

14 January 2020

Employment and skills update

Purpose of report

For discussion and direction.

Summary

The LGA's employment and skills work is led jointly by this Board and the People and Places Board. This paper summarises recent work and activity in train and seeks a member steer on next steps now that we have a returned Government. The People and Places Board discussed this paper at their meeting on 7 January.

Recommendations

That Board Members note the report and provide a steer on paragraphs: 7-9 (Government commitments); 10-11 (Work Local); 12-14 (Suggested new work); 15-17 (Whitehall and Westminster); 18-19 (Youth policy) and 20-26 (Note improvement work).

Action

Officers to progress as directed.

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Employment and skills update

Background

1. The LGA skills and employment work, Work Local, is jointly led by this Board and the People and Places Board. It aims to make the current national system more integrated and localised, and for the sector to benefit from greater freedoms and flexibilities through devolution.
2. At the last meeting in September, Board members discussed the LGA's most recent policy priorities outlined in *Work Local: making our vision a reality* (July 2019), and gave a steer on new activity on adult skills, place based commissioning, and youth participation as well as how best to engage policy makers and influencers.
3. Since then, we have had a general election. This paper seeks a steer on how to position our work with the returning Government and its commitments on skills and jobs members and updates Members on LGA activity.

A New Government

4. The returning Government has committed to deliver opportunity and growth to people and places across the country, equipping people with the skills to compete for available jobs, and creating more and better jobs. As democratically elected leaders and place shapers, councils and combined authorities should be natural partners to achieving this.
5. As Government moves forward with this agenda, it will need to address poor levels of adult skills with those most in need of training least likely to seek it out, shortages in technical and high skilled workers, and intergenerational worklessness. It will need to drive the creation of more and better jobs including in areas of the country recovering from the last economic downturn. Our exit from the EU, digitalisation, the gig economy, and extended working lives, are set to transform our economy, which requires a far more responsive education and training system to support it.
6. In the last Parliament, several policies were introduced to address these issues including Local Industrial Strategies and Skills Advisory Panels to provide a place based focus to growth, the Apprenticeship Levy and Technical Levels to increase vocational education options, a focus on adult skills through the National Retraining Scheme (NRS), devolving half the Adult Education Budget (AEB) to mayoral combined authorities and London, and a proposed UK Shared Prosperity Fund to replace EU funding including the European Social Fund. However, fundamental issues of overly complicated funding and responsibilities for skills and employment remain in the way of effectively tackling the issues above.

New commitments

7. In its manifesto and recent announcements, the Government has committed to introduce further skills and growth policy and funding, and revive devolution. Key commitments include consulting on a **£3 billion National Skills Fund (NSF)** to (re)train people not in work or who lack qualifications, or those keen to return to work, or switch career. It also sets out that **£500 million of the UK Shared Prosperity Fund** will be used to improve

the skills of disadvantaged people. To note that the current European Social Fund which the UKSPF is in part replacing, provided this level of funding annually.

- 7.1. While greater clarity on funding is welcome, there are concerns over whether it is sufficient to reskill and upskill the population to meet our economy's changing skills demands. According to the Learning and Work Institute (L&W), in 2019, adult learner numbers fell by 3.8 million in the last decade. The Institute of Fiscal Studies analysis shows that this coincided with a [reduction of 47 percent in total funding for adult skills](#) (excluding apprenticeships) between 2009/10 and 2018/19. The Adult Education Budget (AEB) is now funded to £1.5 billion annually. Last year the L&W set out in a [report](#) that increased investment of £1.9 billion per year into adult skills would help meet 2030 skills demands, and reverse the falls in adult learning in the last decade.
- 7.2. The LGA will engage the Department for Education (DfE) through the NSF consultation and seek an early discussion on how it intends to prioritise funding e.g. by place, sector, type of employer. We will also seek clarity on the manifesto reference to 'invest in local adult education'. **Given the skills challenge ahead, it is recommended the LGA join calls for the AEB funding to be increased, with a first step to restore it to 2010 levels, with the entirety devolved to combined and local authorities.**
8. Other Government commitments include:
 - 8.1. **Delivering two million clean growth jobs.** It will be critical local residents have access to the skills needed to compete for these jobs.
 - 8.2. **Improving the Apprenticeship Levy.** This is positive and overdue, and we will continue to push for changes that enable local and combined authorities to take a strategic lead to plan investment locally (see Annex 1 for our proposed changes).
 - 8.3. Re-announcement of **£90 million to support disadvantaged young people** in to education, employment or training. The LGA is already in touch with Youth Futures Foundation which is leading this work.
 - 8.4. A **National Strategy for Disabled People** to include looking at ways young people and adults can have improved access to education and jobs.
 - 8.5. **£2 billion investment to upgrade the further education college estate** and 20 Institutes of Technology, and a **strengthened civic role** for universities and colleges.
9. These commitments offer an opportunity to reframe our existing policy lines to better match Government's current priorities. Proposals for work to support this are set out in paragraphs 12-14 below.

The LGA offer: Work Local – a framework for jobs and growth

10. The Government needs a mechanism to ensure new and existing initiatives join up at the front line of delivery in local areas leading to positive outcomes for people and places.

Local democratic councils and combined authorities should be natural partners to make sure this happens. Our Work Local proposals provide a ready solution and timetable for the Government to work with combined authorities and councils, and their partners to design, commission and have oversight of a place based skills and job offer that can re-engage communities, close skills gaps, and help businesses get the right skills.

11. Across a medium sized combined authority, *Work Local* could each year result in 8,500 people off out of work benefits, 6,000 people increasing their skills levels, a fiscal boost of £280 million, and contribute £420 million to the economy. National and local democratic accountability would be through five year Local Labour Market Agreements (LLMA). The LGA recommends that Work Local Pathfinders, funded through existing national budgets, should run in each region by 2022 with more to follow in 2024. In the meantime **Annex 1** sets out how more effective central-local partnership can improve the current system. **Members are invited to provide a steer on how we frame Work Local as a mechanism to deliver the Government's priorities and options for further work.**

Options for new work

12. **New skills gap analysis** for the LGA by the L&W projects that by 2030 not enough will have been done to reduce the skills gap between our future workforce and those required by employers. The data covers England and eight local case study areas and underlines the need for a more place based approach to skills and job creation. The report will be launched this month. **To complement this, further work could be undertaken with the areas to develop a policy response to the skills gaps, including how a bespoke Work Local model could apply to each area.**
13. **Sector skills needs:** increased investment to drive growth will not only require our workforce to have the skills to build new homes and new infrastructure, but also to take up jobs within specific sectors (green economy, creative industries etc). A renewed focus on delivering growth in specific sectors gives an opportunity to illustrate the need for local leadership in delivering effective skills and employment support. If members agree, officers could undertake further work to understand **skills needs across sectors that feature prominently in the manifesto and/or are forecast to be increasingly important in the UK and make the case for how local government can support Government's ambitions and deliver better outcomes for local people and businesses.**
14. **Customer journeys:** our bank of written and visual case studies seeks to highlight the benefits of locally designed initiatives. Board Members have previously suggested that hearing directly from people that have been through local programmes would be a powerful way of conveying the message, particularly through social media. We intend to get more of these through our youth and adult education work (see update section). **If members agree, we will work with communications colleagues to further develop this resource and give it greater prominence in our campaign activity.**

Securing buy-in from policy makers and influencers

15. *The Government:* Congratulatory letters have been sent to new or returning Secretaries of State with a request to meet. Now the political context is clear, it is suggested that the

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LGA may wish to start engaging ministers on Work Local potentially with a view to organising a summit this year. Relevant departments include the Ministry of Housing, Communities and Local Government (MHCLG), Department for Education (DfE), Department for Work and Pensions (DWP), Department for Business, Energy and Industrial Strategy (BEIS) and the Treasury. To note, last year, the LGA met with the Education Secretary, the Rt Hon Gavin Williamson MP. A key area of interest was how different parts of the skills system can join up. It would be useful to build on this discussion and set out how a Work Local model can help bring about more collaboration. **Members are invited to provide a steer on how we engage the Government on Work Local, and offer any insights into active bilateral discussions.**

16. Parliament

16.1.Devolution APPG: The LGA provides the secretariat to the All Party Parliamentary Group (APPG) on Reform, Decentralisation and Devolution. A Work Local session in Parliament scheduled for October 2019 was postponed due to the General Election. We had signed up councils and combined authorities doing innovative work in this field to showcase to parliamentarians the benefits of place-based / devolved approach in addressing skills and labour market challenges and opportunities. **The LGA will engage with the APPG to re-schedule this session.**

16.2.The Education Committee was half way through an inquiry exploring what more could be done to increase adult skills and lifelong learning, including through local action, before the General Election. Its chair, the Rt Hon Robert Halfon MP (Cons, Harlow) suggested more community provision is needed. The LGA submitted a response to the inquiry and was due to be called for evidence. We have since met with the Committee clerk to emphasise our interest in ongoing involvement. **If appropriate, officers could write to the Education Committee chair to request a meeting to discuss this and other skills related issues.**

16.3.The Skills Commission, co-chaired by Sir John Hayes CBE MP and Barry Sheerman MP will soon set out the recommendations of its inquiry into designing a blueprint for a skills ecosystem in England that can reflect both local need and future priorities. The LGA has been involved in the steering group and submitted Work Local as evidence. The inquiry conclusions were due to be launched in Parliament but have been deferred several times due to the election. **Officers will clarify the new date and ensure the Chairs of this Board and People and Places are invited.**

17. Since 2018 the LGA has stepped up efforts to engage stakeholders. In November 2019, our skills conference involved a number of organisations in sessions to discuss the UK Shared Prosperity Fund, inclusive economies, youth participation and adult skills. We will continue to explore opportunities to engage them on joint lobbying.

Update on current activity

Youth Participation policy work

18. At the last Board, Members agreed to progress the LGA's youth participation policy work. To advance this, officers have planned a series of roundtables between now and Spring,

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with each having representation from one of the three boards steering this work (People and Places, City Regions and Children and Young People Boards). They include:

- 18.1. The first roundtable (28 January 2020), chaired by Cllr Kevin Bentley, will bring together councils and combined authority colleagues. Building on the issues set out in the LGA position paper to improve youth participation discussed at the last meeting, it aims to develop the detail for how this could work for different local areas.
- 18.2. A second facilitated roundtable (February 2020) will be designed for young people, with member representation from the CYP board. It aims to bring young peoples' voices into the LGA's work and explore issues raised by Board members including issues specific to urban / rural areas, access to learning and work opportunities, challenges affecting different groups including by age etc.
- 18.3. The final roundtable (31 March 2020), chaired by Cllr Sir Richard Leese, involving stakeholders will explore how current funding and programmes can be more effectively aligned to meet the needs of young people and businesses, and how the LGA's proposed model could work with partners and stakeholders.
19. The findings from each roundtable will be integrated into a final LGA report due to be published in the summer 2020, featuring case studies and evidence to support recommendations to the Government and stakeholders. **Further comments on this work and roundtables can be sent to Bushra Jamil (bushra.jamil@local.gov.uk)**

Improvement support

Project on place-based employment and skills commissioning

20. At the last Board meeting, Members agreed that the LGA develop an improvement support offer for a small number of councils and combined authorities to work with local partners to identify and seek to address skills and employability challenges and opportunities.
21. Following a competitive procurement process, Shared Intelligence has been commissioned to deliver this support. Interest in the offer was very positive, and eight areas have been selected through a light-touch process to take part in the programme (see below for a list). Lead contact(s) from each area will come together on 8 January to define and agree the bespoke type of improvement support required for their local area. For local areas directly involved in the project, the support will enable them to set out what steps they and their partners can take to make the system more effective and work towards a more place-based commissioning approach.
22. The project will conclude in April. As an output, a final report will bring all the case study findings together and be shared with the wider sector. **A draft report will be shared with both the People and Places and City Regions Boards in March for comment.**

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	Support more collaboration between Haringey, Enfield and Waltham Forest through the Housing Construction Partnership.
Nottinghamshire	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.

The evolving combined authority commissioning role:

23. Through the LGA's secretariat role of the Combined Authorities (CA) Employment and Skills Officer Network, we provide a forum to share learning on devolved employment and skills responsibilities. This includes Cornwall given devolved functions. As the returning Government has indicated devolution will be a key feature during this Parliament, the LGA will develop a short case study report available in the Spring charting the evolving CA commissioning role in skills and employment. The learning from this project will be framed so as to be useful to all parts of the sector.

Local authority adult and community education:

24. Local authorities have a direct and vital role in adult and community education (ACE). While each manages and delivers it in a variety of ways, it is funded mainly through the Adult Education Budget (AEB). While demand for ACE continues to grow, funding for it has not. Despite a backdrop of funding cuts to councils, ACE services have carried on delivering, with 88 per cent being OFSTED rated good or outstanding, and the services as a whole playing an important part in engaging learners and strengthening communities. Recently, ACE services have not enjoyed the same profile as other parts of the skills system however there has been an increase in Government and Parliamentary interest in lifelong learning, of which ACE is part.
25. To address this, officers have commissioned a Guide for Councillors on *The Role of Local Authority Adult and Community Education in creating thriving local communities*. It will be available in Spring 2020, and include case studies and pen portraits from Bristol, Buckinghamshire, Doncaster, Lewisham, Manchester, Peterborough, Reading, Rochdale, Thurrock and Westminster. **A final draft of the report will come to the Boards in March, at which point it will be helpful to take stock of any further work required.**
26. Each year, the Learning and Work Institute's Festival of Learning recognises learners, tutors, projects and employers for their contribution to lifelong learning and the difference they make to people's lives. Past award winners have included a learner supported by Kent Adult Education (2019), and Manchester adult education service's Talk English

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(2017). Local authorities have until 11 February 2020 to put forward nominations for the 2020 Awards taking place in July 2020. **Members are encouraged to share this [link](#) with their home authorities, and let the LGA know of any local events to celebrate lifelong learning activity so that we can help raise awareness on social media.**

Financial implications

27. To be covered through the existing Budget.

Implications for Wales

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

ANNEX 1: WORK LOCAL – MAKING OUR VISION A REALITY

MAKING THE BEST OF THE CURRENT SYSTEM

While testing Work Local through pathfinders remains our ambition, with support from Government, groups of councils and combined authorities should be enabled to work with local and national partners to make the current system work better for communities up and down the country. **Annex 1** sets out what we believe needs to happen.

1. We can close the local skills gaps if the Government agreed to a localised approach to skills by:

- Immediately getting up and running the agreed DfE / LGA / LEP partnership to ensure new or existing post 16 skills policies work for non-devolution areas, to complement existing work with devolution areas.
- Skills advisory panels resulting in national and local partners coming together across the country, and if Local Industrial Strategy ambitions were fulfilled with devolved powers and funding.
- Following the devolution of Adult Education Budget to mayoral combined authorities and London, ESFA co-design AEB with all other areas, and it should be the first of a succession of skills funding streams to be localised.
- Devolve powers and sufficient funding so councils can fulfil their statutory duties to support all young people, including those at risk of, or who are NEET, care leavers, disadvantaged groups and those with special educational needs.
- Start planning now for a post-16 local offer so young people have a coherent picture of locally available options (A levels, T levels, Apprenticeships) and that T level reforms are a success.
- Hardwiring local community leadership, targeted engagement and a relevant flexible offer into the National Retraining Scheme for adults.
- Co-design the development of a locally relevant careers advice offer for young people and adults and progressive devolution of the Careers and Enterprise Company and National Careers Service funding.
- Start co-designing now for a localised UK Shared Prosperity Fund.

2. We can help increase apprenticeships and social mobility locally if the Government used the upcoming Levy review to:

- Give powers to local areas for more strategic local planning, paving the way for local partnerships to address supply and demand side issues, widen participation to disadvantaged groups and specific cohorts.
- Empower employers to collaborate more easily on transferring funds and pooling.
- Extend the two year limit to spend the Levy against standards which have only just been approved or are still in development, and put in place an appeals process.
- Commit ESFA to co-design unspent Levy and non-Levy funding with local areas now with a view to progressive devolution.
- Permit more flexible use of the Levy, including to meet the full costs of apprenticeship programmes and administration including on pre-apprenticeship training.

3. We can create good employment opportunities which residents can enter, retain and progress if the Government were to:

- Establish a partnership between DWP to engage non-devolution areas to co-design new employment initiatives to complement how it engaged with devolution areas.
- Recognise the value of devolved partnership interventions and locally commission all future employment support ie Work and Health Programme successor arrangements, with contract package areas aligned to combined authority and functional economic areas.
- Commit Jobcentre Plus to co-design activity with local partners.
- Ensure Work Coaches and Universal Credit are effectively integrated – and where possible co-located – with tailored employment support for the most disadvantaged jobseekers, particularly those on ESA. This must include effective data-sharing.
- Pilot locally led career progression interventions and ensure conditionality, support and incentives for in-work progression in Universal Credit are effectively integrated with locally-led employment initiatives.
- Work with councils to co-design support, including preventative measures, to help those with the greatest health needs stay in work, starting immediately with the “Access to Work” extension to drug and alcohol dependent people.
- Give local areas responsibility and investment to deliver labour market and Inclusive Growth reforms to support the 2018 Good Work Plan following the Taylor Review.
- [Social value themes, outcomes and measures](http://socialvalueportal.com/national-toms/)¹ are more widely applied by the public sector to support local employment opportunities through procurement contracts.

¹ <http://socialvalueportal.com/national-toms/>