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Employment and skills – moving the agenda forward

Purpose of report

For discussion and direction.

Summary

This paper updates members on our Hidden Talents work, which aims to position local government at the centre of integrated and devolved solutions to help all young people into learning or a job.

The paper also proposes a further area of work on adult employment and skills, and seeks a steer from members on how to focus and develop this work.

Recommendation

Members are asked to discuss and make recommendations.

Action

As directed by members.

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Hidden Talents – a local offer for young people

1. Young people remain at a structural disadvantage in the labour market. Latest figures reinforce this. While overall unemployment is down on last month's figures, at 7.7 per cent in September 2013, youth unemployment and 16 – 24 year old disengagement have increased over the same period. 19 per cent of economically active young people remain unemployed.
2. Reducing youth disengagement from work and learning is a priority issue for local authorities and the LGA. Despite having some key responsibilities for re-engaging young people, such as supporting the Raising of the Participation Age and helping the vulnerable into work, local authorities have no influence over the majority of national provision necessary to achieve success.
3. To address this, the LGA's Economy and Transport Board and Children and Young People Board jointly lead a programme of activity, called Hidden Talents, with the objective of positioning local government at the centre of integrated and devolved solutions to help all young people into learning or a job. Lead Members of the two Boards regularly meet to shape this work.
4. The Hidden Talents campaign has been successful in moving local government to the centre of debate on the solutions to the youth unemployment challenge. The campaign covers the range of key services to young people, including education, skills and apprenticeships, re-engagement provision, careers advice, and support in the labour market.
5. In line with the wider *Rewiring Public Services* campaign, all activity has sought public service reform that:
 - 5.1. locally shapes and integrates services for young people most disengaged, or likely to disengage, to ensure positive participation in mainstream services.
 - 5.2. matches local education and training provision to the aspirations of young people, and the demands of employers in local labour markets.
6. The campaign has engaged local authorities, partners, and young people themselves in seeking to articulate the limitations of centralised and fragmented services to young people, and make the case for devolved models. Work (which can be found on the [Hidden Talents pages](#) of the LGA website) has included:
 - 6.1. *Hidden Talents I* report, highlighting the centralised and fragmented nature of services to young people, and the structural growth in long-term youth unemployment (Autumn 2012).

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- 6.2. Skills mismatch research exposing the gaps between the qualifications young people were receiving and the demands of employers in local labour markets (Winter 2012).
 - 6.3. Launch of *Hidden Talents II* report making an evidenced case for change, building on the examples of what councils are already doing to propose public service reform that could reduce youth unemployment by 20 per cent in three years (Winter 2013).
 - 6.4. Publishing a public opinion poll of young people that demonstrated long-term unemployed are least satisfied with services because they do not meet their complex personal needs (Spring 2013).
 - 6.5. Analysing and releasing data showing how councils with devolved Youth Contract provision helped 57 per cent of young people into work and learning in Leeds, Bradford and Wakefield, and 47 per cent in Newcastle and Gateshead, while nationally contracted provision averaged just 27 per cent (Summer 2013).
 - 6.6. Published research assessing the success rates of national programmes, which demonstrate a 10 per cent fall in the number of young people starting on one of Government's 35 schemes in the last three years (Summer 2013).
7. The campaign has been well received by local authorities, partners and a range of policy-makers. Press coverage has been regular and strong throughout the last two years, with widespread coverage across BBC TV, radio and online, Sky News and the full range of national newspapers. It has had a widespread influence on policy development and practice, including for example:
- 7.1. influence over, and reference in, the Heseltine Review, and a range of Work and Pensions, and Education Select Committee Inquiries.
 - 7.2. the development of local authority plans within the Whole Place Community Budgets and City Deal processes.
 - 7.3. the role for LEPs in developing skills strategies to influence Further Education provision.
 - 7.4. the devolution of the Youth Contract wage subsidies and 16/17 re-engagement provision in some places.
 - 7.5. opening the door on the debate for devolved welfare-to-work provision, including a commitment from Rt Hon Liam Byrne MP.
8. In July, the Deputy Prime Minister launched a review into schemes for 16 – 24 year olds, offering a big opportunity to reinforce the case for greater local authority role in national schemes for this age group. The review - prompted by the Youth Contract's poor performance combined with pressure from the LGA and others - focuses on rationalising the complexity of provision for young people not going to university.

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9. The Cabinet Office review team, led by Cabinet Secretary Sir Jeremy Heywood, will report to the Prime Minister and Deputy Prime Minister in mid-September. The LGA has sought to influence this review over the course of the summer, this has included:
 - 9.1. Submitting evidence and publishing research - including research exposing the poor success rates of national schemes for young people, which received widespread press attention and partner and public support.
 - 9.2. A range of political representation meetings – the LGA Chairman, Sir Merrick Cockell, met with Sir Jeremy Heywood, and Cllr Kevin Bentley attended a private seminar with the Deputy Prime Minister and other senior Ministers and partners (Cllr Bentley will report back to the Board).
 - 9.3. On-going work between officers and the Review Team - including a joint LGA/Cabinet Office Roundtable with a number of Local Authorities leading innovative work in this area.

10. Lead Members of the Economy and Transport Board and the Children and Young People Board met earlier this year to shape future activity for the Hidden Talents programme, which will:
 - 10.1. Shorter term, influence the Autumn Statement, advocating the role of local authorities through:
 - 10.1.1. influencing the next steps of the Clegg Review, and the role of local authorities in leading and scrutinising provision for young people.
 - 10.1.2. engaging Government and partners to influence the development of on-going reforms in provision for 16 – 24 year olds.
 - 10.2. Longer term, seek public service reform that influences party manifestos by:
 - 10.2.1. developing detailed cost benefit analysis for council-led approaches to re-engaging young people.
 - 10.2.2. engaging employers in building the case for local approaches that offer employers genuine leverage over the entirety of the provision for young people.
 - 10.2.3. reinforcing the case for devolved re-engagement provision and careers advice for harder to reach young people up to 24 years old.

Developing an offer for adult employment and skills

11. As evidenced above, LGA work on employment and skills has to date focused on young people through our Hidden Talents work; this is ongoing.

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12. This provides the LGA with an opportunity to develop and put forward the case for joined up, place based solutions to more effectively equip adults with the skills to support transitions into sustained jobs.
13. Councils are already developing effective solutions in this area. However these local efforts are often hampered by centralised national employment and skills schemes, often designed in isolation from one another, and which seldom offer sustained outcomes or any connect with existing local initiatives. For instance the Work Programme, which has not been as effective as local efforts to support the long term unemployed back to work.
14. It is for this reason we propose to develop a local offer on adult employment and skills, to capture the excellent work going on in local areas, and influence the future direction of employment and skills policy.
15. Councils have a unique and legitimate role in bringing in-depth intelligence, expertise and value to back-to-work and skills programmes given their role in:
 - 15.1. Universal Credit local partnerships.
 - 15.2. designing local services to support families with complex needs, and new oversight roles in other local services such as health and police.
 - 15.3. preparing people for national Work Programme interventions.
 - 15.4. local schemes to develop, identify and address skills gaps, and support transitions into jobs.
 - 15.5. future job creation through planning and brokering employer leverage.
16. They are working within new place based partnerships which have far more resonance with local skills and labour markets – community budgets, City Deals, LEPs and Employment and Skills Boards. This emerging landscape should help make England's skills and employment support system simpler, more joined up and more oriented towards local growth. These innovations should be built on to develop the Board's work.

Suggested focus on adult employment and skills

17. In the short term, the Autumn Statement provides an opportunity to develop our offer. We know that there is widespread concern about the performance of the Government's Work Programme, and that Ministers are concerned by this. It is also understood that the Work Programme has underspend by £248 million during the 2012-13 period. One possible suggestion from the LGA could be that this underspend is localised, through local schemes to support the long term unemployed and/or local pilots based on unemployment hotspots, building on Whole Place community budgets. Members views are sought on this.
18. Longer term aims, framed within our *Rewiring Public Services* work, could be to build the case for place based budget in adult employment and skills, by:

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- 18.1. Employment: develop a proposal for a more localist approach to the Work Programme when it is next let in 2015. This could include aligning its geography with the economic development actions of councils and their partners through LEPs, and for councils to commission it.
 - 18.2. Skills: develop a proposal for adult skills provision and the newly created National Careers Service to become more relevant to the local labour market. Work could also seek to ensure LEPs and councils pull together labour market intelligence to identify current and future skills needs, and identify sector gaps, to influence skills provision.
 - 18.3. Ensure strong local leadership at both local and national level which should continue to ensure the £5.3 billion EU funds is localised for the duration of the 2014-2020 programme to support local areas' employment and skills needs.
19. Members' recommendations are sought on whether or not to take forward adult employment and skills work, plus any suggestions for additional avenues to pursue, other than those highlighted.