

Employment and skills update

Purpose of report

For discussion and direction.

Summary

The LGA's employment and skills work is led jointly by this Board and the People and Places Board. This paper updates Members on recently activity.

The People and Places Board will discuss a similar paper at their meeting on 29 January.

TO NOTE: Officers are trying to secure an external speaker for this item.

Recommendation

That Board Members note the report.

Action

Officers to progress as directed.

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Employment and skills update

Background

1. At the last Board discussion on skills and employment, Members discussed developing engagement with the DfE on post 16 skills, discussions with the Skills Minister the Rt Hon Anne Milton MP and the development of an LGA Skills Taskforce. This paper updates members on activity since then.

LGA Skills Taskforce

2. Last year the City Regions and People and Places Boards agreed to establish an 'LGA skills taskforce', comprising elected members from across LGA policy boards (see [Annex A](#) - membership).
3. It was set up in recognition that employment and skills remain key priorities for the LGA and our members, and that our Work Local objectives are just as relevant now as they were when launched in July 2017. Therefore more should be done to get it on the radar of opinion formers and decision makers.
4. Indeed Brexit and the ongoing productivity gap are presenting growing skills challenges both nationally and locally. New national reforms and initiatives including apprenticeships, technical levels, skills advisory panels, the national retraining scheme, digital skills partnerships, local industrial strategies and a future UK Shared Prosperity Fund will seek to address these challenges. We argue that while they are all positive and important in their own right, without sufficient join up or focus around 'place', they risk being stand-alone and less effective.
5. So the fundamental principle behind Work Local – a place based approach to devolved and integrated employment and skills – is needed now more than ever to identify, address and target interventions on current and future labour market and skills challenges and opportunities (see [Annex B](#) – Work Local campaign objectives).
6. Co-chaired by Cllrs Sir Richard Leese and Mark Hawthorne, the Taskforce met in October. It agreed to focus on establishing and / or deepening relationships with stakeholders, industry and sector representatives with a view to combining efforts nationally and locally on key issues identified in Work Local by convening three themed roundtables:
 - 6.1 Local coordination of a fragmented employment and skills system, Friday 7 December 2018
 - 6.2 Careers and Retraining for a changing local economy, 7 February 2019
 - 6.3 The future of work: how changing skills needs of sector-specific industries will play out in the local economy 28 March 2019

7. The findings of each roundtable will be drawn together for the LGA annual conference in July 2019. This could take the form of a report to include:
 - 7.1 narrative on the current and future skills challenges;
 - 7.2 highlights from each roundtable including any recommendations;
 - 7.3 renewing and updating our Work Local calls; and
 - 7.4 endorsements from stakeholders, directly elected mayors and LEP chairs.
8. The first roundtable, *Local coordination of a fragmented employment and skills system*, took place in December. It was well attended with stakeholders including Association of Colleges, Joseph Rowntree Foundation, LEPs, NHS Employers and Universities UK. This was the first time we had brought together so many different organisations. All attendees felt improvements need to be made to the way in which job search and skills interventions are designed and managed, that there is more than unites than divides us, and that we should explore efforts to coordinate activity around the Spending Review. (see **Annex C** – Roundtable 1 summary). A [webpage](#) includes roundtable background, summaries and video interviews. **Members are encouraged to provide a steer on how the Board may wish to be involved in any follow up.**
9. The second roundtable *Careers and Retraining for a changing local economy* takes place on 7 February. It is an opportunity to explore the following:
 - How we support young people and their parents / guardians to have ready access to a coherent picture of all post 16 pathways available locally?
 - As working lives extend and our economy changes, how adults – those in work but looking for a career change, those vulnerable to redundancy, and those out of work due to ill health or caring responsibilities – can be engaged and made aware of local training opportunities for the jobs of tomorrow.
 - How we can help knit together the patchwork of existing and new national and local policies and initiatives into a locally relevant careers service for all ages?
10. Further information will be tabled at the Board meeting to get a steer from Members' on any particular issues worth focusing on.
11. We have written to the Rt Hon Anne Milton MP, Skills and Apprenticeships Minister to inform her about the Taskforce's work. (See **Annex D** - Letter the Skills Minister)

Policy update – specific issues

DfE skills partnership

12. Following on from positive discussions last summer with the Rt Hon Anne Milton MP, Skills and Apprenticeships Minister, we are continuing to pursue a strategic DfE/LGA political and operational partnership on post 16 skills. This is in progress with DfE officials, and now involves the LEP Network, given that skills is a priority for us both.

Social Mobility Commission

13. The Social Mobility Commission (SMC), an independent advisory body with a duty to promote social mobility in England and assess progress across the rest of the UK, was re-launched in December 2018. It has a new chair, Dame Martina Milburn (formerly chief executive of the Prince's Trust) and twelve new commissioners. It follows the resignation of all commissioners last year in protest to what they believed was lack of progress.
14. At the relaunch in December, there were a number of references to local authorities, including that only half of councils have a social mobility action plan, more should have one, and that residents should question local leaders (councillors and MPs) what action is being taken locally to promote it. It is now drawing up its priorities for the year ahead, which may include a vocational education and skills. In March, it will set out its annual State of the Nation report which ranks local authorities across England from lowest to highest in terms of social mobility.
15. The LGA will continue to make clear that tackling poverty and promoting social mobility requires a combination of policy interventions – early years, family support, education, employment support, welfare, public health and housing – which need to be considered together and follow people through their lifetime with funding to go with it.
16. The SMC has invited the LGA to become an ‘ambassador organisations’ to which we have agreed, not least because it provides an opportunity to influence the SMC’s narrative. **LGA officers have also met with the SMC secretariat and suggested that due to the cross cutting nature of social mobility, that Dame Martina Milburn may wish to discuss the Commission’s work with the LGA Executive. Dates have been proposed. The Board will be kept updated on key developments.**

Industrial Strategy

17. The Industrial Strategy is a priority for this Board. Strong skills and labour market policy is essential to delivering the Strategy’s five productivity pillars (ideas, people, infrastructure, business environment, place).
18. Local Industrial Strategies (LIS) are expected to be developed by every Mayoral Combined Authority (MCA) and in every LEP area outside an MCA by 2020. Councils are of course well placed to work with LEPs to help develop these strategies. Many MCAs and councils we have been in touch with are keen to ensure inclusive growth features prominently within these, rather than purely focusing on high growth and emerging high skill sectors. The LGA continues to use every opportunity to call on the Government to ensure LIS are fulfilled with devolved powers and funding, and Work Local a framework for their development.
19. As has been discussed elsewhere on this agenda, the LGA is working with the Cities and Local Growth Unit (CLGU) to deliver a support offer to councils looking to play an

active role supporting LEPs deliver these strategies and explore themes such as inclusive growth and partnership between councils and LEPs.

20. **Skills Advisory Panels (SAPs)** will produce local evidence and action plans to inform, and run alongside the development of the LIS. When SAPs were first announced as a way of local areas - MCAs and LEPs - collating and analysing skills and labour market data, they had a distinctly 'one size fits all' feel to them. The Government has since recognised, by working with the pilot areas, that where MCAs and LEPs already have well-functioning employment and skills boards, it was logical for these to take on the SAP function, rather than setting up whole new structures. This is to be welcomed. In December, the DfE [published](#) two documents on the role of SAPs and an analytical toolkit. The £75,000 funding available to each SAP to grow their analytical capability has proven helpful to local areas though sustainability may become an issue. **Member insights are encouraged on how SAP work is progressing locally.**
21. Last week, CLGU wrote to MCAs and LEPs to inform them they had commissioned the Learning and Work Institute (L&W) to deliver analysis identifying key labour market challenges vary across England, and a 'what works review' gathering evidence on a number of priority issues, for instance in-work progression. This will be an additional tool to support local areas develop their LIS. While it would have been more logical if Whitehall had launched this new strand along with the SAP toolkit in December, it is nevertheless encouraging that it is working towards a far more localist agenda than previously envisioned. **The LGA will work closely with the L&W to ensure councils and CAs are involved in developing this, as well as with the LEP Network.**

Apprenticeships

22. Flexibilities announced to the Apprenticeship Levy late last year were good news for smaller employers, and signs that the Government is beginning to listen to concerns around the need for flexibility. However they do not go far enough for councils or combined authorities, either as employers in their own right, or for local businesses they are supporting to navigate this policy through their economic development functions. Piecemeal changes are causing confusion on the ground which is bearing out in the continued drop in apprenticeship figures.
23. As direct employers, the Apprenticeship Levy costs local government as a whole £207 million a year. National policy requires that the levy is spent against 'standards' within two years, but some of the key standards against which local authorities need to spend their Levy against, are not yet fully accessible. Alongside this, national policy does not allow Levy contributions to be planned for and fully pooled locally, and has set out that any Levy funds unspent within 24 months must be returned to the Treasury rather than being retained and recommissioned locally.
24. The LGA continues to make the case for the Government to go further and faster so councils and CAs can make apprenticeships work for the local economy by:

- 24.1 Using any review of the Levy to enable local areas to pool Levy contributions across local economies, so that employers can plan provision together more strategically for the good of the local area and residents.
- 24.2 An extension on the two year limit (from April 2017) to spend the Levy against key standards for local authority workforces, some of which have only just been approved or are still in development.
- 24.3 The power for local areas to use the Levy more flexibly to recognise the full costs of apprenticeship programmes and administration including on pre-apprenticeship training, so long as there is a final apprenticeship outcome.
- 24.4 Making transparent how much Levy underspend there is and that local areas retain the Levy underspend rather than handing it over to Whitehall.

Careers, advice and guidance

25. In February 2017, the LGA published a [position paper](#) on careers advice and guidance. Based on analysis of the careers landscape and discussions with the sector, it set out five principles underpinning a good careers system for all ages and the role councils and combined authorities could play together with LEPs and other local partners. The LGA continues to press ahead with our careers ambition including through our wider [Work Local](#) campaigning.
26. The Government's [Careers strategy](#) was published in December 2017 and aims to support people of all ages make the right choices to acquire the skills and qualifications to pursue a rewarding career. It sets out to improve the quality and the quantity of provision for all. While it is an ambitious plan, much depends on a strong working partnership between Government, employers, the education sector and the careers community to be successful, and there was little in to support that.
27. In response, the Careers and Enterprise Company (CEC) published its Implementation Plan in April 2018 which outlines milestones, actions and timescales. It focuses on three areas: Roll out of employer engagement; Scale-up of Gatsby Benchmarks and Careers Leaders; testing and sharing best practice. As part of the Plan, [Careers Hubs](#) were announced last July. CEC will be spending £5m, over two years to set up 20 Careers Hub to improve careers education and guidance for 710 schools and colleges.

National Retraining Scheme

28. The National Retraining Scheme (NRS), first announced in June 2017 and later in the Industrial Strategy, is a key national policy designed with the CBI and TUC to support people upskill or retrain for a rapidly changing jobs market.
29. The Autumn 2018 Budget set out £100 million would be used to test the first phase of NRS, including a focus on digital and construction training, a new careers guidance service to help people identify work opportunities in their area, with a mix of online and traditional learning to support transferrable skills. Five local career learning pilots (Leeds, Devon and Somerset, Lincolnshire, Stoke-on-Trent and the West Midlands) are in progress which will inform the NRS. At a recent education select committee, the TUC and CBI revealed work is going on behind the scenes to develop the scheme, and the actual cost of delivering the service would be far higher.

30. The LGA welcomed the NRS and reference to a careers service relevant to local areas, as investment in adults is critical as working lives extend, and industries become more vulnerable to economic shock. **However, there is little detail on how the service will operate, types of courses available, eligibility, the role of councils, CAs and LEPS, and interaction with other agencies including the National Careers Service. These issues will be raised with the TUC, CBI and Government officials.**

Technical levels

31. [The Independent Panel on Technical Education](#) (Sainsbury Report, 2016) recommended a new system consisting of a technical education option alongside an academic option for students aged 16 -19. The Government committed to these recommendations and published the [Post 16 Skills Plan](#). As part of the Spring Budget 2017, a new set of technical qualifications (T Levels) aimed at establishing parity between academic and technical routes were launched.
32. Technical levels are a two year technical programme at level 3 and above, with a mixture of study and industrial placement of at least 45 days in a chosen industry or occupation; supported by relevant Maths, English and digital skills. T Levels will replace the current system of 13,000 different qualifications with 15 standalone courses. The teaching of the first three T Levels – digital, construction, education and childcare - by a [small number of providers](#) will commence in September 2020. The remaining 22 will be launched in a phased approach from 2021 and full roll-out is expected by September 2023.
33. The DfE has published a [consultation](#) on T level funding for providers (Nov 2018) and a T Level Action [Plan](#) 2018 (Dec 2018) on policy development and implementation which sets out which T Levels will roll out in 2021 - completing the delivery of the digital and construction routes and a further health and science full route.
34. LGA officers are continuing work with councils and CAs to raise awareness of T Level developments and ensure the sectors views and issues are highlighted. This included a senior DfE T-Level official attending the last CA employment and skills group meeting (November 2018). As T Levels are rolled out, LGA officers will continue to monitor progress and report back activity to members, as appropriate.
35. **Members are encouraged to comment on, or provide a further steer on any issues contained with this paper, so that we continue to push forward with this agenda.**

Financial implications

36. To be covered through the existing Budget.

Implications for Wales

37. Skills and employment are devolved matters, however the LGA liaises with WLGA colleagues.

ANNEXES

ANNEX A – LGA Skills Taskforce membership

Board	Elected member	Party	Local authority
City Regions	Sir Richard Leese	Labour	Manchester (NW)
People and Places	Mark Hawthorne	Conservative	Gloucestershire (SW)
Children and Young People	Lucy Nethsingha	Lib Dem	Cambridge (EofE)
Improvement and Innovation Board	Donna Jones	Conservative	Portsmouth (SE)
Economy, Env, Housing and Transport	Judith Blake	Labour	Leeds (Y&H)
Community Wellbeing	Kate Allsop	Independent	Mansfield (EM)
Culture Tourism and Sport	Muhammed Butt	Labour	Brent (London)
Safer and Stronger Communities	Colin Spence	Conservative	Suffolk (EofE)

ANNEX B – Work Local campaign objectives

Our campaign objectives include:

- 1. To help councils and combined authorities can close their skills gaps in their local areas, the Government should:**
 - Enable local areas to coordinate a **localised approach to skills**. This includes loosening Apprenticeship Levy restrictions, ensuring skills advisory panels bring national and local partners together, that Technical levels are designed as part of coherently planned local post 16 offer, and that the national retraining scheme is tailored to the needs of local communities.
 - **Create a localised / devolved Shared Prosperity Fund** within a radically different post 2020 funding landscape.
 - Enable local areas to co-commission the development of a **locally relevant careers advice offer to young people and adults**.
 - ensure **Local Industrial Strategy ambitions are fulfilled with devolved powers and funding**, and Work Local a framework for their development
 - ensure Adult Education Budget is successfully devolved to combined authorities and progressively localised to all other areas, and that it is the first of a succession of skills funding streams to be localised

- 2. To ensure councils and combined authorities can make apprenticeships work for the local economy, the Government should go further and faster by:**

- **Using the upcoming Levy review to enable local areas to pool Levy contributions** across local economies, so that employers can plan provision together more strategically for the good of the local area and residents.
 - **Extending the two year limit (from April 2017) to spend the Levy** against key standards for local authority workforces, some of which have only just been approved or are still in development.
 - Giving local areas the power to **use the Levy more flexibly to recognise the full costs of apprenticeship programmes and administration** including on pre-apprenticeship training, so long as there is a final apprenticeship outcome.
 - Making transparent how much Levy underspend there is and that **local areas retain the Levy underspend rather than handing it over to Whitehall.**
3. **To create good employment opportunities across places which residents can enter, retain and progress in, the Government should commit to a partnership with councils and combined authorities by:**
- **co-designing with local areas an employment support offer** to include local commissioning of the Work and Health Programme successor arrangements, and Jobcentre Plus
 - develop a partnership with local government to understand local skills challenges potentially stemming from our exit from the EU.