Local Government Association

City Regions Board

Agenda

Wednesday, 17 June 2020
1.00 pm

Online Meeting

www.local.gov.uk

City Regions Board
17 June 2020

There will be a meeting of the City Regions Board at **1.00 pm on Wednesday, 17 June 2020** Online Meeting, 18 Smith Square, London, SW1P 3HZvia Zoom

Apologies:
Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting.

Conservative:	Group Office:	020 7664 3223	email:	lgaconservatives@local.gov.uk
Labour:	Group Office:	020 7664 3263	email:	martha.lauchlan@local.gov.uk
Liberal Democrat:	Group Office:	020 7664 3235	email:	libdem@local.gov.uk
Independent:	Group Office:	020 7664 3224	email:	independent.grouplga@local.gov.uk

LGA Contact:
Thomas French
Thomas.french@local.gov.uk

Carers' Allowance
As part of the LGA Members' Allowances Scheme a Carer's Allowance of £9.00 per hour or £10.55 if receiving London living wage is available to cover the cost of dependants (i.e. children, elderly people or people with disabilities) incurred as a result of attending this meeting.

Local Government Association

City Regions Board – Membership 2019/2020

Councillor	Authority
Conservative (5)	
Cllr. Abi Brown (Vice-Chair)	Stoke-on-Trent City Council
Cllr. Robert Alden	Birmingham City Council
Cllr. Donna Jones	Portsmouth City Council
Joanne Laban	Enfield Council
Toby Savage	West of England Combined Authority
Substitutes	
Cllr. Barry Anderson	Leeds City Council
Daniel Fitzhenry	Southampton City Council
Julia Lepoidevin	Coventry City Council
Labour (14)	
Sir Richard Leese CBE (Chair)	Manchester City Council
Cllr. Susan Hinchcliffe (Vice-Chair)	Bradford Metropolitan District Council
Mayor Joe Anderson OBE	Liverpool City Council
Cllr Shaun Davies	Telford and Wrekin Council
Cllr. Martin Gannon	Gateshead Council
Mayor Marvin Rees	Bristol City Council
Cllr Julie Dore	Sheffield City Council
Cllr. Debbie Wilcox	Newport City Council
Cllr. Peter John OBE	Southwark Council
Cllr. Timothy Swift MBE	Calderdale Metropolitan Borough Council
Danny Thorpe	Royal Borough of Greenwich
David Mellen	Nottingham City Council
Sean Fielding	Oldham Metropolitan Borough Council
Cllr Shama Tatler	Brent Council
Substitutes	
James Swindlehurst	Slough Borough Council
Jason Brock	Reading Borough Council
Cllr Iain Malcolm	South Tyneside Metropolitan Borough Council
Graeme Miller	Sunderland City Council
James Robbins	Swindon Borough Council
Liberal Democrat (2)	
Anita Lower (Deputy Chair)	Newcastle upon Tyne City Council
Gareth Roberts	Richmond upon Thames London Borough Council
Independent (1)	
Gillian Ford (Deputy Chair)	Havering London Borough Council
Substitutes	
Cllr Phelim MacCafferty	Brighton & Hove City Council

Local Government Association

Agenda

City Regions Board

Wednesday 17 June 2020

1.00 pm

Online Meeting, 18 Smith Square, London, SW1P 3HZvia Zoom

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Date of Next Meeting: Wednesday, 30 September 2020, 1.00 pm, venue tbc

City Regions Board

17 June 2020

LGA statement on local government's commitment to tackling racism

A joint statement from Cllr James Jamieson, Chairman of the LGA; Cllr Izzi Seccombe OBE, Leader of the LGA Conservative Group; Cllr Nick Forbes CBE, Leader of the LGA Labour Group; Cllr Howard Sykes MBE, Leader of the LGA Liberal Democrat Group; Cllr Marianne Overton MBE, Leader of the LGA Independent Group; and Cllr Sharon Taylor, the LGA's Equality and Diversity Champion:

Fairness, equality and social justice flows through everything local government does. The diversity in our country is what brings the richness to all of our communities.

The Local Government Association stands with all of our councils in the UK and across the world in their work to tackle racism.

Local government is wholly committed to equality, diversity and inclusion, reflecting the communities we serve and we will do all we can to ensure we continue to be at the forefront of confronting racism and discrimination in whatever form it shows itself.

It's vital that we are all part of the much-needed conversation on how we can all confront and end racism. Local government is listening.

Racism has no place in our communities or in our lives.

City Regions Board

17 June 2020

Urban Cost Pressures

Purpose of report

For discussion.

Summary

This paper updates the City Regions Board on work to further explore the particular cost pressures facing urban areas. A representative from WPI Economics, the provider commissioned to support this project, will attend the meeting and give a presentation setting out the latest developments and findings from this work. The slides for this presentation will be circulated separately in advance of the meeting.

Recommendation

Members are asked to:

1. **Agree,** following a presentation at the meeting the focus and direction for the concluding phase of this work.

Action

Officers will take forward the work described below and report back to the next Board.

Contact officer: Philip Clifford

Position: Senior Adviser

Phone no: 07909 898327

Email: Philip.Clifford@local.gov.uk

City Regions Board

17 June 2020

Urban Cost Pressures Update

Background

1. At the September 2019 meeting of the City Regions Board members discussed commissioning research into the particular cost pressures facing urban areas and the scope fiscal devolution might play in meeting these pressures.

2. Subsequently, Members agreed that the Board should undertake further work to produce more quantitative evidence on urban cost pressures, with a view to influencing future funding arrangements for councils.

3. As reported to the meeting of City Regions Lead Members in December, LGA officers have commissioned an external provider to support this work. Following an open and competitive tendering process WPI Economics is the provider appointed. At the January meeting of the City Regions Board, members supported the proposal to explore in more detail cost complexity as it relates to housing and homelessness in urban areas.

4. As reported to the City Regions Board in March, this phase of research was contingent on interviewing senior council officers. Given the coronavirus crisis this work was paused to reflect demands on council staff during this initial period. Work has now resumed and the initial findings of this research were discussed by City Regions Lead Members on 20 May.

5. A member from the team conducting the research will join the Board meeting and give a presentation setting out the findings from this work. The slides for this presentation will be circulated separately in advance of the meeting.

Next Steps

6. Members are asked to agree**,** following a presentation at the meeting, the focus and direction for the concluding phase of this work.

City Regions Board

17 June 2020

Subnational Bodies

Purpose of report

For discussion.

Summary

Members will receive a presentation by Metro Dynamics on the findings of research commissioned by the LGA to explore the lessons learned from established and emerging subnational bodies.

Recommendation

Members are asked to:

1. Consider the background presentation (sent to members via email) in advance of a more detailed discussion at the Board with representatives from Metro Dynamics.

Action

Officers to take on board comments and steer Metro Dynamics as appropriate.

Contact officer: Philip Clifford

Position: Senior Adviser

Phone no: 07909 898327

Email: Philip.Clifford@local.gov.uk

City Regions Board

17 June 2020

Subnational Bodies

Background

1. Building on the LGA's work to support the development of successful local industrial strategies and strengthen England's trade and investment landscape, and with a view to influencing the English Devolution White Paper, a research commission was issued in early February 2020 in order to better understand the functions and future of both established and emerging sub-national bodies.

2. Following an open procurement process Metro Dynamics were awarded the contract and, over the following months, carried out a wide range of interviews and desktop research relating to eight subnational bodies: the Northern Powerhouse (NP11 and Transport for the North); the Midlands Engine; Midlands Connect; Western Gateway; the Oxford-Cambridge Arc; the Great South West Partnership; and, Transport for the South East.

3. The report is now in the early stages of being drafted and will: set out the evolution of subnational bodies in England; provide detailed case studies of established and emerging subnational bodies; consider the lessons learned from these organisations; and, look at potential implications within the context of the forthcoming devolution white paper.

4. As part of the process of finalising this research representatives from Metro Dynamics will attend the board and present an overview of key findings alongside a number of questions for the Board to consider.

5. In advance of the meeting a slide pack, drawing on the desktop research and setting out the scope and policy context of the project will be sent to members in the dispatch.

Next Steps

6. This meeting follows a similar discussion at the People and Places Board. The comments from both Board will now be incorporated into the draft report. This project will be used to inform the development of the LGA's position regarding future devolution and any future work relating to changes in the functions or scope of sub-national bodies.

City Regions Board

17 June 2020

Past the Peak

Purpose of report

For information.

Summary

This paper updates City Regions Board Members on analysis carried out to explore the economic impact of COVID-19 on regional sectors in the short and longer terms. A presentation will be given to highlight the findings of this research and set out how Members can use the paper to better understand the impact of COVID-19 on their local areas to assist with long-term sustainable economic resilience.

Recommendation

Members are asked to:

1. **Consider** the regional and sectoral impact analysis attached at **Appendix 1** and the potential implications for the development of local recovery plans.

Action

No further action is required from Members.

Contact officer: Esther Barrott

Position: NGDP Trainee

Phone no: 07464652906

Email: Esther.Barrott@local.gov.uk

City Regions Board

17 June 2020

Past the Peak

Background

1. The coronavirus pandemic has caused varying degrees of short term economic damage to every sector across all regions of England and Wales and is expected to have long term consequences.

2. As local councils begin to think about the process of recovery, it is important that these discussions are informed by a sound evidence base. Past the Peak, a report that estimates the economic impact of COVID-19 on NUTS2[1] regions in England and Wales, has been developed to support these discussions. The full report is attached at **Appendix 1**.

3. The report is comprised of two sections – a regional impact analysis, followed by a sectoral impact analysis. Within the regional analysis, the top five SIC07[2] sectors by gross value added (GVA) and number of employees have been extrapolated for each region and the risk level to each sector forecast.

4. The sectoral analysis is determined using a range of quantitative and qualitative sources to rank the short and long-term effects of COVID-19 upon demand, import and exports, labour market and productivity. Following this, the 'good growth potential' has been forecast, looking into anecdotal and empirical evidence of the following three factors – environmental sustainability, adaptability and skills and economic sustainability.

5. A presentation will be given to Members highlighting the key findings of the research at the Board meeting.

Next Steps

6. This item is presented for information, but Members are advised to reflect upon the analysis in their local recovery discussions and consider wider questions of sustainability as part of the Board's future work programme.

[1] In the Nomenclature of Territorial Units for Statistics (NUTS) codes of the United Kingdom, there are three levels. Level 2 is used in this report which comprises of counties in England (most grouped), groups of districts in Greater London, and groups of unitary authorities in Wales.

[2] UK SIC 2007 (SIC07) is the current Standard Industrial Classification (SIC) used in classifying business establishments and other statistical units by the type of economic activity in which they are engaged.

Past the Peak

Exploring and forecasting the economic impact of COVID19 on NUTS2 regions in England and Wales

Esther Barrott

JUNE 2020

Executive Summary

- Covid-19 has brought unique challenges to all sectors throughout the UK, with some better equipped to manage than others.
- There is clear evidence that the manufacturing, retail, accommodation, food service activities, arts, entertainment and recreation sectors have all been severely affected in the short-term.
- The communication and health sectors have both seen limited output gains from the new challenges posed by the current epidemic.
- Sectors hit severely may be able to begin to recover in Q3&4, however the pace of this recovery will be dependant on the magnitude of the economic contraction suffered as a result of the initial lockdown period and crucially whether there will be another global spike in infection in the future.
- Short-term economic planning after lockdown by local economic growth teams in councils should seek to develop short term investment and skills partnerships with local business, and identify where labour can be reassigned should long-term economic trends deteriorate.
- Long-term development of regions should focus on re-skilling the workforce and encourage investment in low-carbon jobs which is crucial to future economic and environmental sustainability.
- Manufacturing, services, utilities and construction should be at the forefront of post-Covid economic development as there is evidence of long-term low-carbon jobs growth within the sectors and GVA output is high and equally spread across regions.

Methodology

Part 1: Regional impact analysis

To calculate the impact on gross value added in the top five GVA producing sectors in UK regions, the GVA figures for 2018 were used from the '*Regional activity by gross value added (income approach) by industry'* dataset published by the ONS. From this, the top five SIC07 sectors were extrapolated based on GVA per region.

For each sector, the percentage change forecast from output estimates by the Office for Budget Responsibility as of April 14th 2020 was applied. This allowed the economic impact of COVID-19 to be forecast on a sectoral basis. From this the percentage GVA change of the top five sectors per region was illustrated and the risk level forecast. The risk level was calculated on an equally distributed three point scale.

Part 2: Sectoral impact analysis

A range of qualitative and quantitative sources were analysed to rank demand, import and exports, labour market and productivity on a scale of four - positive impact, minimal impact, significant impact, severe impact. Sources drawn upon included, but were not limited to, *ONS Business Impact of COVID19 Survey* and reports by associations and industry leaders.

Good growth potential was analysed through three factors - environmental sustainability, adaptability and skills and economic sustainability. Environmental sustainability considers how the sector can adapt to a world increasingly under the pressures of climate change. Adaptability focuses on the way in which sectors can change to develop new revenue streams and operate in a post-Covid economy. Whereas skills focuses on the way labour can be transferred between sectors to sustain employment and develop the economy through challenging conditions. Sustainability looks at long-term job growth, creation and retention. A particular focus is on low-carbon jobs. The evidence gathered is a mix of anecdotal and empirical in all three categories.

Part 1

The Impact of Covid-19 on the top five GVA Producing Sectors in NUTS2 Regions

Summary

- All NUTS2 regions in England and Wales are expected to experience output reductions of **greater than 20% in their top five GVA producing sectors**, according to calculations based on OBR long term estimates.
- **Retail and real estate** are the two key drivers of regional GVA, as they are the most prevalent sectors across the top five of each region. Despite their considerable output, research suggests they are also two of the most economically fragile sectors and dependant on primary industry. **Manufacturing and construction** also feature prominently.
- All four sectors could be highly susceptible to the long-term negative impact of the **magnitude of the economic contraction** suffered as a result of the initial lockdown period and if there will be another **global spike in infection within the next year.** There is the possibility that retail could be particularly vulnerable, as 27% of businesses interviewed have less than three months worth of cash reserves left (BICS).
- Regions with the largest percentage reduction in GVA within their top five sectors by GVA are spread across the country **without particular geographic concentration** in any specific area.
- While overall traditional sectors such as retail have seen a negative employment trend since the 2008 financial crisis, local areas should use the current crisis as an opportunity to plan an **environmentally and economically sustainable future**.
- Through the creation and co-ordination of new **local skills plans**, harnessing **preexisting economic regional sectoral speciality** and new **environmentally sustainable resources**, local areas can plan for a long-term economic transition to harness the potential of low-carbon jobs and manage the decline of certain sectors.
- Local government should look to develop **short-term investment and skills partnerships with local business**, and identify where labour can be reassigned should long term economic trends deteriorate. Short-term development of the health sector and information and communication sector may be appropriate to take advantage of current demand.
- In addition, local government could focus on developing and adapting sectors to create **sustainable low carbon jobs** with long-term sustainable growth potential. Manufacturing, services, utilities and construction should be considered to be at the forefront of post-Covid economic development.

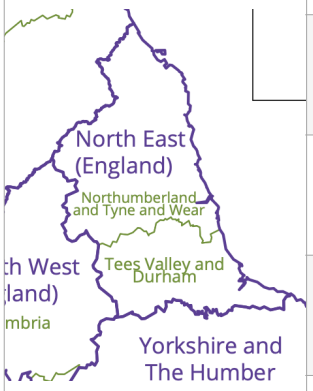
National Risk Matrix and Regional Top 5 GVA Impact Analysis

Region	Total Top 5 GVA Forecast (£mil)	Total Top 5 GVA 2018 (£mil)	Percentage GVA Change in Top 5	Risk Level to Top 5
Bedfordshire and Hertfordshire	£17,393	£31,966	-46%	Severe
Hampshire and Isle of Wight	£15,382	£27,834	-45%	Severe
Cheshire	£10,477	£18,636	-44%	Severe
Berkshire, Buckinghamshire and Oxfordshire	£31,852	£54,309	-41%	Severe
Gloucestershire, Wiltshire and Bath/Bristol Area	£21,046	£35,223	-40%	Severe
Outer London - West and North West	£25,757	£42,537	-39%	Severe
Herefordshire, Worcestershire and Warwickshire	£13,236	£20,484	-35%	Severe
Leicestershire, Rutland and Northamptonshire	£15,723	£24,103	-35%	Severe
West Midlands	£23,292	£35,672	-35%	Severe
East Yorkshire and Northern Lincolnshire	£7,824	£11,858	-34%	Severe
Cumbria	£4,707	£7,095	-34%	Severe
Derbyshire and Nottinghamshire	£17,933	£26,868	-33%	Severe

Region	Total Top 5 GVA Forecast (£mil)	Total Top 5 GVA 2018 (£mil)	Percentage GVA Change in Top 5	Risk Level to Top 5
Lancashire	£13,787	£20,648	-33%	Severe
North Yorkshire	£7,327	£10,964	-33%	Severe
Essex	£16,504	£24,629	-33%	Severe
South Yorkshire	£10,088	£15,047	-33%	Severe
Outer London - East and North East	£14,826	£22,056	-33%	Severe
Shropshire and Staffordshire	£13,378	£19,821	-33%	Severe
Kent	£15,220	£22,472	-32%	Severe
Lincolnshire	£5,694	£8,391	-32%	Severe
Cornwall and Isles of Scilly	£4,253	£5,984	-29%	Significant
Merseyside	£12,486	£17,525	-29%	Significant
Dorset and Somerset	£11,855	£16,620	-29%	Significant
Inner London - East	£47,054	£65,671	-28%	Significant
Inner London - West	£99,312	£137,520	-28%	Significant
East Anglia	£23,426	£32,070	-27%	Significant
Outer London - South	£13,644	£18,341	-26%	Significant

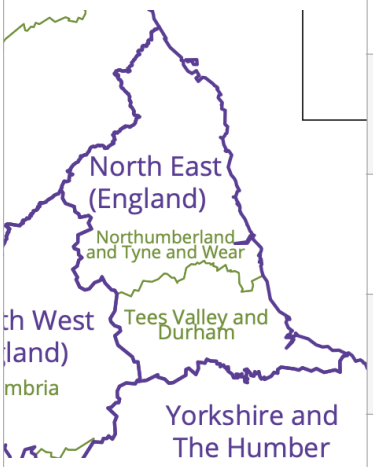
Region	Total Top 5 GVA Forecast (£mil)	Total Top 5 GVA 2018 (£mil)	Percentage GVA Change in Top 5	Risk Level to Top 5
Surrey, East and West Sussex	£31,804	£42,494	-25%	Significant
Greater Manchester	£26,419	£34,936	-24%	Significant
Northumberland and Tyne and Wear	£12,503	£16,248	-23%	Significant
Tees Valley and Durham	£9,716	£12,625	-23%	Significant
West Yorkshire	£21,441	£27,372	-22%	Significant
West Wales and The Valleys	£16,271	£20,680	-21%	Significant
Devon	£10,675	£13,499	-21%	Significant

GVA - Northumberland and Tyne and Wear



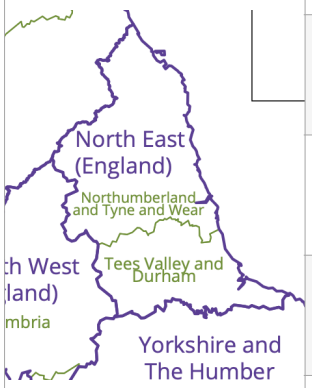
1	Manufacturing	£4,089m	-55
2	Real Estate Activities	£3,859m	-20
3	Human health and social work activities	£3,323m	+50
4	Wholesale and retail trade; repair of motor vehicles	£2,166m	-50
5	Public administration and defence	£1,628m	-20
		Output Loss Total:	**-95**

Employees - Northumberland and Tyne and Wear



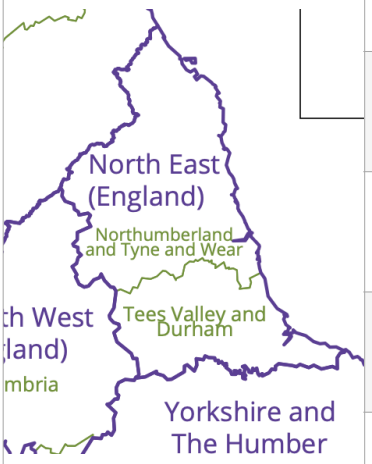
1	Human health and social work activities	102,000
2	Wholesale and retail trade; repair of motor vehicles	86,000
3	Manufacturing	64,000
4	Administrative and support service activities	57,000
5	Education	55,000

Tees Valley and Durham



1	Manufacturing	£3,722m	-55
2	Real Estate Activities	£2,868m	-20
3	Human health and social work activities	£2,241m	+50
4	Wholesale and retail trade; repair of motor vehicles	£2,930m	-50
5	Information and Communication	£2,047m	-45
		Output Loss Total:	**-120**

Employees - Tees Valley and Durham



1	Human health and social work activities	68,000
2	Wholesale and retail trade; repair of motor vehicles	64,000
3	Manufacturing	50,000
4	Education	45,000
5	Administrative	30,000

GVA - Cumbria

1	Manufacturing	£2,498	-55
2	Real Estate Activities	£1,666m	-20
3	Wholesale and retail trade; repair of motor vehicles	£1,237m	-50
4	Human health and social work activities	£936m	+50
5	Construction	£758m	-70
		Output Loss Total:	**-145**

Employees - Cumbria

1	Wholesale and retail trade; repair of motor vehicles	40,000
2	Manufacturing	37,000
3	Human health and social work activities	30,000
4	Accommodation and food service activities	27,000
5	Education	19,000

GVA - Greater Manchester

1	Real Estate Activities	£8,311m	-20
2	Wholesale and retail trade; repair of motor vehicles	£7,976m	-50
3	Manufacturing	£7,065m	-55
4	Human health and social work activities	£6,281m	+50
5	Professional, scientific and technical activities	£5,303m	-40
		Output Loss Total:	**-115**

Employees - Greater Manchester

1	Wholesale and retail trade; repair of motor vehicles	224,000
2	Human health and social work activities	159,000
3	Administrative and support service activities	142,000
4	Professional, scientific and technical activities	121,000
5	Manufacturing	104,000

GVA - Lancashire

1	Manufacturing	£6,293 m	-55
2	Wholesale and retail trade; repair of motor vehicles	£5,080m	-50
3	Real estate activities	£3,863m	-20
4	Human health and social work activities	£3,084m	+50
5	Construction	£2,328m	-70
		Output Loss Total:	**-145**

Employees - Lancashire

1	Wholesale and retail trade; repair of motor vehicles	113,000
2	Human health and social work activities	94,000
3	Manufacturing	87,000
4	Education	58,000
5	Accommodation and food service activities	46,000

GVA - Cheshire

1	Manufacturing	£7,092m	-55
2	Real estate activities	£3,495m	-20
3	Wholesale and retail trade; repair of motor vehicles	£3,397m	-50
4	Professional, scientific and technical activities	£2,507m	-40
5	Administrative and support service activities	£2,145m	-40
		Output Loss Total:	**-205**

Employees - Cheshire

1	Wholesale and retail trade; repair of motor vehicles	84,000
2	Professional, scientific and technical activities	65,000
3	Human health and social work activities	52,000
4	Administrative and support service activities	46,000
5	Manufacturing	41,000

GVA - Merseyside

1	Manufacturing	£4,262m	-55
2	Real estate activities	£3,861m	-20
3	Human health and social work activities	£3,667m	+50
4	Wholesale and retail trade; repair of motor vehicles	£3,513m	-50
5	Education	£2,222m	-90
		Output Loss Total:	**-165**

Employees - Merseyside

1	Human health and social work activities	110,000
2	Wholesale and retail trade; repair of motor vehicles	99,000
3	Education	58,000
4	Administrative and support service activities	53,000
5	Manufacturing	49,000

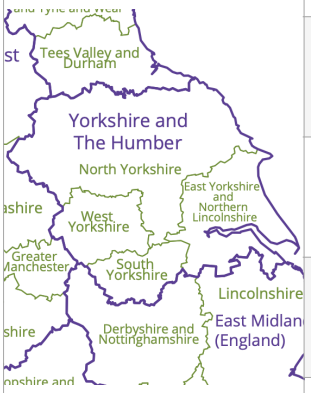
GVA - East Yorkshire and Northern Lincolnshire

1	Manufacturing	£4,634m	-55
2	Real estate activities	£2,268m	-20
3	Wholesale and retail trade; repair of motor vehicles	£2,069m	-50
4	Human health and social work activities	£1,686m	+50
5	Construction	£1,201m	-70
		Output Loss Total:	**-145**

Employees - East Yorkshire and Northern Lincolnshire

1	Manufacturing	68,000
2	Wholesale and retail trade; repair of motor vehicles	58,000
3	Human health and social work activities	53,000
4	Education	35,000
5	Administrative and support service activities	34,000

GVA - North Yorkshire

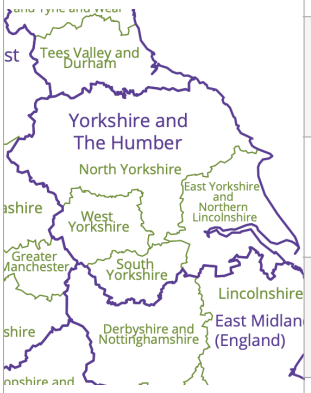


1	Real estate activities	£3,242m	-20
2	Manufacturing	£2,441m	-55
3	Wholesale and retail trade; repair of motor vehicles	£2,294m	-50
4	Human health and social work activities	£1,564m	+50
5	Education	£1,423m	-90
		Output Loss Total:	**-165**

Employees - North Yorkshire

1	Wholesale and retail trade; repair of motor vehicles	56,000
2	Human health and social work activities	46,000
3	Accommodation and food service activities	44,000
4	Manufacturing	36,000
4	Education	36,000

GVA - West Yorkshire



1	Manufacturing	£6,810m	-55
2	Real estate activities	£6,085m	-20
3	Wholesale and retail trade; repair of motor vehicles	£2,924m	-50
4	Human health and social work activities	£4,509m	+50
5	Financial and insurance activities	£3,913m	-5
		Output Loss Total:	**-80**

Employees - West Yorkshire

1	Wholesale and retail trade; repair of motor vehicles	157,000
2	Human health and social work activities	138,000
3	Manufacturing	116,000
4	Administrative and support service activities	105,000
5	Education	103,000

GVA - South Yorkshire

1	Wholesale and retail trade; repair of motor vehicles	£3,398m	-50
2	Manufacturing	£3,119m	-55
3	Human health and social work activities	£2,924m	+50
4	Real estate activities	£2,913m	-20
5	Education	£2,693m	-90
		Output Loss Total:	**-165**

Employees - South Yorkshire

1	Human health and social work activities	88,000
2	Wholesale and retail trade; repair of motor vehicles	87,000
3	Manufacturing	64,000
4	Education	60,000
5	Administrative and support service activities	47,000

GVA - Derbyshire and Nottinghamshire

1	Manufacturing	£7,774m	-55
2	Wholesale and retail trade; repair of motor vehicles	£6,084m	-50
3	Real estate activities	£5,335m	-20
4	Human health and social work activities	£4,541m	+50
5	Education	£3,134m	-90
		Output Loss Total:	**-165**

Employees - Derbyshire and Nottinghamshire

1	Wholesale and retail trade; repair of motor vehicles	151,000
2	Human health and social work activities	132,000
3	Manufacturing	125,000
4	Education	89,000
5	Administrative and support service activities	70,000

GVA - Leicestershire, Rutland and Northamptonshire

1	Manufacturing	£6,860m	-55
2	Wholesale and retail trade; repair of motor vehicles	£5,858m	-50
3	Real estate activities	£5,145m	-20
4	Construction	£3,141m	-70
5	Human health and social work activities	£3,099m	50
		Output Loss Total:	**-145**

Employees - Leicestershire, Rutland and Northamptonshire

1	Wholesale and retail trade; repair of motor vehicles	143,000
2	Manufacturing	102,000
3	Human health and social work activities	97,000
4	Administrative and support service activities	82,000
5	Education	76,000

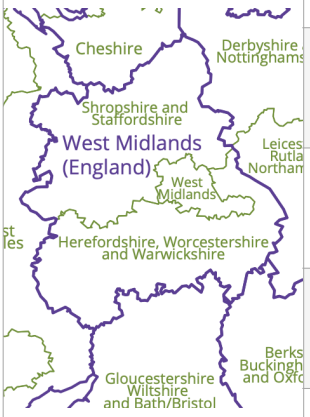
GVA - Lincolnshire

1	Manufacturing	£2,261m	-55
2	Wholesale and retail trade; repair of motor vehicles	£1,932m	-50
3	Real estate activities	£1,892m	-20
4	Human health and social work activities	£1,254m	+50
5	Construction	£1,052m	-70
		Output Loss Total:	**-145**

Employees - Lincolnshire

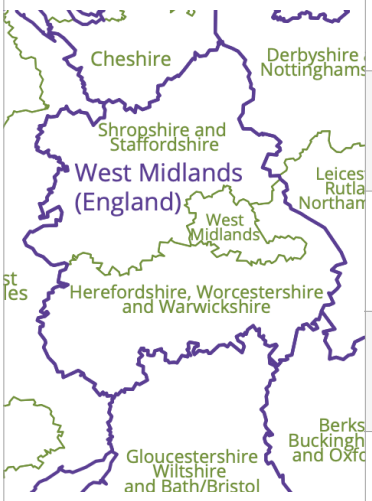
1	Wholesale and retail trade; repair of motor vehicles	50,000
2	Human health and social work activities	41,000
3	Manufacturing	38,000
4	Administrative and support service activities	27,000
5	Education	24,000

GVA - Herefordshire, Worcestershire and Warwickshire



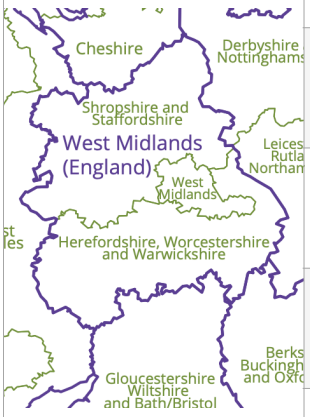
1	Manufacturing	£6,450m	-55
2	Real estate activities	£5,122m	-20
3	Wholesale and retail trade; repair of motor vehicles	£4,465m	-50
4	Human health and social work activities	£2,224m	+50
5	Construction	£2,223m	-70
		Output Loss Total:	**-145**

Employees - Herefordshire, Worcestershire and Warwickshire



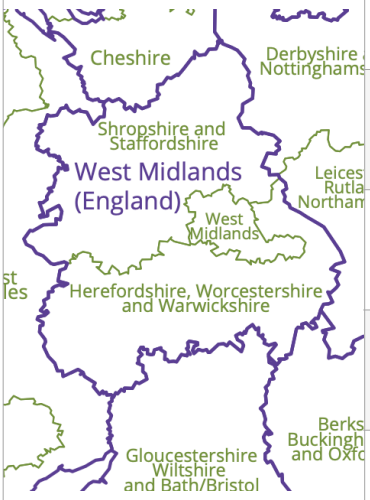
1	Wholesale and retail trade; repair of motor vehicles	104,000
2	Manufacturing	82,000
3	Human health and social work activities	77,000
4	Administrative and support service activities	53,000
5	Education	52,000

GVA - Shropshire and Staffordshire



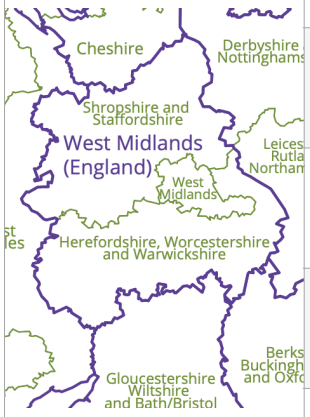
1	Manufacturing	£5,457m	-55
2	Wholesale and retail trade; repair of motor vehicles	£4,585m	-50
3	Real estate activities	£4,289m	-20
4	Human health and social work activities	£2,960m	+50
5	Construction	£2,530m	-70
		Output Loss Total:	**-145**

Employees - Shropshire and Staffordshire



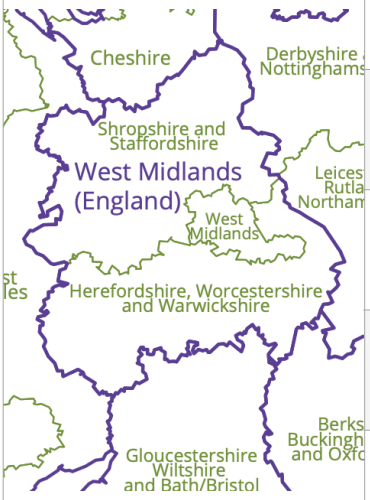
1	Wholesale and retail trade; repair of motor vehicles	120,000
2	Human health and social work activities	93,000
3	Manufacturing	89,000
4	Education	57,000
5	Administrative and support service activities	51,000

GVA - West Midlands



1	Manufacturing	£10,173m	-55
2	Wholesale and retail trade; repair of motor vehicles	£7,753m	-50
3	Real estate activities	£6,845m	-20
4	Human health and social work activities	£5,908m	+50
5	Education	£4,993m	-90
		Output Loss Total:	**-165**

Employees - West Midlands



1	Wholesale and retail trade; repair of motor vehicles	200,000
2	Human health and social work activities	175,000
3	Manufacturing	132,000
3	Education	132,000
4	Administrative and support service activities	118,000

GVA - East Anglia

1	Real estate activities	£7,953m	-20
2	Manufacturing	£7,943m	-55
3	Wholesale and retail trade; repair of motor vehicles	£6,708m	-50
4	Human health and social work activities	£4,951m	+50
5	Professional, scientific and technical activities	£4,515m	-40
		Output Loss Total:	**-115**

Employees - East Anglia

1	Wholesale and retail trade; repair of motor vehicles	180,000
2	Human health and social work activities	147,000
3	Education	110,000
4	Manufacturing	106,000
5	Administrative and support service activities	102,000

GVA - Bedfordshire and Hertfordshire

1	Wholesale and retail trade; repair of motor vehicles	£7,836m	-50
2	Real estate activities	£7,713m	-20
3	Manufacturing	£6,304m	-55
4	Construction	£5,335m	-70
5	Professional, scientific and technical activities	£4,778m	-40
		Output Loss Total:	**-235**

Employees - Bedfordshire and Hertfordshire

1	Wholesale and retail trade; repair of motor vehicles	152,000
2	Administrative and support service activities	132,000
3	Professional, scientific and technical activities	112,000
4	Human health and social work activities	88,000
5	Education	77,000

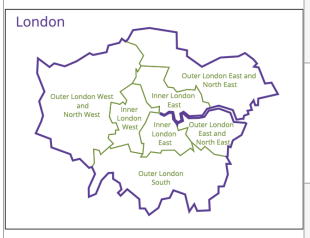
GVA - Essex

1	Real estate activities	£6,958m	-20
2	Wholesale and retail trade; repair of motor vehicles	£5,659m	-50
3	Construction	£4,693m	-70
4	Manufacturing	£4,075m	-55
5	Human health and social work activities	£3,244m	50
		Output Loss Total:	**-145**

Employees - Essex

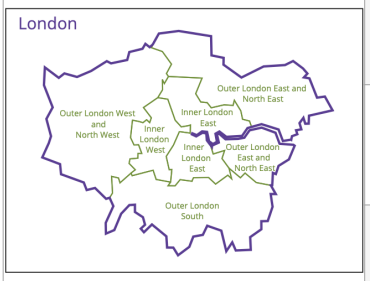
1	Wholesale and retail trade; repair of motor vehicles	129,000
2	Human health and social work activities	94,000
3	Education	69,000
4	Professional, scientific and technical activities	62,000
5	Administrative and support service activities	58,000

GVA - Inner London - West



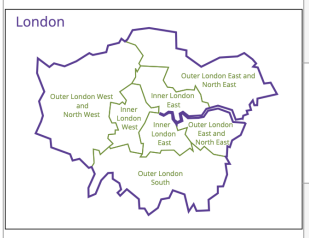
1	Financial and insurance activities	£43,381m	-5
2	Professional, scientific and technical activities	£34,240m	-40
3	Information and communication	£26,872m	-45
4	Real estate activities	£20,877m	-20
5	Wholesale and retail trade; repair of motor vehicles	£12,150m	-50
		Output Loss Total:	**-160**

Employees - Inner London - West



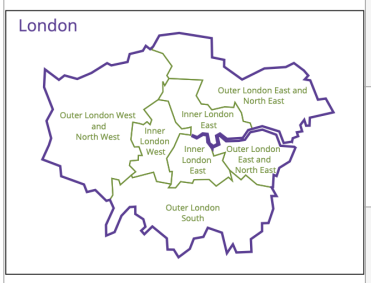
1	Professional, scientific and technical activities	354,000
2	Financial and insurance activities	239,000
3	Information and communication	200,000
4	Administrative and support service activities	196,000
5	Accommodation and food service activities	191,000

GVA - Inner London - East



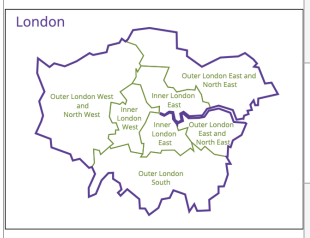
1	Financial and insurance activities	£16,008m	-5
2	Information and communication	£14,411m	-45
3	Professional, scientific and technical activities	£14,344m	-40
4	Real estate activities	£13,844m	-20
5	Administrative and support service activities	£7,064m	40
		Output Loss Total:	**-150**

Employees - Inner London - East



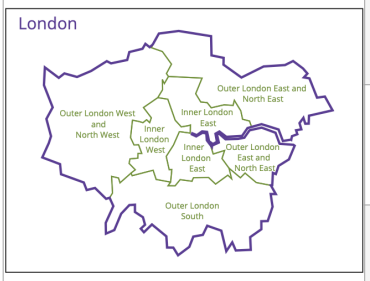
1	Professional, scientific and technical activities	201,000
2	Human health and social work activities	152,000
2	Administrative and support service activities	152,000
3	Wholesale and retail trade; repair of motor vehicles	121,000
4	Information and communication	115,000

GVA - Outer London - South



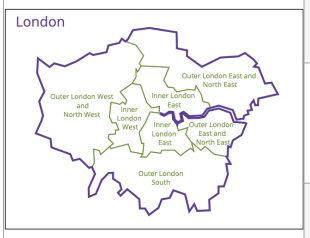
1	Real estate activities	£7,839m	-20
2	Wholesale and retail trade; repair of motor vehicles	£2,665m	-50
3	Construction	£3,718m	-70
4	Professional, scientific and technical activities	£2,456m	-40
5	Human health and social work activities	£2,409m	50
		Output Loss Total:	**-130**

Employees - Outer London - South



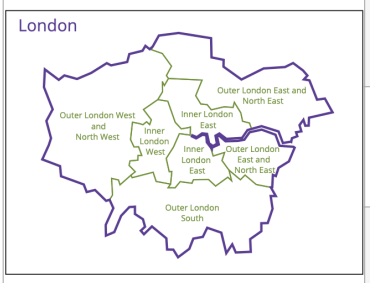
1	Wholesale and retail trade; repair of motor vehicles	75,000
2	Administrative and support service activities	63,000
3	Human health and social work activities	62,000
4	Education	46,000
5	Professional, scientific and technical activities	40,000

GVA - Outer London - East and North East



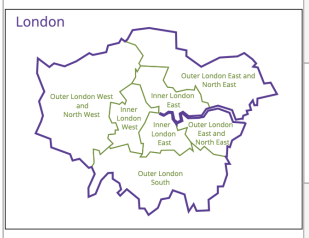
1	Real estate activities	£9,123m	-20
2	Construction	£4,050m	-70
3	Wholesale and retail trade; repair of motor vehicles	£3,718m	-50
4	Human health and social work activities	£2,812m	+50
5	Education	£2,353m	-90
		Output Loss Total:	**-180**

Employees - Outer London - East and North East



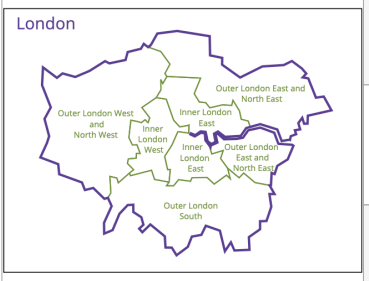
1	Wholesale and retail trade; repair of motor vehicles	95,000
2	Human health and social work activities	80,000
3	Administrative and support service activities	66,000
4	Education	63,000
5	Accommodation and food service activities	39,000

GVA - Outer London - West and North West



1	Real estate activities	£19,431m	-20
2	Information and communication	£8,705m	-45
3	Wholesale and retail trade; repair of motor vehicles	£3,708m	-50
4	Transportation and storage	£7,325m	-35
5	Construction	£2,453m	-70
		Output Loss Total:	**-220**

Employees - Outer London - West and North West



1	Wholesale and retail trade; repair of motor vehicles	138,000
2	Human health and social work activities	96,000
3	Administrative and support service activities	92,000
4	Administrative and support service activities	89,000
5	Professional, scientific and technical activities	39,000

GVA - Berkshire, Buckinghamshire and Oxfordshire

1	Information and communication	£14,169m	-45
2	Wholesale and retail trade; repair of motor vehicles	£12,342m	-50
3	Real estate activities	£11,729m	-20
4	Professional, scientific and technical activities	£8,489m	-40
5	Manufacturing	£7,580m	-55
		Output Loss Total:	**-210**

Employees - Berkshire, Buckinghamshire and Oxfordshire

1	Wholesale and retail trade; repair of motor vehicles	212,000
2	Professional, scientific and technical activities	140,000
3	Education	139,000
4	Human health and social work activities	136,000
5	Administrative and support service activities	123,000

GVA - Surrey, East and West Sussex

1	Real estate activities	£14,666m	-20
2	Wholesale and retail trade; repair of motor vehicles	£8,624m	-50
3	Professional, scientific and technical activities	£6,994m	-45
4	Manufacturing	£6,431m	-55
5	Human health and social work activities	£5,779m	+50
		Output Loss Total:	**-170**

Employees - Surrey, East and West Sussex

1	Wholesale and retail trade; repair of motor vehicles	202,000
2	Human health and social work activities	179,000
3	Education	119,000
3	Professional, scientific and technical activities	119,000
4	Administrative and support service activities	107,000

GVA - Hampshire and Isle of Wight

1	Real estate activities	£7,655m	-20
2	Wholesale and retail trade; repair of motor vehicles	£6,510m	-50
3	Manufacturing	£5,069m	-55
4	Information and communication	£4,568m	-45
5	Construction	£4,032m	-70
		Output Loss Total:	**-240**

Employees - Hampshire and Isle of Wight

1	Wholesale and retail trade; repair of motor vehicles	141,000
2	Human health and social work activities	116,000
3	Education	82,000
4	Administrative and support service activities	74,000
5	Professional, scientific and technical activities	70,000

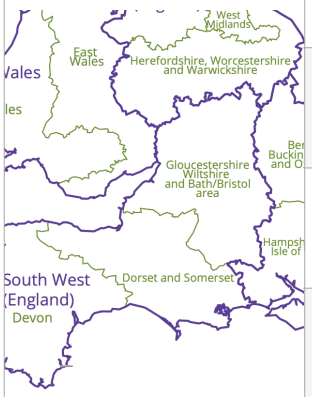
GVA - Kent

1	Real estate activities	£7,146m	-20
2	Wholesale and retail trade; repair of motor vehicles	£4,967m	-50
3	Construction	£4,146m	-70
4	Manufacturing	£3,375m	-55
5	Human health and social work activities	£2,838m	+50
		Output Loss Total:	**-145**

Employees - Kent

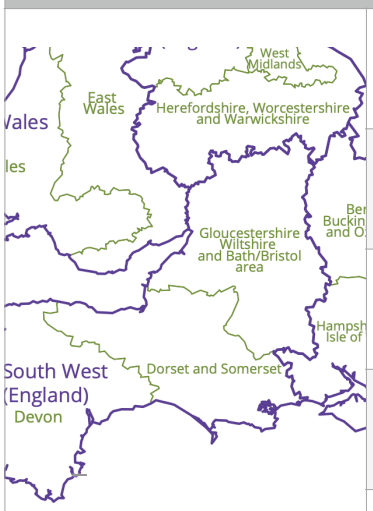
1	Wholesale and retail trade; repair of motor vehicles	123,000
2	Human health and social work activities	95,000
3	Education	72,000
4	Administrative and support service activities	61,000
5	Accommodation and food service activities	51,000

GVA - Gloucestershire, Wiltshire and Bath/Bristol area



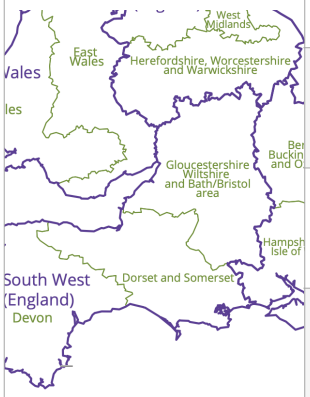
1	Real estate activities	£9,367m	-20
2	Manufacturing	£8,033m	-55
3	Wholesale and retail trade; repair of motor vehicles	£7,566m	-50
4	Professional, scientific and technical activities	£5,375m	-40
5	Administrative and support service activities	£4,882m	-40
		Output Loss Total:	**-205**

Employees - Gloucestershire, Wiltshire and Bath/ Bristol area



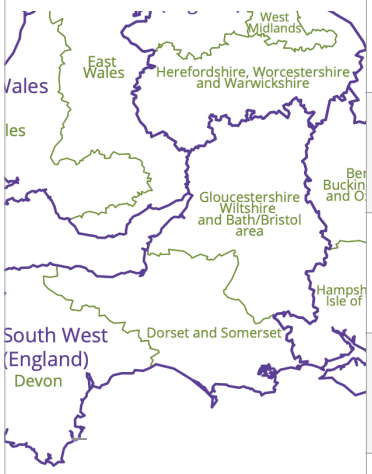
1	Wholesale and retail trade; repair of motor vehicles	181,000
2	Human health and social work activities	163,000
3	Professional, scientific and technical activities	106,000
4	Public administration and defence	104,000
5	Manufacturing	99,000

GVA - Dorset and Somerset



1	Real estate activities	£5,245m	-20
2	Manufacturing	£3,420m	-55
3	Wholesale and retail trade; repair of motor vehicles	£3,203m	-50
4	Human health and social work activities	£2,577m	+50
5	Construction	£4,882m	-70
		Output Loss Total:	**-145**

Employees - Dorset and Somerset



1	Human health and social work activities	91,000
1	Wholesale and retail trade; repair of motor vehicles	91,000
2	Manufacturing	56,000
2	Accommodation and food service activities	56,000
3	Education	49,000

GVA - Devon

1	Real estate activities	£4,142m	-20
2	Wholesale and retail trade; repair of motor vehicles	£2,744m	-50
3	Manufacturing	£2,481m	-55
4	Human health and social work activities	£2,239m	+50
5	Public administration and defence	£1,893m	-20
		Output Loss Total:	**-95**

Employees - Devon

1	Wholesale and retail trade; repair of motor vehicles	80,000
2	Human health and social work activities	78,000
3	Accommodation and food service activities	53,000
4	Education	45,000
5	Manufacturing	41,000

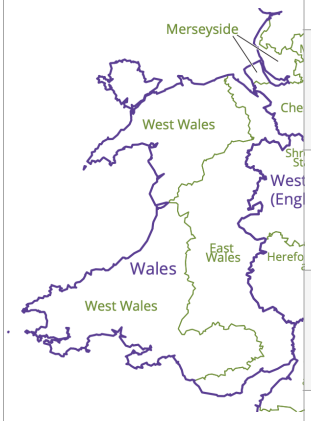
GVA - Cornwall & Scilly

1	Real estate activities	£1,612	-20%
2	Wholesale and retail trade; repair of motor vehicles	£626	-50%
3	Construction	£298	-70%
4	Human health and social work activities	£1,344	50%
5	Manufacturing	£373	-55%
		Output Loss Total:	**-145**

Employees - Cornwall & Scilly

1	Wholesale and retail trade; repair of motor vehicles	38,000
2	Accommodation and food service activities	34,000
3	Human health and social work	33,000
4	Education	17,000
5	Manufacturing	15,000

GVA - West Wales and The Valleys

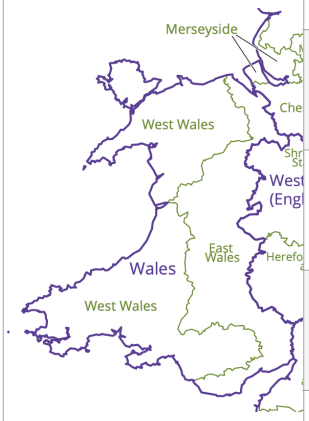


1	Manufacturing	£5,741m	-55
2	Real estate activities	£4,432m	-20
3	Human health and social work activities	£3,989m	+50
4	Wholesale and retail trade; repair of motor vehicles	£3,521m	-50
5	Public administration and defence	£2,997m	-20
		Output Loss Total:	**-95**

Employees - West Wales and The Valleys

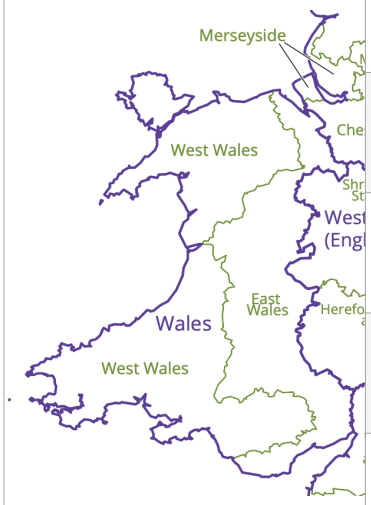
1	Human health and social work activities	130,000
2	Wholesale and retail trade; repair of motor vehicles	106,000
3	Manufacturing	81,000
4	Education	70,000
5	Accommodation and food service activities	62,000

GVA - East Wales



1	Manufacturing	£5,049m	-55
2	Real estate activities	£3,313m	-20
3	Human health and social work activities	£2,711m	+50
4	Wholesale and retail trade; repair of motor vehicles	£2,471m	-50
5	Public administration and defence	£2,012m	-20
		Output Loss Total:	**-95**

Employees - East Wales



1	Human health and social work activities	83,000
2	Wholesale and retail trade; repair of motor vehicles	71,000
3	Manufacturing	62,000
4	Administrative and support service activities	48,000
5	Education	45,000

Part 2
An Economic Sectoral Impact Analysis of Covid-19

Summary

- Analysis suggests sectors with **high instances of face-to-face contact** and **output that occurs 'in situ'** have been hit hardest by the short-term impact of Covid-19 due to the impact of the government lockdown.
- Negative labour market impact across the sectors has been limited. This mitigation may be due to the widespread adoption of the **Coronavirus Job Retention Scheme**. Demand, and productivity, to a lesser degree, have been the main drivers of short-term negative economic impact.
- Instances of **severe short-term damage** to output may include, but are not limited to, the manufacturing, retail, accommodation, food service activities, arts, entertainment and recreation sectors.
- The communication and health sectors have both seen **limited output gains** from the new challenges posed by the current epidemic.
- As the government lockdown eases through the summer months, sectors may **struggle with new trading conditions**. Sectors hit severely could be most affected if they are unable to adapt to operation outdoors or socially distanced indoors.
- Long-term growth may depend on a number of factors. The **magnitude of the economic contraction** suffered as a result of the initial lockdown period, whether there will be another **global spike in infection in the future** and **whether consumers are willing to return to pre-Covid spending levels** could be considerable factors. These three aspects are seen to be key to understanding and planning the long-term resilience of businesses across all sectors.
- A second spike in infections could lead to further social distancing and lockdown procedures. Although businesses would be far better equipped to adapt due to the precedents from the initial spike, a **lack of outdoor adaptation potential** in the winter months and the **limiting of already depleted cash reserves** may see terminal decline in some sectors.
- Sectors where research suggests there is possible risk of **long-term decline** include retail, accommodation, food, administrative, support services, arts, entertainment and recreation.
- **Good growth potential for short-term** economic adjustment focuses on the ability to quickly re-skill and adapt local economies to absorb job losses. Sectors with the highest instances may include manufacturing, health and transportation.
- **Long-term good growth** potential for economic adjustment focuses on environmental and economic sustainability. Sectors with potentially **high levels of green jobs** include utilities, professional services and manufacturing.

Sector	GVA Output Change	Demand	Imports & Exports	Labour Market	Productivity
Agriculture, Forestry and Fisheries (A)	0	Minimal Impact	Minimal Impact	Severe Impact	Significant Impact
Mining and Quarrying (B)	-20	Significant Impact	Severe Impact	Minimal Impact	Significant Impact
Manufacturing (C)	-55	Significant Impact	Severe Impact	Significant Impact	Significant Impact
Utilities (D & E)	-20	Severe Impact	Significant Impact	Minimal Impact	Minimal Impact
Construction (F)	-70	Severe Impact	Minimal Impact	Significant Impact	Significant Impact
Wholesale and retail trade; repair of motor vehicles (G)	-50	Severe Impact	Severe Impact	Significant Impact	Severe Impact
Transportation and Storage (H)	-35	Minimal Impact	Severe Impact	Significant Impact	Minimal Impact
Accommodatio n and food service activities (I)	-85	Severe Impact	N/A	Significant Impact	Severe Impact
Information and Communication (J)	-45	Positive Impact	Minimal Impact	Minimal Impact	Significant Impact
Financial and insurance activities (K)	-5	Minimal Impact	Minimal Impact	Minimal Impact	Minimal Impact
Real estate activities (L)	-20	Significant Impact	N/A	Minimal Impact	Severe Impact
Professional, scientific and technical activities (M)	-40	Significant Impact	Significant Impact	Minimal Impact	Significant Impact
Administrative and support service activities (N&O)	-40	Severe Impact	Significant Impact	Significant Impact	Severe Impact
Education (P)	-90	Severe Impact	Minimal Impact	Minimal Impact	Severe Impact
Human health and social work (Q)	+50	Positive Impact	Significant Impact	Positive Impact	Minimal Impact
Arts, entertainment and recreation (R)	N/A	Severe Impact	Severe Impact	Significant Impact	Severe Impact

Section A - Agriculture, forestry and fishing

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Agriculture, Forestry and Fisheries (A)	0	Minimal Impact	Minimal Impact	Severe Impact	Significant Impact

Impact Analysis

- **Both domestic demand and imports/exports have suffered in the short-term, however long-term indicators suggest the sector could rebound, with the exception of concerns among dairy farmers.**
  - ILO data suggests that global food demand has not fallen to previously estimated levels, and should recover as nations exit lockdowns. However, the NFU has outlined concerns from dairy industry representatives throughout the supply chain that the industry may suffer irreparable damage in the long term.
- **Sectoral dependance on migrant and older workers could be a severe long-term threat to the sector. This could have a knock on effect on productivity.**
  - 47% currently employed are aged between 60-69 (ONS: *Labour market economic commentary: April 2020*). This raises the risk of future shielding requirements if there is a 'second wave'. Migrant workers total around 75,000 strong each year, however this pool of labour is at risk due to the changes outlined in the Immigration Bill.

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• There is no agreed definition of what constitutes environmentally sustainable agriculture. However it is to be the centrepiece of the government's '**25 Year Future Farming Plan**'. • Government focus on restoring natural capital and improving resource efficiency to be outlined in **post-Brexit legislation**. Scope for long term development.	• A sector that is already highly diversified, with over **60% of farms** reporting they have alternative revenue streams (DEFRA, *Defra's Farm Business Survey*).	• Potential for over **100,000 jobs** in bioenergy nationally by 2050 (LGA: *Estimating the number of low-carbon and renewable energy jobs.*) • The sector's **importance may be amplified** by a reduction in imports due to post-Brexit tariffs.

Section B - Mining and Quarrying

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Mining and Quarrying (B)	-20	Significant Impact	Severe Impact	Minimal Impact	Significant Impact

Impact Analysis

- **Research suggests there could be severe short-term weakening of the import/export market and failure of increased domestic demand, with potential long-term implications on financial viability.**
  - Chinese demand for oil imports year on year are 2.5% below Q2 2019, however are expected to recover to up to 13 million barrels per day (b/d) in Q2 2020, up 16.3% compared to Q1 2020 (Wood Mackenzie.).
- **Minimal labour market issues however evidence suggests productivity affected by lockdown. If demand was not to recover, long-term redundancy may be an issue.**
  - Oil and gas workers have been given a Covid-19 quarantine exemption by the UK Home Office, allowing for favourable labour market conditions and long-term insurance productivity.
  - Heavy use of the furlough scheme in the short-term by firms (Energy Voice, *Petrofac to furlough 200 north-east workers*), and risk of further long-term layoff (Sky News, *Coronavirus: BP slumps to loss as industry body warns on UK oil and gas jobs.*).

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• Mining supports around 45% of the world's economic activities, however is **extremely unsustainable**. There may be little scope for an environmentally sustainable future. • With the transition to green **energy alternatives**, the industry is under pressure to adapt (Kellogg Innovation Network).	• Technological change and automation estimated to lead to **job losses of 35%** in traditional mining practices (and up to 75% for operators of mining equipment like truck drivers (United Nations Conference on Trade and Development.) • Lack of short-term up-skilling potential due to structure of **high-tech stem education** to equip skills for the mining industry.	• Demand for the UK mining sector internationally is predicted to **increase into the future** due to rising energy costs, social and geopolitical risks, infrastructure shortages and resource nationalism (Deolitte).

Section C - Manufacturing

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Manufacturing (C)	-55	Significant Impact	Severe Impact	Significant Impact	Significant Impact

Impact Analysis

- **Domestic demand, imports and exports all fell to record lows during Q1, however businesses are recovering with the easing of lockdown.**
  - Businesses are importing and exporting, but less than usual (Exports: 58%, Imports 78% (BICS).
- **Businesses are fairly resilient, with 43% reporting reserves that can last four months or more (ONS BICS) however most expect annual profits to be significantly lower than usual.**
  - 86% expect profits to be reduced or much reduced over the next six months and 85% see sales turnover being reduced or much reduced over the same period (Manufacturing Barometer Q4).
- **Research suggest significant reliance on furlough and prediction of layoff in the long-term.**
  - 89% of business relied on the furlough scheme when temporarily closed (BICS) and 55% expect staff numbers to be reduced or much reduced over the next six months (Manufacturing Barometer Q4).

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• Scope for **optimising processes** that minimise negative environmental impacts, such as conserving energy and natural resources. • **Manufacturing innovations** like IOT, automatisation, 3D print offer lower production and labour costs and greater efficiency, aiding environmental sustainability.	• Prevalence of **manual jobs** makes the sector ideal for up-skilling workers from other sectors more effected by Covid-19. • Sector has **adapted to meet demand** in different manufacturing areas, such as pharmaceutical and medical goods. Examples include the manufacture of surgical scrubs, ventilators and face-masks.	• Potential for a share of jobs from the low emission vehicles and infrastructure, specifically in the manufacture of EV batteries and electric cars. • Future sector worth **200,000 jobs by 2050** and is crucially environmentally sustainable, however is dependant on the development of skills within the workforce.

Sections D & E - Utilities

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Utilities (D & E)	-20	Severe Impact	Significant Impact	Minimal Impact	Minimal Impact

Impact Analysis

- **Domestic demand is around 15% lower than this time last year.**
  - The impact of COVID-19 on public finances has led to the cancellation of direct debits. These have run at three times their normal levels for domestic suppliers, and 10 times for non-domestic suppliers (KPMG).
- **The impact on energy companies may be delayed as profits are reduced in the long-term.**
  - Future cash flow problems and bad debts mixed with the operational challenges around social distancing rules may have led to late requests for government support (67% have applied for the Job Retention Scheme (BICS)).
- **Dependence on commodities and primary sectors of the economy could leave utilities at risk of future long-term economic risk.**
  - The collapse in the oil price may lead to the cutting back on capital spending and potential job losses (KPMG).

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• **Significant potential** for environmentally sustainable growth during the transition to carbon zero. • Expansion of **low-carbon electricity, heat and alternative fuels** may help reduce the dependance on fossil fuels such as gas and coal.	• Lack of short term up-skilling potential possibly due to structure of **high-tech stem education** to equip skills for the utilities industry.	• Future sectoral growth could create over **625,000** jobs by 2050 in low-carbon electricity, heat and alternative fuels (LGA: *Estimating the number of low-carbon and renewable energy jobs*). • Impact of **sectoral growth onto secondary and tertiary industry** may allow for security of investment opportunity.

Sections F - Construction

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Construction (F)	-70	Severe Impact	Minimal Impact	Significant Impact	Significant Impact

Impact Analysis

- **Despite sites suffering little loss to productivity as a result of limited closure, evidence suggests construction demand fell in the short-term.**
  - The decrease in total demand (6.2%) in March 2020 could be due to falls in all new work sectors; private new housing and private commercial were the largest contributors, falling by 6.4% and 7.1% respectively (ONS).
- **Imports and labour supply has also been reduced.**
  - Demand for labour fell by 70% in April and 51% of businesses found that they were able to import less than normal (BICS).
- **High levels of self employment and macroeconomic trends may suggest long-term difficulty.**
  - 36% of all people working in the sector are self employed (NOMIS) and the sector only reached pre-crisis levels of growth this year. The sector may struggle to recover from a prolonged period of economic stress.

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• Some potential for of "**carbon locked**" materials and other eco-friendly materials may help reduce the environmental impact of new building projects.	• Skills gap as of 15 key trades in the sector, **40% show skills shortages** (The Federation of Master Builders.) • Ageing workforce as **one in five** construction employees were aged over 55 (ONS.) • With the **correct skills strategy**, the sector may have considerable scope for adaptation.	• Future growth opportunity linked to the infrastructure required to reach **carbon neutral**. • Low-carbon infrastructure will create a predicted **200,000 jobs nationally** by 2050 (LGA: *Estimating the number of low-carbon and renewable energy jobs*).

Sections G - Wholesale and retail trade; repair of motor vehicles

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Wholesale and retail trade; repair of motor vehicles (G)	-50	Severe Impact	Severe Impact	Significant Impact	Severe Impact

Impact Analysis

- **With the closure of all non-essential retailers, evidence shows the demand for and productivity of the sector has been hampered in the short-term.**
  - Despite online sales surging in certain sub-sectors, short term footfall fell by 45% in March and sales by 18% in April.
- **A long-term economic recession and possible second spike in infections could suggest poor demand may continue.**
  - In the short-term, 96% of retailers reported cashflow difficulties, with 40% facing difficulties meeting tax liabilities. A further 31% of retailers also faced constraints on the availability of external finance (CBI).
- **High profile insolvencies so far may be the tip of the iceberg, as more businesses could be at risk of collapse in the long-term.**
  - Thousands of jobs have been lost at Debenhams, Laura Ashley, Oasis and Warehouse, and BrightHouse. 27% of businesses interviewed have less than three months worth of cash reserves left (BICS).

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• Some potential to reduce the 300,000 tonnes of clothing every year that is incinerated or sent to landfill in the UK by investing in a smarter supply chain using **blockchain and automation technology**.	• Prevalence of **manual jobs** makes the sector ideal for up-skilling workers from other sectors more effected by Covid-19. However, the long-term viability of jobs may be hampered by a second lockdown. • Skills in the sector are **transferable within sub-sectors**.	• There are indicators that long-term economic sustainability in the traditional retail setting is **diminishing**. • A **hybrid model of online and traditional retail** may be the answer to ensure stability in the long-term to ensure post-Covid reslience.

Section H - Transportation and storage

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Transportation and Storage (H)	-35	Minimal Impact	Severe Impact	Significant Impact	Minimal Impact

Impact Analysis

- **In the short-term, evidence suggests the impact of the closure of air transport hubs has appeared devastating for the transportation sector.**
  - British Airways and Virgin Atlantic have seen vast redundancies. BA has given contract ultimatums to staff that has led to '42,000 people having their pay, terms and conditions totally torn up' (Transport Select Committee).
- **However, significant demand for transportation and storage services have persisted domestically.**
  - 95% of firms continued to trade during the height of the lockdown and government funding for domestic travel has seemingly safeguarded the industry.
- **Long-term financial pressure and consumer confidence may lead to redundancies in international focused industry.**
  - The air transport industry may not reach 2019 levels of demand until 2022 (IATA) and 28% of transport firms report that they have less than three months worth of cash reserves to remain operating.

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• The transport sector is seen to be highly environmentally unsustainable, especially with its dependance on **aviation and shipping.** • An economic shift to **electric vehicles** may help combat the negative environmental impact. • Production of low-carbon infrastructure and batteries will assist the creation of **low carbon jobs** in other sectors.	• Transport and storage requires relatively **low levels of formal training**, therefore may be idea for short term re-skilling.	• The sector is a vital **support sector** for the wider economy, therefore research suggests it will be sustained in the long-term.

Section I - Accommodation and food service activities

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Accommodation and food service activities (I)	-85	Severe Impact	N/A	Significant Impact	Severe Impact

Impact Analysis

- **The sector has been forced to near totally shut down as a result of the widespread lockdown which is suggested to have stifled domestic demand and productivity.**
  - 78.1% of businesses had temporarily closed or paused trading during the lockdown and the hospitality sector saw sales decline 21.3% in the first quarter of 2020.
- **Adaptation by businesses may be seen to have helped combat some of the negative impact.**
  - A government statutory instrument has allowed food service businesses to temporarily open as takeaways until March 2021, a move which as allowed large companies such as Pret and smaller businesses to 'get their supply chain up and running'.
- **Long-term recovery may be dependent on the easing of the lockdown, tourism and public health, all of which are unpredictable factors.**
  - 44% of businesses surveyed had less than three months of cash reserves available (the highest rate in the BICS), suggesting the sector is extremely vulnerable to any further economic shocks or shutdown.

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• Some opportunity for suitability development of waste by the sector. Food being wasted in the sector is estimated at **£3billion per year** (WRAP). Future planning brings opportunities to reduce waste and save money.	• As a sector under intense pressure and with a **primarily youthful workforce** (NOMIS), the skills in the sector are highly useful to diversify other economic sectors.	• Further adoption and development of takeaway and **outdoor retail opportunity**.

Section J - Information and Communication

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Information and Communication (J)	-45	Positive Impact	Minimal Impact	Minimal Impact	Significant Impact

Impact Analysis

- **Computer technology and cloud solutions have seen record levels of demand and potentially remain relatively unaffected by the virus.**
  - 94.4% of companies interviewed have continued to trade thought the lockdown period in some capacity, and demand for cloud computing solutions in particular has soared, particularly in the health sector. Exports and imports have also remained steady, and could recover.
- **Research suggests creative media, especially film and television, has suffered issues of productivity due to lockdown limitations however this could improve in the long-term.**
  - ITV outlined losses of 42% in advertising revenue, furloughing 800 members of staff and 50,000 freelancers are estimated to have lost work as film production stalled (BECTU).
- **Long-term issues may hamper the viability of offline media, such as the publishing industry.**
  - Newspapers have seen a fall in sales of around 30% (The Guardian) and hyper-regional promotional events such as the Edinburgh Book Festival and Hay Literary Festival have been cancelled.

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• Some opportunity for **circular economic adaptation** within the sector, and more broadly across the economy is necessary, such as increasing reliance on secondary metal production and encouraging a more effective, concerted waste management with a zero landfill approach.	• Lack of short-term re-skilling potential due to structure of **high-tech stem education** to equip skills for the technological subsection of the industry.	• Information and technology will gain a share of future jobs in the low-carbon services sector. The sector is estimated to create an **extra 164,000 jobs** by 2050.

Section K - Financial and insurance activities

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Financial and insurance activities (K)	-5	Minimal Impact	Minimal Impact	Minimal Impact	Minimal Impact

Impact Analysis

- **Analysis suggests short-term financial and insurances activates have taken an expected hit, however the markets have stabilised thanks to the interventions of central banks.**
  - The FTSE 100 index fell by a fifth since the start of the year so far, down from 7,604 points. The Bank of England's Term Funding Scheme with additional incentives for SMEs helped reassure investors in March.
- **Recent signals in the financial markets demonstrate stocks rallying as a result of national lockdowns being lifted.**
  - In the penultimate week of May, the FTSE enjoyed four consecutive days above 6,000 points for the first time since the UK went into lockdown.
- **Financiers may be reluctant to commit to any further long-term investments and the long-term impact of the virus and any further lockdown could determine the response of the markets.**
  - Further analysis of financial market trends should be developed as the virus is tracked and either resurges or is repressed.

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• Sector leaders may wish to **integrate climate risk** into their operations and transitioning from measurement to management. • The sector may wish to emphasise **cross-firm collaboration and engage governments** with action on climate change.	• Skills in the sector are **highly specialist**, and it is not easy to up-skill labour quickly.	• Financial and insurance activities will gain a share of future jobs in the low-carbon services sector. The sector is estimated to create an **extra 164,000 jobs** by 2050.

Section L - Real estate activities

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Real estate activities (L)	-20	Significant Impact	N/A	Minimal Impact	Severe Impact

Impact Analysis

- **Real estate activity may have been drastically impacted by the government lockdown and the closure of some construction sites, reducing supply of housing stock.**
  - 74% of estate agents found that buyer enquires had fallen and 69% reported falls in sales (Residential Market Survey).
- **There is evidence that, as the lockdown is lifted, the sector will not suffer 2008 financial crisis-style consequences.**
  - Whereas house prices fell by 16% in 2008, economists are predicting only a 4% reduction in the figure in the wake of Covid-19 (Capital Economics) and suggest that consumers are postponing property purchases rather than cancelling them altogether.
- **Long-term estimates could be dependant on the wider macroeconomic trends of the incoming recession, and whether consumer confidence is able to be maintained.**

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• Real estate is predicted to be an **extremely challenging** sector to become environmentally sustainable, as it has little environmental output. • Investment in environmentally **sustainable real estate** may be a potential innovation.	• Skills in the sector are **highly specialist**, and are not easy to re-skill labour quickly. • The sector is also **not a large employer**, despite its GVA output.	• The sector is a vital **support sector** for the wider economy, therefore is guaranteed to be sustained in the long-term and is dependant on wider macroeconomic trends.

Section M - Professional, scientific and technical activities

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Professional, scientific and technical activities (M)	-40	Significant Impact	Significant Impact	Minimal Impact	Significant Impact

Impact Analysis

- **As a highly productive sector, short-term indicators suggest the sector has lacked the capacity to maintain levels of exports and imports.**
  - 74% of businesses are still able to export, but less than usual (BICS).
- **There highly adaptable nature of the sector has allowed it to continue to trade, however certain sub-sectors that are dependant on primary/secondary industry may suffer, such as legal services.**
  - Through the refocusing of all scientific activity to COVID-19 related work, most businesses have continued to trade.
- **There is the possibility that the sector could be affected by a potential lack of long-term demand if consumers view services as non-essential.**
  - Long-term demand is potentially a serious hindrance to its long-term economic prospects as both business and consumer finance worsens as profits narrow.

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• The sector may wish to adapt to the low-carbon services sector. Further information under **economic sustainability**. • Expansion of **corporate social responsibility** and other development methods may be a possible option.	• A **highly specialised** profession that requires high levels of educational and vocational training. • Relative **ease of adaptation** to cope with changing and diverse socio-economic factors. • **Unsuitable for short-term re-skilling** from other Covid-19 hit sectors.	• The sector will gain the bulk share of future jobs in the low-carbon services sector. The sector is estimated to create an **extra 164,000 jobs** by 2050.

Section N & O - Administrative and support service activities

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Administrative and support service activities (N&O)	-40	Severe Impact	Significant Impact	Significant Impact	Severe Impact

Impact Analysis

- **With the sector dependant on primary and secondary industry, analysis suggests the sector has suffered a serious decline in productivity and demand.**
  - Swissport, an aviation support service provider has seen a 95% drop in income and 70% of their costs are on salaries, and 56% of businesses that responded stated that income had dropped by more than 20% since the start of the lockdown (BICS).
- **As a sector reliant on supporting other industry, the extent to which the short-term impact can be negated may depend on wider macroeconomic factors.**
  - 36% of business that responded had less than six months of cash reserves left (BICS). The sector includes tour guides and tourist services. With tourism seen to be severely hit by the crisis, this too may be an area that struggles in the medium to long-term until tourism returns to pre-COVID levels.

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• The sector may wish to adapt to the low carbon infrastructure sector. Further information under **economic sustainability**.	• Skills required for the sector are **extremely varied**, which may make the sector valuable to mitigate job losses, depending on long-term economic trends.	• The sector will gain a share share of future jobs in the low carbon infrastructure and vehicle sector. The sector is estimated to create an **extra 200,000 jobs** by 2050.

Section P - Education

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Education (P)	-90	Severe Impact	Minimal Impact	Minimal Impact	Severe Impact

Impact Analysis

- **State and private educational bodies have seen a closure of 'face to face' services, however the sector has adapted to using online technology to continue to provide limited services.**
  - All universities in England and Wales had closed their physical spaces. Some schools are currently only allowing selected year groups.
- **The government plans to reopen state education in the medium-term. Universities are planning to teach a greater proportion of classes via online methods.**
  - A recent announcement by the University of Cambridge that all teaching is to take place online is set to be the norm for further education, as per anecdotal evidence from university staff.
- **Long-term demand from overseas and domestic higher education applicants may be severely diminished the long-term, and output may be hugely reduced.**
  - Universities UK announced that they are "looking at at least a five-year recovery period in terms of the global numbers of people who move between countries for education."

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• As per the 2019 Sustainability in Education Report, the sector will continue to integrate **UN Development Goals** within both public and private institutions. It is already relativity environmentally sustainable.	• Skills in the sector are **highly specialist**, and it is not easy to re-skill labour quickly.	• The sector is **crucial in the development of the UK workforce**, and is seen to be heavily reliant on government assistance.

Section Q - Human Health and social work activities

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Human health and social work (Q)	+50	Positive Impact	Significant Impact	Positive Impact	Minimal Impact

Impact Analysis

- **Evidence suggests this sector has been one of the few that has seen a considerable increase in short-term demand and labour.**
  - Despite businesses in the sector struggling with higher prices for goods and services, general demand has been extremely high due to the short-term pandemic conditions.
- **As the lockdown eases, demand could remain high and may increase as consumer confidence to engage with health services improves.**
  - Visits to A&E have been around 50% less that usual due to reservations about Covid-19 infection rates. As confidence in public health increases, human health and social work may see an increase in demand and brace itself for a productivity boom.
- **Irregardless of the pandemic, demographic changes in the UK population may increase demand in the long-term.**
  - With an increasingly ageing population, health and social care should be a crucial area for long-term.

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• Research suggests little opportunity for further environmental sustainability, other than using **technological solutions and blockchain** to prevent wastage of resources.	• Skills required for the sector are **extremely varied**, which may make the sector valuable to mitigate job losses, depending on long -term economic trends.	• The sector is **crucial in the health of the UK workforce**, and is heavily reliant on government assistance. Its economic sustainability may be dependent on government policy and NHS leadership.

Section R - Arts, entertainment and recreation

Sector	GVA Output Change	Domestic Demand	Imports & Exports	Labour Market	Productivity
Arts, entertainment and recreation (R)	N/A	Severe Impact	Severe Impact	Significant Impact	Severe Impact

Impact Analysis

- **Due to the face-to-face nature of the services provided by the sector, evidence suggests its output and productivity has been severely diminished due to the pandemic.**
  - 80% of businesses were closed in May and 42.6% reported turnover has been reduced by greater than 50% (BICS).
- **As the government lifts lockdown restrictions, it is possible that the sector will be one of the least able to adapt to social distancing regulations.**
- **Long-term economic prospects may be dependent on a return to usual trading conditions. As a result, any further disruption may be detrimental for many in the industry.**
  - Many cultural venues and businesses rely on donations to remain viable. A deep recession may diminish the rate and size of donations. Cash flow and reserves are extremely low in the sector.

Good Growth

Environmental Sustainability	Adaptability and Skills	Economic Sustainability
• Evidence suggests little opportunity for further environmental sustainability as the sector is already relatively sustainable.	• Skills in the sector are **highly specialist**, and it is not easy to re-skill labour quickly.	• The sector has possible **issues of sustainability** due to its dependance on face-to-face service provision. Its ability to operate in the post-Covid economy will depend on social distancing.

Document is Restricted

City Regions Board

17 June 2020

Project on Place Based Employment and Skills Commissioning

Purpose of report

For discussion and approval.

Summary

The LGA's employment and skills work is led jointly by this Board and the People and Places Board. This project was commissioned by the Boards and a final output is appended.

Recommendation

That Board Members:

1. Reflect on the content of the report - case studies, challenges, and learning – and approve it for publication.
2. May wish to consider this output could be used to help the sector more generally particularly in light of rising employment and skills challenges as a result of Covid-19 will require more local collaboration.

Action

Officers to take on board members comments.

Contact officer: Jasbir Jhas

Position: Senior Adviser

Phone no: 0207 664 3114

Email: jasbir.jhas@local.gov.uk

City Regions Board

17 June 2020

Project on Place Based Employment and Skills Commissioning

Background

1. Last year, the Boards asked officers to enhance our employment and skills work. Since much of the our employment and skills work has had a lobbying focus, Members agreed an improvement support offer should be developed.

2. Shared Intelligence were commissioned to deliver this support. It involved eight councils and combined authorities working with local partners to identify and collaborate on a specific skills or employment issue (see below for a list). The project involved bespoke local support and four action learning sessions bringing areas together nationally. The project is complete. A final report is appended for discussion and approval.

Area	Theme
Bristol	Support SMEs in deprived areas to develop skills of local workforce.
Essex	Bring partners together to develop a pipeline of skills for future development / expansion (hospital, science park, housing) through an M11 strategic growth corridor / strategic skills concordat.
Haringey	Maximising employment outcomes for Haringey residents facing health barriers to work
Nottinghamshire ON HOLD	Bring partners together to more effectively support and coordinate support those furthest from work secure and sustain work.
Reading	Bring learning institutions together to strategically plan how adult learning spend can address poor / target low skills.
South Ribble	Map mental health challenges in wards against education and skills pathways. Share best practice across the borough and partners.
Surrey	Identify how best public and private can collaborate on hard to reach groups through better use of existing resources.
West Yorkshire Combined Authority	Support steps to create a regional blueprint for coordinating skills and Health, as part of wider CA Skills Commission priorities.

3. The report captures, through case studies, support provided to the local areas during the project. This was varied and included the supplier providing external facilitation at stakeholder meetings convened by the council / CA, providing national and local data or best practice from other areas to help address an issue locally. All areas found the local support very valuable and of added value. The case studies demonstrate the significant shared commitment of councils, combined authorities and local partners to collaborate.

4. In addition, both the participating areas and the LGA also found real value in areas coming through the action learning sets to discuss their issues and share learning.

5. Learning from the project is highlighted below and the report goes on to suggest actions for local and national government.

5.1. **Flexible place-based funding and more local decisions are required.** Funding and programmes are time-limited, fragmented, inflexible and centralised. Councils and combined authorities work together, and across a wide range of partners such as LEPs, health and employers to find solutions, but it is more time consuming and resource intensive. By gaining more flexibility in funding and allowing local democratic and accountable decision-making, efficiencies can be gained, and needs met more appropriately.

5.2. **Councils/CAs convening role.** Partnership work is challenging at local, regional and national level. Effective systems leadership is essential, and it takes 'anchor people' to lead partners through the process.

5.3. **Breaking the problem down**. Focusing on skills and labour market challenges specific to the locality, and ensuring it is underpinned by data can reinvigorate multi-agency partnerships and give a renewed purpose.

5.4. **Better mechanisms for data sharing must feature in any new employment and skills system.** Labour Market Intelligence (LMI) is essential to ensuring funding and resources are used on the right projects and priorities and that this data can be shared in a way which supports all partners.

5.5. **Capacity / capability for strategic planning for skills varies greatly.** The resource available at a local level for employment and skills is a reflection of the reducing budgets local government has faced over the last decade. The challenge now is the anticipated impact from a post-COVID-19 spike in unemployment, which is likely to require even greater investment.

6. **Members are asked to comment on the report and approve it for publication**.

Next steps

7. The findings from this project will be developed into a web page and shared with the rest of the sector and other stakeholders. As Covid-19 makes collaboration essential, Members may wish to explore the option of further improvement support.

Financial implications

8. To be covered through the existing budget.

Implications for Wales

9. Skills and employment are devolved matters. The LGA is liaising with WLGA on local involvement on skills and jobs recovery.

Shared Intelligence

Local Government Association

Place-based employment and skills commissioning

A report from Shared Intelligence

June 2020

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Introduction

The Local Government Association (LGA) believes a more place-based and integrated approach to employment and skills policy and funding is required to bring together advice and guidance, employment, skills, apprenticeship and business support. This is needed to coordinate the myriad of national and local initiatives and to provide a more coherent offer for both residents and businesses. The COVID-19 pandemic has further emphasised the importance of collaboration and swift approaches for places to respond effectively to changing economic circumstances. This is a goal which sits within the wider aim of the City Regions and People and Places Board to support a more 'integrated and localised approach and for devolution to work for the whole sector', making the current skills and employment system more fit for purpose.

It continues to advocate for the national system to allow flexibility to deliver a more joined up and localised response to need. This was set out in the LGA and Learning and Work Institute's report 'Work Local: Our vision for an integrated and devolved employment and skills service.'

Building on this work is the experience of councils and combined authorities (CA) which shows that the current employment and skills system is far too centralised and leaves very little room for local areas to influence priorities, funding and delivery. A fragmentation of funding streams or a top down approach neither benefits the economy nor employers or individuals.

Making Work Local happen remains the LGA's ambition. They continue to call for the government to commit to establishing local pathfinders in each region. Alongside this, they are also focusing on what improvements can be made to the current system, to understand and disseminate best practice on collaboration between local and national partners and stakeholders at a local level. These stakeholders span the public, private and third sector and all have a vital role to play in the employment and skills system. This is made clear in the LGA's 2019 report 'Work Local: Making our vision a reality'.

In progressing this work, the LGA commissioned Shared Intelligence to build a programme of support for councils and combined authorities across the country. The primary task of this work was to help the LGA capture local conversations between partners on how they are working to deliver a more place-based and integrated employment and skills offer for residents and local businesses.

It was also intended to:

- Support councils and combined authorities (CAs) to engage relevant partners and identify ways to collaborate more effectively on this agenda while being clear about what is required to make that happen and consider how they could move towards a Work Local approach.
- Share learning and emerging findings with other interested areas and stakeholders so that more joined-up and effective employment and skills services can deliver better outcomes for their communities, residents and businesses.
- Better understand the potential benefits of a Work Local approach, bringing to light invaluable insight and ideas from the local government sector and others.
- Ensure the LGA's future work is more grounded in the ambition of councils, CAs and their local partners, the realities of the challenges they face as well as up to date workable local solutions.

The ultimate purpose of this is to help the LGA, local and combined authorities have constructive dialogue with the government and stakeholders to make the best of the current system and work towards a more locally relevant place-based commissioning approach (aligned with Work Local) in the coming years.

This document brings together a summary of the work delivered across the eight selected parts of the country. It has been written to provide a summary of the support given to each area and to promote learning and stimulate ideas for those not directly involved in the project. This project was conducted before the COVID-19 epidemic, but much of the learning is very much applicable for employment and skills commissioning that supports economic recovery.

The report sets out:

- Brief explanation of methodology;
- Summary of challenges and opportunities faced by the eight areas;
- Case studies for seven of the eight areas[1];
- Learning from the project and recommendations for the future;
- An appendix of key literature and the Work Local programme history to date.

[1] While all eight project areas engaged in the workshops for this project, we were not able to complete the support for Nottinghamshire as a result of the COVID-19 epidemic. This work will be carried out at a later date.

Project method

The primary aim of the project was to facilitate and support the sector to engage relevant partners and collaborate on place-based employment and skills initiatives. It was set up to draw out important themes, share learning and identify what changes need to be made at a local, regional and national level to enable the skills system to work more effectively. This, in turn, supported the understanding of the levers, tools and powers that exist at each level and seek to align ongoing challenges with alternative policy and delivery solutions across government.

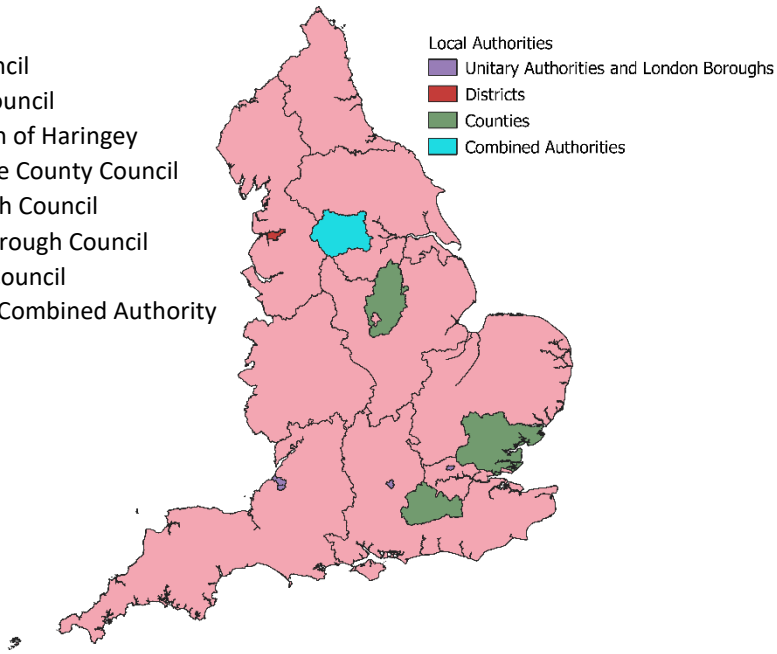
The selection process

The project started with an expression of interest (EOIs) launched through the LGA which formed the basis of a mini competition to select the areas requiring support. This resulted in 19 EOIs which were sifted on a set of criteria which included:

- Read across with Work Local
- Responding to challenges of a functional economic area
- Clear improvement need demonstrated
- Local capacity to progress
- Added value possible within programme
- Analysis available or clearly defined need
- Input or requirement for partner input

The eight council and combined authority areas were :

1. Bristol City Council
2. Essex County Council
3. London Borough of Haringey
4. Nottinghamshire County Council
5. Reading Borough Council
6. South Ribble Borough Council
7. Surrey County Council
8. West Yorkshire Combined Authority



The offer in each place was bespoke to the set of challenges and opportunities requiring support. The individual places, in dialogue with Shared Intelligence defined the support requirements which included:

- Translating national skills policy into actionable activity at a local level.
- Identifying the right governance structures and partners to deliver local outcomes.
- Facilitating conversations which benefited from an independent facilitator in order to test commitment, explore priorities or identify roles and responsibilities of partners.
- Analysing local data based on surveys or interviews with local stakeholders including employers, education providers, district councils and other parts of the public sector.
- Crafting an evidence base which truly addressed the needs of an inclusive economy.

The selected areas were brought together on three separate occasions to contribute to the overall discussion, set out their own particular employment and skills-related challenges and learn from best practice and the approach others were taking.

Challenges to delivering place-based employment and skills commissioning

Over the years the local government sector has experienced significant budgetary cuts, yet many continue to invest in essential skills and employment priorities, linking strategic partners to support inclusive growth agendas. This project identified the many roles played by each respective locality.

These include:

- **An employer**, and often one of the largest employers in a place, along with other parts of the public sector such as the NHS, with knowledge of the local economy and supply-side challenges.
- **A convener** of stakeholders across private, public and third sectors including Further Education (FE), Higher Education (HE) and providers of education and training and employment support. Responsibilities include NEETs and care leavers and the supply of opportunities for Raising the Participation Age which could be planned with 18-24 provision.
- **A 'go to' organisation** for local businesses for advice and support with apprenticeship schemes, connections with local providers and introductions to other businesses to support expansion plans. This is often done in conjunction with Local Enterprise Partnerships.
- **A champion** for residents and communities, many of whom face complex needs, with strong links to disadvantaged groups including through the voluntary and community sector. This often includes operational experience in delivering a successful, and expanding, Troubled Families programme for example, using case workers and co-location and support for parents through the Family Information Service.
- **A commissioner and delivery body** for skills and employment support, with an increasing number of councils offering job match services, programmes through S106 and Community Infrastructure Levy (CIL) contributions. This role extends to procurement expertise that commissions large volumes of services.

During the support offered through the programme, a number of challenges in fulfilling these functions were raised, requiring new and creative approaches by councils and combined authorities to deliver greater outcomes for local residents and business communities These challenges were explored as part of a collective discussion with the eight places and the LGA as distilled below. New challenges have developed as a result of the COVID-19 epidemic which councils and combined authorities have responded in a variety of ways.

Identified challenges

1. **Fragmented funding is leading to a duplication in some areas of support, but a gap in others.**

As identified in the LGA's analysis of funding for skills and employment initiatives, the allocation of budgets and sources of funding is fragmented and dispersed. This creates challenges in navigating funding opportunities across different government departments to address local demands and draws on limited resources to bid through competitive processes.

The short-term nature of many of these programmes was also raised as a core concern. Councils work closely with their CA and LEP partners to develop a comprehensive support offer for residents and

employers. This does, however, respond to a somewhat top down set of detailed eligibility criteria and in many examples, causes an imbalance in tackling need.

Good practice demonstrated by West Yorkshire Combined Authority (WYCA) involved working alongside the Department for Work and Pensions (DWP) to map the employment lifecycle and identified where partners, including other government departments, invested funds and resources. This found that there was an abundance of support at the early stage of an employment journey, but this tapered off as residents entered employment and there was less of a focus on sustaining job outcomes. This raised challenges of supporting those individuals with their career journey, reducing the overall impact and positive steps towards social mobility.

2. Employment and skills provision must meet the needs of the local employer base.

Employers engage with different parts of the skills system in different ways with councils, combined authorities, education and training providers and Local Enterprise Partnerships all having a role to play. In times of economic challenges such as a major business closure or the current COVID-19 pandemic, councils are seen as a lifeline for businesses small and large.

Beyond their statutory responsibilities many councils see the need for regular engagement with business in their areas. Increasingly, councils are using their relationship with businesses to move beyond a 'transactional' relationship (payment of business rates, trade waste etc.) towards sharing information on employment and skills needs. This in turn is providing intelligence and local data to better inform the supply of training and qualifications. The challenge is ensuring that a cross section of sectors, business size and geographical spread can inform emerging skills needs for the new workforce.

For example, Essex County Council is taking a skills demand-led approach, concentrating on the opportunity presented in the health, social care and life science sectors to understand the skills needs of employers and to use this intelligence to engage with education providers and LEPs.

3. There remain skills system barriers for learners which prevent access and progression.

The barriers presented by the skills system and the lack of sufficient, locally relevant, careers advice and guidance continue to prove challenging for identifying pathways into employment as well as career progression. Three particular areas were consistently referenced in this project. The first is in progressing between levels two and three qualifications, the associated costs of new qualifications are borne by the learner and act as a financial barrier, prohibiting career progression. The second involves underfunding of English as a Second Language (ESOL). Even where some ESOL funding is available, through schemes such as the MHCLG ESOL for Integration Fund[2], not all councils are eligible to access it. This is also a significant barrier for individuals unable to gain qualifications, convert qualifications from another country and find jobs which match their skills level. The third is availability and access to up to date and relevant careers advice for all ages which is also considered to be inadequate.

These system challenges need to be tackled at a national, regional and local level to ensure progression and improve productivity. The LGA has called on the government to devolve powers to

[2] A new fund launched in March 2020 for local authorities to enable individuals with little or no English language skills to increase their participation in their local area.

councils and combined authorities to locally commission an all-age careers advice and guidance service.

4. Detailed local data is required to accurately target interventions and develop outcomes.

There are two main challenges pertaining to data. The first is how to ensure a consistent local view of data and the second is the use of data to develop outcomes and effective reporting against funded projects and programmes.

Firstly, cited by most as a significant challenge was the need for more granular local intelligence to inform what interventions are necessary. Many projects rely on published data but do not take into account the perspective of the communities experiencing that particular set of challenges. The work developed by Bristol City Council saw the council bringing partners together at a local level to design a programme which specifically addressed the unique set of challenges. Informed at a regional level by the CA's Local Industrial Strategy, the council identified localised skills challenges requiring attention. The council in this example is now working closely with their CA to develop a programme of support at a lower super output area.

Secondly, project monitoring naturally requires the provider of the support to track an individual's outcomes through their skills and employment journey. This can be onerous and challenging when a journey requires a 52-week sustained outcome. A partner of WYCA highlighted best practice where Reed in Partnership verified participant data directly with HMRC in order to record sustained outcomes for those entering employment. This specifically targeted those who did not sustain employment or may have had further support requirements.

5. Adult Community Learning is part of a wider skills system and should be geared to support the restructuring of the economy.

Council-run or commissioned Adult Community Learning (ACL) provision is vital in supporting lifelong learning across communities. It has long been overlooked as a building block in the local education and skills system, which could support the restructuring of local economies and provide skills for the future workforce.

ACL is perhaps one of the only tools to support residents in their first step towards entering, or re-entering, education and training. It is often the first step back into semi-formal education for many, which helps individuals build up the skills and competencies needed to gain, and sustain, employment. ACL is therefore a vital building block for a flexible and localised skills system which engages with other parts of the skills ecosystem including the further education sector.

'Adult learning can have indirect health benefits by improving social capital and connectedness, health behaviours, skills, and employment outcomes, each of which affect health. There is also some evidence that adult learning has direct positive effects for mental health.'[3]

As a route to achieving skills for life, it should be an essential part of addressing the 'productivity puzzle'. Given the reduction in central government funding for adult skills, participation numbers in adult learning have declined. Yet, it has the potential to deliver more with the right approach and level of resource.

[3] Local Action on Health Inequalities, Public Health England and UCL Institute for Health Equity

As discussed above, ACL builds basic skills and increases employability. As such, councils have a key part to play in not only delivering against a localised ACL offer but also in working across stakeholders such as FE, HE and business to ensure that a partnership approach to provision can be taken. New Directions College, Reading Borough Council's Adult and Community Learning service has begun to review its offer in relation to emerging skills needs brought about by automation, working alongside partners to reshape this offer. Local areas with devolved budgets have started to bring more coordination to the skills system and make it relevant to 'place'.

Future challenges

Overcoming these challenges will become even more important as the nation begins to understand the extent of the short and long-term unemployment brought about by COVID-19. Work has commenced in many councils and CAs to understand the implications of business closures so that new partnerships can be developed to support business recovery, survival and growth. This in turn will ensure residents have access to training support and jobs, matching skills supply with demand to ensure residents can return to work and local economies can return to greater levels of productivity.

Case studies

The case studies in this next chapter go into further detail on the work delivered through this programme of support, highlighting some of the specific challenges within each place. The case studies cover seven of the eight areas as the eighth area, Nottinghamshire, has yet to receive direct support beyond the group workshops. Each of the case studies cover the background to the particular challenge and opportunity, the approach that was taken and the learning from each area.

1. Bristol City Council
2. Essex County Council
3. London Borough of Haringey
4. Reading - New Directions College
5. South Ribble Borough Council
6. Surrey County Council
7. West Yorkshire Combined Authority

Bristol: Working closely with local partners to co-produce an innovative employment and skills offer in South Bristol

"South Bristol has almost 150,000 residents, including many that experience inter-generational unemployment and low incomes, and 4,000 SMES that often feel remote from our Local Industrial Strategy. We've set out to connect local businesses better with education, skills, employment and business support providers, whilst also giving SMEs a stronger profile, as well empowering them to access new routes to market and peer-to-peer networks and improvements. Place based planning for a stronger community and economy is even more critical as we begin the recovery from the COVID-19 emergency."

Jane Taylor, Head of Employment, Skills and Learning, Bristol City Council

Background

In 2015, Bristol City Council was successful in applying for UNESCO Learning City status – becoming the first Learning City in England with a strong emphasis on place based partnership and leadership across all education, skills and employment policy areas.

Through the development of a Work Local model, the council wants to improve employment, skills and workforce development opportunities. By engaging with small and medium enterprises (SMEs) to understand their future workforce needs, and working with local partner agencies, the city council is building a support offer for local residents to develop job opportunities and career pathways.

An opportunity has arisen through the West of England Combined Authority's *Workforce of the Future* team to apply for legacy EU funding. The South Bristol Business, Education & Skills Consortium is applying for funding for a project working with SMEs. The area of focus is South Bristol. The analysis has shown that the number of individuals, aged 16-64, with no qualifications has halved between 2011 and 2018 in South Bristol. While this is welcome, the rate of growth has been slower compared with the City of Bristol as a whole.

The data also showed that while the number of jobs has risen between 2010 and 2019 in South Bristol, the growth in jobs is primarily in occupations requiring lower qualification levels (e.g. elementary occupations and process, plant and machine operatives), whereas growth in jobs generated in Bristol require higher levels of qualifications (managers and directors).

To aid with the exploration of this challenge, Shared Intelligence conducted analysis on the level of employment, qualification level and level of education in South Bristol and supported the delivery of two workshops with key stakeholders.

The approach they are taking

As a means to engage with partners to develop a funding application, Bristol Council hosted two workshops: one with employment and skills strategic planners and commissioners (including the council, West of England Combined Authority and Department for Work and Pensions as well as SME representatives), and one with local training providers serving SMEs and local communities (including anchor institutions such as colleges and universities).

The aim of convening these workshops with key partners was to explore what steps needed to be taken to address high levels of unemployment, low qualification levels and low business engagement in South Bristol. The co-design of a programme of support was the main focus of the events and partners were asked to reflect on what is working well and what could be done differently to strengthen the local economy by improving the eco-system and services for local businesses and local people.

Partners came together to build a consortium and develop a shared commitment to a local way of working on this agenda. This requires strengthening engagement with the local SMEs based in the most deprived communities by helping them access recruitment and workforce development support. This would be delivered through working with SMEs to build area and sector networks, encouraging more inclusive recruitment cultures and practices and targeting work experience, work trials and apprenticeship opportunities. It would also seek to develop a more coordinated, forward looking curriculum offer through high quality open source resources.

This in turn will help build a thriving local economy and community and, in the long-term, improve life chances and outcomes for residents.

Learning

The learning from the work across Bristol City Council and its partners relates to their detailed planning and engagement. By focusing their attention on a hyper-local geography of South Bristol, the council has engaged with partners to explore a granular level of detail around the challenges faced by both the supply and demand-side of skills provision.

By working closely with partners from an early stage, the council has encouraged a high level of understanding amongst partners and is creating an offer which meets the needs of local employers and residents. This has also enabled a ‘bottom up’ approach to developing the narrative as well as a compelling business case for investment.

Essex – developing a new approach and Skills Engine

Background

Essex County Council has a unique opportunity to develop its skills and employment pipeline through a new partnership approach, capitalising on the Public Health England move to Harlow, a proposed new Princess Alexandra Hospital and the development of a Science Park. This combination of significant regeneration and investment opportunity provides a strong basis to further attract health, care and life science businesses and to support the growth and development of businesses already in these sectors.

Part of the strategy to grow these sectors requires new thinking to develop the skills base and encourage life-long learning to deliver a well-skilled pipeline of local residents that can fuel and grow this part of the economy. Second to this is the need to attract talent from other parts of the country and world to support innovations and learning on a global scale. Delivering both of these outcomes will require a strong partnership approach and long-term strategic vision to promote inclusive growth and economic opportunity. This will need to build on the M11 growth corridor and its business, education and public sector links. Essex also benefits from proximity to international gateways such as Stanstead and Southend Airports and Harwich Port.

The approach they are taking

Essex County Council are exploring the overall ambition of partners across the M11 Growth Corridor, to enable a skills concordat and a long-term vision. Essex is particularly keen to build on the emerging plans across north Essex and Hertfordshire and understand the challenges and opportunities in delivering life-long learning and skills development.

The council is working closely with anchor institutions to identify the plans of large employers, mapping the asset base and developing a 'Skills Engine'. This will support local recruitment and a drive to increase higher skilled and knowledge-intensive employment.

In supporting the council, Shared Intelligence carried out some desk-research and facilitated a partnership meeting. In the desk-based work, examples of partnership structures across devolved and non-devolved administrations were reviewed, setting out the benefits and challenges of these structures and considering the detail of partnership terms of reference.

The partnership meeting itself included representatives from councils, Public Health England, Princess Alexandra Hospital, Harlow College and One Nucleus life science and healthcare partnership. It sought to understand the level of shared ambition across the partners and inform the parameters in which a new partnership structure could be created.

There were several key themes which came from the discussion including:

- Opportunities in the M11 Corridor and the role that partners can play
- Geographical complexities with opportunity to deliver at scale
- Demand-led thinking to enable skills provision to match employer demand
- Governance structures and adopting the right format to enable the vision
- Developing a new narrative for the Skills Engine to capitalise on place
- Joining up working with a shared vision being crucial for the future of the area

Learning

The learning to come from the partnership meeting included the need to capitalise on the health, care and life science opportunities while working closely with education providers to ensure that the barriers to addressing this need can be removed. This will mean that a demand-led approach will need to be adopted in order to meet the needs of employers in the future. This will be even more important as the partners transition into a post-COVID world.

Other learning included the need for anchor institutions, already present and those soon to come to the area, to develop a stronger economic presence in the local community. This was identified as an essential ingredient to develop higher levels of interest in health, care and life science professions through engagement at primary and secondary schools, increased levels of work placements, apprenticeships and internships. In addition, it was identified that there was a need for a far-reaching publicity campaign to inform and encourage investors and inward investment to the area.

Haringey – Maximising employment outcomes for Haringey residents facing health barriers to work

Background

In late 2017, the national Work and Health Programme was launched to provide employment support for people with long-term health conditions and disabilities, as well as for those who were long-term unemployed. In London, devolution of the programme has been piloted with four sub-regional partnerships each commissioning its own localised Work and Health programmes.

Haringey is a participant borough of the Central London Works (CLW) programme, as part of the regional Central London Forward (CLF) partnership. The aim for this devolved, place-based approach to a national programme, was to develop locally commissioned provision that was more aware of local need and demand, and therefore able to provide a more coherent local offer. Through devolution, while local areas have made the best of the programme, they have had to work within certain national parameters, which has impacted the way the programme has been developed.

A year into the programme, Haringey has been reflecting on a number of key challenges that are impacting the number of residents accessing this commissioned provision. These challenges include the wider complexities of the local employment support landscape, complex funding arrangements underpinning the programme (in particular European Social Fund match), and a centralised and an often-unclear referral route that requires processing through the DWP.

To respond to this, the council set up an employment and health working group, which brought together officers from partnership bodies, commissioned provision and employment providers in the borough. From the outset, it was clear that this group could potentially be refreshed to work as a powerful partnership tool to tackle the headline challenges. The understanding was that if this group could work on the immediate challenge to increase referrals into CLW, it could have a lasting impact on coordinating all work where health and employment intersect.

The approach they are taking

Haringey, supported by Shared Intelligence, convened a workshop with an expanded group of local stakeholders, building on the existing members of the employment and health working group, to consider what steps were required to strengthen all pathways towards commissioned provision. This approach would use CLW as a test case for developing a clear employment and offer and customer journey for residents facing health barriers into work.

They identified the following key steps, which will need to be taken over the next 12 months, to deliver their shared objective:

- Create a single pathway for residents to access appropriate provision in a timely manner, where residents can navigate towards the provision based on their individual needs and where benefits of commissioned services are maximised.
- Create a coherent commissioning plan which identifies need and outlines cross-agency interventions to address that need and ensure effective future commissioning and maximise impact of existing provision
- Create more robust collaborative mechanisms which allow for a sense of shared ownership and direction amongst partners in the borough and accountability

To achieve the above key steps, stakeholders recognised the need for an engine room to drive and coordinate strands of work, and to align commissioning budgets centrally. This would ensure that provision was complementary and not duplicated and was delivering against a shared understanding of need and objectives.

The aspiration for more coordinated partnership working locally is also taking place elsewhere with the Health and Wellbeing Board seeking to establish a Borough Partnership, comprised of the main providers of health and care services, residents and the Council. The partnership's aims align well with the objectives agreed through the workshop, and in particular address the priority to have a shared view of our combined health and care resource, in order that it is used to best effect.

Through the workshop, it was noted that one of the emerging Borough Partnership's priority themes was 'Live Well', which has a focus on the role that work and employment can play in improving health outcomes for those at risk of poor health outcomes, in particular people with mental ill-health, learning difficulties, autism and those with long term health conditions.

The group agreed that the above, developing Borough Partnership structure, could provide an appropriate governance framework for the work strands of the working group. This would ensure oversight, accountability and strategic focus identified as necessary to create more coherent overall pathways.

Learning

Some key learning points were identified. These included that fragmentation in the health and work agenda had caused gaps in the overall referral processes for residents into existing provision and to identify gaps in service and priority focus. Key to being able to leverage the power of partnerships is to have the ability to jointly influence funding, commissioning and resource.

With Haringey having few large employers in the borough, the Council and NHS have a key dual role as commissioners and employers, needing to lead by example as employers to provide routes into their organisations for people with health conditions and other identified disadvantaged groups.

Reading – using data to focus and set a new skills direction

Background

In early 2020, the Principal of New Directions College, Reading Borough Council's adult and community learning service, decided to begin building a broad partnership focused on the learning needs of local communities as we enter a decade in which many people who hold Level 2 qualifications will find it ever-harder to find work. This economic upheaval will be brought about largely by the automation of human roles through robotics and artificial intelligence (AI), disproportionately disadvantaging people with low qualifications. The Principal saw this as a '*Level 2 timebomb*' which could leave behind a significant proportion of the local population in an economy mostly known for being hi-tech, high value, and high skilled.

The partners identified as having a shared interest in this issue were the Thames Valley Berkshire LEP, the local DWP partnerships team, Reading's independent regeneration company, and local authority economic development and skills specialists from Wokingham, Bracknell Forrest and West Berkshire.

> *Community Learning and Skills has a long track record of supporting the most vulnerable and disadvantaged members of our communities enabling both positive economic and societal outcomes. Whilst our services are separate, we recognise that we have a collective responsibility to deploy the Adult Education Budget resources effectively to help ensure that the digital divide is not widened by the impact of technology.*

Principal, New Directions College, Reading

One of the biggest challenges that needed to be addressed was integrating decision making around adult and community learning, with other local decision-making around policy and delivery within and between local authority areas. This is in part due to the way central government funds adult and community learning which disincentivises collaboration. For instance, an adult and community learning team in one local authority area will often be working with only minimal co-ordination with their peers in other parts of the same economic area (in this case the Thames Valley). This risks missing strategic collaboration opportunities for example, the gathering of insight into the digital skills needs of employers. Locally, they wanted to change this.

In addition, despite having significant socioeconomic inequality, Reading and many other parts of the Thames Valley are often seen locally and nationally as affluent and high-skilled. This lack of a 'two-worlds' narrative, of need alongside relative wealth, (which underpins approaches in many other areas of the South East), is a further hurdle to tackling a low qualification level.

The approach they are taking

In March 2020 as part of LGA's place based employment and skills support programme, the Principal of New Directions convened a roundtable of key partners to consider a detailed evidence base (prepared by Shared Intelligence) detailing the Level 2 challenge in terms of the numbers of human job roles across the Berkshire Thames Valley area which are likely to be lost to automation.

This showed that in Reading alone there are 29,127 at-risk jobs, with the highest numbers among wholesale and retail, and service sector employers. The data also showed that in terms of individual workers, sales and retail assistants were at particular risk, as were all workers for whom GCSE level was their highest qualification.

The roundtable discussion provided time and space for partners to agree on the importance of the Level 2 issue and share details of the extent of the challenge and individual initiatives already underway. All those present agreed far more focused and concerted effort would be needed. As a result of the roundtable the Thames Valley Berkshire LEP are now planning a follow-up discussion to ensure adult and community learning is directly interwoven with the Berkshire Local Industrial Strategy and Skills Priority Statement – key documents which guide investment. Part of this will include creating a stronger narrative about the inequalities that exist in the Thames Valley especially around skills, and the 29,000 jobs at-risk due to automation. DWP also agreed to look at how the National Retraining Scheme will be implemented locally to ensure this too reflects the Level 2 challenge, in particular individuals with complex needs.

Partners began exploring issues around digital skills and whether the adult learning offer is keeping pace with what employers require. For example, one borough knew of an example where someone had taken a job at Ikea but quit soon after because they could not use a tablet device (a key requirement of that role). Partners had begun to question the relevance of a 'digital skills' adult learning offer based around Microsoft Office products, in the context of current workplace technology needs.

They also considered the challenge of obtaining sufficiently detailed insight from local employers about their evolving digital needs. Partners were also able to share examples where the skills offer was pre-empting employer needs, e.g. around electric vehicle maintenance and personal social care skills for working in a telehealth environment.

Learning

The key learning from the Reading work has been the power and potential of locally relevant data (as opposed to broad UK data) to create a shared understanding of the challenge and stimulate joint action. Coming together around a particular challenge to discuss local solutions has been central to developing this understanding.

The Reading example also serves to share learning among others about the need to connect sub-regional policy and strategy (in this case those led by the LEP) with locally determined strategies. The two were not contradictory but connecting them will enable strategy to be delivered through a greater number of local levers and agents.

Surrey – broadening a partnership agenda around 'hidden talent'

Background

One of the priorities of Surrey County Council's Employment and Skills Board is to develop local solutions to help Surrey employers meet skills gaps by engaging with *'hidden talent'* – workers who can make a valuable contribution but face barriers to employment e.g. care leavers and people with physical and cognitive disabilities. This agenda has been championed by one of the board partners, the CEO of a county-wide youth charity. This charity has undertaken a survey of employer views which has become a key tool for growing this agenda. The survey showed that most firms employing people with learning disabilities believed it was making their business a better place to work and was also good for external relationships with customers and stakeholders.

The approach they are taking

The lead officer supporting the employment and skills board is now seeking to broaden support for the *'hidden talent'* agenda among more of the county's employers and go beyond 'doing their bit' or 'giving back' to a route to business advantage in its own right.

The goal is for more Surrey employers to understand the contribution of *hidden talent* and for that to be reflected in their recruitment and operations.

The employment and skills board therefore decided it would be useful to gather evidence and best practice from beyond the county, of companies proactively recruiting hidden talent to achieve competitive advantage.

The board also decided to narrow the focus specifically to workers with cognitive disabilities and their role in the service and knowledge economy sectors – to fit with a specific area within Surrey's economy which is seeing increasing skills shortages. This part of the agenda – often referred to as 'neurodiversity' – has received increasing attention especially since the publication by UK music publisher Universal Music in early 2020 of "Creative Differences: a handbook for embracing neurodiversity in the creative industries"[4].

As part of the support provided to Surrey through the LGA support programme, Shared Intelligence undertook a rapid literature review dealing with cognitive disabilities and employment to illustrate the commercial and competitive benefits of building neuro-diverse teams. The research found evidence of the economic potential of *hidden talent* groups from the perspective of employers, in a language which was compelling to employers and focused on the contribution of hidden talent as an asset.

The results of the literature review supported many of the findings from Surrey's original employer survey: that businesses gave performance, productivity, customer satisfaction, attendance and retention as the highest-rated reasons for employing staff with cognitive disabilities, and that they also contributed positively to an organisation's public image. The literature review also found evidence of net savings to the public purse and society, when more people with cognitive disabilities were employed.

Building from this literature review, an accessible slide-deck was created for the Surrey employment and skills board to use to broker new conversations with employers and build support for the hidden talent agenda.

The slide-deck summarises the literature to demonstrate there is depth of evidence underpinning the *hidden talent* agenda, but also highlights practical examples of major firms who have actively sought to build neuro-diverse workforces because of the business advantages this provides.

Learning

Key to Surrey's promotion of this agenda has been the partnership between the Surrey Employment and Skills Board members and a lead officer with a shared view of the potential of *hidden talent*. Between them, they have identified a compelling challenge which can be clearly articulated, and which fits with the specific shape and needs of the Surrey economy.

Although the existing Surrey survey data was a useful tool, the arguments benefited from being broadened out to encompass evidence and examples from beyond Surrey to demonstrate to new

[4] https://www.umusic.co.uk/Creative-Differences-Handbook.pdf

partners the economic benefits of employing hidden talent and that this is not just a local agenda but part of a larger set of issues being recognised and championed globally by both small and large employers.

This particular set of issues around *hidden talent* is an important example which shows how economic inclusivity needs to be considered more widely and beyond opportunities within low-wage roles or those requiring low qualifications.

South Ribble – Supporting mental health provision in the local business population

Background

Mental health is an issue which is becoming increasingly prominent. These conditions can be caused by a variety of systemic issues, including stress, discrimination and financial concerns, among other things. The result is a marked effect on those who suffer, often impacting the ability to attain and maintain employment. For those who do maintain employment, there is often an issue around presenteeism and a resulting reduction in productivity in the workplace. Overall, research has found that mental health conditions have a £35 billion impact on employers per year in the UK[5]. Mental health is an issue in both South Ribble and Lancashire, with around 15 – 16 per cent of those over 16 years of age having a common mental health disorder. This has therefore been identified as a major contributor to the regional productivity gap, and a significant issue to solve.

Both South Ribble and Lancashire are particularly interested in tackling these issues, and have developed partnerships with relevant stakeholders, including local businesses, the Clinical Commissioning Group (CCG), the NHS Innovation Agency and others. These partnerships will be used to feed into a county-wide and South Ribble improvement strategy in mental health awareness and support and will assist in raising awareness of mental health conditions amongst local businesses.

The challenge faced stems from the varied and often confusing nature of mental health support on offer, which can dissuade local businesses from offering appropriate and complete support to their employees. The impact of this is that some businesses, particularly SMEs struggle with finding appropriate provision for their workforce. A further issue is limited awareness of the impact of mental health on the workforce, and the corresponding impact on productivity.

Therefore, the aim is to have a local response to addressing mental health, helping to get people with mental health concerns into employment and ensuring that there is sufficient mental health support provision in workplaces to maintain employment and productivity and to reduce presenteeism.

The approach they are taking

The approach to improving the mental health provision in Lancashire is being carried out over multiple stages. The first stage is the creation of a report on mental health which identifies issues and makes recommendations on how to improve the provision for businesses in Lancashire.

[5] https://www.centreformentalhealth.org.uk/sites/default/files/2018-09/CentreforMentalHealth_Mental_health_problems_in_the_workplace.pdf

While the final recommendations will be discussed at county level, the report will be focussed on South Ribble as a broadly representative part of Lancashire. The initial work needs to ensure that South Ribble is sufficiently representative of Lancashire in several key areas, including population, labour force projection, employment across sectors and deprivation. This 'insight report' by Lancashire County Council (which can be accessed at https://www.lancashire.gov.uk/lancashire-insight/) found that South Ribble was representative of the Lancashire area in all comparators except deprivation, however, this difference was deemed small enough for South Ribble to be broadly representative.

The next step of the process was to map the mental health provision, both public and private, to determine how many schemes are available to employers, and the specific offer of these schemes. This involved grouping the mental health offer by different types to identify where the offer is primarily targeted.

Finally, a survey of businesses was carried out to determine whether businesses had mental health support, what type of support they offered to their workforce and whether they would want to provide more support. This survey showed that, in general, businesses are very receptive to mental health support. While around a third did not have mental health support, many were willing to increase their support if there was an easy and accessible option to do so.

These outputs were then used to develop a report on mental health provision in South Ribble for presentation and discussion at two workshops which the council hopes to hold in the near future. The first workshop is planned for South Ribble Council and the South Ribble Partnership to develop an action plan for further work on mental health provision in the Borough. The second workshop would be at a Lancashire level, working with partners including the LEP, Job Centre, the Clinical Commissioning Group and private businesses.

Taking these discussions further and ensuring that achievable actions are developed and undertaken will be an essential next step in the process, following the recommendations proposed in the paper, including better signposting, the creation of a Lancashire mental health charter, and raising awareness of mental health to ensure those with mental health conditions are not stuck outside of the workforce.

Learning

The collaborative working of the South Ribble partnership and the Lancashire Mental Health to Businesses (MH2B) Building Blocks Partnership has allowed South Ribble to be a representative sample of the wider Lancashire area, meaning that the focus on the development can be on a much smaller area, with recommendations able to be rolled out over a larger area.

Another key piece of learning from this has been the need to engage and collaborate with businesses, public sector organisations and others to identify potential issues in local areas which may not always be reflected in all of the available data. This is particularly relevant for South Ribble as there is comparatively high employment rates which masks systemic issues around mental health and presenteeism.

West Yorkshire Combined Authority – integrating a local approach to skills, employment and health needs

Background

The Future-Ready Skills Commission includes membership from a wide range of leading thinkers from education and business. The independent Commission is supported by the West Yorkshire Combined Authority (Combined Authority) to inform its journey towards a devolution deal. The Commission was established to design a post 16 skills system that addresses the challenges.

"Helping our people to develop new skills relevant to the changing labour market and understand what opportunities are available will be vital as we work to help the region recover from the impact of COVID-19. The Future Ready Skills Commission, which I chair, is creating a blueprint for a devolved skills system for the UK, where people have the information they need to make the right choices about their careers. We look forward to working with the Government to explore its recommendations as part of the West Yorkshire devolution deal signed in March."

Cllr Susan Hinchcliffe, Chair of The Future Ready Skills Commission

On the journey to securing a devolution deal for West Yorkshire through the work of the Combined Authority and its partners, the Future-Ready Skills Commission (http://futurereadyskillscommission.com/) was established to design a skills system that could meet the challenges of the changing economy. It addresses economic shifts such as Artificial Intelligence and Automation, the rise of the gig economy, changing work patterns and a much-needed shift to a low carbon recovery. The Commission's final report will be published in Autumn 2020 and is considering the post-COVID recovery as one of the place-changing factors.

The Commission defined ten core priority areas in which action is required to support the economy. Looking at regional, national and international evidence, it identified a highly centralised skills system being a barrier to policy development and perpetuating a fragmented funding landscape. Its approach has been to create a 'Blueprint for a devolved skills system', making its work and findings relevant at a national level. The Commission considered how this work could inform other places also grappling with a similar set of challenges.

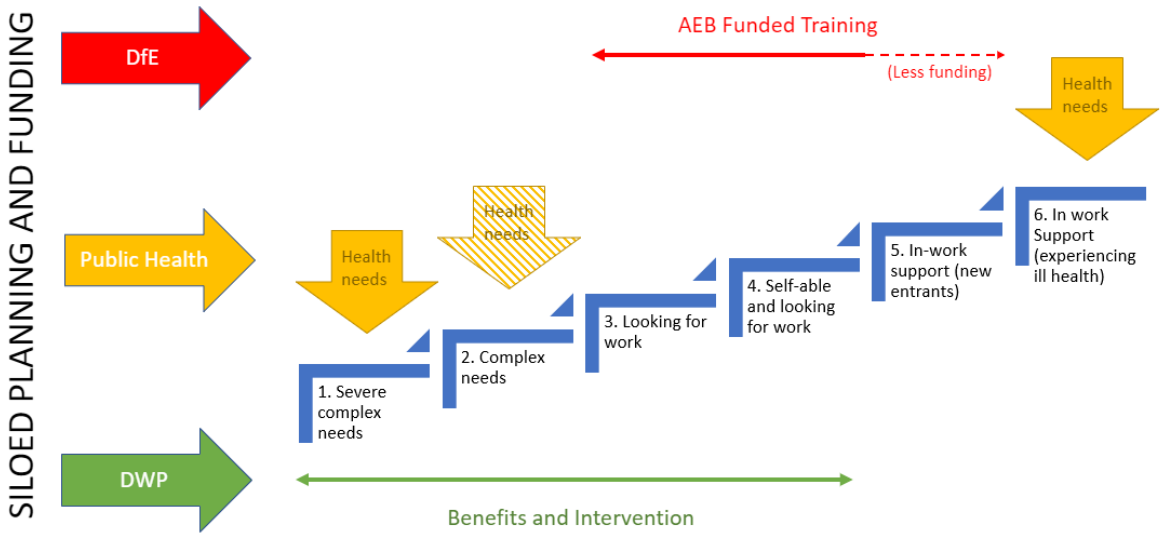
'10 things' that need to change have been identified in the work of the Future-Ready Skills Commission. One of these core priorities became the basis of this case study, which relates to the integration of skills, employment and health needs.

The approach they are taking

Since October 2019, West Yorkshire Combined Authority has been engaging with stakeholders on the local approach that needs to be taken to join up skills, employment and health in order to support progression to work and sustained employment. Roundtables, workshops and a series of stakeholder discussions were held over a 6-month period to take forward local thinking and collaboration while engaging with partners to understand roles and responsibilities.

The work explored how skills and employment provision could ensure that better outcomes could be delivered for local residents. This included mapping out the interventions that support individuals returning to and sustaining employment depending on their distance from the labour market and

considering a 'customer journey' developed by local Department for Work and Pension's staff, which comprises of 6 stages: 1. Severe complex needs; 2. Complex needs; 3. Looking for work; 4. Self-able and looking for work; 5. In-work support (new entrants); and 6. In-work support (experiencing ill health).



The support from Shared Intelligence included the facilitation of a workshop with a diverse group of 20 partners to explore what activity needed to happen at a local, regional or national level in order to support devolved funding and responsibility. This workshop brought partners together from government departments, education and training providers as well as council and LEP representatives. All of the participants had active involvement in the skills, health and/or employment space and many supported individuals with health-related needs.

A number of actions were identified at a national, regional and local level using a framework of four core dimensions:

- Governance – considering the roles and responsibilities of each of the parties
- Funding – considering the approach to the current funding perspective
- Data – an essential part of evidence-based decision making
- Coordination – which will yield improved benefits for skills and health

Learning

Bringing together institutions spanning the employment and skills landscape and combining with partners across health enabled a whole-system view of the skills system. It identified commitments from partners to set out what each partner would do differently or in a more joined-up way. This included best practice examples of using, and access to, data as well as data sharing protocols.

Of benefit to the Combined Authority was independent facilitation. This enabled the Combined Authority to be a part of the discussion, as opposed to leading it, thus enabling a more rounded debate on actions required at a national, regional and local level.

Since supporting the Combined Authority through the LGA programme, it has agreed a devolution deal with government which includes supporting local skills needs to improve levels of productivity as well as the inclusivity agenda.

Learning from the project and recommendations for the future

The roles played by councils and CAs in supporting positive employment and skills outcomes comes from their detailed local knowledge of their local communities. While not able to control all of the moving parts, the council or CA is unique in its ability to convene partners across employers (public, private and third sector), training and employability providers, government agencies and the rest of the public sector.

This is likely to become more intense as we begin to understand the full extent of the post-COVID-19 position, the country's path to economic recovery and the role that councils and combined authorities will play to ensure positive outcomes for residents into jobs and new skills pathways.

This section of the report reflects the learning from councils and CAs and identifies actions that can be delivered at a local, regional and national perspective to support place-based employment and skills commissioning.

Flexible place-based funding and more local decisions are required

A consistent challenge identified through the project was that skills and employment programmes are often time-limited, fragmented, inflexible and nationally driven. This disincentivises collaboration. Despite this, this project has shown how councils and combined authorities can work together, and across a wide range of partners such as LEPs, health and employers to find solutions, but it is more time consuming and resource intensive than it needs to be. Councils have a deep knowledge of their locality and CA's are able to bring in perspectives across a wider geographical footprint. By gaining more flexibility in the use of funding and allowing local democratic and accountable decision-making, efficiencies can be gained and need met more appropriately.

Actions:

Councils	• Map out local provision and cross reference with a detailed evidence base of need to identify gaps. • Continually engage with the local business base to understand need and feed local intelligence into wider partnerships to inform the development of new offers. • Work to identify solutions at local levels and build on the activity of others.
Combined Authorities	• Engage with both local partners and national agencies to deliver an evidence-based approach to funding requirements. • Seek more freedoms over decision-making on funding.
Government	• Enable local decision-making and allow flexible approaches to delivering need-based funding. • Remove overlap of funding schemes and differing department objectives to gain efficiencies. • Co-design / devolve skills and labour market policy with local government so it can land well first-time round.

Councils/CAs convening role

Partnership work is challenging and stakeholders working at a local, regional and national level all have a role to play. Strong coordination and collaboration demonstrated in this project brought partners together to identify solutions, working within the parameters set out. An essential part of this is effective systems leadership to understand the unique points of view and benefits delivered by the different roles which stakeholders play in the skills system. Across anchor organisations, most of the solutions exist and it takes 'anchor people' to lead partners through the process. Effective partnership working is crucial to all aspects of a council portfolio and this should be no different.

Actions:

Councils	• Councils have limited resources and therefore need to work with key local partners and identify their individual and collective contribution. • Councils should work across partners to ensure skills provision matches the needs of the business base or in areas (demographic or geographical) where residents are being left behind.
Combined Authorities	• Combined authorities should rightly take a lead in coordination but also consider how they can enable constituent local authorities to support the local skills system, working with councils, employers and training providers. • Work across networks of providers, supporting individual places to identify local challenges through data sets or business engagement.
Government	• Enable relationships between councils and combined authorities through devolution mechanisms and local freedoms.

Breaking the problem down

Dividing issues into separate topics and tackling them individually can help to build consensus. This can often be accelerated by identifying a single issue to tackle and developing a blueprint around it. This might be tackled by redefining a problem or tackling it from a different perspective. Focusing on skills and labour market challenges specific to the locality, and ensuring it is underpinned by data is a highly effective way to reinvigorate multi-agency partnerships and give them renewed purpose

Actions:

Councils	• Bringing partners together to define a problem before presenting a solution will ensure a greater level of buy-in from partners.
Combined Authorities	• Consider how new approaches can be used to review issues at a regional level and draw on best practice to help to support area-based decisions.

Government	• Allowing flexibility at a local level will encourage new thinking and develop new approaches.

Better mechanisms for data sharing must feature in any new employment and skills system

Evidenced-based decision making is central to all effective planning. Labour Market Intelligence (LMI) is essential to ensuring that funding and resources are used on the right projects and priorities and that this data can be shared in a way which supports all partners. There also needs to be a concerted effort to using data in a way that reduces the administrative burden of employment and skills project and programme monitoring which can take valuable time away from delivering support. As well as this, it should aim to deliver greater impact through quality measures and detailed outcomes.

Actions:

Councils	• Ensure local intelligence gained through business engagement is shared to ensure need is defined in real time.
Combined Authorities	• Develop regular and consistent LMI in order to inform programme design.
Government	• Give consideration to the available data sets which are not publicly available that may help to support evidence-based decision making and reduce monitoring challenges.

Capacity / capability for strategic planning for skills varies greatly

The resource available at a local level for employment and skills is a reflection of the reducing budgets local government has faced over the last decade. The role of combined authorities in commissioning skills programmes through the Adult Education Budget (AEB) and of councils in delivering ACL enables greater impact at a local level. Increasingly, the sector has used s106 developer agreements and Community Infrastructure Funding (CIL) to support additional employment and skills delivery which has contributed to the overall skills and employment pipeline. The challenge now at large is the anticipated impact from a post-COVID-19 spike in unemployment, which is likely to require even greater investment.

Actions:

Councils	• Each council needs to consider its role and appetite in supporting the skills and employment agenda and resource appropriately.
Combined Authorities	• Resource could be made available to work across a larger geography to identify emerging challenges.
Government	• More sharing of successful approaches and case studies are needed in order to promote best practice in the sector.

Learning from the project

The value of the project as a whole included:

- Bringing together leads from selected councils and combined authorities across the country, to help areas identify stakeholders they already work with as well as those they have the potential to work with;
- Delivering an action learning process where local areas were given the chance to identify for themselves the problems which might exist in effective collaboration, the support that they need to tackle the problems and the chance to help tailor a support offer;
- Co-producing shareable activity and actions which are applicable to areas across the country and with stakeholders in all sectors;
- Providing an independent view and facilitating conversations which challenged and tested all parties and their commitments; and
- Illustrating individual and collective challenges of a Work Local approach in the action research areas which, vitally, builds on the work already carried out by the Local Government Association.

Learning for the LGA

- Continue to build on the 'Work Local' programme to assemble the case for more freedoms and flexibilities across policy and funding at local levels.
- Making the case that skills approaches and strategies must reflect differences and inequalities at town and neighbourhood levels – using intelligence which sits within councils, and which larger bodies (CAs, LEPs) may not have access to.

Learning from this project will help councils and CAs overcome future challenges that will emerge as we begin to understand the extent of the short and long-term impact brought about by the COVID-19 epidemic. Councils and CAs have started to understand the implications for local economies and develop new partnerships that can support recovery, survival and growth. This in turn will ensure residents have access to training support and jobs, matching skills supply with demand to ensure residents can return to work and local economies can return to greater levels of productivity.

Appendix – Reading materials

Work Local report, 2017.

The original economic analysis for a Work Local approach was carried out by the Learning and Work Institute, using the methodology described on pages 57-59.
https://www.local.gov.uk/sites/default/files/documents/WORK%20LOCAL%20FINAL%20REPORT%2005072017.pdf

Work Local report 2019.

Local communities want better jobs, opportunities to improve their skills and ultimately more prosperous lives. This means that Work Local – the Local Government Association's (LGA) ambitious but practical programme to improve employment and skills services in England through local public-private collaborations – is needed more than ever. Includes updated policy suggestions and recommends pathfinders are developed to test the place-based approach.

https://www.local.gov.uk/sites/default/files/documents/5.58%20Work%20Local_making%20our%20vision%20a%20reality_v07_WEB.pdf

Summary of the Skills Taskforce.

Through three roundtables, the Skills Taskforce will bring together industry experts and sector representatives with an interest in making our skills and employment system as effective as possible, to explore how we can combine efforts nationally and locally. (December 2018 to March 2019)
https://www.local.gov.uk/topics/employment-and-skills/work-local/lga-skills-taskforce

Independent panel report.

This relates to the Review of Post-18 Education and Funding, May 2019
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/805127/Review_of_post_18_education_and_funding.pdf

Shared Intelligence

Shared Intelligence Ltd

Three Tuns House
109 Borough High Street
Southwark, London
SE1 1NL

020 7756 7600
solutions@sharedintelligence.net

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City Regions Board

10 June 2020

End of Year Board Report

Purpose of report

For information.

Summary

This report provides an overview of the issues and work the board has overseen during the last year. It sets out key achievements in relation to the priorities for the **City Regions Board** in 2019/20 and looks forward to next year's priorities.

Recommendations

Members are invited to:

1. Note the achievements against the board's priorities in 2019/20; and
2. Note the board's proposed priority areas for 2020/21

Action

Officers to take forward actions as appropriate.

Contact officer: Thomas French

Position: Member Services Officer

Phone no: 07584271128

Email: Thomas.french@local.gov.uk

City Regions Board

10 June 2020

Background and Context

1. The City Regions Board was created to provide a clear voice and resource for urban authorities within the LGA.

2. Members are asked to consider the achievements of the board over the last year against the use of allocated resources and to reflect on whether the board is continuing to meet its original purpose in response to the emerging priorities of urban areas.

Priorities and Achievements

Devolution

3. Following the General Election, the returning Conservative Government included a commitment to publish a Devolution White Paper. The Queen's Speech briefing notes outlined that the White Paper, expected the autumn, will set out the Government's strategy for 'continued local economic growth and increased productivity across the country, including plans for institutions, spending priorities, local economic plans and local growth funding'.

4. Within the context of this renewed focus on devolution and growth funding to non-metropolitan England alongside other commitments to 'level up' the United Kingdom, the Board commissioned a range of research pieces to inform the LGA's influencing of the White Paper and conversations with civil servants about the future of devolution in England. These are detailed below.

'The Devolution Parliament'

5. City Regions Lead Members agreed to support IPPR North in the publication of an independent research report: Devolving Power to England's Regions, Towns and Cities. This report highlighted the UK's centralised policy-making arrangements and made the case for an ambitious programme of economic and political devolution to help redress the causes and challenges of regionally imbalanced growth. It was launched in late February and received wide-spread and supportive press coverage.

Urban Cost Pressures

6. Building on previously commissioned research into the particular cost pressures facing urban areas and the scope fiscal devolution might play in meeting these pressures the board undertook further work to produce more quantitative evidence on urban cost pressures, with a view to influencing future funding arrangements for councils.

7. WPI Economics were appointed to carry out this work and following discussions with Members and Senior Officials the decision was taken to focus on housing and homelessness. This project is in the process of completing and the findings will be used to inform the Board's work in relation to the Spending Round and the English Devolution White Paper.

Building more inclusive economies

8. In recent years, the concept of creating more inclusive economies has risen up the local government agenda. Breaking with traditional models of economic development, councils have increasingly begun to explore how local policy levers can create growth that benefits all residents, including those who have historically been cut off from the proceeds of growth.

9. It was in this context, and with oversight of the Board, that officers commissioned IPPR North to conduct a piece of research and engagement with national and local stakeholders on the activities being undertaken by councils to build inclusive economies across local areas. The report will be launched as part of an online webinar on Wednesday 24 June.

Freeports

10. In February 2020, the Government launched a consultation on its proposed freeport policy, inviting stakeholders to provide views on the policy by 20 April 2020. Officers prepared a consultation response in partnership with a range of LGA Boards, including this one, on areas of specific interest to members, particularly its impact on local skills, business support and the wider trade and investment landscape.

Subnational Bodies

11. Building on the LGA's work to support the development of successful local industrial strategies and strengthen England's trade and investment landscape, and with a view to influencing the English Devolution White Paper, a research commission was issued in early February 2020 in order to better understand the functions and future of both established and emerging sub-national bodies. This project will be used to inform the development of the LGA's position regarding future devolution.

Supporting the UN Sustainable Development Goals

12. At the 2019 LGA Conference, a motion was passed in support of the SDGs. The motion asked councils to consider how they incorporated SDGs into their planning and with local partners. Following the motion, and with oversight of this Board, officers have worked with the European and Commonwealth LGAs to look at best practice abroad and engage with international institutions, such as UN-Habitat. A piece of work has also been from UK Stakeholders for Sustainable Development (UKSSD) to explore the role of councils in delivering the SDGs.

The UK Shared Prosperity Fund

13. The Board works jointly with the People and Places Board in further developing the LGA's position on the domestic replacement for EU funding – the UKSPF. This is in advance of the consultation we expect to be announced at the Comprehensive Spending Review. To enhance the LGA's agreed lines, the Boards have put forward the position for the UKSPF to be led by councils and combined authorities that meets the needs of our communities and driven by locally determined outcomes. Members have also

expressed the need for a greater alignment with wider growth funding and the movement towards a single funding pot.

EU Funding

14. Since the outbreak of COVID-19, the City Regions Board, in conjunction with People and Places and Resources Boards, have provided intel on how the pandemic has impacted on current European Structural and Investment Fund (ESIF) programmes relating to economic growth, training and skills. This has shaped the assurance and guidance the Government has provided local areas.

15. The Boards have also provided steers on how the remaining unspent ESIF funds (the Reserve Fund) should be used to support local areas tackle COVID-19 and support economic recovery. £50 million of the European Regional Development Fund Reserve Fund has been secured as a grant for councils to spend on implementing social distancing measures in high streets. The LGA will continue to push for the greater involvement of councils in local decisions relating to remainder of the ESIF Programme and the Reserve Fund to support the economic recovery from COVID-19.

Skills and Employment

16. The Board works jointly with the People and Places Board to steer our employment and skills work through our Work Local proposals for devolved and integrated employment and skills. Last July, following a successful series of LGA Skills Taskforce roundtables which engaged 28 stakeholders and representative bodies on our proposals, we published Work Local: Making our vision a reality. It included a range of stakeholder voices and recommends that Work Local Pathfinders, funded through existing national budgets, should run in each region by 2022 with more to follow in 2024. We launched this at a skills plenary session at last year's LGA annual conference.

17. We also commissioned new skills gap analysis for England and six local areas from the Learning and Work Institute. It set out that by 2030 skills gap predictions for the LGA by the Learning and Work Institute revealed there would be an oversupply of three million people with low and intermediate qualifications compared to jobs generated, and 2.5 million too few higher skilled workers.

18. Last September, the Boards asked us to enhance our employment and skills work. We have done this in the following ways.

    18.1. A more dedicated policy focus on young people's participation in education, employment and training, as well as adult learning.

    18.2. Commissioned new analysis on projected low carbon jobs by local authority and by sub-sectors in 2030 and 2050. The analysis by Ecuity, will be launched shortly. In the context of the current COVID-19 crisis, it will be helpful for local and combined authorities to support recovery plans and the need for more influence on skills.

19. Alongside our policy work, we have started to develop improvement support on employment and skills. These include:

    19.1. An improvement support project on place-based employment and skills commissioning delivered by Shared Intelligence to support eight local / combined authorities' work with partners to address skills and employability challenges and opportunities. Areas involved were Bristol, Essex, Haringey, Nottinghamshire, Reading, South Ribble. Surrey, and West Yorkshire CA. Report findings will be launched in coming weeks. As Covid-19 makes collaboration essential, further improvement support may be suggested to support the sector and partners.

    19.2. A case study report by the Learning and Work Institute highlighting the evolving skills and employment role of combined authorities. The learning from this project will be useful to all parts of the sector.

    19.3. A councillor's guide to council run adult and community education which includes top tips and case studies from a wide range of councils and combined authorities.

20. As the Government draws up a jobs and skills recovery plan to address the Covid-19 crisis, local government will need to be part of it. Over the coming months, the Boards will play a key role in steering this work. In June we will bring forward reports evidencing the excellent work of the sector pre COVID with a view to publishing them. Boards may want to consider commissioning further activity to continue to promote and support the sector in this space.

Programme of work and priorities

21. Within the context of COVID-19 and the forthcoming English devolution white paper the board will pursue a programme of engagement with Government and urban stakeholders to ensure councils in metropolitan England have the powers and resources to lead a successful and sustainable recovery and drive improved outcomes for their communities.

22. The Board will continue to take forward the LGA's lobbying work on skills, making the case for the Work Local model and continuing to engage with key stakeholders. The Board may want officers to focus on the role employment and skills will play in the Government's recovery plans.

23. The Board will consider the key elements of a vision for sustainable and inclusive growth and recovery in urban areas.

24. The Board will seek to ensure national policies, including the UK Shared Prosperity Fund meet the demands of urban authorities.

Next Steps

25. Officers to take forward actions as appropriate to draft a work program for the board.

Note of last City Regions Board meeting

Title:	City Regions Board
Date:	Tuesday 14 January 2020
Venue:	Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ

Attendance

An attendance list is attached as **Appendix A** to this note

Item	Decisions and actions

1 Chair's Welcome, Apologies and Declarations of Interest

The Chair welcomed members back after the break due to the general election 2019.

The Chair noted the apologies and there were no delectations of interest.

2 Brexit Update

Paul Green gave a verbal update on preparations on Brexit in light of the UK leaving the EU on 31 January 2020 and the transition period that will follow it.

Members made the following comments:

- Now that no deal planning is being stood down, there needs clarity on whether unspent no deal preparation funding given to local government will have to be returned to central government.
- Shared Prosperity Fund seems like it will go straight to the Welsh Government, but to have the biggest impact it should go to Welsh local government.

Paul Green responded:

- We understand that the Government will not request unspent no deal funding to be returned. Colleagues in the Welsh LGA have been bringing up this issue and members will be updated on the process.

Decision

Members noted the verbal update

3 Devolution and Future Priorities

Rebecca Cox introduced the paper, setting out the work to date on refreshing the LGA's devolution position following the 2019 General Election. Rebecca Cox highlighted the impact future governmental budgets will have on devolution arrangements.

Members made the following comments:

- There needs to be more clarity over the relationship between EU processes and what will happen next to structures of local government
- While devolution needs to be a bottom up process, having a central point in national government can help with joining up the different levels of local government and different political groups within the local area. A voice of unity is often what is needed.
- While considering changing from a two-tier structure to a one tier structure, it can see a break down in collaboration of services between different tiers. The feeling of not wanting to put the work in, if it feels like a short-term timeline.
- Councils and regions should not be economically disadvantaged if they do not take up Devolution plans.
- The need for sustainable financial landscapes going forward is very important in any position that LGA is considering taking. Fiscal Devolution is an important foundation in any consultation towards change.
- Investment rules from the treasury need to be updated as new authorities are formed through devolution.

Decision

Members approved the updated programme of activity.

4 Urban Cost Pressures

Philip Clifford updated members on the recently commissioned work to further explore the cost pressures facing urban areas, WPI Economics has been commissioned to support this project.

Phillip Clifford introduced Steve Hughes, Associate from WPI Economics to present to members the latest developments and findings from this work.

Steve Hughes, Associate from WPI Economics gave a presentation setting out current findings of the research, highlighting the cost pressures that were unique to urban areas.

Steve Hughes stated that the recommendation of the project is that housing and homelessness should be the focus of the research using the following criteria:

- Good availability of quality data. There is more publicly available data related to housing and homelessness than there is for looked after children. In addition, housing is a subject area where – in our experience – there is greater potential to identify credible proxy data for economic modelling.

- Political and policy relevance. Housing – for many and varied reasons – has much more prominence in the current political debate than looked after children. That is not to say that the issue of looked after children is not important – it clearly is. But policymakers – on the whole – haver a much greater focus on solutions to the housing problems across the UK.

- Clear lines of argument. Linking the qualitative and quantitative research on looked after children would be less straightforward than for the topic of housing and homelessness. In our previous research, the urban cost pressures arising from services related to looked after children were described in abstract ways. Whilst these abstract descriptions did provide a convincing case of heightened urban cost pressures, it is difficult to convert this type of qualitative evidence into quantitative assessments.

Members made the following comments:

- Students, housing and homelessness are a linked concept of cost pressures and should at least be included as a factor.
- Low Standards in the private sector are only adding to costs in housing for local authorities
- Looked after children can see other authorities picking up the costs of authorities who move to different communities.
- Domestic violence and breakdowns in relationship in looked after care can lead to costs for authorities
- There needs to be robust evidence at the end of this research, to ensure it is taken seriously for funding consideration by the sector.
- Affordable housing is a unique cost within urban areas when developers are redeveloping buildings like offices in cities.

Steve Hughes responded:

- Universities are a key stakeholder in any urban discussion of housing and will be researched as part of this project.
- There are clashes between duties of the authorities and national government policy, with tensions at a local level over health.

Decision

Members noted the presentation and agreed the focus and direction for the next phase of the research.

5 Growth Policy Update

Daniel Gardiner updated members on national developments across key areas of growth policy. Daniel Gardiner outlined current LGA work on Urban Cost Pressures and proposed a reframed set of priorities for the Board's work on growth.

Members made the following comments

- Investment in towns should not just a regeneration project, but an ongoing investment in new towns and struggling urban areas. Investment in towns needs to see a similar agreement in Wales as it is in England.
- The government should not be setting up competitive funds for towns and cities. It should be joined up to ensure the economy between these areas grows, rather than a fight between different councils. City Centres and surrounding towns need to have a greater economic understanding of supporting mutual growth in local government.
- Industrial Strategy need to be a part of long-term frameworks, rather than quicker investment proposals to the government.

Decision

Members noted the proposed reframed set of priorities on growth policy.

6 IPPR North Report- Devolving Power to England's Regions, Towns and Cities

Philip Clifford introduced members to the support the LGA has agreed with IPPR North in the publication of an independent research report.

Philip Clifford introduced the board to Luke Raikes from IPPR North.

Luke Raikes from IPPR North introduced the Devolving Power to England's Regions, Towns and Cities report, highlighting the following draft recommendations:

1. Roll out an inclusive devolution process for all of England
2. Devolve fiscal powers in phases, in a fair and sensible way
3. Develop a locally-led regional tier of government
4. Devolve economic powers to city regions and counties
5. Permanently reform central-local relationships with a new constitution

Luke Raikes stated the timeline for the report, with a publication date 14 Feb 2020, with planned further collaboration with the LGA.

Members made the following comments:

- Residents are unclear what part of local government runs which service. While regional areas have different agreements on running services, it does not matter if there is a mayor, council or different authorities, residents will not be clear on who runs what. It is hard for residents to effectively scrutinise services in this case.
- How can authorities hoping to take part in devolution ensure they get the powers they need to run their communities effectively?
- The referendum in the North East of England on Devolution came before any major public consultation happened around greater powers for the north east.
- Comparisons between East German and regions within the UK is not as helpful due to the relative economic placing of the different regions. Taxation within Germany is also changing and using it as a model might not be helpful as time goes on within this process.
- Transport for the North is a good example of achievement driven collaboration
- The withdrawal bill in Parliament has seen Scottish and Welsh governments being concerned about their scope of powers, which will impact the concerns greater within local government. The partnership model is a way forward in developing services as the UK leaves the EU.
- The report highlights real regional inequalities, with transport being an example of where funding and falls short. Even the difference between inner and outer London has inequalities to note.
- The London Finance Commission and the arguments that came out of it with the last two mayors will be a helpful place to start with fiscal devolution on a regional basis.

Luke Raikes Responded:

- Transport is an area most residents understand where powers lie within different councils, but other services this is clearly less clear.
- Process around devolution is not transparent and currently councils are not clear what powers they would receive if they started the devolution process.
- While large areas of constitutional change would need a referendum, areas of the country have seen devolved powers without holding a public vote.
- The recommendations are open for different case studies to highlight regional inequalities.

Decision

Members noted the draft report and presentation.

7 Employment and skills update

Jasbir Jhas introduced the report and sought member comments of the policy work on Employment and skills since the General Election 2019. Members were asked for a steer on lobbying for increased funding for adult skills and new idea to enhance our skills gap work.

Members made the following comments:

- Adult education is important, and it needs to flexible, informal and fit around other responsibilities learners might have
- Exploring options to identify skills and labour market demand across sectors would be a good idea.

Jasbir Jhas responded:

- The LGA is producing work on adult and community learning
- Officers will progress sector-based skills work

Decision

Members note the report

8 LGA Business Plan

Members noted the LGA Business Plan 2019-22.

9 Note of the Previous Meeting

Members agreed the minutes of the previous meeting**.**

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Sir Richard Leese CBE	Manchester City Council
Deputy-chairman	Cllr Anita Lower	Newcastle upon Tyne City Council
	Cllr Gillian Ford	Havering London Borough Council
Members	Cllr Robert Alden	Birmingham City Council
	Cllr Joanne Laban	Enfield Council
	Cllr Shaun Davies	Telford and Wrekin Council
	Cllr Martin Gannon	Gateshead Council
	Cllr Debbie Wilcox	Newport City Council
	Cllr Peter John OBE	Southwark Council
	Cllr Danny Thorpe	Royal Borough of Greenwich
	Cllr David Mellen	Nottingham City Council
	Cllr Sean Fielding	Oldham Metropolitan Borough Council
	Cllr Shama Tatler	Brent Council
	Cllr Gareth Roberts	Richmond upon Thames London Borough Council
Apologies	Cllr Abi Brown	Stoke-on-Trent City Council
	Cllr Donna Jones JP	Portsmouth City Council
	Cllr Toby Savage	West of England Combined Authority
	Cllr Susan Hinchcliffe	Bradford Metropolitan District Council
	Mayor Joe Anderson OBE	Liverpool City Council
	Mayor Marvin Rees	Bristol City Council
	Cllr Julie Dore	Sheffield City Council
	Cllr Timothy Swift MBE	Calderdale Metropolitan Borough Council