

Work Local - 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 summarises recent work and activity in train and seeks a member steer on next steps. Proposals to progress new youth participation work are set out separately in **item 5**.

People and Places Board discussed this paper at their meeting on 11 September.

Recommendation

That Board Members note the report and provide a steer on paragraphs: **13** (case material), **14.3** (discussions with key decision makers), **15** (non-metropolitan areas), **20** (new work on pathfinders), **21** (new work on adult learning), **22** (engagement plan).

Action

Officers to progress as directed.

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Work Local - Employment and Skills Update

Background

1. The LGA skills and employment work, Work Local, is jointly led by this Board and People and Places Board.. It aims to make the current national system more integrated and localised, and for the sector to benefit from a devolution deal process that offers freedoms and flexibilities.
2. At the last meeting in June, Board members discussed a final draft of the LGA's refreshed Work Local report, due to be launched at the LGA annual conference in July 2019. It was agreed that officers bring an engagement plan to the September Boards for members' consideration. Given new membership on the Board, this paper provides an update on recent work and activity in train, and seeks a member steer on next steps. Proposals to progress new youth participation work are set out separately in **item 5**.
3. Over the years, despite local government putting forward compelling offers to support the Government in delivering employment support for young people and adults, careers advice, and apprenticeships, Whitehall continues to be wedded to a centralised approach, with earned autonomy the only route to influence an otherwise centrally controlled system. A centralised system simply cannot identify and address the unique economic and social challenges and opportunities within and between places, and the people that live within them.
4. The Boards therefore recommended we design an offer to Government covering the whole employment and skills landscape. Work Local, the LGA vision for employment and skills devolution and integration was first launched in 2017. It advocates a place based approach led by groups of councils and combined authorities to work with local and national partners.

Recent work and upcoming activity

5. 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. 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. In addition, the current confusing patchwork of centrally driven and managed employment and skills provision (£10.billion 2016/2017) fails to join up and misses opportunities to engage people and businesses that most need support, making our skills gap larger and impacting on our productivity.
6. Work Local is needed more than ever as a solution to the national, fragmented system, to coordinate provision around 'place' to bring skills, jobs and prosperity to all areas.

7. Last year, Board Members asked officers to do more to get more traction for Work Local through the following actions (summarised in paragraphs 8-15).
 - 7.1. refresh our proposals given the changing policy landscape since 2017
 - 7.2. get the backing of the Government; and
 - 7.3. develop links with stakeholders and industry experts.

Building stakeholder alliances

8. Over the last year, the time limited LGA skills taskforce co-chaired by Cllrs Sir Richard Leese and Mark Hawthorne took a significant step to forge links with 28 leading experts, organisations and trade bodies key to the skills and employment agenda in England (October 2018- March 2019). These included representatives of small and large employers and sector-specific industries, local enterprise partnerships (LEPs), colleges, universities and other training providers, think tanks, councils and combined authorities. This was organised through a series of themed roundtables linked to our Work Local policy asks.
9. A clear message coming out of Taskforce discussions was a common ambition to make the current system more effective. More detailed key messages can be found in **Annex A (summary) and Annex D (full version) of Work Local – Making our vision a reality**. This also includes a list of all those organisations engaged. An [LGA Skills Taskforce webpage](#) highlights summaries of those discussions and video footage from organisations including the Association of Colleges, Federation of Master Builders and the Society of Motor Manufacturers and Traders Limited.
10. The Taskforce has been hugely beneficial to our work, enabling us to establish new partnerships or strengthen existing ones. Examples of this engagement include:
 - 10.1. An [LGA initiated letter](#) with a coalition of 23 local and national signatories to the then Secretary of State on how to make more effective use of the Apprenticeship Levy through a place based approach (April 2019). This was featured in the FT.
 - 10.2. LGA convening a roundtable to enable our own sector and new stakeholder partners to influence the early development of the National Retraining Scheme (see para 18) which the Department for Education, Confederation for British Industry and the Trades Union Congress is developing (May 2019).
 - 10.3. The Institute of Directors, one of our roundtable participants, publishing '[Blueprint for Local Growth in Post-Brexit Britain](#)', which among other things called for the further consideration on skills devolution and the UK Shared Prosperity Fund, which also aligns with LGA policy lines .
 - 10.4. Dedicated skills discussions with stakeholders at both Boards including David Hughes (Association of Colleges), Lesley Giles (Work Foundation), Deirdre Hughes (careers advice) and Barry Sheerman MP (co-chair of the Skills Commission – see paragraph 14(a)).
 - 10.5. The LGA invited to sit on the expert panel of the Independent Commission on the College of the Future, commissioned by the Association of Colleges.

Work Local – making our vision a reality: 2019 refresh

11. At our annual conference in July 2019, the LGA refreshed its proposals for devolved and integrated employment and skills in a report entitled *Work Local - making our vision a reality* – **see Annex A (summary) and Annex D (full version)**. It captures current and future skills and labour market challenges, LGA skills taskforce key findings, updates our lobbying priorities and includes stakeholder endorsements.
12. The need for a more joined up, resourced and locally relevant system was echoed by all panellists at our skills plenary session at which the report was launched. The session was chaired by broadcaster Samira Ahmed. Panellists included Tej Parikh (Institute of Directors), Dr Ann Limb (LEP Ambassador), Sarah McMonagle (Federation of Master Builders), Cllr Susan Hinchcliffe (LGA), Diane Grannell (Association of Colleges). Click [here](#) to listen to the session.
13. We have also developed written and video case studies to highlight the benefits of locally designed initiatives, some of which involve customer perspectives. So far, we have case material from Bradford, Essex, Gloucestershire, Greater Manchester, Nottingham, Staffordshire and Southampton and Portsmouth. They can be viewed [here](#). **Officers are looking to expand the range of case material. A Member steer, suggestions and local contacts on developing this further would be welcome.**

Engaging Westminster and Whitehall

14. We will continue to look for opportunities to get traction on our refreshed Work Local recommendations. Some examples of how we are doing that include:
 - 14.1. *Skills Commission inquiry*: An influential Skills Commission inquiry, co-chaired by Sir John Hayes CBE MP and Barry Sheerman MP aims to set out a blueprint for further education and skills in England that can reflect local need and future economic and social priorities. The LGA has been involved in the steering group and submitted Work Local as evidence. The inquiry is expected to announce its recommendations in mid-November 2019 in Parliament. The Chairs of this Board and People and Places Board will be invited.
 - 14.2. *Devolution APPG*: The All Party Parliamentary Group (APPG) on Reform, Decentralisation and Devolution, scheduled for Tuesday 15 October in Parliament, will focus on Work Local. The LGA provides the secretariat and is in the process of organising a ‘marketplace’ of several councils and combined authorities doing innovative work in this field to highlight the benefits of placed based / devolved approach to parliamentarians to address skills and labour market challenges and opportunities. Digital content will be developed.
 - 14.3. *The Government*: Whitehall departments relevant to Work Local include the Ministry of Housing, Communities and Local Government (MHCLG), Department for Education (DfE), Department for Work and Pensions (DWP), Department for Business, Energy and Industrial Strategy (BEIS) and the Treasury. Since the new Prime Minister took office, the new Education Secretary, the Rt Hon Gavin Williamson MP has taken on the post 16 skills brief. The LGA has referenced Work

Local in letters as part of our engagement with new Ministers. **It is recommended we pause on requesting meetings with new Ministers to discuss Work Local until the political context becomes clearer. Members' views on how to engage are invited.**

14.4. Further opportunities to engage with parliamentarians and industry experts are planned including the Learning and Work Institute's Festival of Learning Parliamentary Reception, taking place on 22 October 2019 in the Commons and sponsored by Rt Hon Robert Halfon MP (Education Committee chair).

15. Since 2018, the LGA proactively developed a good relationship with the-then Skills Minister, the Rt Hon Anne Milton MP and successfully argued for greater engagement with non-metropolitan areas in developing skills policy. Work in this area has been delayed due to the change in Minister but the concept was well received by the sector, so it is recommended we continue to press with our idea. **A Member steer on how and when to do this would be helpful.**

Specific policy developments

Adult skills

16. As of August 2019, the **Adult Education Budget** (AEB) has been devolved to six mayoral combined authorities (MCAs) and the Greater London Authority (GLA) covering 66 upper tier areas, and a population of around 20 million. The represents just under half (£700 million) of the overall annual AEB, allowing them to commission and shape provision locally (further education and adult and community learning provision). This is a significant moment for skills devolution, and their work should be celebrated. Outside of the devolution areas, covering 86 upper tiers areas and a population of around 35 million, AEB continues to be managed and commissioned directly by DfE's Education and Skills Funding Agency (ESFA). The LGA calls on ESFA to co-commission all of the AEB with the sector, with a view to progressive devolution.

17. In July, the Education Committee, chaired by Robert Halfon MP, launched an inquiry into **adult skills and lifelong learning** (ASALL). The inquiry suggests a welcome and renewed focus on this area, given the skills challenges and opportunities we face including extended working lives, a rapidly changing labour market requiring continual reskilling, and Brexit. Funding for adult skills has reduced by 45 percent since 2010, while take up of adult learning has decreased to 37 percent, a record low. The inquiry also explores the role councils and combined authorities should play in it. The LGA submission references councils' role in adult and community learning, and our Work Local proposals, and we have been invited to give oral evidence in the autumn.

18. A new Government **National Retraining Scheme** (NRS) will help adults (qualified to below degree level) currently in jobs vulnerable to technological change upskill or retrain for new jobs. DfE has taken a refreshing co-design approach to the NRS, working with the CBI and TUC and testing and piloting elements of it locally, through five career learning pilots (Leeds, Devon and Somerset, Lincolnshire, Staffordshire and Stoke-on-Trent, and the West Midlands). Liverpool City Region, North East LEP and West Midlands combined Authority areas are piloting Get Help to Retrain, a new digital service, similar to Hotcourses, to help adults identify their skills, explore local job

opportunities, and identify relevant training courses. Once evaluated, it will be scaled up and rolled out nationally by early 2020. The LGA believes local community leadership, targeted engagement and a relevant flexible offer should be hardwired into the emerging national scheme.

Proposed new areas of work

19. **Work Local pathfinders:** Analysis for the LGA suggests that a Work Local devolved and integrated model could each year for a medium sized combined authority lead to an additional 8,500 people leaving benefits, 3,600 people achieving Level 2 skills, and 2,100 people achieving level 3. This would be associated with additional fiscal benefits for a local area of £280 million per year, with a benefit to the economy of £420 million.
20. It is recommended we build on the existing analysis to strengthen the case for local pathfinders to test Work Local. This could involve working with a number of councils and combined authorities interested in pursuing a pathfinder approach, and scoping out: how Work Local, in whole or in part, could apply to their local area, what funding and flexibility would be required, and the return on investment. This project could be delivered by March 2020. The outcome of this work should then form the basis for discussions between the LGA, the local areas and Ministers to discuss the findings which will be used to press for the introduction of pathfinders across the country. **Members' steer on how to develop this including timeframes would be welcome.**
21. **Adult skills:** As suggested in paragraphs 16-18, adult skills and lifelong learning is likely to become increasingly important as people need to adapt to the changing jobs market. It is recommended that the LGA increase its work in this area both to raise awareness about the sector's current role and explore ways in which it can have an increased role in the future working with other local and national partners. In addition, discussions with HOLEX, the body representing adult and community learning (ACL) providers, including local authorities, suggests joint work could be undertaken to further support the sector's ACL role, and links with other skills activity locally. **If members are in agreement, officers can start to develop this work.**
22. **Engagement plan:** At the last meeting, officers agreed to bring an engagement plan to this Board for members' consideration. **Annex B** lists milestones that we are aware of, which should enable us to plan press, public affairs and digital activity to highlight LGA Work Local lines. We will also look to build on the work of the Skills Taskforce by strengthening links with stakeholders and industry experts across policy, public affairs, and press so that we are in a position to plan any joint work, events, think pieces and press statements where policies align. **Members are encouraged to suggest further ideas and / or milestones to develop this work further.**
23. **Youth participation:** Proposals to progress this are set out separately in **item 7**.

Financial implications

24. To be covered through the existing Budget.

Implications for Wales

25. Skills and employment are devolved matters. The LGA liaises with WLGA colleagues.

ANNEX A: SUMMARY OF WORK LOCAL – MAKING OUR VISION A REALITY

The case for change

- We face **significant skills and labour market challenges and opportunities** which local economies in different ways. One in nine workers are in insecure work, 700,000 16-24 year olds are not in education, employment or training, nine million adults lack functional literacy or numeracy skills or both, and 4.6 million across England want a job or more hours.
- Our economy is changing, in part due to digitalisation, rapid technological change, the gig economy and extended working lives. **By 2024, it is predicted there will be a shortage of four million high skilled people and a surplus of eight million intermediate or low skilled workers to jobs generated.** This could risk up to four percent of economic growth, or £90 billion loss of economic output. Our exit from the EU is expected to change our labour market and skills needs further.
- **The patchwork of centrally driven employment and skills provision (£10.5 billion 2016/2017) is uncoordinated.** Devolution offers areas some influence over this, while others have none, missing opportunities to engage people and businesses that most need support. Local communities need access to more and better jobs and opportunities to improve their skills to lead more prosperous lives, while employers need access to the right skills to help them grow.

Key findings from LGA Skills Taskforce meetings with 28 leading organisations, trade bodies and experts, that are key to improving skills and employment in England revealed:

- 1) Our employment and skills system must be joined up, coordinated, and long term.
- 2) Young people need access to a coherent post-16 local offer
- 3) Investing and improving in adult skills through local action is critical
- 4) Strategic local planning and flexibility will boost apprenticeships
- 5) A locally relevant and coordinated all-age careers service is needed
- 6) Our skills system must catch up with our changing economy, and be resourced.
- 7) Local partnerships could be drivers for change.

The LGA solution: a model for integrated employment and skills. The LGA's Work Local model offers a ready solution to solve this problem, enabling groups of councils and combined authorities to work with central government and partners, including businesses and providers, to design a more efficient, agile and locally relevant offer bringing together careers advice and guidance, employment, skills, apprenticeships and business support for young people, adults and employers.

This model could for a medium sized combined authority lead to an additional 8,500 people leaving benefits and an additional 6,000 improving their skills, additional fiscal benefits for a local area of £280 million per year, with a benefit to the economy of £420 million. **The Government should commit to establishing local pathfinders in each region to test Work Local paid for through existing national funding pots in each region across England by 2022 with more to follow in 2024.**

Improving the current system. While testing Work Local through pathfinders remains our ambition, we also recommend more immediate changes to make the current system more effective. These include rang of specific policy issues including the Apprenticeship Levy etc.(see pages 19-20 of annex D).

ANNEX B: DRAFT ENGAGEMENT PLAN

Month	Date	Milestones
2019		
September		
	4	Spending Round
	13-16	Lib Dem party conference
	23-25	Labour party conference
	Tuesday 24	Labour party conference Centre for Progressive Policy adult skills panel session
	29 Sept- 2 October	Conservative party conference
October		
	Wednesday 9	Combined Authority employment and skills officer working group
	Tuesday 15	Devolution APPG on Work Local
	Tuesday 22	Learning and Work's Festival of Learning, Parliament - LGA attendance
	Tuesday 29	LGA oral evidence to Education Select Committee on adult skills and lifelong learning
	Thursday 31	Planned UK exit from the EU
November		
	Second week (date tba)	Policy Connect 'Future of the skill system' inquiry, Parliament. LGA
	Tuesday 27	LGA skills conference
December		
	tbc	LGA adult skills publication (case studies, enhanced lobbying lines)
2020		
March		LGA pathfinder project completion
February	Monday 3 - Friday 7	Apprenticeship Week
May		Mayoral elections and local government elections
June		LGA youth participation publication
July		LGA annual conference

ANNEX C: Confidential to be sent to members

ANNEX D: Full Document, Pdf Version: Work Local – Making Our Vision a Reality, July 2019 is 4a in the agenda.