

## **Moving our employment and skills work forward**

### **Purpose of report**

For discussion.

### **Summary**

This paper aims to support a Board discussion to take stock of our employment and skills activity over the past year, agree how we re-position our messaging around new Government policy, and plan activity over the coming year. This paper was discussed at the People & Places Board on 8 June.

Alongside this item is a separate paper on young people's education, employment and training.

Is this report confidential? Yes  No

### **Action/s**

Members are asked to:

1. Note activity over the past year (paragraph 2)
2. Advise on re-positioning our work given new Government policy (paragraphs 3-5)
3. Provide a steer on any new activity for the upcoming year (paragraph 6)

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## Moving our employment and skills work forward

### Background

1. This paper aims to support a discussion that takes stock of our employment and skills activity over the past year, any re-positioning needed on our messaging given new Government policy, and planning activity over the coming year.

### Activity over the last year

2. Much of our work in the past year has focused on the Covid-19 implications. We have:
  - 2.1. Responded to Covid-19 with a **jobs and skills recovery position paper** that puts Work Local principles at the heart of our solution. Alongside this we developed policy positions on **Kickstart** and **Restart** which have both shaped DWP's evolving thinking. The Boards also took a view on the **Further Education White Paper** which will inform lobbying on the new Skills and Post-16 Education Bill (May 2021).
  - 2.2. Organised a roundtable between both Boards and the **Minister for Employment** to discuss various Plan for Jobs initiatives (December 2020).
  - 2.3. Launched new data on projected **green jobs** required in each local authority area by 2030 and 2050 (June 2020). This landed well with our sector, stakeholders, national media and with Parliament having provided written and oral evidence to the Environmental Audit Committee (March 2021)
  - 2.4. Organised a **Devolution APPG session** (July 2020) on green jobs, Work Local and recovery bringing parliamentarians, councillors and stakeholders together.
  - 2.5. Worked with sector to set out the implications of the Government's **Adult Education Budget** funding rule change on councils' adult and community learning provision. Proactive work to influence the Government in progress (**see annex A**).
  - 2.6. Responded to the [DfE's flexi-apprenticeship consultation](#) (**see annex B**).
  - 2.7. Brought together **Whitehall** leads with councils to engage on, and shape, Plan for Jobs related activity, and ran a workshop with the sector and the **National Audit Office** on its inquiry into the workings of DWP during Covid-19.
  - 2.8. Enhanced our **improvement support offer** which included:
    - 2.8.1. **Councillor's guide** to maximise local adult and community learning service.
    - 2.8.2. **Local government's role in jobs and skills recovery**. To share learning and ideas across the sector we launched two online resources: 1) *Top tips on five themes to boost a local jobs and skills recovery* delivered by the *Learning and Work Institute* setting out what the sector can do to: **deal with economic shocks and opportunities, improve basic skills and capabilities, retrain the local population, address long-term unemployment and youth unemployment**. 2) Thirteen case studies delivered by *Rocket Science* showing local government's role to support jobs and skills during the crisis and looking ahead to recovery. These are on a new [Local employment and skills recovery learning hub](#) and launched at a [webinar](#) on 20 May with 208 delegates.

2.8.3. **Mapping national employment and skills provision.** As most provision is commissioned and procured nationally by Government departments or their agencies on different geographic boundaries, it can be difficult for council employment and skills teams to know what support is available and when. This completed project by *Research Matters* has mapped provision out and aims to help improve conversations between local and national government on how to collaborate on existing provision by geography and any future opportunity. It will be available in the summer.

### **Re-positioning our messaging around new Government policy**

3. In our jobs and skills recovery messaging, we recommend:
  - 3.1. Much better alignment locally and nationally of infrastructure investment to create jobs with employability measures so residents benefit from new local opportunities;
  - 3.2. That with sufficient resources and a co-design partnership to shape new and re-design existing Plan for Jobs initiatives, local government can coordinate well-intended but disconnected national schemes around 'place' so they become greater than the sum of their parts; and
  - 3.3. Moving beyond recovery and looking ahead to the Levelling Up White Paper, our Work Local principles should form a blueprint for skills and employment devolution.
4. The Government's likely approach to jobs, skills, recovery, and levelling up are set out in:
  - 4.1. The Levelling Up White paper may signal a shift from devolution and a focus on outcomes as suggested in the Queen's Speech notes: "*increasing and spreading opportunity, because while talent is evenly distributed, opportunity is not ... creating new good jobs, boosting training and growing productivity ... not through a one-size-fits-all approach, but nurturing different types of economic growth and building on the different strengths that different places have.*" (Queen's Speech notes, p30)
  - 4.2. [Skills for Jobs](#) Further Education White Paper (January 2021) confirms a business-led approach to prioritising local skills provision through Local Skills Improvement Plans (LSIPs) which will soon be [piloted](#). Our reading of the Skills and Post-16 Education Bill launched on 18 May 2021 puts employer leadership of LSIPs on a statutory footing but with no clear role for local government. **We recommend the LGA works across local government to influence this legislation.**
5. To land our skills and employment work more effectively, and in addition to paragraph 3, we propose introducing a new emphasis on our work which strikes a balance of:
  - 5.1. Continuing to lobby for improvements in programmes and structures of the skills and employment system as all communities require joined up services if they are to truly 'level up', which Work Local principles advocate.

5.2. Building on evidence in our new employment and skills recovery hub and stepping up our comms work, more effectively communicate local government's practical role to support people, places and businesses. In parallel we should describe how we are the Government's default natural partner in making good various Plan for Jobs initiatives e.g. Kickstart and Restart.

**5.3. A Board Member steer on paragraphs 3-5 is welcome.**

### Next steps

6. New activity over the coming year is suggested below to complement our existing work. A Board Member steer is sought on this or any further suggestions:

Activity	Timescale
<b>Establish a time-limited LGA 'Jobs Taskforce'</b> comprising Lead Members from both Boards to increase engagement with stakeholders (educationalists, employers, think tanks etc) to support policy alignment on topical roundtables (FE system, engaging business, green jobs)	Autumn 2021 -
Parliamentary activity to shape the <b>Skills and Post-16 Education Bill</b>	June 2021 -
<b>More systematic engagement with relevant Ministers</b> (DWP and DfE) to discuss renewed Plan for Jobs initiatives, local government's role in supporting jobs and skills through lockdown and recovery, improving relationships with Government agencies and providers at a local level.	Summer 2021 -
<b>The impact of the end of furlough</b> on local authority areas alongside existing unemployment, and what is needed from the local provider base to help adults retrain for new jobs	September 2021 –
<b>Exploring how improved and closer working between DWP and local government</b> on the ground could facilitate better outcomes for the unemployed and increased business engagement.	Autumn 2021 – Spring 2022
<b>Continue to enhance our improvement offer:</b> this could include developing a guide to Good Work Charters, and helping the sector expand its employment and skills offer and facilitate learning amongst each other (knowledge hub).	Autumn 2021 –

### Implications for Wales

7. While employability is a devolved matter, the LGA and WLGA liaise to share approaches on the level of local / national collaboration.

### Financial Implications

8. Any new policy and improvement work will be covered through the 2021/22 allocated budgets.

## **Annex A: LGA note: New Adult Education Budget reclaim threshold– implications for councils, 8 April 2021**

**LGA ask:** The Government reconsider its 90 percent Adult Education Budget (AEB) reconciliation rate. Instead it should apply a threshold closer to 2019/2020 (68 per cent) and / or base it on real time data from June returns as the closest indicator of final outturn.

### The issue

On 22 March, DfE [announced](#) a policy change for AEB funding rules for academic year 2020/2021. It means that any provider, including a local authority (plus FE colleges and independent training providers), which delivers less than the new threshold of **90 percent of their annual AEB target** will see their remaining allocations – paid on profile – reclaimed by the Education and Skills Funding Agency (ESFA).

DfE believes that the new threshold is accurate based on provider projections of adult learner numbers taken in February 2021. Reclaim calculations are based on the total Adult Education Budget provider allocation – taking accredited and non-accredited values together (see below). The amount reclaimed from the provider is the shortfall difference between the 90 percent and the actual level of contract achievement. **DfE will make final reconciliations in November and expect payment between Jan – March 2022.**

Covid-19 part affected the 2019/20 academic year, so DfE relaxed the threshold to 68 percent, recognising learner numbers reduced but costs remained. The 2020/21 academic year has been equally, if not more exceptional, with the autumn and spring terms severely affected by national restrictions, as will most of the summer term. The change does not take adequate account of the **continued** impact of lockdown on learning, local variations, set up costs for socially distanced learning in classroom settings and online learning, or reluctance of learners to engage online. **It is not logical to revise this year's threshold closer to pre-pandemic years than to 2019/20.** NB a normal year reconciliation threshold is 97 per cent.

### Implications for councils

Councils' adult and community learning (ACL) services deliver a mix of **accredited** and **non-accredited** courses, the majority of which is funded by DfE's Adult Education Budget (AEB). Across England, AEB is managed by mayoral combined authorities in devolved areas and by the Education Skills Funding Agency (ESFA) for the rest of England.

During the pandemic, they followed Government advice to keep adult learning centres open despite lower learner numbers, reduced referrals from DWP etc. They incurred costs setting up social distanced learning in classrooms which resulting in lower class sizes, and costs for online learning. Unlike other providers, they had no recourse to emergency funds, loans, reserves and because of national rules, were unable to furlough staff. Alongside the day job, they pivoted services to support the community during the pandemic (PPE, meals etc). **They remained open because Government told them to, with no suggestion money would be reclaimed. The new threshold is unfair and unexpected. If they knew this was to happen, many would have been forced to close, or reduce services.**

A recent survey of ACL providers – mainly councils – by Holesx (the representative body), revealed that **81 percent would not reach the 90 percent target.** Of those, 43 percent are

likely to reach 70-75 percent at best. The LGA spoke to several councils about the expected financial implications. Councils with a higher proportion of accredited learning (adult skills) that is paid on profile i.e. needs to be 'earned', as compared to non-accredited learning (community learning) which is grant funded, are more likely to have allocations reclaimed.

- One county council is likely to deliver 70 per cent of its target, which could require 'returning' a 20 per cent shortfall of c.£70,000. A north west unitary council forecasts it will meet 75 per cent, requiring it to make up a 15 per cent shortfall of £165,000. Both are proactively exploring how the shortfall will be funded internally and with DfE. We know of at least five other councils that expect significant reclaim of funds that they do not have. Figures not yet available.
- Those councils with a higher proportion on non-accredited grant funding are in a better position. One of the largest recipients – a county council – has an AEB allocation which is two thirds non-accredited (community learning) compared to one third accredited (adult skills), so is expected to meet their threshold through a combination of non-accredited learning and short accredited courses.
- NB There are a handful of councils that novated their AEB provision to colleges some time ago so no longer have contractual agreements with the ESFA.

**Councils do not have 'unspent' AEB funds. If the threshold decision is not reviewed, they will need to find money from somewhere.** If this is from the ACL service, it will affect adult learners in the coming year. If they cannot find ACL savings, they will need to seek funds from the council, so there are implications for wider council budgets.

**AEB is devolved to Mayoral Combined Authorities.** All are approaching this differently, but are putting in place arrangements which serve not to destabilise the provider market. Liverpool City Region has stuck to the 68 per cent threshold applied nationally last year. **Now is not the time to take money away from council ACL front line services. This change will be a real term cut that will harm services and impede local and national recovery.** The end of furlough in September will lead to a further wave of unemployment. This will likely increase demand for adult learning which councils are well placed to support. In addition, DWP's Restart programme for the long term unemployed starts this summer, and we anticipate its provider base will engage ACL services to support with rapid training to go alongside employment support. Council ACL services have played a critical role during the pandemic to support residents and employers including supporting those affected by redundancy. **This activity should continue and grow rather than have to make cuts.**

Council ACL services consistently perform well and support a client base often hard to engage. **Ofsted** judged 92 percent of ACL services as good or outstanding, making them the best performing part of the FE sector. Last year, the **Education Committee's** adult skills and lifelong learning inquiry singled out ACL as the cornerstone of adult learning, and recommended its services are expanded. The **FE White Paper** (Jan 2021) provides a real opportunity to develop a joined-up place-based local provider base. Councils ACL services are critical to this, providing a stepping stone into further learning and work. **The LGA would welcome a conversation with HMG about the added value of councils' ACL functions and we continue to call for place-based jobs and skills solutions through Work Local.**

What changes we need: **The Government should reconsider its 90 percent AEB reconciliation rate, and instead apply a threshold closer to 2019/2020 (68 percent) and / or base it on real time data from June returns as the closest indicator of final outturn.**

## **Annex B: LGA response to the flexi-apprenticeship consultation, 1 June 2021**

### *Background*

As leaders and trusted conveners of place, local government has brought real added value by coordinating action to support local businesses and residents throughout the pandemic. Recovery interventions must be locally tailored recognising that every area has different demographics, economic strengths and weaknesses. Fundamental to the success of all of this is how different interventions (national/local, existing/new) are coordinated nationally and locally. This is essential to the levelling up agenda.

Apprenticeship provision and maximum flexibility to use it alongside other interventions will be critical to addressing localised employment and training challenges and opportunities, both within local government and across the wider local economy. To this end, we are keen to be involved in further discussions with the Government about the future of the Apprenticeship Levy and submit our views on the proposed flexi-apprenticeship (FA) approach.

### *Wider and more localised application of flexi-apprenticeship*

Since the introduction of the Apprenticeships Levy in 2017, local government has got behind the policy in the following ways:

- Created almost 55,000 apprenticeship opportunities within their own authorities. Despite this, the sector continues to face skills challenges, with three quarters reporting they experience recruitment and retention issues and 51 per cent telling the LGA that they were experiencing significant difficulties recruiting for some posts.
- Supported many local employers to navigate the system to create even more across the local economy. Alongside this, the sector has made effective use of the recent Levy transfer flexibilities by committing funds to help create a further 1,900 more apprenticeships with SMEs, charities and other employers across England.

In this context, the flexi-apprenticeship (FA) approach is welcome. However, we believe it could have a wider application beyond the proposed target sectors identified by the Government and even greater impact across place including through the following ways:

- Local government as a sector has significant scope to benefit from flexi-apprenticeships within our own workforce, the maintained schools' workforce, and those of partner organisations such as employers in our supply chains. Between May 2019 and March 2020, local government saw approximately £23m returned to the Treasury in unspent Levy funds at a rate of over £2m per month. The LGA estimates this figure has risen by £3m during the 2020/21 financial year, so there is significant unspent Levy funds within local government that could be redirected to support the creation of apprenticeships in key skills shortage areas – both within our sector and with partner organisations – which the portable and flexi-apprenticeships models could facilitate.
- Portable and flexi-apprenticeships would be of particular benefit to maintained schools. Many of these schools, for which local authorities remain the employer for apprenticeship purposes, are small primary schools. Often these schools have

limited resources, find it challenging to find the funds to employ an apprentice full time and do not have the capacity to undertake the administration needed to access the apprenticeships system. Previous attempts by some of these primary schools to 'share' an apprentice between two or more schools have not always been successful due to the difficulty of getting one of the participating schools to be willing to 'bear the risk' of being the full-time employer of an apprentice that is working part-time for other schools. This could be overcome by an Apprenticeship Training Agency (ATA) acting as the employer through a flexi-apprenticeship model thereby removing some of the risk administrative burden away from individual schools and on to the ATA. Roles like apprenticeship teaching assistants specialising in physical education, which are not typically full-time in a primary school but could be full-time if spread across two or more schools, would be strong candidates.

- Local authorities have a high proportion of part-time staff compared to other sectors and there may be scope to use flexi-apprenticeships to create full-time roles shared across two or more councils – something that may be useful in particular for district councils. If a full-time role can be advertised instead with the individual placed with two geographically close authorities, it may allow those councils to address some of their skills shortages and attract higher-quality candidates.
- Across a local area, it may make sense for an apprentice to move between two or more employers that do not fall within the same sector. One such example is an off-mooted rotational apprenticeship in social care that would see the apprentice split their time between working in a local authority and working with the NHS. Government should ensure that innovative solutions to pressing problems in our country, like tackling the recruitment and retention difficulties within social care, are not excluded from this policy.
- The Government should consider a business case for employers that also operate project-based roles that may be specific to localities and regions including micro businesses who may not have representative bodies to support them.
- There is also an important role that we can play as leaders of place. Local government economic development teams work closely with the business community and play a vital role in identifying existing and future skills challenges and opportunities. With the right resources, local government could help coordinate flexi apprenticeship schemes across place.

Three other areas of the consultation we specifically wanted to make reference to in our response concern entry criteria for the new register (Q8), the closure and withdrawal of the existing dormant register of ATAs (Q11) and the issue of funding (Qs 12-15).

### *New register and ATAs*

Delays enforced by administration burdens placed on existing and prospective ATAs wanting to access the flexi-apprenticeships model must be kept to an absolute minimum. This is especially the case for those that are live running and have placed apprenticeships with employers. In these instances, ATAs should be allowed to continue to operate with no 'gap' created between the discontinuation of the current register and the establishment of a new one where they are not considered to be 'registered' and restricted from operating.

This is particularly necessary in some parts of local government due to the ongoing issue we face around the use of Pooled PAYE systems. Some operate these systems on behalf of non-maintained schools in their areas, for which they are not the employer. Non-maintained schools would typically access apprenticeship funding independently from the council, but as they share a PAYE number with the council, the schools cannot create their own digital apprenticeship service account to access the funding. This has left these schools functionally cut off from creating apprenticeships.

The use of ATAs to employ an apprentice is one solution that has been put forward by the Education and Skills Funding Agency (ESFA) to partially solve this problem (it is only a partial solution as it will only work for new starters and not existing staff that wish to undertake an apprenticeship) so it is vital that there is no disruption to ATAs' ability to operate lest this remove one of the small number of potential options to address this problem.

### *Funding*

On funding, we broadly agree with the parameters set out in the consultation for what the £7m fund can be spent on. However, we would urge the Government to think more broadly about the opportunities flexi and portable apprenticeships could bring, particularly in tackling chronic existing skills shortages of national significance, such as in the social care and environmental/public health workforces, as well as new opportunities such as the net zero jobs.

If the Government were to consider where other funding streams could align, such as apprenticeship incentives (which could be extended past the 30 September expiry date for specific sectors with acute skills shortages), or repurposing the 10% top up to apprenticeship Levy funding as a grant to Levy paying employers for use on a range of apprenticeships related costs, not just the cost of apprenticeship training, significant additional apprenticeship starts could be realised.

### *Broader apprenticeship reforms needed*

More broadly while we welcome the Government's incremental changes to the Levy since 2017 (increased incentives, ability to transfer the Levy etc), the piecemeal approach has led to more confusion on the ground, as well as unspent Levy monies which have been returned to the Government. We believe that a more fundamental root and branch reform of the apprenticeship Levy is needed.

The fact that individual employers within a local area are encouraged to plan their own Levy activity with minimal read across to what other local employers are doing means that there is limited opportunity to join up across place. We believe opportunities like this should be unlocked so that employers are encouraged to collaborate, whether that be to transfer and pool funds or develop a business cases for the flexi approach.

This could be facilitated if local government, as leaders of place and conveners of partnerships, had a lead strategic role across a local area to plan provision and more local freedom and flexibility to use these funds. This could enable us to more effectively use the Levy to address supply and demand issue, target sectors to support the local business

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community and widen participation to disadvantaged groups and specific cohorts and more local freedom and flexibility to use the Levy. Planning in this way should also wrap in unspent Levy and non-Levy funding. Alongside this we are calling for a proportion of the Levy to subsidise apprentices' wages and administration costs which to date has been a real challenge for employers.

**The LGA is keen to discuss the issues contained in this paper with colleagues from relevant Government departments and agencies and councils and combined authorities.**

End

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