

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 recent activity including the skills taskforce.

It also provides background to support a Board discussion with **David Hughes, Chief Executive of the Association of Colleges (AOC)** on how LGA and AOC can work together more collaboratively on the skills agenda both nationally and locally.

Recommendations

That Board Members note the report. Members' steer is sought at paragraphs 3, 8, 10, 21, 23 and 24. Paragraphs 12-18 provide context and potential ideas for closer LGA and AoC working.

Actions

Officers to progress as directed.

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Employment and skills update

Background

1. At the last Board discussion on skills and employment in January, Members debated the future of jobs with the Work Foundation's chief executive, Lesley Giles and received an update on policy work. This paper updates members on activity since then, and provides context for a Board discussion with David Hughes Association of Colleges' chief executive.

Stakeholder engagement

LGA Skills Taskforce

2. Co-chaired by Cllrs Sir Richard Leese and Mark Hawthorne, the LGA Skills Taskforce was set up in recognition that our Work Local objectives are just as relevant now as they were when launched in July 2017, and that we should do more to get this on the radar of decision makers and opinion formers. Efforts should therefore be focused on establishing links with stakeholders, industry and sector representatives to understand if we can combine efforts nationally and locally on issues identified in Work Local. To kick off this work, the Taskforce has convened three themed roundtables
 - 2.1. Local coordination of a fragmented employment and skills system, December 2018
 - 2.2. Careers and Retraining for a changing local economy, February 2019
 - 2.3. The future of work: how changing skills needs of sector-specific industries will play out in the local economy, March 2019
3. February's *Careers and Retraining for a changing local economy* roundtable brought together over twenty stakeholder and industry representatives. Attendees discussed four interrelated themes of careers advice and guidance, post-16 pathways, apprenticeships and adult learning. There was lots of positive discussion on the merits of a placed based approach. **Members are encouraged to review the roundtable summary (Annex A).**
4. The third and final roundtable, *The future of work*, took place at the end of March. The Board will receive a verbal update on the main conclusions.
5. A Taskforce [webpage](#) includes background papers, summaries and a series of video interviews from stakeholders.
6. The roundtable findings will be drawn together for the LGA annual conference in July 2019. This could take the form of a short report to include:
 - 6.1. narrative on the current and future skills challenges;
 - 6.2. highlights from each roundtable including any recommendations;
 - 6.3. renewing and updating our Work Local calls; and
 - 6.4. endorsements from stakeholders.

7. As a result of the second roundtable, officers have initiated discussions with DfE on the National Retraining Scheme (NRS) which it is developing with the CBI and TUC. Designed to support adults upskill or retrain for a rapidly changing jobs market, elements of it are being piloted in five areas (Leeds, Devon and Somerset, Lincolnshire, Staffordshire and Stoke-on-Trent, and the West Midlands). As the NRS is at an early design stage, we have suggested the LGA reconvene a roundtable in May to feed in early thoughts on the Scheme's design.
8. **Members are encouraged to visit the Taskforce [webpage](#), provide a steer on annual conference plans, and beyond that, suggest ideas for using the momentum of the Taskforce to further develop our campaign.**

Future of the skills system inquiry

9. The Skills Commission has launched an [inquiry](#) on how to create a blueprint for further education and skills in England that can reflect local need and future economic and social priorities. It is co-chaired by Sir John Hayes CBE MP and Barry Sheerman MP, and is being supported by Policy Connect and the Learning and Work Institute. The LGA is represented on the Commission. At the initial steering group meeting, it was recognised that there are many other commissions and reports looking into the design of the skills system, so this inquiry needs to tap into that and be visionary. This is likely to be an influential inquiry. **The call for evidence, open until 25 May, is asking the following:**
 - 9.1. *What kind of skills system do we want?* What are the key features of a successful skills ecosystem and what role should different organisations play? What principles should be taken into consideration? How should different organisations interact? What should be an overall vision for learning and skills success and why?
 - 9.2. *To what extent is the current system effective?* Does England have a functioning provider base? How appropriate is the current model of commissioning and procurement? To what extent do institutional and local system priorities align to national government priorities such as those described in the Industrial Strategy? Is the current system adjusting and adapting to future needs?
 - 9.3. *What needs to change to achieve an effective skills system?* What steps can we take to achieve a better system and a vision you agree with?
10. **The LGA will submit views and is keen for as many councils and combined authorities to submit theirs too. Board Members are encouraged to ensure their local officers are aware of the inquiry so the sector's views are heard.**

West Yorkshire Combined Authority Skills Commission

11. One such recently launched inquiry is the Future Ready Skills Commission, supported by The West Yorkshire Combined Authority, and chaired by Cllr Susan Hinchliffe. Its [Call for Evidence](#) (deadline of 12 April) has a cross cutting **local dimension** and seeks views on:
 - 11.1. How to ensure technical education and training gives people the skills they need for high quality employment and employers the skills they need?

11.2. How to make the labour market work better through improved information, advice and guidance, ensure that young people are career ready and adults understand the options available to them for career development?

11.3. How to enable adults to invest in skills in response to the changing labour market and ensure employers investing in the skills they need for business success?

Session with David Hughes, Chief Executive of the Association of Colleges

12. Through the Skills Taskforce, the LGA has engaged a wide range of stakeholders. It was suggested that this Board may wish to have more focused discussions to strengthen links with stakeholders if appropriate and relevant.

13. The role of Further education (FE) colleges within local communities, and their interaction with councils and combined authorities, schools and employers has come out strongly in Taskforce discussions. Lead Members agreed it would be helpful to have a discussion with the Association of Colleges' Chief Executive David Hughes.

14. Further education (FE) colleges are the main providers of education and training for 16 to 18-year-olds and support around 1.3 million adults across England. They are key to delivering traineeships, apprenticeships (Levy and non-Levy funds), adult education budget (AEB), technical levels, the national retraining scheme, and the upcoming UK Shared Prosperity Fund. Devolution of AEB gives six MCAs and London a commissioning role over colleges operating in their local areas.

15. Good working relationships between councils and (mayoral) combined authorities and local colleges are critical to ensure local skills supply meets demand. Current mechanisms such as local employment and skills boards and plans have brought partners together locally to help make those conversations happen. The likelihood is that these relationships will need to become even stronger as partners across an area as skills advisory panels and local industrial strategies are developed.

16. There are a number of ways the LGA and AoC could collaborate more effectively, for instance finding common ground on policy issues and developing good practice.

17. Policy issues discussed at the roundtables which could benefit from joint work include

17.1. *A locally coordinated post 16 offer.* The LGA has welcomed reforms to increase vocational and technical routes. However to be a success, we believe young people and their parents / guardians need ready access to an impartial and well-communicated local picture of all post 16 pathways available – A levels, T levels, Apprenticeships – and how they relate to the world of work or further learning, with signposting for further information. **No one is responsible for coordinating a post 16 offer locally, and we believe there should be, and that councils and combined authorities could play a central role. This requires all local partners working together. This was significant support to this at the February roundtable. Could the AoC support this?**

17.2. *Lack of access to schools:* Colleges need access to schools to talk to pupils about vocational pathways. The Baker Clause within the Technical and Further Education Act 2018 was established to ensure education and training providers have access to students in secondary schools. A recent IPPR report shows that since its introduction, compliance remains poor with only two in five schools complying with legislation. **As suggested above, the LGA wants more effective local partnership working so that young people can make more informed post 16 choices, so it is suggested the LGA incorporates support for the Baker Clause within our Work Local refresh.**

17.3. *Investment in adult education:* Adult education funding has halved since 2010. It has had a knock on effect on learner numbers. As working lives extend and our economy changes, adults – those in work and looking for a career change, those vulnerable to redundancy, and those out of work due to ill-health or caring responsibilities – need to be retrained, upskilled and supported into job opportunities locally. **This is important both for the LGA and AoC, and it is suggested joint work could be done to seek adequate investment in the National Retraining Scheme and UK Shared Prosperity Fund.**

18. **Developing case studies:** Good examples of partnership working exist already across cites including the Bristol Learning Partnership and West Yorkshire Combined Authority's voluntary delivery agreements with its colleges. In addition, MCAs are working closely with colleges to ensure the devolution of Adult Education Budget works effectively. **The Board may wish to develop case studies of effective partnership working.**

Policy update – specific issues

Apprenticeships

19. Last month the National Audit Office (NAO) used Apprenticeships Week to launch a report into the impact of the reforms. It revealed a 26 percent fall in apprenticeship starts between 2015/16 and 2017/18. It also showed that many employers are still struggling to spend their Apprenticeship Levy funds because of the way the policy was designed and implemented. This resulted in an initial underspend. However a growth in higher-level apprenticeships is now moving the overall Levy budget towards an overspend, raising concerns about the system's sustainability.

20. In response to the NAO report, an LGA [media release](#) recognised many of the challenges identified in the report and calls on the Government to make urgent changes to way the Levy operates in its upcoming Review, including the following.

20.1. extend the two year limit to spend the Levy against standards which have only just been approved or are still in development;

20.2. allow pooling of Levy contributions to enable more strategic local planning;

20.3. permit a more flexible use of the Levy to meet the full costs of apprenticeship programmes and administration including on pre-apprenticeship training; and

20.4. give local areas a say on how to allocate unspent Levy money and non-Levy funds.

21. Following the publication of the NAO report, the Public Accounts Committee (PAC) launched an inquiry on apprenticeships. It held an oral evidence session on 25 March including witnesses from the DfE and the Education and Skills Funding Agency (ESFA). To feed into this, Chairs of this Board, People and Places and Resources submitted written evidence to the Committee setting out the LGA's view on the challenges of the current system and ways in which the system could be improved to make apprenticeships work for the local economy. **See Annex B for the LGA letter. Members are invited to raise any other issues about how the Levy is working locally to inform our work.**

Sheffield University research - health and employment local Integration

22. Board Members are well aware that integration of employment, skills and health services is essential to be able to address worklessness locally. The LGA, councils and combined authorities continue to urge Whitehall departments to join up policy at national level so that integration can be more effectively achieved locally, and mayoral combined authorities (MCAs) are now leading work in co-commissioning DWP initiatives such as the Work and Health Programme, and testing new ways of integration through the Innovation Fund.
23. A research project led by Sheffield University published in December draws on work with employment and skills leads across MCAs and the Core Cities around their experiences, needs and challenges in developing locally integrated approaches to employment interventions in their areas. It found that while all the areas involved in the research pursued their own integrated employment approach, six key dimensions to effective integration were identified: political; strategic; governance; cultural; financial; and operational. The research makes a number of recommendations for local partners and to national government on how integration can be improved. These include that the Whitehall should commit to test-and-learn pilots of whole place budgets on priority outcomes for integration. **Members may wish to explore how the recommendations (see page 5 of [research](#)) could be used to reinitiate a discussion with Government departments.**
24. **Members are encouraged to comment on, or provide a further steer on any other issues not contained with this paper, so that we continue to push forward with this agenda.**

Financial implications

25. To be covered through the existing Budget.

Implications for Wales

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

ANNEX A – Summary of the second LGA Skills Taskforce roundtable, February 2019

LGA Skills Taskforce roundtable summary: Careers and retraining for a changing local economy, Thursday 7 February 2019

Leading councillors and stakeholders from the skills, education and employment sectors attended an LGA Skills Taskforce roundtable in February to discuss issues around careers and retraining. Below is a summary. It was chaired by Councillor Mark Hawthorne, Leader of Gloucestershire County Council, and Chair of the LGA's People and Places Board. Dr Fiona Aldridge, Director of Policy and Research at the Learning and Work Institute, was invited to introduce the four discussion themes:

- careers advice and guidance;
- an integrated post-16 offer;
- apprenticeships; and
- adult learning.

1) Careers advice and guidance

Introduction: A clear and coherent careers advice and guidance system is essential to help young people and adults navigate the world of learning and work. However, the system is confusing with a range of providers and initiatives being delivered in any one local area. For young people, it is complex and fragmented. It is also critical for adults who want (or need) to progress or retrain, though awareness of the National Careers Service among adults is low and access limited. **Attendees were asked: is a locally relevant and coordinated all-age careers service needed and, if so, how do we get there?**

Key points included:

Dr Deirdre Hughes OBE, former Chair of the National Careers Council:

- An all-age careers advice system would be welcomed, but good advice and guidance will not be possible if cuts to funding continue.
- The 'marketisation' of careers advice is a costly experiment. More and more young people are not receiving the level of support they need.
- Adults with low skills and on low incomes are the least likely to access training, despite needing it most. A recent Social Mobility Commission [report](#) reiterated this.
- We need to begin to shape local places and spaces and provide the support that people need to make informed decisions.

Nicki Jenkins, Nottingham City Council:

- Locally there are high levels of deprivation including second or third generation unemployed. That makes careers advice essential, but councils do not have the levers to bring all those delivering it together locally. For example, the majority of secondary schools are academies. The changes to Ofsted inspections will help in terms of a stronger focus on progression, but there is a long way to go.

Jo Maher, Boston College and Association of Colleges:

- Young people in rural areas face real challenges travelling to learn or access advice.
- Early engagement in schools is essential and way before young people begin their GCSEs, however evidence suggests the 'Baker clause' is not being effectively used.
- Colleges get little information about students arriving from schools, so in effect they have to start from scratch.

Darryl Evers, Staffordshire County Council:

- Young people are leaving education without core skills and then need to re-sit Level 2 qualifications at College. This is a big issue for the local labour markets.
- Staffordshire and Stoke-on-Trent Local Economic Partnership (LEP) is one of five Career Learning pilots testing how to reach out and engage low-skilled adults in work and whether reduced costs of courses linked to local priorities makes learning more viable. The importance of the council as 'trusted messenger' to engage residents was key.

Elaine Bowker, Liverpool City Region LEP Board:

- Too many young people are not progressing beyond Level 3, limiting their potential in the labour market. Few young people have received independent advice and guidance. Schools with a sixth form should be encouraged to promote alternative learning routes.

Heather Carey, The Work Foundation:

- Many issues businesses face lie with the quality of careers advice and guidance. The Foundation is working with the business sector to look at how to prepare young people for future jobs and ensure 'good' work for all.

Katie Schmucker, Joseph Rowntree Foundation:

- One of the strongest arguments for local careers advice is joining up advice with real opportunities in local labour markets. There must be a strong connection between careers advice and local industrial strategies.
- It is critical we understand the best ways of reaching out to engage people in low-paid jobs: this is a big challenge.
- Trade unions have a key role to play, but we need to consider how this is done in non-unionised workplaces.

Kamile Stankute, Institute of Directors:

- Work experience is important; perhaps a more formalised approach is needed.

John Cope, Head of Education and Skills, Confederation for British Industry (CBI):

- It is important to advise and guide people to real options. There is a structure for those wanting to study a degree, but for alternative (technical routes), it is confusing.
- Partnership is needed between business, education and Government. The North East '[Be inspired](#)' pilot has seen schools and colleges testing the 'Good Career Guidance' benchmarks, coordinated by the LEP, and is cited as exemplar.

Greg Wade, Universities UK:

- Universities have the potential to make links at a local level and conduct research on local labour markets as part of their contribution to local industrial strategies.

- More must be done to support small and medium-sized enterprises (SMEs).

Bob Pickles, Surrey Employment and Skills Board:

- We cannot afford to ignore the role and influence of parents.

Iain Murray, Trades Union Congress (TUC):

- There is a low level of awareness of the National Careers Service, so even if more funding is invested into it, there is still the challenge of adult engagement.

Jasbir Jhas, Local Government Association (LGA):

- Department for Education (DfE) is hopeful that skills advisory panels could serve as a way of communities having a better understanding of the local labour market.

Summary: Councillor Hawthorne said that there was consensus that the current system needs improvement, more coherence and should be 'locally rooted' to maximise connections. The need for 'independence' is critical, but that the current system cannot work in the way we want simply by legislating; it has to be resourced and incentivised.

2) An integrated post-16 offer

Introduction: There has been a great deal of post-16 reform in recent years, and Government reforms to raise the quality of vocational and technical education are welcome. It is critical that young people develop the skills needed to secure sustained, skilled employment, and which meet the needs of our changing economy. However, there is a risk that different pathways are being developed and delivered in 'silo'. Whether you are a young person, a parent or an employer, a coherent and well-communicated offer is critical, but no-one is currently responsible for developing or coordinating this locally. **Attendees were asked: how do we plan an impartial and coherent post-16 offer within local areas, and communicate it, to give the best opportunities to young people?**

Key points included:

Paul Warner, Association of Employment and Learning Providers:

- There is an infrastructure of providers who can do different things i.e. apprenticeship providers could offer and deliver large-scale T-levels placements. Yet this potential is not being maximised, in part because reforms are developed and funded in silo.

Councillor Lucy Nethsingha, Local Government Association (LGA):

- Colleges are concerned about their ability to provide placements for T-levels.

Jo Maher, Association of Colleges:

- It is vital that T-Levels reforms consider learning from the pilot areas, and consider how these will work in rural areas where it may be difficult to secure sufficient placements.

John Cope, CBI:

- There are a wide range of organisations in this space. The CBI recommends that the Institute for Apprenticeships should be the primary body, linking them all.

- We need to consider progression, fluidity and interaction between post 16 options, allowing people to change their mind and move between different routes.
- Businesses have for a long time called for a better technical offer, as there is generally a gap between levels 3 and 6.

Greg Wade, Universities UK:

- Bridging provision is vital, and we must be clear that when encouraging young people on to a T-level, what opportunities it is opening up or closing down.

Deirdre Hughes, National Careers Council:

- England has a different system from the rest of the UK. The Scottish Government's 15 to 24 learner journey review (2018) explored how the learner journey can be clear, transparent and articulated at the local and national level.

Bob Pickles, Surrey Employment and Skills Board:

- The landscape has evolved rapidly over recent years, mostly in a positive direction, but the challenge is joining it up. There is a real risk that employers will be swamped by approaches for placements, so they need to be involved in discussions.

Darryl Eysers, Staffordshire County Council:

- There needs to be coherence at national and local level. Solutions need to be local and focused and we need to communicate messages very clearly.

Elaine Bowker, Liverpool City Region LEP:

- Funding and resources is a big issue. Even for a devolved area, it can be difficult to influence things that are done nationally.

Paula Neal, Surrey Employment and Skills Board:

- Smaller employers are unlikely to have the capacity to access information about new policy developments, so how do we communicate better, and is there a need for an intermediary?

Councillor Muhammed Butt, Leader, London Borough of Brent:

- We must do more to support parents to progress in work so that the aspirations of children and young people can also be lifted.
- Nationally there is a danger of creating too much change without considering what the outcomes are that we want to achieve.

Summary: Councillor Mark Hawthorne said while there are positive developments in the post-16 landscape, it is clear that this is not being done in a coordinated or coherent way, and no one has oversight of how it all fits together. There is a strong appetite for collaborative working, but the national and silo approach to funding specific parts of the system is affecting how organisations work together. There is merit in an integrated post-16 offer being developed and communicated locally.

3) Apprenticeships

Introduction: Apprenticeship reforms have changed the way employers manage their skills and training functions. Data published in February showed that the numbers of starts had

fallen (119,100 fewer starts in 2017/18 than in 2016/17), though the decline is halting. There has also been a growth in higher-level apprenticeships. Nearly two years after the reforms, many employers believe there is room for improvement, most notably with the Apprenticeship Levy. To its credit, the Government introduced some flexibilities late last year. However, many stakeholders would like to see more. The LGA, for instance, is seeking greater flexibilities, including pooled levy contributions and an extension to the two-year limit to spend on the levy against standards which have only just been approved or are still in development. The Government promised an in-depth review. **Attendees were asked what changes they would like made to the Levy and broadly to all apprenticeship provision, and what can be done locally to maximise its impact?**

Key points included:

Anthony Impey, Federation of Small Businesses (FSB):

- The system has changed significantly and is now more fit for purpose. However apprenticeship funding is running out: £400 million unspent levy in 2017/18, but we are moving towards a deficit. How do we create a system that can fund itself in the future?
- Small businesses find it difficult to navigate the current system. Funding change has made it difficult for training providers to serve the SME community. Pooling Levy contributions is one way local authorities can have a big impact on their communities.

John Cope, CBI:

- In the first in a series of reports, '[Getting apprenticeships right](#)' the CBI recommends that the Institute for Apprenticeships is given the independence and clout to reform and regulate the English skills system. It also wants an appeals process introduced for employers who have been unable to take part through no fault of their own. Over the next few months, it will further explore what can be done to provide more coherence to the apprenticeship landscape, and looking at the size and scope of the levy.

Jo Maher, Association of Colleges:

- The shift away from Level 2 apprenticeships is a concern.
- Pooling the levy will have clear benefits and will help micro-businesses to take part.

Paula Neal, Surrey Employment and Skills Board:

- Local research of levy paying employers found that apprenticeships are valuable, but businesses and training providers are frustrated with the complicated system. To improve things we could explore locally how to help levy payers get their transfer out.

Greg Wade, Universities UK:

- The Government could possibly save 10-25 per cent of the levy by simplifying the system, but there is no agenda for simplification.

Sophie Wingfield, Recruitment and Employment Confederation (REC):

- Many REC Levy paying members are SMEs with large temporary workforces. The Levy could be used on short courses to allow temporary workers to progress.

Paul Warner, Association of Employment and Learning Providers:

- AELP is supportive of the Levy but its focus must be narrowed to start people off on a career, especially as Level 2 apprenticeships are failing. We need to simplify the system as many strands of apprenticeship policy are working in different directions.

Katie Schmuecker, Joseph Rowntree Foundation:

- The Levy objectives are confused. We need more focus on Level 2/3, so this could be an area of focus.
- While in some areas a focus on young people is needed, in other areas the focus may need to be on older people in low-skilled jobs.

Summary: Councillor Hawthorne said it was clear the current apprenticeships landscape is complicated, and there is an opportunity for those around the table to influence this, particularly with the deadline for the expiry of levy contributions fast approaching.

4) Adult learning

Introduction: As working lives extend and our economy changes, adults – those in work and looking for a career change, those vulnerable to redundancy, and those out of work due to ill-health or caring responsibilities – need to be retrained, upskilled and supported into job opportunities. With nine million adults lacking basic literacy and numeracy skills, and adult learners in further education learning halving since 2005/06, we need to understand how to engage adults into further training. **Attendees were asked: how do we ensure different parts of the system align to meet the skills needs of adults throughout their working lives, and how do we engage adults in these opportunities?**

Key points included:

Iain Murray, TUC:

- Funding for the National Retraining Scheme will be crucial in defining what it can do, for whom. Key is understanding how to put in place a system that will genuinely inspire and incentivise adults to retrain, and the Government will need to look at entitlements, for example mid-life career reviews.

Katie Schmuecker, Joseph Rowntree Foundation:

- The NRS has the potential to be a really important policy, but its focus need to be clear.
- UK Shared Prosperity Fund must support adults retrain or upskill, as EU funding does.

Darryl Eyers, Staffordshire County Council:

- The number of adults with no qualifications has halved locally over four years. This demonstrates that by working with local businesses, we can make a difference using combined local knowledge, as individuals see what their 'next step' really looked like.

Jo Maher, Association of Colleges:

- Just 10 years ago, colleges still had thriving evening classes. As 'jobs for life' no longer exists, the need to reskill will become even greater, but the lack of funding for adult education is not supporting that.

Nicki Jenkins, Nottingham City Council:

- The role of councils is key in identifying and engaging people on low incomes, as they tend to be in contact with their council on other matters.

Heather Carey, The Work Foundation:

- The NRS cannot be the only answer to adult learning. LEPs and councils have an important role in helping to connect businesses on this agenda.

Summary: Councillor Hawthorne said supporting people to increase their skills and progress in the labour market is critical to inclusive growth, and should be integral to the development of local industrial strategies. Councils and combined authorities, working with local and national partners, can play a key community leadership role to both stimulate and meet demand for skills development, through targeted engagement and a relevant flexible offer. There is the potential to make a real difference on this agenda.

This was the second of three LGA Skills Taskforce roundtable events. The first looked at 'local coordination of a fragmented employment and skills system' (December 2018). The third will look at 'the future of work' (March 2019). For further information please contact Jasbir Jhas, LGA Senior Adviser (jasbir.jhas@local.gov.uk).

List of organisations represented at the Skills Taskforce roundtable, 7th February 2019:

Stakeholders

Representative	Organisation
Jo Maher, Principal and Chief Executive, Boston College	Association of Colleges
Paul Warner, Director of Research and Development	Association of Employment and Learning Providers
Bob Pickles, Canon UK	Surrey Employment and Skills Board
Paula Neal, Surrey County Council	Surrey Employment and Skills Board
John Cope, Head of Education and Skills	Confederation for British Industry
Anthony Impey MBE, Founder, Optimity	Federation of Small Businesses
Katie Schmuecker, Head of Policy (dialling in)	Joseph Rowntree Foundation
Expert: Dr Fiona Aldridge, Director of Policy and Research	Learning and Work Institute
Elaine Bowker, Liverpool City Region LEP	Local Enterprise Partnership
Nicki Jenkins, Director of Economic Development	Nottingham City Council
Dr Deirdre Hughes	Director, DMH & Associates Ltd and Former Chair of the National Careers Council
Sophie Wingfield	Recruitment and Employment Confederation
Darryl Eysers, Director for Economy, Infrastructure & Skills	Staffordshire County Council and Staffs and Stoke LEP
Iain Murray, Senior Policy Officer	Trade Union Congress
Greg Wade, Senior Policy Officer	Universities UK

LGA Skills Taskforce

Elected member	Local authority
Cllr Mark Hawthorne (co-chair)	Gloucestershire
Cllr Lucy Nethsingha	Cambridge
Cllr Muhammed Butt	Brent
Cllr Colin Spence	Suffolk

ANNEX B – Letter to the Public Accounts Committee on apprenticeships, March 2019

Meg Hillier MP
Chair
Committee of Public Accounts
House of Commons
SW1A 0AA

19 March 2019

Dear Meg,

We are writing with regard to your Committee's inquiry into the apprenticeship programme, following the publication of the National Audit Office (NAO) report earlier this year. We welcome this inquiry as skills development is critical for local government, not just for our own workforces, but also for local businesses and our residents. Increasing productivity and closing local skills gaps are vital ambitions for any council seeking to boost the economy of its local area and support the wellbeing of its residents. It is for these reasons that the LGA supports the Government's ambitious commitment to create three million new apprenticeships by 2020.

April 2019 marks the two year anniversary of apprenticeship reforms which have radically changed the way employers, including local authorities, manage their skills and training functions. We are concerned by the NAO's finding that employers are struggling to spend their Apprenticeship Levy funds and their assertion that this is a result of the way the policy has been designed, implemented and communicated. Levy allocations will expire after 24 months on a month by month basis from this April and any money not spent, will be absorbed and redirected by central government to fund other apprenticeship funding pots.

The LGA has concerns with this approach. Firstly, many councils have unspent Levy allocations through no fault of their own. The funding has not yet been allocated because the relevant apprenticeship standards councils wanted to spend this money on were not fully operational. These include standards covering occupational therapy, social work and planning, which have only been approved in the last few months, and standards covering adult care, early years, and building control which are still in development.

While we recognise the Institute for Apprenticeships is making greater progress on ensuring standards are approved, a recent LGA survey of the sector identified up to 40 standards that councils want to use that are still in development and are not yet ready for delivery. There is currently no recourse to have the expiry date for Levy funds extended in these circumstances, and we feel there should be.

Secondly, there is no guarantee from central government that unspent Levy funds that it collects will be reinvested in meeting skills needs locally. It is vital that any unspent Levy is directed where there is need. We only need to look at what some areas are doing to use their Levy innovatively, particularly with transfer flexibilities, to benefit SMEs locally.

Thirdly, as local authorities are considered to be the employer for maintained schools for the purposes of the Levy and public sector target, we have the additional challenge of working with these schools to increase their apprentice numbers in addition to our own. Maintained schools are responsible for their own recruitment processes and staff training, and many of them are small primaries without the resources or capacity to take on apprentices. The new apprenticeships system is still unfamiliar for many schools and they often need guidance and support from their local authority to navigate it effectively, which councils are struggling to find the resources to administer.

We have been clear about what is needed from central government to allow councils and combined authorities to make apprenticeships work for the local economy. We continue to call on the Government to:

- extend the two year limit to spend the Levy against standards which have only just been approved or are still in development;
- allow pooling of Levy contributions to enable more strategic local planning;
- permit a more flexible use of the Levy to meet the full costs of apprenticeship programmes and administration including on pre-apprenticeship training; and
- give local areas a say on how to allocate unspent Levy money and non-Levy funds.

These changes are vital if we are to maximise not only council-led apprenticeship programmes, but also work with other employers in our communities. This will help more people develop the skills they and businesses need in order to ensure a successful economy.

If you would like any further information, please contact the LGA
(catharina.paul@local.gov.uk / 0207 664 3329).

Yours sincerely,

Cllr Mark Hawthorne
Chair, LGA People and Places Board

Cllr Richard Leese
Chair, LGA City Regions Board

Cllr Richard Watts
Chair, LGA Resources Board

ⁱ The LGA's most recent estimate suggests local authorities had spent approximately 13% of their total Levy contributions by February 2019 (Source: LGA Apprenticeships Survey 2019).