



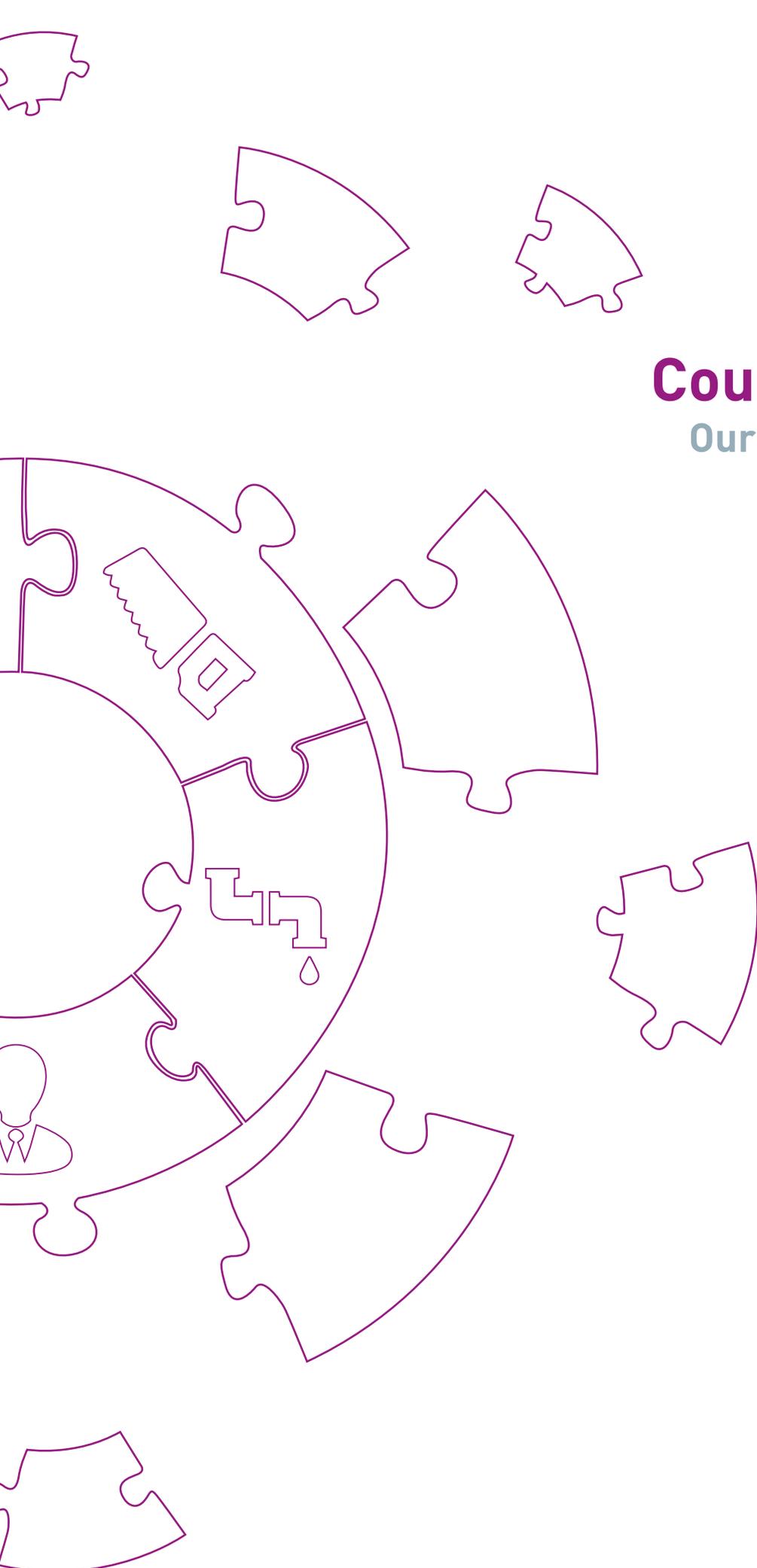
CCN

COUNTY COUNCILS NETWORK

County Devolution

Our Plan for Government
2015-20

Skills



#CountyDevo

March 2015

www.countycouncilsnetwork.org.uk

Background

Skills

The skills system is driven by learner demand, but too often learners' decisions have not been informed by rigorous advice and guidance. Often learners are guided by current provision, which continues to be offered due to historic demand. As a result training is not preparing people to fulfil their potential within current and future labour market realities. The distribution of government funding follows this cycle and perpetuates this inertia.

Additionally skills and economic needs are different in different localities. Centrally designed and administered policy and programmes are not adequately addressing these varying needs.

We know that skills and work readiness is perceived as a priority challenge by business. The 2014 British Chambers of Commerce Workforce Survey found that;

“businesses overwhelmingly feel that many young people are not adequately prepared for the workplace upon leaving the education system.”¹

They suggest that stronger links must be formed between educators and business to better prepare young people for work.

Addressing the UK's systemic skills mismatch could have a big impact on some persistent challenges for the country's economy. Equipping people with appropriate skills will be central to increasing productivity, reducing youth and long term unemployment, ensuring sustainable economic growth and reducing demand on public services across the country.

We welcome the Government's initiative to reform the skills system,² along with some moves to empower businesses and local partners to help shape skills provision. However we do not think this has gone as far as it could in achieving better outcomes. We share Government's vision

to secure a high quality, rigorous and diverse range of provision that responds to the needs of every individual.³ We believe that this can be best achieved through empowering local areas to join up key services and stakeholders; incentivise local partners; and reallocate centrally retained budgets to reshape local skills systems.

Lord Heseltine recommended that the majority of central government skills funding should be devolved to local areas. Unfortunately, so far, this ambition has not been matched by Government. Skills and employment support initiatives have been agreed through City and Growth Deals; however these have been limited in their scope and ambition. Some skills budgets have been made available through Local Enterprise Partnerships; however complicated and restrictive processes have meant that their potential has not been fulfilled.

Since the Scottish Referendum we have witnessed greater progress in City areas. For instance, the devolution of the Apprenticeship Grants for Employers and power to re-shape further education provision as part of the devolution package agreed with Greater Manchester. Sheffield City Region Combined Authority are also set to receive devolution of the majority of the Adult Skills Budget, an approach that could also be extended to West Yorkshire Combined Authority.

Although counties generally perform well in terms of skills there is still huge potential which could be unleashed through empowering local areas. A comprehensive skills devolution and decentralisation deal should be made available to all areas of the country.

County Context

Overall counties perform well on education and skills. However, as with other areas across the country, the skills system is leading to serious skills misalignments and gaps. The pattern and scale of misalignment is similar in counties to city and metropolitan areas.⁴ CCN have calculated that the value of addressing this skills misalignment within counties would add approximately **£8.2 billion GVA** to the country's economy and help **698,425 more people into jobs**.⁵

Fostering high skilled and growth sectors through appropriate training and qualifications will be fundamental to raising the productivity and sustainable growth of the country.

Some counties, particularly those in the south and south east, have extremely high productivity levels (with many performing above the UK 100 Index)⁶ and very high skills levels and wages.⁷ The levels of performance in these counties is internationally competitive, and far outstrips the value of England's core cities and metropolitan areas. There is some symbiosis with London, but counties build on this and add much of their own value to this. These are the true dynamic, innovative, economic hubs of the country and the drivers behind our sustainable growth and productivity. We must support our hubs and give them the powers to capitalise on and perpetuate their success, if we want to improve our national competitiveness.

Conversely some counties have low productivity (below that of the core cities),⁸ low wages⁹ and have seen a decrease in employment over the last few years.¹⁰ These also tend to have lower skills levels and higher deprivation than other county areas.¹¹ If we are to increase the performance of the country it is imperative that these areas are given the tools they need to improve their skills systems and provide opportunities for their communities and businesses. Allowing cities only to address local economic issues will miss the vital opportunity to

build the economies of the north, midlands and west and put our national economy on a sure foundation.

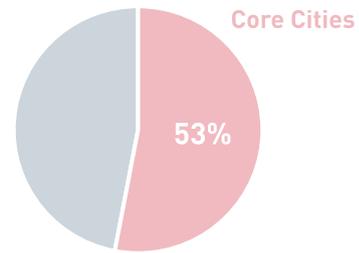
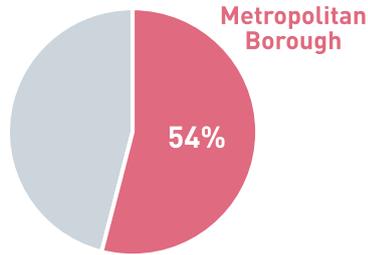
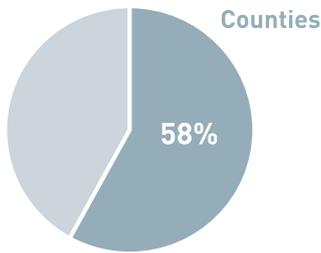
Counties also face a long-term structural challenge – we have a larger proportion of older people and a lower proportion of 0-24 year olds than other types of economy.¹²

This highlights the importance of ensuring that young people have the skills they need to find appropriate work and that people are supported throughout their lives to upskill and achieve their potential. It is also key that counties are enabled to develop the systems and infrastructure needed to support business growth and employment in counties.

It is clear that all local areas must be empowered to be responsive to changing and emerging industries and skills needs. This will include the ability to work with business and providers to shape high skilled vocational career paths which are clear and attractive to students.

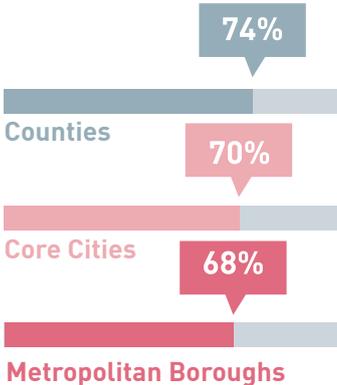
HEADLINES

Counties have a relatively high proportion of young people achieving 5 GCSEs A*- C:ⁱ

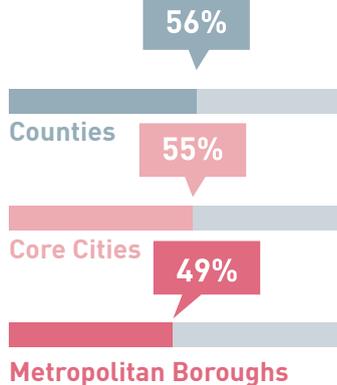


Counties have relatively high levels people achieving qualifications:ⁱⁱ

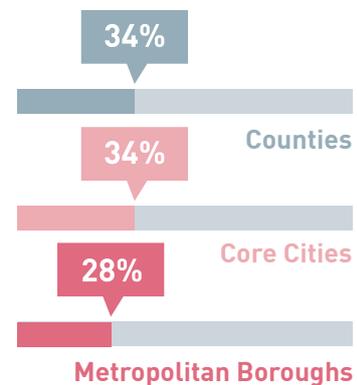
Level 2 qualification:



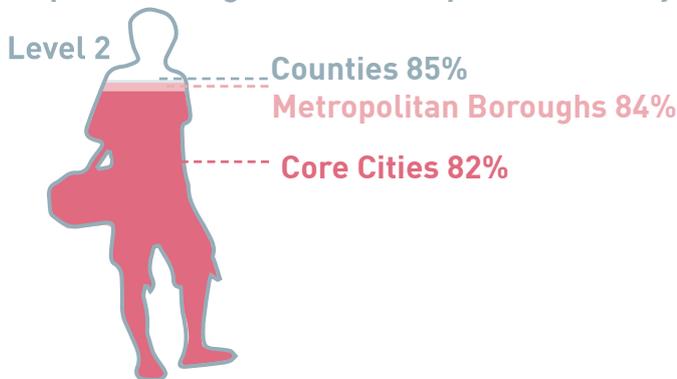
Level 3 qualification:



Level 4 qualification:



People achieving level 2 and 3 qualifications by age 19:ⁱⁱⁱ



County economies have a high proportion of skilled trades:^{iv}



Counties have relatively high earnings:^v



Resident base £516
gross pay per week



Work base £483
gross pay per week

BELOW THE HEADLINES

County Skills Gap



Skills gap: Hair and Beauty: **around 44,000** people training, for **around 4,200** vacancies, a ratio of over **10** people training per job.^{vi}



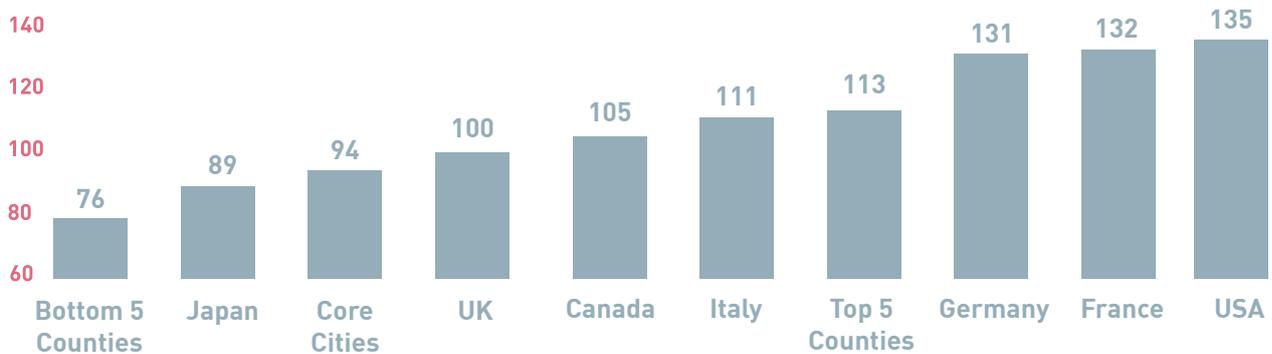
Skills gap: Building Services and Engineers: **around 17,000** people training for **around 27,000** vacancies, over **one third** of these high value jobs are not being trained for.^{vii}



Addressing the skills misalignment within counties could ... **add approximately £8.17 billion** GVA to the country's economy and support **698,425 more people into jobs.**^{viii}

Varying Performance Across Counties

Productivity of counties varies greatly, and the productivity of the country is low^{ix}



High level skills varies greatly across counties:^x

Proportion of the population with level 4 skills



Devolution Proposals

Skills

To combat youth and long-term unemployment, increase productivity and meet the pressures of an ageing population we need to ensure skills provision is preparing people to enter in to meaningful employment and offering opportunity to upskill throughout their lives.

In our research supporting this project Council Leaders and Chief Executives listed skills powers and budgets as one of their top priorities for devolution. There was also a strong steer from our member councils that skills devolution could be an early measure taken by Government that would see benefits for all involved.

Local partnerships are uniquely placed to tailor services to need, join up partners and provision and create a local marketplace for employment, skills and learning for all stakeholders. They are able to utilise detailed information and understanding of local communities to design and influence provision.

Different county areas will have different governance mechanisms for taking on devolved powers and engaging with partners. In many places these are business-led, such as LEPs or Employment and Skills Boards, with strong business, provider and local authority representation.

We believe that this approach could be maximised by the devolution and decentralisation proposals set out below.

1. Devolved power to reshape post-16 skills provision

As identified in Lord Heseltine's' review of economic growth, the **Adult Skills Budget should be devolved to local areas**, so that they can shape the skills system to meet local economic and social needs.

Local partnerships should be empowered to work closely with colleges, providers and

businesses to determine funding allocations for provision of post-16 study. This would ensure funding follows the current and future needs of the economy, including preparation for growth and emerging high value industries. Multi-annual settlements could be agreed by the local partnership to ensure stability for colleges and businesses.

There could also be a role here for empowered local partnerships to help support the development and transition of colleges and to develop local initiatives such as 'employability accredited qualifications' which encourage considerations of business realities in provision and learning.

The introduction of learning loans presents an opportunity to influence learner incentives and shape the system to align with local and national needs. Local areas are in a unique position to understand what is needed and put in place measures to influence an achieve this. For example these could include powers to define loan eligibility criteria, or offer differential interest rates. Devolution would also allow local partnerships to join up support around demographics who may find this means of funding difficult to access.

We welcome initiatives to channel apprenticeship budgets through employers. The value of this could be maximised by devolution. Local partners, working closely with businesses could help more organisations set up apprenticeships and pump prime key sectors.

Local partnerships could also have an important role in increasing the number of 24+ year olds who take up apprenticeships, through designing joined up support around this demographic and businesses.

As part of new devolved and decentralised skills provision, we call for a new approach to shaping

the post-16 skills system through **devolution of the Adult Skills Budget**, in particular:

- **Funding allocations for providers of post-16, vocational study should be determined by local partnerships to meet local economic growth priorities.**
- **Local partnerships should be empowered to shape the Further Education loan system, incentivising the completion of training and qualifications along local business and economic priorities.**
- **Budgets to allow local partnerships to support local businesses to maximise the quality and quantity of apprenticeships and ensure the suite of provision anticipates future economic needs.**
- **Traineeship budgets should be devolved to the local level, so that they can be best targeted to support vulnerable people and meet economic priorities.**
- **Endorsement by Central Government of a stronger approach to joint collection and sharing of skills, employment and labour market information.**

2. Power to oversee and strengthen careers advice

It is key that learners are provided with useful advice and guidance about the realities of the labour market, before they make important decisions about education, training and work. It is clear that careers advice arrangements as they stand are not achieving what they could.

As well as technical, job specific skills businesses also cite lack of 'softer skills' such as

planning and organisation, customer handling, problem solving and team working in connection with a substantial proportion of skill-shortage vacancies.¹³ We must ensure that options and career paths, for both academic and vocational routes, are clear and provide value for young people.

City Deals have seen powers to oversee careers advice and link employers with providers devolved to some local areas – this should be made available to all local areas which are ready.

Local partnerships should be empowered to play a crucial role in overseeing careers advice from pre-16, in schools and colleges. This could include the power to require schools, colleges and skills providers to use evidence on local employment needs and approved materials to support their careers advice. In addition, they should publish information on the outcomes secured by learners on different study programmes.

Local partnerships should also be empowered to play a strong role in building relationships between local businesses, schools, colleges and skills providers. This could allow young people to have a more active, realistic and inspiring engagement with business before they take choices and enter work.

As part of new devolved and decentralised skills provision, we call for a new approach to the provision and overview of careers advice:

- **Local partnerships should be empowered to strengthen and shape careers guidance locally.**

3. Real local control over European Social Funding

The resources available through the European

Skills

Social Fund (ESF) should present a significant opportunity for local partners to augment employment and skills provision and secure economic and social outcomes. Unfortunately decisions on process taken at the national level have imposed a rigid control framework on local partners and have, in effect, replicated Whitehall silos at the local level.

To tackle this issue we suggest that Government allow local partners to use devolved money to match ESF at the local level and free local partners from the nationally imposed control framework and from operational restrictions. This would work alongside a devolved Adult Skills Budget, where local schemes and funding can be aligned and value for money maximised.

As part of new devolved and decentralised skills provision, we call for a truly local approach to European Social Funding:

- **Local partnerships should be granted the flexibility to use ESF monies to address local needs, rather than deliver to prescriptive national frameworks and restricted operational processes.**

Call for Evidence: Wider Hampshire

While a highly successful economic region, Hampshire's continuing economic success is contingent on the ability of businesses to secure skilled workers to compete nationally and internationally. Despite growing demand for high skilled workers, a significant proportion of residents of working age have no qualifications and businesses continue to cite a lack of employability skills as a barrier to growth. Across Wider Hampshire there also remain too many NEET young people (those not participating in education, employment and training).

There are barriers to addressing these challenges within the existing fragmented skills system:

- Across Hampshire County Council alone there are broadly 43 different providers of further education. Any one provider could receive funding from up to four different sources and it is not transparent who is delivering what in the Wider Hampshire area.
- In 2014/15 the EFA will spend £224.4m across Wider Hampshire, excluding the high needs top up. In addition, the SFA will spend at least £50m, bringing total spend in the areas to around a third of a billion. Local authorities have very little influence over this funding, despite being responsible for educational outcomes and participation levels.

Wider Hampshire wants the devolved freedom to:

- Join up delivery of skills, training and employment schemes, ensuring local provision is responsive to local labour demand, supporting young people to participate in education and training and enabling more people to access work.
- Create a single pot for post-16 young people's and adults' funding locally, with a balance between national criteria on how funding should be used and local discretion.

Call for Evidence: Cornwall

Improving skills levels and training opportunities is vital. Although Cornwall have seen improvements, over a fifth of the economically active population have no qualifications. In some neighbourhoods over a quarter of the working age population are claiming out of work benefits. These areas suffer from high levels of worklessness, low educational achievement and lower life expectancy which the Council and partners are determined to address.

Having access to a workforce with the right skills is essential to the economic prosperity of Cornwall. Cornwall's geography and distance from major economic centres presents challenges in recruiting and retaining workforce and it is therefore critical that they develop local skills to meet the area's future economic needs. As Cornwall seeks growth in new areas such as renewable technologies and witnesses a skills gap in growing areas of demand such as adult social care, it needs to ensure that skills funding is focused upon areas of future demand and local need.

Cornwall's proposals:

- Increased local involvement in the planning cycle of skills funding would enable a noticeable shift in the curricula delivered to meet our future economic needs. This could include wider provision of apprenticeship frameworks (and a corresponding increase in the number of opportunities delivered).
- Introduce a uplift for smaller group numbers in particular geographic locations where there is not a major campus to ensure local people will have access to skills development which will make their local community more economically vibrant. In Cornwall this would secure equality of access for their more rurally isolated communities to progressive skills development in line with their Community Learning Strategy.

Call for Evidence: Derbyshire

Employers across Derbyshire and Derby city are clear that recruiting appropriately skilled people is the challenge to their sustainable growth. There is evidence of skills needs at all levels.

The ability of businesses to move up the value chain and increase productivity is dependent on their ability to access appropriately skilled workers. Current efforts to tackle unemployment and to achieve the ambition of becoming NEET-free will be undermined if appropriate skills and training, together with high quality careers advice and guidance, is not available or accessible to all residents, particularly young people.

Derbyshire's proposals:

The proposed D2 Combined Authority will facilitate the stronger governance environment needed to drive through these proposals. A local board is proposed to help drive delivery of the proposal, supported by a strong framework for securing employer, provider and labour market input/ challenge.

- Creation of a 21st Century Guildhall which will provide a coherent and understood local 'marketplace' for employment, skills and learning opportunities to all stakeholders.
- Strengthen and shape the duty placed on schools regarding careers guidance. For example, Government works with the D2 CA to create a relevant framework of Careers Guidance.
- Creation of a standardised D2 'employability accredited qualification' that will be developed in partnership with local employers, training providers and DWP Job Centre Plus and allocates
- A stronger approach to the joint collection and sharing of data on employment and skills and reinforces this commitment by entering into relevant data sharing agreements.
- Government commits to working with the proposed D2 CA to identify how we can immediately become part of the commissioning process of central government funded employment and skills budgets.
- Government commits to working with the proposed D2 CA to identify and implement suitable approaches to devolve appropriate Employment and Skills budgets and responsibilities for with an aim to devolved funding being in place 2017 – 2018.

Call for Evidence: Essex

Essex business leaders, skills providers and local authorities share Ministers' aspirations for a skills system that meets the needs of employers, delivers value for money, and places vocational and academic learning routes on an equal footing.

Essex's skills challenges include:

- Relatively poor skills & basic skills gaps in the workforce impede growth & employability.
- Key sectors for growth and productivity (advanced manufacturing, medical technologies, health/care economy, logistics, renewable energy & digital/creative industries) need higher level academic, practical & technical skills to compete & innovate.
- Preparing young people for higher value jobs & up-skilling the workforce are vital.
- The skills system needs systemic change & greater localism.

Essex's proposals:

Our proposals are built on principle of devolution to the Essex Employment and Skills Board (ESB) - a business-led partnership which is already working with providers, employers and local authorities to remould local skills provision.

- Multi-annual funding allocations for providers of post-16, vocational classroom-based study, including capital, should be determined by the Essex Employment and Skills Board (ESB).
- The ESB should be empowered to require skills providers to use evidence on local employment needs to support their careers advice, and to publish information on the outcomes secured by learners on different study programmes.
- The ESB should be empowered to shape the FE loan system for Essex residents, incentivising the completion of training and qualifications demanded by local employers.
- The ESB should be granted the flexibility to use European Social Fund monies to address local needs, rather than deliver to prescriptive national frameworks and restricted operational processes.

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- ^V NOMIS. *Annual Survey of hours and earnings – resident analysis* (2014)
- ^{VI} LGA. *100 Days, Localised Data, Skills* (March 2014)
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CCN

COUNTY COUNCILS NETWORK

Founded in 1997, the County Councils Network (CCN) is a network of 37 County Councils and Unitary authorities that serve county areas. We are a cross-party organisation, expressing the views of member councils to the wider local government association and to Central Government departments.

To discuss any of our proposals in greater detail, please contact:

James Maker
Policy Manager
020 7664 3009
james.maker2@local.gov.uk

For media enquiries please contact:

Phil Baker
Policy & Communications Officer
020 7664 3010
philip.baker@local.gov.uk

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