among regional actors (sometimes there is a mandate to gather many different actors giving the region considerable influence due to its combined size)
- access to **rich data sources and a high level of disaggregation of information**, allowing it to analyse key issues at a local level
- providing critical information and data for local strategies
- having many sources of information on demand and supply of labour.
- having staff with high level expertise in big data and data mining analysis for the employment and training systems
- developing some private sector skill-sets
- some being **relatively secure financially**, with public funds in some cases or not having to depend on public funding in other cases

Weaknesses

Observatory weaknesses include:

- the **under-development of labour market intelligence tools** in terms of coverage, level of detail and customization for every user group
- a lack of labour market foresight on skills and job opportunities
- **limited availability of local information**, e.g. on labour demand and supply from some institutions of the labour market (such as Temporary Work Agencies , Public Employment Services)
- limited 'up-to-datedness' and relevance of information for decision making on vocational training planning
- a regional economy being over-focused on one industry, such as healthcare
- **limited close, direct contacts with SMEs** and other employers
- lacking of formal and direct links with policymakers and other stakeholders
- **no fixed statutory and policy mandate** and participation and actions being voluntary
- despite having a wealth of information it is not always able to provide strategic support to the policy makers and decision makers due to **resources limitations**
- difficulties coordinating activities with their aim as it is heavily influenced by the availability of project opportunities which may only partly overlap with key aims
- having exclusively public funding
- having partial dependence on project financing and lacking own resources

Opportunities

Observatory opportunities include:

- the establishment of new actors, such as regional development agencies, who **recognise that evidence-based skills strategies require meaningful Labour Market Intelligence and information**
- regional observatories representing a pivotal source of LMI which generates a collective mind set among stakeholders about the regional challenges
- a recognition of the increasing the utility of LMI offered by further disaggregating national and regional data to local level
- increased recognition that the strategy process needs support by experts in order to ensure success
- being part of a system of regional Observatories and of a European network of observatories (ENRLMM)
- **support by regional players and national Ministries** and the EU
- a clear commitment to professional training in all policies and strategies of the Government
- requirements to measure and evaluate employment policies for the distribution of funds
- EU projects and conferences provide useful platforms to develop and implement regional strategies
- improvements on methodologies coming from participation on European projects
- **increased information sources and our ability to analyse them** (e.g. Big Data) which represents a wealth of information relevant to the labour market and training systems (e.g. Web job vacancies, social networks , etc.) which can provide additional information on labour supply and demand
- short term improvements on technological tools (business intelligent tools)

Threats

Observatory threats include:

- a **lack of interest in evidence-based LMI** from top decision makers
- the reliance on some regional actors for the implementation of strategies and actions in the regions
- a lack of support from the national institutions
- **a lack of sustainable funding**
- cuts in public budgets and their impact on the innovation capability of Observatories and the maintenance of more expensive information sources such as direct surveys
- **difficulties in estimating future trends** in the labour market without the direct participation of companies and other employers

RECOMMENDATIONS FOR POLICY-MAKERS

How can better forecasting improve VET and LED integration?

It is important that policies incorporate:

1. labour market intelligence and information which is of **high quality**; and based on rigorous and up-to-date, information and intelligence involving analysts and policy makers and practitioners;
2. information at **local and regional levels**, together with national and larger, short-, medium- and long-term trends;
3. a wide range of **relevant actors** and social partners across the entire process of gathering, analysing and using the labour market intelligence and information;
4. the opportunities for using **new data sources** such as web-based approaches.

RESEARCH PARTNERS

Partners

University of Exeter (UK); IWAK, Goethe-University (D); SMS, University of Stirling, (UK); The Swedish Public Employment Service (Arbetsförmedlingen) (SE); Czech National Observatory for Employment and Training – National Training Fund (CZ); KWIZ (NL); Prospektiker, Bilbao (ES); CRISP, University of Milano Bicocca (IT)

PROJECT AND ACCESSING THE REPORTS

Aims of project

The VET-EDS project is part-funded under the EU's ERASMUS+ Programme. It is developing and implementing a new toolkit to enable national, regional and local labour market forecasters to ensure that they are able to support the alignment of Vocational Education and Training policy and economic development strategy. It includes case studies, good practice approaches and recommendations that address the need to tailor forecasting (analysis, intelligence, format, methodology) and accompanying labour market intelligence (subject, sector, qualifications) across the partner countries (CZ, DE, ES, IT, NL, SE, UK).

Project website:

http://www.regionallabourmarketmonitoring.net/veteds_project.htm

Website and copies of reports

Copies of reports available at:

- Report 1 - Local and Regional Compendium of Good Practice:

http://www.regionallabourmarketmonitoring.net/rlmm-pdf/Compendium_OUTPUT_2_plus_ANNEXES_final.PDF

- Report 2 - Literature Review Report:

http://www.regionallabourmarketmonitoring.net/rlmm-pdf/Literature_Review_Report_Output_1.PDF