

Report to: Employment and Skills Committee

Date: 6 July 2022

Subject: **Skills Investment Pipeline**

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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:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this Report

- 1.1. To seek the views of the Committee on the priorities for investment for the employment and skills pipeline of interventions
- 1.2. To seek approval to develop a full business case for an employment support service for individuals which is being accelerated due to end of existing funding arrangements for this project.
- 1.3. To discuss the next phases on business case development and programme design for employment and skills intervention
- 1.4. To update and seek the views of the Committee on the skills element of the Climate and Environment Action Plan

2. Information

Employment and Skills Investment Pipeline

- 2.1. In March, the Combined Authority notionally allocated £21m of gainshare funding to Investment Priority 2; Skills and Training, in the West Yorkshire Investment Plan.
- 2.2. The funding is available to March 2025 for interventions that address the priorities of the Employment and Skills Framework. Interventions will be assessed through the CA's assurance process including a strategic appraisal and development of a full strategic business case.

2.3 The Employment and Skills Framework was published in June last year following an extensive consultation and engagement exercise overseen by this Committee with a number of stakeholders in the Region. The Framework, skilled people, good jobs, strong business, set out five key priorities for the Region in relation to skills for the Combined Authority and its partners, with a series of indicative actions for each. The priorities include:

- Quality Technical Education; Technical education is a choice with clearly developed pathways that meet the needs of employers
- Great Education Connection to Business; Technical education is a choice with clearly developed pathways that meet the needs of employers
- Accessing and Progressing into Good Work; Everyone has the skills to be able to access good work and is supported to take up training in the workplace that enables progression and development of transferable skills
- Creating a Culture of Workforce Investment; Every employer has a skills plan and invests in the workforce at all levels leading to reduction in skills gaps and increased productivity
- Driving Innovation and Productivity through Higher Level Skills; To increase the qualification levels, particularly in STEM, of working age adults, foster a culture of enterprise and innovation and widen the talent pool for employers

2.4 Each year the Combined Authority produces an Annual Labour Market and State of the Region report which considers the supply and demand for skills. The analysis presented in these reports, supplemented by additional data and evidence through the work of the Skills Advisory Panel will be used to inform the evidence base for future programme development.

Current Workforce Context

2.5 During the pandemic a number of economic forecasts predicted a high unemployment scenario that hasn't been realised, this is partly due to the furlough scheme, young people staying in education longer and older workers leaving the labour market. The following summarises the current state of play, however, with a predicted recession and rise of living costs it is important that a response in intervention is able to remain flexible to address the changing needs.:

- Unemployment claimant numbers are still 31% above pre-pandemic levels, but have continued to fall (-1,200 claims between March and April)
- Online job postings remain above pre-pandemic levels but have declined in recent weeks. The declines have been greatest in the hospitality and manufacturing. Further decline is anticipated as the cost-of-living crisis unfolds. 38% of people on Universal Credit are employed and this is increasing and will continue to do so.

- Changes to the work environment such as hybrid working have been accelerated during the pandemic, making the need for digital skills for learning and in the workplace critical to progression in work.
- There have been unprecedented numbers of workers over-50 leave the workforce and become economically inactive during the pandemic.
- The UK's exit from the EU has created labour shortages in some sectors including hospitality and retail.
- Some employers, particularly SMEs have not responded to labour market changes and need support to adapt their approach to recruitment including considering transferable skills
- Individuals seeking work can benefit from attending skills provision such as the short courses provided through Skills Connect that support retraining and upskilling and Adult Education Budget funded courses that support confidence, resilience and employability – both are commissioned by the Combined Authority and delivered locally.

Engagement on the future shape of skills is critical to our success

2.6 Devolution has presented the opportunity for more flexibilities and freedoms over our future commissioning and provision overseen by the Committee, affording the chance to build on what is working and check and challenge our existing approach. The Committee's work is supported by a range of advisory groups that capture the perspectives of learners and employers to support the creation of future skills and pipeline projects and interventions aligned with their needs. Example of this include:

- Mayor's Manufacturing Taskforce which is working with manufacturers from across the region on how we can create a thriving future for this sector.
- Mayor's Green Jobs taskforce
- Local Digital Skills Partnership
- Discussions with Local Authority skills leads.
- A summer engagement event with young learners on Green Skills.
- Employer workshop held on 21 July

2.7 The main messages from the employer group which included employer members from the above as well as from the CA and LEP Boards, this Committee and the Business, Enterprise and Innovation Committee as well as Employer Representative Bodies was that:

- Not enough applicants in the right place with the skills for the job, employers reported that in certain areas in West Yorkshire it's hard to find local people.
- SMEs are keen to attract graduates to the workplace
- It can be harder for SMEs to compete with large employers to compete for talent.

- Young people and businesses to work together so businesses can understand and adapt to new way of working and young people can get a better understanding of the workplace skills are needed.
- Improving inclusive recruitment processes to diversify the workforce was considered a need
- Relevant workplace skills need to be woven into curriculum better, with more modular study

2.8 The focus on what we prioritise will continue to be developed in consultation with this Committee. Whilst the consultation is going on, there is an opportunity to develop elements of the work faster in some areas in order to ensure that individuals and employers are supported through key regional employment and skills programmes and in order to ensure continuous funding including for the Employment Hub model where current funding is due to end in March 2023.

2.9 To support the Committee with its decision making, it is proposed that employment and skills interventions are developed in the following order and are considered in waves / stages in order to maximise the opportunities for consultation and engagement with the relevant elements of the sector:

Wave 1 – Employment West Yorkshire; employment support for individuals

Wave 2 – Digital Skills and Green Skills Interventions

Wave 3 – Skills Support for Individuals and Employers

Wave 1; Employment West Yorkshire

2.10 Early engagement with Local Authorities identified a key service continuation gap in employment support for individuals, with current funding for Employment Hub activities coming to an end in March 2023. The service is key to supporting individuals towards and into work and has worked with 1,500 over the last year.

2.11 This is important activity, targeting at a local level those in society with the highest levels of need for support to find and access work. That challenge has evolved as employment rates have increased and therefore a greater proportion of those not in work have more specialised and challenging needs to be addressed.

2.12 Significant investment has been made by the Combined and Local Authorities in the Region over the past 3 years matching and building on the investment from European social fundings, and latterly through responsive funding for economic recovery.

2.13 Building on the learning for predecessor Employment Hubs, a newly re-designed c. £6m Employment West Yorkshire Service that will support c. 4,714 individuals from April 2023-March 2024 that is regionally coordinated and locally delivered is being co-designed through an outline business case. This funding will provide security and stability to the employment support offer

for individuals in West Yorkshire over the next two years and provide flexibility to the changing labour market by remaining universal for all ages, with targeting of key cohorts aligned with regional and local priorities.

- 2.14 The service provides vital coordination to individuals of a range of employment and skills offers from across the Region. This includes 36 employment offers currently available and a number of skills offers from a range of providers. The service offers a single point of contact for an individual and provides them with a personal support plan that draws in the appropriate training or work experience to support them towards work.
- 2.15 In order to remain flexible in a changing labour market the service will be open to all individuals, with each LAA able to target cohorts furthest from the labour market to be targeted with support such as young people, over-50s, those with caring responsibilities and so on.
- 2.16 Securing the infrastructure and staffing for employment support allows each LA area to build their local place-based offer further and where there is a West Yorkshire level need for an intervention, there is also opportunity to route this through the service.
- 2.17 A presentation on the Employment West Yorkshire model will be provided to the Committee at its meeting.

Wave 2; Digital and Green Skills

Digital Skills

- 2.18 Over the last two years, the Local Digital Skills Partnership (LDSP) has been working with DCMS and a range of employers, skills providers and the third sector to establish a Digital Skills Plan and key interventions to take the Region to the next level for digital skills and to support its position as the second largest digital sector outside London
- 2.19 This Committee has already considered and agreed the strategic areas for this digital skills plan and we have now developed this further. A separate paper at this committee meeting will cover this.

Green Skills

- 2.20 The West Yorkshire Climate and Environment Plan was approved by the Combined Authority in October 2021. It highlights the critical action required in the next three years to cut emissions, support nature recovery and be ready for the impacts of a changing climate. The plan is framed around eight themes across 39 proposals up to March 2024.
- 2.21 The Combined Authority indicatively allocated £40m via Gainshare over the next three years to deliver against tackling the climate emergency and environmental sustainability.

- 2.22 A two-stage prioritisation exercise has been carried out to prioritise the 39 proposals, resulting in 15 proposals being identified for the Gainshare funding. Further scoping and project development activity taking place during 2022/23 in three waves.
- 2.23 Wave one actions are progressing at pace through the Combined Authority's assurance framework, aiming to achieve approval at activity 1 (Strategic Assessment) and activity 2 (Strategic Outline Case) by October 2022.
- 2.24 As part of the skills element of the Climate and Environment Plan a list of proposed interventions has been developed that will support the region to ensure it has a workforce and jobs that it needs to enable a transition to a sustainable net-zero carbon economy.
- 2.25 The proposed list of interventions are:
- An online Green Jobs Gateway for employers looking to offer greener roles, and individuals looking to access these roles and/or develop green skills.
 - Engagement of young people in the design of future interventions
 - Careers inspiration and information for all ages.
 - A marketing campaign aimed at people of all ages to help inspire and educate people about the diversity of jobs in the green sector.
 - Learner support to access green skills training
 - Employer skills support to identify and implement green employment and skills opportunities in their business.
 - Employer incentives to create green jobs and/or offer training opportunities, including apprenticeships and paid internships.
 - A development plan and fund to support FE colleges to train staff and develop the curriculum to provide training.
- 2.26 The funding ask for the resourcing of this would be between £5-15m. This budget would create a new full-time communications and marketing coordination post.
- 2.27 As part of the Combined Authority strategic assessment process a consultation has taken place with key stakeholders across the region including Local Authorities, Further Education Colleges, Independent Training Providers, and the Mayor's Green Jobs Taskforce. The consultation asked stakeholders to consider priorities, gaps and which interventions should not be taken forward.
- 2.28 Stakeholders have been supportive of the proposed interventions and have expressed the need to align to existing programmes across the region and to explore opportunities to enhance provision where there are significant gaps, for example retrofit.
- 2.29 Stakeholders have been positive about the need for the development of new initiatives which would support the upskilling of educators working across existing further education and independent training provider provision.

- 2.30 Employer incentives have received the least support as there is little evidence to support the sustainability of incentivised programmes. Employer feedback suggests that incentives would not support them to create new job opportunities.
- 2.31 Young people will be consulted as part of a Young Person's Green Summer School (currently in the procurement phase). Through the summer school, the procured provider will work with a diverse range of young people to research what green skills mean to them. Young people will present the findings to the Mayor's Green Taskforce in October.
- 2.32 Discussions will continue to take place throughout summer with key stakeholders to ensure that the design of interventions is aligned to regional programmes.
- 2.33 The Committee are invited to discuss and endorse the proposed interventions.

Phase 3: Skills Support for Individuals and Employers

- 2.34 The third phase of the pipeline will consider a range of interventions to support individuals and employers, it is anticipated that these interventions will be developed as a two-business cases in Autumn with the first for employers and the second for individuals
- 2.35 The second business case will consider how specific interventions can support key groups of individuals including those furthest from the labour market such as over-50s, ex-offenders, lone parents, individuals with mental and physical health needs, young people. Specific interventions might include careers programmes, employer toolkits, supported work placements, campaigns to attract talent to the region.
- 2.36 A further workshop will be organised during Summer to consider the evidence base and proposed options to be brought back to this Committee for discussion and endorsement in October.

3. Tackling the Climate Emergency Implications

- 3.1. The report outlines proposed interventions that will develop the skills of individuals in West Yorkshire to directly tackle the climate emergency.

4. Inclusive Growth Implications

- 4.1. Skills programmes outlined in this report will work directly with those disproportionately affected in the labour market.
- 4.2 The Young Person's Summer School will seek to engage a diverse range of young people including those who identify as SEND and who live in areas of deprivation.

5. Equality and Diversity Implications

- 5.1. Our skills and workforce pipeline work will consider the impacts of people in everything it does. By its nature, we are seeking to ensure that the skills offer the region has will enable everyone in the region, regardless of their background to have a thriving future. As we develop programmes for delivery, we will work to be explicit in targeting equality and diversity.

6. Financial Implications

- 6.1. This paper considers the priorities for investment for the £21m allocation of gainshare funding for Skills and Training.
- 6.2. This paper considers c. £5-15m allocation of gainshare funding for Climate and Environment.

7. Legal Implications

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

8. Staffing Implications

- 8.1. There are no current staffing implications at business case development stage.

9. External Consultees

- 9.1. Employment and Skills Senior Officers and employers have been consulted on the content of this report.
- 9.2. Employers have been consulted on the content of this report.

10. Recommendations

- 10.1. That the Committee endorses the Employment West Yorkshire outline business case for development.
- 10.2. That the Committee discusses and endorses the overall approach for developing the investment plan for skills and employment.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

None