

REPORT TO: Employment, Learning, Skills and Community
Policy & Performance Board

DATE: 11th January 2012

REPORTING OFFICER: Strategic Director – Policy and Resources

PORTFOLIO: Economic Development

SUBJECT: Employment, Learning & Skills Quarterly Policy
Update

WARDS; All

1.0 PURPOSE OF THE REPORT

1.1 To inform the Board of recent national policy announcements relevant to employment, learning and skills.

2.0 RECOMMENDATION: That

2.1 The report is noted.

3.0 BACKGROUND

3.1 A steady flow of policy announcements, consultation exercises, reports and ministerial statements are issued by government departments and agencies that have varying degrees of relevance to issues on the employment, learning and skills agenda and related topics.

3.2 Therefore, you have asked for brief summaries of key announcements in a 'digest' format to be reported to the Board on a quarterly basis, along with observations of local relevance, where appropriate, so you can be kept informed and give consideration of whether to initiate more detailed scrutiny and/or report to a future meeting.

4.0 RECENT KEY POLICY ANNOUNCEMENTS

4.1 Youth Charter.

Perhaps the most high profile announcement in recent weeks has been the Government's intention to launch its 'Youth Charter' from April 2012, with the aim of providing subsidised work and training placements for over 400, 000 unemployed young people.

The scheme will offer employers cash subsidies of up to £2,275 to take on 18-to 24-year-olds, for six months. The intention is that young people will enter a range of key employment sectors from construction and retail, to the green economy.

Other key proposals include:

Work experience placements of up to eight weeks for another 250,000 young people. These will be available to every unemployed 18- to 24-year-old who wants one and has been seeking work for three months or more,

A £50m programme with the objective of getting 25,000 NEET (Not in Employment, Education or Training) 16-and 17-year-olds onto an apprenticeship or into work, and additional incentive payments for businesses in England to create apprenticeships for 16- to 24-year-olds.

There will be more support for young people from their local job centre; more time with a specialist adviser and a structured careers interview.

COMMENT; This is the Government's response to the rapidly growing level of youth unemployment, which passed the one million mark in October 2011. Whilst the commitment to helping more NEET young people into apprenticeships is welcome, the value of the eight week work experience placements will be harder to assess.

4.2 **Review of the Skills Funding Agency.**

A review of the Skills Funding Agency ('SFA') and the statutory post of Chief Executive of Skills Funding was announced at the beginning of November.

The SFA currently oversees £4 billion per year of public spending in colleges and training organisations, to fund training for adults in England

The review is will be undertaken in line with the Cabinet Office Public Bodies Review Programme, and is expected to get underway shortly. The outcome of the review will be announced in due course.

COMMENT: Whilst the changes will have no immediate implications for Halton, the changes are likely to see a return to the more 'strategic' role adopted by The SFA's predecessor, the Learning & Skills Council. The focus of the SFA will be narrowed considerably on job outcomes and improving employability.

4.3 **Further Education and Skills Reform Plan etc.**

The Government has published two sets of key policy documents in recent weeks on post-16 skills and learning.

On 16th November it published its strategy for skills, *Skills for Sustainable Growth*, and a linked documents *Investing in Skills for Sustainable Growth*. Both can be accessed [HERE](#)

They set out the Government's vision for the further education and skills system to improve the skills of the UK workforce, the performance of the economy and engagement in learning, along with how much it will spend on further education and skills over the current Spending Review period.

On 1st December the Government published three more documents.

The *Further Education and Skills Reform Plan* set out its overall strategy for further education and skills for the remainder of the current Parliament.

“The Skills Investment Strategy and the New Challenges, New Chances” sets out the Skills Funding Agency's role in managing £3.6 billion of public funding to raise the country's skills, and target support towards young adults, the low skilled and the unemployed.

The third document is *Investing in Skills for Sustainable Growth*. This sets out the adult further education and skills budget for the 2012-13 financial year.

All three documents can be found [HERE](#)

COMMENT; This is confirmation of the Government's primary objective to increase the job prospects of participants by way of raising their skill levels. There is a strong focus on the driving-up the quality of the 'employability provisions' for apprenticeships, with an increased emphasis upon support for apprenticeships above level 2 as more young people opt to not pursue the higher education route post-18.

This was emphasised by the launch of the Higher Apprenticeship Fund in early December; providing £18.7 million with a target of up to 19,000 new Higher Apprenticeships in sectors including construction, advanced engineering, insurance and financial services.

However, other areas will see significant reductions and a commensurate increase in charging for non-vocational adult education.

4.4 **Growing Places Fund.**

The Government launched the £500m 'Growing Places' Fund in early November. It is aimed at enabling the development of local funds to address delays and capital infrastructure projects, promoting economic growth and the delivery of jobs and houses. It will be channeled through the 38 local enterprise partnerships (LEPs), and the provisionally indicative funding for the Liverpool City Region LEP is £12.9m. The allocations have been arrived at via a simple formula using population and employment earnings.

The source of the money for the fund is to be under-spend on major projects within the Department of Communities and Local Government (DCLG), the Department of Transport (DfT) and also across other Government spending departments.

The timetable for actual allocation of the funding is from the end of January through a bidding process.

COMMENT; Whilst this is not 'new' money, and will be in the form of a mixture of grants and loans, it will be a welcome boost for the city region.

4.5 **Connecting Europe Facility**

The European Commission has tabled a plan which will fund €50 billion worth of investment to improve Europe's transport, energy and digital networks. Targeted investment in key infrastructures is intended to help create jobs and boost Europe's competitiveness. The "Connecting Europe Facility" will help finance projects which fill the missing links in Europe's energy, transport and digital backbone. In particular, the Commission expects Connecting Europe Facility investments to act as a catalyst for further funding from the private and public sector by giving infrastructure projects credibility and lowering their risk profiles.

COMMENT: The Commission is proposing to launch a pilot phase in 2012-2013, focusing upon between 5 and 10 that are at a relatively developed stage. No further details are available yet, but there proposals potentially offer prospects for enhanced logistics networks into Europe from the region.

4.6 **Regional Growth Fund.**

Two announcements in relation to the Government's flagship Regional Growth Fund ('RGF') in recent week have seen it considerably extended in both size and scope.

In early November RBS, NatWest and HSBC agreed to facilitate the distribution of £95 million from the RGF. RBS and NatWest will facilitate £70 million and HSBC £25 million. The banks will not profit financially from the administration of the schemes. The RBS and NatWest scheme is called the regional growth fund, and the HSBC one the Assisted Asset Purchase Scheme and will offer loans of up to £500,000 through the banks' regional networks in order to make their project commercially viable.

COMMENT: A response to criticism about the lack of support from mainstream banks and Government for small and medium sized enterprises (SMEs) unable to secure commercial funding to invest in new capital assets and create new jobs.

The second announcement in relation to the RGF was in the Chancellor's Autumn Statement on 29th November. He announced that there will now be at least two further rounds of bidding, worth up to an £1 additional billion in grants, with the next round opening during February 2012. There are no changes to the RGF's criteria.

COMMENT; Launched in October 2010, as a key element of the new Coalition Government's Growth Strategy, and an alternative to the erstwhile Regional Development Agencies. The RGF 'pot' has grown to reach a potential total of £2.4billion, with a target of providing support for around half a million jobs.

So far £1.4 billion has actually been allocated, through two bidding rounds. There were 50 successful projects in the first round (including the ~~stobart~~/Prologis Logistics Hub at Halton Field, Ditton), sharing £450 million. In the second bidding round, 126 bids received conditional allocations, lifting the total allocated up to around £950 million.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 5.1 The varied range of issues covered in this report potentially present a number of challenges and opportunities across a number of the Council's current priorities. Each would therefore require a thorough analysis at some point in the future.

6.0 RISK ANALYSIS

- 6.1 There are no immediate risks or opportunities directly relating to the information in the report at this point in time. Again, a full assessment could be necessary at some point in the future.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 Not applicable.

8.0 FURTHER INFORMATION

- 8.1.1 If members would a more detailed analysis of any of the issues mentioned in this report, or paper copy of any of the documents referred to, they should contact;

Nick Mannion, Principal Policy Officer for Employment, Learning & Skills, at Nicholas.mannion@halton.gov.uk 0151 906 4885

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the act.