

---

**Report to:** Employment and Skills Panel

**Date:** 4 December 2017

**Subject:** Budget and Devolution

---

## **1 Purpose**

- 1.1 The purpose of this section is to refresh and update ESP members on: 1) Autumn Budget proposals and the Industrial Strategy; and 2) Potential devolution proposals for Employment and Skills.

## **2 Overview of Employment and Skills Budget and Devolution Proposals**

### Autumn Budget

- 2.1 Following on from the LEP Board workshop in early September, a submission was sent to Government (25 September – available on WYCA’s website<sup>1</sup>) setting out asks and proposals for the Autumn Budget. It set out our strategic plan to capitalise on the relatively strong prevailing economic conditions (albeit with some major headwinds) to tackle deep-seated structural issues. It stated that we will focus on bold steps to improve the productivity of the economy and economic inclusion so benefits are felt by all, and firms become more competitive for a new international trading environment.
- 2.2 The transfer of powers and resources from Whitehall is vital to support more democratically accountable local decision-making attuned to local economic and social conditions. It is also vital to begin to bridge the disconnect between some communities (particularly in the post-industrial North) and to access the opportunities arising from national economic growth.

---

<sup>1</sup> <http://westyorkshire.moderngov.co.uk/documents/s4044/Item10 - Appendix.pdf>



2.3 In the submission, we set out short term proposals for employment and skills - focused on clear deliverables, and medium/longer term proposals - which were more aspirational in nature and require further development.

2.4 The short term proposals are:

- £1.3 million funding devolved over three years to continue the Enterprise in Education Programme that will further strengthen the links between business and education.
- £2.5 million of funding devolved to continue the city region's successful Apprenticeships Hub Programme.
- Continued FE & Skills Capital Devolution and continued devolved Skills Service.
- Extend across all major schemes in the city region the Combined Authority's Policy Statement that drives social value in the procurement of major capital schemes. This puts Inclusive Growth outcomes on employment, training and SME opportunity squarely at the heart of better procurement.

2.5 An oral update will be provided on the Budget and the Industrial Strategy.

### Devolution

2.6 In addition to those set out in the items on Brexit and Automation, we face a number of current and future challenges in the Employment and Skills area. They include:

- Skills shortages in our priority sectors of infrastructure, digital, and engineering and manufacturing;
- Poor levels of high level skills in the LCR, especially compared to the national average;
- Low levels of young people having employer engagement;
- Low levels of in-work training;
- Barriers to work, including health;
- Addressing the attainment gap and releasing the potential around Inclusive Growth and Social Mobility;

- How to move towards simplifying the skills system, addressing the failings of the national system and addressing the current mismatch between supply and demand;
- How to drive inefficiencies out of the system; and
- How to raise the prestige and learner demand for technical education, aligning it with local needs.

2.7 Devolution discussions are ongoing. Some of the larger areas of potential devolution which would bring benefits to the Employment and Skills agenda include:

- Funding and the ability to drive priority Inclusive Growth led programmes and projects. Funding for such programmes would also include devolved ESIF and its replacement (Shared Prosperity fund).
- Public Sector Reform – including Health and Social Care, Children’s services, and integrated support measures to help the most disadvantaged, including troubled families.
- Mayoral Single Pot – powers enabling the region to put some/all devolved and local funding streams into an un-ringfenced pot to deliver maximum flexibility and impact.

2.8 There are also a number of more detailed areas, which build on the medium/longer term ambitions signalled in the Autumn Budget submission. The below are some suggested responses to the challenges we face, including the medium/longer term aspirations signalled in the budget response, which the ESP are asked to consider.

- Opportunities for a devolved and coordinated multi-agency approach to improving the life changes for children and young people.
- Giving the city region greater control over Education and Skills Funding Agency budgets for apprenticeship promotion activity.
- Give city region control/proportion of unspent levy payments so that it can be allocated in line with local priorities, particularly to tackle priority cohorts.
- Devolved budgets for employer-led skills investment, to allow our joined up skills brokerage service to help more employers offer Apprenticeships.
- Control of Further Education capital and revenue budgets (including 16-18 and AEB provision).
- Powers to reshape and re-structure local skills provision so that it is made responsive to the needs of employers, including for the approval and development of new vocational education facilities.
- City region is given the ability and funding to direct careers advice and enterprise in schools (through Careers Enterprise Company and National Careers Service) according to needs, to drive the improvement of careers and enterprise in education, and inspiration around STEM choices.
- Devolve DWP national programmes and budgets targeted at addressing unemployment, in work poverty and health barriers to work.
- A childcare offer to improve access to labour markets by removing barriers, and ensures all children – particularly the most disadvantaged - are school ready, improving attainment.
- Piloting a Care Sector Deal, using recognised world leading strengths in medical devices and technologies to increase productivity in the sector.

- 2.9 The Panel is asked to consider these challenges and the potential responses. Key questions are:
- Which are the main challenges we should be focussing on?
  - What are the barriers in your sectors/organisations that prevent us taking action?
  - Are the potential responses realistic?
  - How could these responses help unlock the growth potential of the region?
  - Given the current situation in funding and devolution, should/could business be taking more or a lead in any of these areas? What action could we take to help achieve this?

#### Future Developments

- 2.10 Government has made manifesto commitments to develop a Career Learning initiative and to establish Skills Advisory Panels to advise it on local employer intelligence relating to Brexit and vocational education implications. Staff from WYCA are in discussions with DfE on how this would work. Government has also launched a Flexible Learning Fund to support the Further Education sector in delivery learning to adults that is both flexible and easy to access. Staff from WYCA will be working with DWP, WYCC and providers to facilitate submissions to the fund to ensure they are responding to future Universal Credit client needs.

### **3 Recommendations**

- 3.1 That the panel consider the potential devolution asks and give their views using the questions outlined as guidance.
- 3.2 That the panel note the future developments.