

Report to: West Yorkshire Combined Authority

Date: 10 November 2020

Subject: **Future-Ready Skills Commission**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	

1. Purpose of this report

- 1.1. The purpose of this paper is to provide an update on the final report, blueprint and recommendations of the Skills Commission and proposed next steps for consideration by the Combined Authority.

2. Information

Background

- 2.1 Over the last 18 months the Skills Commission has been undertaking a review in order to create a blueprint for a future-ready post-16 skills system with a focus on devolution. The Commission is made up from leading thinkers from business, education, trade unions and think tanks, and is Chaired by Councillor Hinchcliffe. The focus on devolution has distinguished this Commission's work from the other national skills commissions and reviews.
- 2.2 The Commission began with a review of the effectiveness of the post-16 skills system, and considered three key areas:

- **Technical education and training**; from level 2, the basic threshold for employability, through to levels 4 and 5 and beyond, equipping people for professional-level employment.
- **Careers information and inspiration**; interventions that seek to assist individuals, of any age and at any point throughout their lives, to make educational, training and occupational choices and to manage their careers.
- **Workforce skills**; upskilling of staff in the workplace to address business needs, re-skilling and upskilling of individuals in response to a changing labour market – including people in employment as well as out of work and utilising available skills fully in the workplace to drive competitiveness and productivity and earnings.

2.3 The Commission produced an interim report in November 2019 and shared its findings following in-depth analysis of the key themes above, and wide consultation with key stakeholders. The interim report sets out the '10 things that needs to change' in the skills system.

2.4 The report was well received and helped to position the Combined Authority as a thought-leader on skills policy. Government have committed to considering the final findings of the Skills Commission as part of the 'minded-to' devolution deal.

Final Report Blueprint and Recommendations

2.5 The Commission published its final report 25 September and held a virtual launch that included attendance from over 100 delegates including senior government officials.

2.6 The virtual report launch included speakers representing TUC, CBI, Produmax (locally based SME), AoC and JRF and was Chaired by Councillor Hinchcliffe.

2.7 The Commission's final report sets out a blueprint for a post-16 skills system that better meets the needs of local economies and is able to respond to future challenges and opportunities in the workplace. The report argues the case for a **radical shift required in funding and local leadership** and makes nine recommendations to government, they are:

- **Ensure the funding system offers fair access** regardless of age, level of attainment, background and learning route alongside reversing the long-term decline in adult training
- Empower areas to design services around the individual to **address complex and interrelated health, employment and skills** issues
- Everyone should have right to **quality information about jobs and careers**, no matter what their stage in life.
- **Employers should take greater ownership of their talent management and skills development**, aided by a joined-up approach to business support that means they can find the help they need, regardless of the route they take to find it

- In order that people can gain the right skills needed for good quality work in their area, **all adult skills and careers funding needs to be devolved**
- Recognise that areas are best placed to understand their own skills requirements and **implement statutory five-year strategic skills plans** to make it happen
- To ensure that training meets the current and future skills needs of regional labour markets, **delivery agreements with skills providers** should be put in place, supported by investment funding
- Large-scale **public infrastructure** projects designed to level up areas should include an additional skills premium of up to 5% of the total budget to maximise
- **The Apprenticeship system needs national review** to make it work more effectively, and this should include recognising and resourcing areas as the key route to employers and individuals

2.8 The report is published alongside a series of technical papers that detail the rationale and proposals for each of the nine recommendations above and are available via <https://bit.ly/35Y4Asg>

National Policy Context

- 2.9 A number of policy announcements in relation to skills and employment have been made as part of Budget announcements and in response to COVID-19 over the last 6 months.
- 2.10 On 29 September the Prime Minister announced the 'Lifetime Skills Guarantee'. This was followed by a statement from the Secretary of State for Education on 1st October that headlined further national policy reforms from the Conservative election manifesto. Some of the announcements, including funding adults to achieve a Level 3 qualification, start to pick up the recommendations from the Skills Commission. However, they stop short of detailing the role of CAs despite the fact that implementation of the announcements may affect and duplicate provision in devolved budgets, namely AEB which funds unemployed adults aged 18-24 to achieve their first L3 qualification.
- 2.11 Further announcements are expected in the next month, including a white paper on FE Reform, and which is expected to resonate with some of the findings of the Commission.

Implementation of the recommendations

- 2.12 A number of actions and further engagements are proposed to deepen the impact of the work of the Commission, including further discussions with government departments and a mayoral roundtable.
- 2.13 A communications plan will continue to engage Commissioners and seek to place op-eds within trade press.

2.14 A full analysis of the national policy changes to date and proposed action points for implementation of the recommendations for the Combined Authority has been undertaken, and the main actions for immediate implementation are listed below:

- Use the findings of the Commission to inform the new **Employment and Skills Plan** (2021-2025) as a key document of the Strategic Economic Framework (SEF)
- **Adult Education Budget (AEB) strategy** implementation and the devolution of the adult education budget to West Yorkshire for implementation from August 2021 will allow greater responsive, place-based and innovative skills solutions rather than the current national programme which provides a blanket approach. The AEB process will extend the use of provider delivery agreements with grant and commissioned training providers as recommended by the Commission.
- The **Economic Recovery Plan** uses the learning from the Commission to identify the key priorities for employment and skills in the short, medium and long term. This includes creating skills and training opportunities for future jobs in the green economy and supporting SMEs to make the best use of the skills available in the workforce to support productivity.
- Implementation of the **local digital skills partnership** secured through the devolution deal to address digital skills shortages and key issues around digital inclusion will address future-skills needs.

2.15 The final report of the Skills Commission has been submitted to Government, and pro-active engagement has been secured from relevant senior officials and policy teams within the Department for Education and Education and Skills Funding Agency. These discussions will continue in order to influence the evolution of future Government policy.

2.16 In addition, consideration should also be given to the following:

- Ensuring that the Combined Authority's investment strategy is aligned with the Commission's recommendation of creating skills funding for every public infrastructure project in line with the Commission's national policy recommendation that 'Large-scale **public infrastructure** projects designed to level up areas should include an additional skills premium of up to 5% of the total budget to maximise' might be made a condition of the West Yorkshire Investment Strategy or made a condition of commissioning / contracting.
- Further actions to support the findings of the Commission to secure engagement with government departments and progress the devolution agenda.

2.17 Work is ongoing to plan how the national recommendations impact on local priorities. Further detailed and costed proposals will be developed following

the further anticipated national policy announcements. An update paper can be provided following any further national policy announcements.

3. Clean Growth Implications

- 3.1 The report findings will be used to determine skills priorities in the revised Employment and Skills plan as a key document of the Strategic Economic Framework.

4. Inclusive Growth Implications

- 4.1 The report findings will be used to determine skills priorities in the revised Employment and Skills plan as a key document of the Strategic Economic Framework. A key aim is to support inclusive growth ambitions, and in particular to tackle the inequality of access to opportunity.

5. Financial Implications

- 5.1 There are no financial implications directly arising from this report.

6. Legal Implications

- 6.1 There are no legal implications directly arising from this report.

7. Staffing Implications

- 7.1 There are no staffing implications directly arising from this report.

8. External Consultees

- 8.1 No external consultations have been undertaken.

9. Recommendations

- 9.1 That the Combined Authority note the findings of the final report of the Skills Commission
- 9.2 That the Combined Authority agree the next steps of the Commission's work for implementation

10. Background Documents

There are no background documents referenced in this report.

11. Appendices

Appendix 1 – Skills Commission Final Report Executive Summary