

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

DATE: 15 June 2015

REPORTING OFFICER: Strategic Director – Children and Economy

PORTFOLIO: Economic Development

SUBJECT: Realising Talent: a new framework for devolved employment and skills

WARD(S) Borough wide

1.0 **PURPOSE OF THE REPORT**

1.1 **To provide a summary of the Local Government Association Realising Talent: a new framework for devolved employment and skills.**

2.0 **RECOMMENDATION: That the Board Note the report.**

3.0 **OVERVIEW**

3.1 On 27 March 2015, the Local Government Association published **Realising Talent: a new framework for devolved employment and skills**. It recommends options for the devolution of employment and skills to local areas.

3.2 The report looks at Government proposals on how to meet the anticipated employer demands of the future, how to up-skill our workforce and get more people back to work. The Government faces two significant challenges to achieving this which are:

1. a **better local skills match** between training and employer demand
2. **integrating employment, skills and health provision** at the local level – more effective and more efficient support.

3.2 The recommendations recognise all councils believe much more can be done locally to reduce unemployment, and more effectively match local skills supply with current and future employer demand. It sets out our minimum expectation to improve services for all areas, and creates the space for those who have already made great strides in devolved powers, to go further. It calls for:

- **The introduction of Local Labour Market Agreements by 2016/17** – to be the basis of a deal between groups of councils and central government on what is needed to get more people into work, help low paid people progress in work, and address the skills demand for achieving local growth;
- **A shift in national focus to help the most disadvantaged by replacing the £620 million Work Programme with two new programmes, and devolving it** – one to deal with long-term Jobseeker Allowance claimants and the other designed for disadvantaged claimants. The report suggests that new local models of job brokerage should be explored combining the resources and labour market information from local partners, Job Centre Plus and National Careers Service – working together to provide access to vacancies and careers, and referrals to skills.
- **Devolving skills funding and commissioning for all ages** - so local areas can better gear the skills system to the needs of businesses and integrate including devolving the £2 billion a year Adult Skills Budget to all local areas.
- **Devolution of post 16 learning, and a new Youth offer** for all 14 to 21 (or 24) year olds to access independent careers and employment advice, and for every young person not learning or earning, support into training, an apprenticeship, or sustained employment;
- **Job Centre Plus' Support Contracts and Flexible Support Fund to be co-commissioned with councils** to improve job brokerage and help workless people find, and progress in employment, and **significantly increasing co-location of existing JCP services** with other local services; and
- **A National Employment and Skills Partnership** - to bring together central and local government, businesses, voluntary sector and other stakeholders to drive devolved and integrated funding and services to put people and places first, rather than institutions.

3.3 The LGA are looking to press the case for additional devolution to local areas for employment and skills services within the first 100 days of a new Government and have asked for local areas that have the readiness for this to respond to them. The Liverpool City Region is well placed with the work under way on potential devolution and their response is attached as Appendix 1. LGA have

asked for local areas to respond by Friday 1 May 2015.

4.0 **POLICY IMPLICATIONS**

- 4.1 If the recommendations are implemented there are likely to be significant changes to both how skills and employment initiatives are funded and delivered locally. As local areas will have greater control this will have a positive impact locally.

5.0 **OTHER/FINANCIAL IMPLICATIONS**

- 5.1 Although there are no direct financial implications at this time, the recommendations refer to devolution of funding to local areas, which should positively impact on the resources available locally and on control over how services are delivered.

6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Children & Young People in Halton**

The report's recommendations have addressing youth unemployment and skills as a priority. It recommends a Youth offer with access to independent careers and employment advice and work experience while in education and training. It would also guarantee every young person not learning or earning, support into training, an apprenticeship, or sustained employment.

6.2 **Employment, Learning & Skills in Halton**

If implemented the report's recommendations will give more local control over the way that employment and skills initiatives are funded and delivered locally, with the funding devolved to the LCR. It will enable funding to be used to better meet the needs of each area, which would be supported by the LCR.

6.3 **A Healthy Halton**

The report recommends that Local government should develop a new model for integrated support for people with disabilities and health problems. One of the most significant areas for innovation is in how health and employment support can work together.

6.4 **A Safer Halton**

There are no direct policy implications from the report.

6.5 **Halton's Urban Renewal**

Should the report's recommendations reduce long-term unemployment and support business growth, which it sets out to do, this is likely to result in a need for new investment in infrastructure in the longer term.

7.0 **RISK ANALYSIS**

7.1 Should the report's recommendations be implemented resulting in devolution of funding to local areas giving more control over how budgets are spent this is likely to have a positive impact on local service delivery.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 None

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

Document	Place of Inspection	Contact Officer
Realising Talent: a new framework for devolved employment and skills	Rutland House, Runcorn	Debbie Houghton

LGA: Realising Talents – Liverpool City Region response

(May 2015)

How can your local area apply the LGA devolved employment and skills framework	
<p>Scale / range of councils involved plus accountability mechanism</p>	<p>The Liverpool City Region Combined Authority provides transparent and accountable strategic decision making for economic development, transport, strategic housing and employment and skills functions. It is focused entirely on strategic governance to facilitate economic growth across the Liverpool City Region’s six local authority areas: Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral.</p> <p>The Combined Authority discharges its strategic employment and skills functions through the Liverpool City Region Employment and Skills Board which acts as the lead strategic voice for improving the employment, skills and productivity of the City Region’s residents and workforce.</p> <p>The Liverpool City Region Employment and Skills Board also supports the Local Enterprise Partnership to deliver the area’s wider growth ambitions.</p>
<p>The employment / skills challenge for your local area</p>	<p>Long term unemployment</p> <p>There are currently around 23,000 Liverpool City Region residents in receipt of JSA: with more than one in three (approximately 8,500 people) being unemployed for over 12 months. This is higher than the one in four claimants nationally who have been out of work for more than 12 months.</p> <p>Since 2012, the Liverpool City Region’s overall JSA claimant count has fallen by 60%, compared to just 38% for residents claiming for over 12 months. This suggests that it is taking almost twice as long to help long term unemployed residents back into work. In keeping with pre-recession trends, the Liverpool City Region’s long term unemployment rate remains significantly higher than the national average and, in order to ‘close the gap’ with England, the City</p>

Region would need to help an additional 3,100 long term JSA claimants into work.

National and local analysis suggests that current support can leave residents with more complex barriers at risk of remaining unemployed with little expectation of finding work. In addition to this, local stakeholders have highlighted the need to ensure that employment found through this approach does not reinforce the existence of what has become known as the low-pay, no-pay cycle.

In order to ensure that the Liverpool City Region and all of its residents are able to take advantage of future growth opportunities and develop a thriving local economy, it will be essential to develop and implement more effective employment support for the long term unemployed.

Health-related worklessness

There are currently around 100,000 Liverpool City Region residents in receipt of Incapacity Benefit or Employment Support Allowance (IB/ESA); accounting for more than one in ten of the City Region's working age population. In comparison, the IB / ESA claimant rate across England is 6% - meaning that Liverpool City Region residents are almost twice as likely to be out of work due to ill health.

Approximately 19,000 of these residents are within the Work Related Activity Group for Employment Support Allowance; these individuals are classed as having limited capability for work and, while not expected to work, are provided with help and support to prepare for work where possible. In keeping with the wider trends seen across all sickness of benefits, more than half are diagnosed with a mental health condition.

It is widely accepted that the Work Programme has been unsuccessful at helping ESA claimants into work. In order to address the long-term levels of health-related unemployment in the Liverpool City Region and improve the life chances of some of the City Region's most vulnerable people, national and local analysis shows that it will be essential to ensure that future support provides highly personalised and targeted help to individuals with a

	<p>clearer and stronger link between health expertise and employment advice.</p> <p>Skills gap</p> <p>Since 2008, the Liverpool City Region’s overall skills base has continued to grow with current levels amongst the highest recorded. However, the gap with the England average has also increased over this time period and, in order to match the national levels and increase the productivity and competitiveness in the local economy, the City Region would currently need:</p> <ul style="list-style-type: none"> • 36,445 more residents with NVQ Level 2+ qualifications; • 73,940 more residents with NVQ Level 3+ qualifications; and • 79,640 more residents with NVQ Level 4+ qualifications. <p>In addition to the challenges facing the Liverpool City Region in regards to the <i>level</i> of skills, it remains essential to ensure that residents have the right <i>type</i> of skills: those that will allow them to compete for sustainable careers in the City Region’s growth sectors.</p> <p>Insight from local growth sector employers suggests that, in order to truly allow residents to develop the skills they need to take advantage of future economic growth opportunities, training provision in the Liverpool City Region needs to respond to business requirements and the clear recommendations from the City Region’s Skills for Growth work in a timelier manner.</p>
<p>Local deals negotiated thus far (and why more is needed)</p>	<p>City Region Deal</p> <p>In 2012, the Liverpool City Region negotiated a City Region Deal with Government that:</p> <ul style="list-style-type: none"> • Tested out new ways of promoting apprenticeship take up; • Brought together public and private sector investment towards business-led skills for growth; • Aimed to create a skills system that kept pace with structural economic rebalancing; and

	<ul style="list-style-type: none"> • Reduced long-term youth unemployment by half. <p>Growth Deal</p> <p>The Liverpool City Region’s Growth Deal secured funding of £232 million (from a £250 million bid) in July 2014. In December, the government announced up to £700m of further investment included in the Growth Plan, as part of the Roads Investment Strategy (RIS). In January 2015, it committed an additional £31.6m of local growth funding. In total, government has devolved over £250m of funding through the Local Growth Fund, and with the RIS, up to £1bn has been committed for investment in the City Region, through the joint work of the LEP, the Combined Authority and its partners.</p> <p>Despite these successes, there remains significant challenges facing the City Region’s economy, as detailed above. The Liverpool City Region recognises the need to accelerate its approach to economic growth and is seeking more powers, functional responsibilities and funding to maximise its effectiveness in the pursuit of sustainable economic growth and employment.</p>
<p>Aspects of framework / recommendations to focus on, if not all</p>	<p>The Liverpool City Region is seeking different levels of devolution for the employment and skills responsibilities set out in Realising Talent. These respective levels of devolution are set out in detail in Appendix A.</p>
<p>Involvement sought (strategy, co-commissioning, financial devolution)</p>	<p>The Liverpool City Region is seeking different levels of devolution for the employment and skills responsibilities set out in Realising Talent. These respective levels of devolution are set out in detail in Appendix A.</p>
<p>Improvements in service integration as a result of involvement (above)</p>	<p>Skills</p> <p>The Liverpool City Region aims to have the most demand-led and effective employment and skills delivery system in the country. By formally holding FE Colleges and learning providers to account for their curriculum offers and training provision, the City Region can strengthen the approach taken to</p>

	<p>shape local skills provision and ensure that the skills needs of the local economy are met.</p> <p>Employment</p> <p>The Liverpool City Region aims to create an integrated package of services based around an employment and skills continuum model by which Government departments and their agencies come together with local authorities and others to align funding and deliver activities to help people get a job, keep a job and progress to higher level employment opportunities. By increasing local involvement in the design, commissioning and delivery of employment, training and advice programmes and ensuring they are based upon the individual needs of participants, the City Region can deliver more efficient and effective outcomes for local people further away from the labour market.</p>
<p>Desired outcomes if above is enabled</p>	<p>As a further result of this service integration, the Liverpool City Region will see a wide range of high-level, positive outcomes. These outcomes will include, but not be limited to:</p> <ul style="list-style-type: none"> • Increased resident skill levels; • Increased employment rate; • Reduced long-term unemployment rate; • Reduced levels of health-related worklessness; and • Increased GVA per head.
<p>Range of partners to engage locally (and nationally)</p>	<p>Local partners</p> <ul style="list-style-type: none"> • Employment and Skills Board • Local Enterprise Partnership • Local authorities • Job Centre Plus • Skills Funding Agency • Mersey Care NHS Trust • Local CCGs and Hospital Trusts • Colleges and training providers • Community and voluntary sector organisations • Association of Greater Manchester Authorities • Greater Manchester Combined Authority

	<p>National partners</p> <ul style="list-style-type: none"> • LGA • DWP • BIS • Cabinet Office • HM Treasury • NHS
<p>Additional compelling factors for devolving (over and beyond those in the reports)</p>	<p>The Liverpool City Region is clear about its longstanding aim to help its residents truly benefit from local economic growth by developing the most demand-led and effective employment and skills delivery system in the country.</p> <p>The Liverpool City Region’s combination of business and civic leadership, and experience in successfully delivering large scale employment support projects, gives it a thorough understanding of what is required to effectively help residents into sustainable employment and develop the skills they need to meet their economic potential.</p> <p>The Liverpool City Region shares LGA’s view that devolution of decision making powers and funding can radically improve the employment and skills provision available; offering sustainable career pathways to residents, an increased economic return for the Liverpool City Region, and better value for Government resources.</p>

APPENDIX A

A better local skills match between training and employer demand

LGA recommendations	Liverpool City Region response
<p>Local Agreements</p> <p>Introduction of Local Labour Market Agreements</p>	<p>The Liverpool City Region would welcome the introduction of long term Local Labour Market Agreements and the opportunity to further articulate its strategic ambitions, responsibilities and implementation approach to addressing local employment and skills priorities.</p> <p>The Liverpool City Region has already set out a number of long term, strategic targets that will help address the City Region’s current gaps with national economic performance and ensure that all residents are able to make the most of economic growth opportunities. Better enabling the Liverpool City Region with decision making powers will be key to achieving these goals, as the City Region has proven with the continuing implementation of its City Region Deal.</p> <p>As part of this Deal, the Liverpool City Region set out its goal to ensure skills provision was more responsive to the needs of the local economy and, as part of its ongoing Skills for Growth work, the Liverpool City Region has led the way in clearly articulating the current and future skills needs of key economic growth sectors. As part of this work, the City Region has published a suite of Skills for Growth Agreements: each relating to a specific growth sector within the City Region. Developed in consultation with a wide range of businesses across the respective sectors, these Agreements provide schools, colleges, training providers and universities with detailed information regarding the skills needs of the City Region’s employers and make clear recommendations on how they can best tailor their provision to respond to these needs.</p> <p>Analysis shows that the local skills system is responding to the clear recommendations of the Skills for Growth work but the Liverpool City Region acknowledges that there is a need to increase the pace of this response in order to</p>

<p>Review of administrative boundaries</p>	<p>ensure that residents do not miss out on current and future economic opportunities. The Liverpool City Region firmly believes that increased local commissioning and decision-making powers can ensure that the true impact of the Skills for Growth work is felt by our residents.</p> <p>The Liverpool City Region shares LGA's view that the current, complicated landscape of administrative boundaries can hold back effective partnership working and the devolution of decision making powers.</p> <p>However, the Liverpool City Region's strong identity as a functional economic market area, recognised as an "engine of growth" with a critical mass of people who live and work within the City Region, provides both LGA and Government with a strong example of how revised boundaries across the country should work. The Liverpool City Region's Combined Authority's administrative boundary is consistent with that of its Local Enterprise Partnership, the European Commission (NUTS2), Skills Funding Agency and Jobcentre Plus. This level of consistency is unique amongst England's complicated landscape of administrative geographies and is the obvious geographic footprint for devolution of further funding and decision making powers.</p> <p>The City Region's appropriately-aligned geography, strong business and civic leadership, combined with its clear ambitions and track record of effective delivery regarding employment and skills provision, make the Liverpool City Region well-placed to further develop its own decision making functions and ensure residents are able to truly benefit from local economic growth.</p>
<p>Post 16 Education</p> <p>Devolution of 16-19 funding provision</p>	<p>The Liverpool City Region is seeking greater decision making and commissioning powers regarding all skills funding provision and welcomes LGA's approach to post 16 funding. The Liverpool City Region believes that local decision making powers regarding EFA funding allocations for 16-19 provision, administered</p>

	<p>centrally by national government, will allow the City Region to strengthen the approach taken to shape local skills provision and enable it to formally hold FE Colleges and learning providers to account for their curriculum offers and training provision; ensuring that the needs of the local economy and the City Region's residents are met.</p> <p>The devolution of decision making powers regarding EFA funding allocations for 16-19 provision will empower the Liverpool City Region with the freedom and flexibility to review and lever the balance and mix of provision, by rewarding those providers delivering to locally identified priorities and reducing funding utilised by providers in non-priority areas. This will ensure that the City Region's economic priorities remain at the heart of local skills provision and that the clear recommendations set out in the City Region's Skills for Growth work are implemented at an appropriate pace; helping young people develop the skills they need to make the most of future economic opportunities.</p>
<p>Adult Skills</p> <p>Devolution of Adult Skills Budget</p>	<p>The Liverpool City Region is seeking greater decision making and commissioning powers regarding all skills funding provision and welcomes LGA's recommendation to devolve the Adult Skills Budget (ASB) to local areas. The Liverpool City Region believes that local decision making powers regarding ASB funding allocations, administered centrally by national government, will allow the City Region to strengthen the approach taken to shape local skills provision and enable it to formally hold FE Colleges and learning providers to account for their curriculum offers and training provision; ensuring that the needs of the local economy and the City Region's residents are met.</p> <p>The devolution of decision making powers regarding Adult Skills Budget provision will empower the Liverpool City Region with the freedom and flexibility to review and lever the balance and mix of provision, by rewarding those providers delivering to locally identified priorities and reducing funding utilised by providers in non-priority areas. This will ensure that the City</p>

	<p>Region's economic priorities remain at the heart of local skills provision and that the clear recommendations set out in the City Region's Skills for Growth work are implemented at an appropriate pace; helping all residents develop the skills they need to make the most of future economic opportunities.</p>
<p>Integrating employment, skills and health provision at the local level</p>	
<p>LGA recommendations</p>	<p>Liverpool City Region response</p>
<p>Access to support</p> <p>To be based on individual needs assessment, rather than benefit claimant type</p>	<p>The Liverpool City Region welcomes LGA's recommendation that access to support should be based on a needs assessment rather than by which benefit is being claimed.</p> <p>The Liverpool City Region recognises that an individual's personal circumstances and specific barriers to employment are not effectively reflected by benefit claimant categories and that, in order for employment support to be truly effective, a more personalised and needs-based assessment approach is required.</p> <p>By locally commissioning an element of DWP's Youth Contract 'underspend', the Liverpool City Region has a track record in implementing a personalised approach to employment support through its Youth Employment Gateway; which provides personalised to young people based on an individual assessment of their specific requirements.</p> <p>In addition to this, the City Region is commissioning European funding to implement a locally-designed individualised and integrated support package for residents furthest away from the labour market.</p> <p>The Liverpool City Region considers that it will be able to deliver more efficient and effective outcomes for local people furthest away from the labour market if employment, training and advice programmes are locally commissioned and are based upon individual needs rather than on their benefit type and/or how long they have been on that benefit.</p>

Replacing the Work Programme

The Liverpool City Region welcomes LGA's recommendation that the Work Programme is replaced by two distinct programmes with greater local involvement in commissioning and designing support for long term unemployed residents. The Liverpool City Region has a thorough understanding of its local labour market and the barriers facing, and support required by, its long term unemployed residents. Through the effective delivery of locally commissioned, large-scale employment support programmes, the City Region has a strong track record of supporting these residents into sustainable employment and, as a result, believes that it will be able to deliver more efficient and effective outcomes for local people furthest away from the labour market if employment, training and advice programmes are locally commissioned.

Mainstream JSA claimants

In keeping with its response to DWP's Commissioning Strategy consultation exercise, the Liverpool City Region seeks to jointly co-commission DWP employability support for long-term, mainstream JSA claimants using the City Region's geography; which is unique in its consistency with its functional economic market area and other administrative boundaries. In order to ensure that unemployed residents are able to access effective support into sustainable employment, the City Region would seek involvement in the co-design and co-commissioning of a new programme at all stages of the commissioning cycle; from needs assessment to performance management.

The Liverpool City Region welcomes LGA's recommendation that a new employment support programme for disadvantaged claimants requires stronger local involvement, integrated support for residents and flexible, funding agreements including upfront investment.

In order to address the long-term levels of health-related unemployment in the Liverpool City Region and improve the life chances of some of the City Region's most vulnerable people, it will be essential to ensure that a future approach provides highly personalised and targeted support to individuals with a clearer and

<p>Disadvantaged claimants</p>	<p>stronger link between health expertise and employment advice. A history of partnership working to address significant levels of health-related worklessness means that Liverpool City Region has an in-depth knowledge of the barriers facing its disadvantaged claimants and the need for personalised and integrated support.</p> <p>As a result, the City Region would seek to jointly co-commission new DWP employability support for disadvantaged claimants within the Liverpool City Region. This would include the co-design and co-commissioning of a new programme at all stages of the commissioning cycle (from needs assessment to performance management) at the appropriate geographies within the City Region.</p>
<p>Universal Credit: local support</p> <p>Significantly increased co-location of JCP services</p> <p>Local services to provide personalised support to UC claimants</p> <p>DWP/local areas to explore support for progression of people in low paid employment</p>	<p>The Liverpool City Region welcomes LGA's recommendations regarding local support for Universal Credit claimants and co-location of services.</p> <p>The City Region has a strong history of close partnership working with local JCP services and believes that increased co-location of these services and shared working (including the introduction of additional data sharing protocols) can improve the efficient use of public sector services and the effectiveness of support offered to local residents. As the implementation of Universal Credit continues, it will be vital to ensure that personalised, integrated support is available to both out-of-work and in-work claimants in the Liverpool City Region and, in order to address the significant local levels of in-work poverty across the, the City Region would welcome the opportunity to work with DWP to explore support for progression of people in low paid employment.</p> <p>In order to ensure that the recommendations can truly support services help local residents into sustainable employment with progression opportunities, the Liverpool City Region would seek to establish a common framework of shared targets across a range of partners; better placing the City Region to hold partners (including</p>

New financial incentive package jointly explored

drives and support economic growth across the City Region and the wider 'Northern Powerhouse'.

The City Region would welcome the opportunity to work with LGA and Government to better understand the opportunities and implications of a 'risk and reward' package.