

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

**DATE:** 9<sup>th</sup> January 2013

**REPORTING OFFICER:** Strategic Director - Policy & Resources.

**SUBJECT:** Employment, Learning & Skills Quarterly Policy  
Update

## **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 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 with varying degrees of relevance to issues on the employment, learning and skills agenda and related topics.

3.2 Therefore, brief summaries of key announcements in a 'digest' format to the board are provided on a quarterly basis, along with observations of local relevance, where appropriate, so the Board can consider whether to initiate more detailed scrutiny and/or request a more detailed report to a future meeting.

## **4.0 RECENT KEY POLICY ANNOUNCEMENTS**

### **4.1 OFSTED report on findings from inspections of initial training of further education and skills teachers.**

This report, published in late September 2012, sets out the findings from the inspection of the initial teacher education and training for further education and skills teachers on courses leading to awarding body qualifications to teach in the lifelong learning/further education and skills sector.

A general criticism was that too many students fail to complete the course and gain the qualification, there is inadequate post-qualification analysis of outcomes, and that current professional standards for teachers in the sector are overly complex.

**COMMENT;** The recognition of the importance of maintaining an adequate supply of teachers and tutors to deliver basic/core skills in literacy, numeracy and Information in this report is very timely.

It is likely that this whole area of post-statutory education will be significantly overhauled in the light of other reports and recommendations regarding the delivery of the Coalition Government's flagship apprenticeship programme.

#### **4.2 Small business scheme launched through Regional Growth Fund**

In early October a £60 million pot of Regional Growth Fund investment and bank finance was launched.

The Community Development Finance Association ('CDFA') is to receive £30 million from the Government's Regional Growth Fund (RGF) matched with a further £30 million from the Co-operative Bank and Unity Trust Bank to provide lending to small, micro and social enterprises.

The CDFA is a non-profit organisation, whose objective is to support the development of a thriving and sustainable community development finance sector by providing finance for disadvantaged and underserved communities that cannot access credit from mainstream or high street financial institutions.

**COMMENT:** Whilst this funding is aimed at creating or safeguard around 7,500 over the next six years, and to help meet some of the growing demand from small businesses for access to finance and drive investment in often the most disadvantaged communities, its impact locally is unlikely to be major.

#### **4.3 Publication of BIS Retail Strategy.**

This Strategy is the result of collaboration between the Government's Business, Innovation & Skills department ('BIS') and the UK retail sector.

It focuses upon identifying those issues where there is a legitimate role for government (and in particular BIS) to be pro-active in helping stimulate the UK's retail sector; and where there is a strong likelihood of success.

A set of largely undated and unfunded actions are included in an appendix to the strategy, which can be found [HERE](#).

**COMMENT:** The undated and unfunded list of actions included in an appendix to the strategy are clearly related to the Government's response to Mary Portas' review and her recommendations on how to revive the UK's high streets. They are disappointing; given the high profile the Government had previously given to that issue. Instead, the strategy appears to pass the responsibility to sustain and nurture the country's retail sector to Local Economic Partnerships ('LEPS').

#### **Government consultation on implementing employee owner status.**

Following its announcement at the Conservative party conference by the Chancellor of the Exchequer, in the autumn BIS commenced a consultation

exercise on a proposal to create a new employment status: the “employee owner”, with the aim of giving businesses greater choice about the contracts they can offer to employees, whilst ensuring appropriate levels of protection are maintained.

Under this new status, employee owners will receive shares valued between £2,000 and £50,000, exempt from capital gains tax. In return they will give-up their protection against unfair dismissal (except where this is automatically unfair or relates to anti-discrimination law), certain rights to request flexible working and training, and statutory redundancy pay. Individuals will also need to give longer notice to return from maternity leave or adoption leave.

The consultation is seeking views on how the government should implement the employee owner status in practical terms, and what the implications for employers, individuals, and the labour market in general would be, in particular any unintended consequences. The consultation ended on 8<sup>th</sup> November 2012.

**Comment:** The proposal met with a lukewarm reception, even from employers’ organisations. Of the 184 responses received during the consultation period that answered this specific question on whether they would take up the new employee status, only three said they would be willing to do so. However, a late amendment to section 25 of the Growth and Infrastructure Bill currently making its way through Parliament, seeks to provide a new employment status involving company shares in exchange for worker rights. A verbal update will be given at your meeting on its progress.

#### **4.5 Regional Growth Fund (‘RGF’) Round three winners announced.**

On 19<sup>th</sup> October it was announced that applications from twenty one projects in the North West had been successful, and would receive a total of £88m in the third round of the Government’s Regional Growth Fund.

Nationally there were 130 successful bidders sharing £1bn. The Government claims that for every £1 of taxpayer money spent, the fund would leverage £6 of private sector investment.

Locally, Sci-Tech Daresbury was amongst the successful applicants, securing £10m towards funding its expansion plans.

The five local enterprise partnerships in the North West, will also share £65m to deliver business support programmes and prepare sites for development.

Liverpool City Region LEP has been awarded cash to create a three-year grant programme

**COMMENT:** The success of the Sci-Tech Daresbury application is especially pleasing. The RGF funding will be matched by significant private investment and will be used to develop key aspects of the site and surrounding areas, enabling the creation of around 750 new jobs at the site over the next four years, continuing its rapid development and expansion.

#### **4.4 Growth and Infrastructure Bill.**

In late October 2012, the Government published its Growth and Infrastructure Bill. This set-out a range of changes aimed at removing 'confusing and overlapping red tape that delays and discourages business investment, new infrastructure and job creation'. The Bill contains a number of measures relevant to local authorities;

- Provisions to review economically unviable section 106 planning agreements with the aim of kick-starting building on 'stalled' housing sites to provide up to 75,000 affordable and private homes.
- Reducing paperwork applicants have to submit with a planning application, 'in excess of what is reasonably needed to properly inform decisions about the proposed development'.
- Stopping the misuse of town and village green applications to undermine planned development. Currently, if an application for registration is successful, the land cannot be developed and becomes permanently protected, even if there is planning permission in place. However, applications can take a long time to be determined and substantially delay development, even if there is little chance of it being successful.
- Speeding up the planning system for large scale business and commercial projects. Where developers choose the fast-track route, decisions will be taken in 12 months from the start of examination. Existing requirements to consult local communities will be retained.
- Provisions to allow large planning applications to be made directly to the Secretary of State rather than to the local council if the council has been "designated" because it has a very poor record in deciding applications.
- Implementation of the Penfold Review recommendation to remove overlapping development consent regimes, where multiple permissions from different agencies are required as well as planning permission.

**COMMENT:** The Bill has generated considerable comment and debate as it proposes to put in place a range of measures to persuade local planning authorities ('LPAs') to make use their powers to help deliver on the national growth agenda, and if they are seen to refuse or delay, it includes the measures for the Secretary of State to step in and take the decision making duties away from them on a variety of issues.

#### **4.5 The Heseltine Review; 'No stone unturned...in Pursuit of Growth.**

Extensively reported in the media, Lord Heseltine's report on how to more effectively create wealth in the UK sets out his comprehensive economic 'blueprint' to deliver on this challenge. He forcefully makes the case for a

major rebalancing of responsibilities for economic development between central and local government, and between government and the private sector. He supports this with a considerable number of detailed and considered recommendations about the role of local and regional government in economic growth.

He points-out the risk of an over-emphasis on London, and the recognition that London's success "should not be at the expense of the rest of the country". He also urges that how the potentially £billions of EU funding that may be available from 2014 to the eligible regions and sub-regions (including the LCR) of the country should be used to deliver a more co-ordinated public sector funded investment plan to promote economic growth in these places.

**COMMENT:** Heseltine's longstanding 'regionalist' credentials are strongly promoted, with a call for the economic potential of regional cities to be recognised, nurtured and developed.

Several announcements in the Chancellor of the Exchequer's Autumn Statement (see section 4.8 below) picked up this shift from the centre to the regions/sub-regions.

#### **4.7 The Richard Review of Apprenticeships**

An independent review of apprenticeships chaired by Doug Richard issued its final report and recommendations in late November. It calls for an improvement in the quality of apprenticeships and that they are made more focused on the needs of employers. The key recommendations are:

- A redefinition of apprenticeships: they should be targeted at those new to a job or role that requires sustained and substantial training.
- A stronger focus on the outcome of an apprenticeship - what the apprentice will be able to do when on completion of training - and freeing up the process by which they get there.
- The basis of an apprenticeship should be designed to the relevant recognised industry standards.
- All apprentices should have reached a good level in English and maths before they can complete their apprenticeship.
- Government funding should be used to create the right incentives for apprenticeship training, with the purchasing power for investing in apprenticeship training lying with the employer.
- A greater diversity and innovation in training – with employers and government taking more active role in safeguarding quality.

The Secretaries of State for Business and for Education have confirmed that the Government will now consider the recommendations and respond early in the New Year.

**COMMENT;** Reaction been generally positive, with wide agreement on the report's assertion that "apprenticeships should deliver a valued, high-kudos route for young people, which is as equally respected as the academic route". However, concerns have been raised by the use of the phrase 'light touch' at several points in the report, particularly in regard to the approval and monitoring of training organisations that provide the off the job training element of an apprenticeship.

#### **4.8. The Chancellor of the Exchequer's 2012 Annual Autumn Statement**

The Chancellor presented his annual Autumn Statement to Parliament on Wednesday 5<sup>th</sup> December, setting out his changes to economic forecasts and budget proposals for 2013/14 and 2014/15.

The statement had some good news for local council's that was overshadowed by the deeper cuts to revenue budgets and welfare. Specifically relevant to the employment, learning and skills agenda is;

- The devolving of a greater proportion of growth-related spending by way of a single funding pot for local areas from April 2015. This will be similar to the system previously used to fund Regional Development Agencies and was recommended by Lord Heseltine's recent review.
- A strong focus on Local Enterprise Partnerships (LEPs). These will be asked to lead the development of new strategic plans for local growth that are consistent with national priorities, including a role in skills development and powers to oversee European Funds such as the European Social Fund and to direct how they are used locally.
- A further £350 million into the Regional Growth Fund, to provide support for jobs and growth across England until the end of this Parliament.

**COMMENT:** There is uncertainty around some of these measures. For example, it is not known yet how much of the new capital spending will be allocated to local government and how much will go to government bodies such as the Highways Agency.

The government's support for parts of Lord Heseltine's review is good, particularly the creation of a single funding pot for growth related spending on transport and skills and the devolution of this funding down to local level. Additional funding or capacity building within LEPs is also encouraging.

#### **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

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**

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**

Not applicable.

## **FURTHER INFORMATION**

If members require a more detailed analysis of any of the issues in this report, or copies of any of the documents referred to, they should contact;

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