

LGA Skills Taskforce roundtable:

The future of work: how changing skills needs of sector-specific industries will play out in the local economy?

Thursday 28 March 15.00-17.30

Smith Square Rooms 3 and 4, LGA offices, 18 Smith Square,
Westminster, SW1P 3HZ

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This is the third and final LGA Skills Taskforce roundtables. This briefing covers:

- 1. Agenda**
- 2. Purpose of the LGA Skills Taskforce**
- 3. Focus of today's roundtable**

3.1 Understanding the impact of changing skills and labour market conditions nationally and locally

3.2 Responding to the skills challenge nationally and locally

- 4. List of attendees**
- 5. Summary of LGA's Work Local vision**
- 6. Summary of the previous roundtables**

1. Agenda

3.00-3.10 Welcome and introductions, Cllr Sir Richard Leese

3.10-3.20 Key points from previous roundtables, Jasbir Jhas, LGA

3.20-3.30 Scene setting, Stephen Evans, Learning and Work Institute

Discussion

3.30-4.20 Understanding the impact of changing skills and labour market conditions nationally and locally

4.20-4.35 Comfort break

4.35-5.25 Rising to the skills challenge nationally and locally

5.25-5.30 Wrap up and close

2. Purpose of the LGA Skills Taskforce

In July 2017 the LGA launched [Work Local](#), an ambitious but practical vision for devolved employment and skills provision (see section 5). This we believe is needed more than ever to offer more place based solutions to identify and address both our current and future skills and employment challenges and opportunities presented by Brexit and the ongoing productivity gap.

While the LGA has an ambitious, long term vision, there are many things we – local and national partners – can do now to make the best of provision. So we are keen to develop links with policy makers, stakeholders and industry experts both nationally and locally.

That's why we have established an LGA Skills Taskforce of elected members from our policy boards to convene three roundtables to bring together sector representatives and industry experts. This is the last in the series.

- The first roundtable, *Local coordination of a fragmented employment and skills system*, took place in December 2018
- The second roundtable, *Careers and retraining for a changing local economy* took place in February 2019
- The final roundtable *The future of work: how changing skills needs of sector-specific industries will play out in the local economy?* (March 2019)

Through these, we aim is to start the conversation and explore how we can combine efforts nationally and locally. We, recognise that many of our attendees will have different viewpoints, but that there is merit in understanding if we have similar views on what changes are needed to the current system.

We will draw together the roundtable findings this summer.

3. Focus and aims of today's roundtable

This roundtable will be chaired by Cllr Sir Richard Leese, chair of the LGA's City Regions Board. Policy expertise will be provided by Stephen Evans of the Learning and Work Institute.

It aims to broaden out the discussion with sector specific industries and others to explore how we can work more collaboratively with you nationally and locally. There will be two parts to the discussion.

It would be helpful if you can come prepared to talk about the issues highlighted below. We are interested in hearing about any innovation or best practice that you would like to share.

3.1 Changing national and local skills and labour market conditions

Britain's economy is the closest it has been to full employment since the early 1970s, but scratch beneath the surface and there are many labour market and skills challenges. It is staggering that nine million people lack basic skills, and that one in ten are in insecure work.

This affects places differently given each has a unique mix of jobs, skills, economic conditions, and geography. For instance, manufacturing accounts for 1/5 jobs in Burnley but less than 1/50 in Cambridge, residents with low qualifications range from 1/3 in parts of the West Midlands to 1/17 in parts of London, and worklessness is twice as high in Rochdale as it is in Surrey. It affects our ability to create inclusive local economies. What works for major cities is different to what is needed in suburbs, towns, rural areas and more mixed communities.

Access to a broad range of jobs is critical across all our local economies. However employers from both the private and public sectors continue to highlight access to skills as a key challenge to deliver services and major infrastructure projects both now and in the future.

While the terms of the UK's exit from the EU remain unclear, our supply of skills (EU net migration to the UK fell to a six-year low) and our future trading relationship are likely to change.

In parallel, the nature of work is changing rapidly. Digitalisation, rapid technological change and the gig economy are forcing sectors to adapt or create different types of jobs. For instance 85,000 retail jobs were lost from the high street during 2018, whereas 119,500 creative industries jobs are forecast to be generated by 2024. Meanwhile a British Chambers of Commerce (BCC) survey found more than four-fifths of manufacturers struggle to hire the staff with the right qualifications and experience.

This week, Office for National Statistics (ONS) [analysis](#) of the jobs of 20 million people in England revealed 1.5 million (7.4%) were at high risk of being lost to automation. Vulnerable occupations include waiters and waitresses, shelf fillers and sales occupations. Importantly this varies significantly within and across the country dependent on the types of jobs available locally. For example the risk of automation varies from York (43.2 percent) to nearby Selby (51.8 percent). The more jobs requiring high-skilled workers, the lower the risk of automation overall.

Learning and Work Institute analysis suggests improving our skills based must be a priority. By 2030, we need three million more people improving functional literacy and numeracy skills, nine million more achieving level 2 (GCSE equivalent) qualifications, and eight million achieving level 3 (A Level equivalent) qualifications. This would boost our economy by £20 billion per year and help another 200,000 people into work. It would require extra investment of £1.9 billion per year and reversing the falls in the number of adults improving their skills each year seen since 2010.

Questions

- *How are the combination of issues highlighted above affecting the ability of your sector / organisation / members' to generate jobs and access skills? And how does this vary across different parts of the country?*
- *What challenges does this present for local leaders (councils, mayoral combined authorities and LEPs), and local commissioners and providers of training and employability?*

3.2 Rising to the challenges nationally and locally

As the world of work changes, so too must the way we learn, train, and refresh our skills. Policy responses can be slow and poorly targeted. The Government's Industrial Strategy rightly identifies people, place and industry as key to delivering inclusive economies across the country. However, there needs to be effective read across between local industrial strategies, sector deals, and existing policies and new initiatives.

Existing and new national initiatives and reforms – national retraining scheme, (devolved) Adult Education Budget, UK Shared Prosperity Fund and ongoing reforms to drive up apprenticeships and introduce technical levels as an alternative to academic routes – are welcome and needed, but without local coordination and join up, they risk being stand alone, less effective, and confusing for both individuals and employers.

We believe a more integrated place based approach to skills and employment could more effectively support local businesses and communities across all parts of the country. At the last roundtable, we focused on the need for:

- **A locally relevant and coordinated all-age careers service.** The current national system is fragmented and confusing with a range of providers and initiatives being delivered in any one local area, with little coordination. There was consensus that the system needs to be improved, coherent, 'locally rooted' and 'independent'.
- **An integrated post-16 offer developed and communicated locally.** This would help young people understand their options (A levels, T levels, Apprenticeships) and help colleges, providers, and employers engage locally on coordinating the post 16 offer they are helping to deliver.
- **More flexibility in apprenticeship provision.** The current apprenticeship landscape (Levy and non-Levy funding) is complicated and more flexibility is needed for all employers. The Government review and deadline for the expiry of levy contributions provide an opportunity to influence this.
- **A focus on adult skills.** As working lives extend and our economy changes, adults need to be retrained, upskilled and supported into available jobs. Councils and MCAs, working with local and national partners, play a key community leadership role to stimulate and meet demand for skills development, through targeted engagement and a relevant flexible offer. This should be built into the future National Retraining Scheme and UKSPF.

Questions

- *What is the role of employers in addressing these skills challenges nationally and locally? How can they be supported?*
- *How can local leaders (councils, mayoral combined authorities and LEPs) support local collaboration between employers and commissioners / providers of training and employability to support people into local jobs?*
- *What can be done to provide more policy and funding certainty to meet both current and future local and national priorities?*

4. Attendees

LGA Skills Taskforce

Elected member	Local authority
Cllr Sir Richard Leese (co-chair)	Manchester City Council
Cllr Mark Hawthorne (co-chair)	Gloucestershire County Council
Mayor Kate Allsop	Mansfield District Council
Cllr Donna Jones	Portsmouth City Council

Stakeholders

Organisation	Representative
Association of Colleges	Steve Frampton MBE , Principal, Portsmouth College and AoC President
Association of Employment and Learning Providers	Paul Warner, Director of Research and Development
British Hospitality Association	David Sheen, Public Affairs Director
Chartered Institute of Highways And Transportation	Sue Stevens, Director for Skills, Training, and Education
Construction Industry Training Board	Ian Woodcroft, Policy and Government Relations Manager
Confederation for British Industry	Bhavina Bharkhada, Principal Policy Adviser, Education & Skills
Construction Industry Council	Graham Watts OBE, Chief Executive
Creative Skill Set	Mark Heholt, Head of Policy
Edge Foundation	Andrew Stevens, Edge trustee, President / CEO, CNet Training
Federation of Master Builders	Lulu Shooter, Policy and Public Affairs Advisor
Federation of Small Businesses	Chinara Rustamova, Skill Adviser
Joseph Rowntree Foundation	Katie Schmuecker, Head of Policy (dialling in)
Learning and Work Institute	Expert: Stephen Evans, Chief Executive
Local Enterprise Partnership	Nick Juba, Coast to Capital LEP Board, Chair, Skills 360 Board
Localis	Joe Fyans, Head of Research
Oxford University	Professor Ewart Keep, Director of SKOPE (Skills, Knowledge and Organisational Performance)
Recruitment and Employment Confederation	Tom Hadley, Director of Policy and Campaigns
LGA tourism and skills project	Faith Graham, Director, Red Box
Shaw Trust	Gemma Hope, Director of Policy
Skills for Care	Karen Morse, Head of Area
Staffordshire County Council and Staffs and Stoke LEP	Anthony Baines, County Commissioner for Skills and Employability
Society of Motor Manufacturers and Traders	Lloyd Mulkerrins, Policy Manager
Universities UK	Professor Quentin McKellar, University of Hertfordshire
Work Foundation	Lesley Giles, Director

5. Overview of the LGA's Work Local vision

The challenge

Councils and combined authorities, working with local businesses and partners, want to build strong, resilient economies where residents contribute to, and benefit from inclusive growth around a shared vision for their local area. Fundamental to achieving this is a steady supply of skills and jobs, fostering local business growth and effective support to help people get on in life.

However our employment and skills system is designed and commissioned by a range of Whitehall departments and agencies in a way that disincentivises collaboration. For instance none of them have a plan on how to coordinate activity, nor a duty to discuss with councils or combined authorities how provision will land in local areas around service users and reflect local economic and social priorities.

Research for the LGA showed that in 2016/2017, the Government spent £10.5 billion across twenty different national skills and employment policies and schemes. Local areas have little or no influence over these which is a missed opportunity to target support and make the best use of available resources.

Despite best intentions, a centralised system simply cannot identify and address the unique economic and social challenges and opportunities within and between places, and the people that live within them. And there are more acute challenges ahead. Research for the LGA suggests that by 2024, a growing skills gap will result in 4 million too few high skilled people to fill demand and 8 million too many intermediate and low skilled than there are jobs. Failure to increase our skills levels is bad for individuals, employers and the local and national economy.

Brexit and the ongoing productivity gap are presenting growing skills challenges both nationally and locally. New national reforms and initiatives including apprenticeships, technical levels, skills advisory panels, the national retraining scheme, local industrial strategies and a future UK Shared Prosperity Fund will seek to address these challenges. While they are all positive and important in their own right, without sufficient join up or focus around 'place', they risk being stand-alone and less effective. There needs to be a better way of coordinating policy and provision, both nationally and locally.

The solution

The LGA believes a far more place based and integrated approach to policy and funding is needed to coordinate the myriad of initiatives. That's because what works for major cities will be different to what is needed in suburbs, towns, rural areas and more mixed communities.

Work Local is the LGA's positive proposal for change. Led by combined authorities and groups of councils, in partnership with local and national stakeholders, local areas should have powers and funding to plan, commission and have oversight of a joined-up service bringing together advice and guidance, employment, skills, apprenticeship and business support for individuals and employers.

This requires the various parts of Whitehall to coordinate activity, and would be achieved through the establishment of Local Labour Market Agreements (LLMAs) which would be negotiated between local areas and national Government. Across a medium sized combined authority, *Work Local* could each year result in 8,500 people off out of work benefits, a fiscal boost of £280 million, and contribute £420 million to the economy.

We believe our Work Local approach is now critical as combined authorities, councils and local partners plan how their areas will respond to the challenges and opportunities. While our Work Local vision is big, there are many things we can do now to make the best of provision. Our campaign objectives include:

1. To help councils and combined authorities can close their skills gaps in their local areas, the Government should:

- Enable local areas to coordinate a **localised approach to skills**. This includes loosening Apprenticeship Levy restrictions, ensuring skills advisory panels bring national and local partners together, that Technical levels are designed as part of coherently planned local post 16 offer, and that the national retraining scheme is tailored to the needs of local communities.
- **Create a localised / devolved Shared Prosperity Fund** within a radically different post 2020 funding landscape.
- Enable local areas to co-commission the development of a **locally relevant careers advice offer to young people and adults**.
- ensure **Local Industrial Strategy ambitions are fulfilled with devolved powers and funding**, and Work Local a framework for their development
- ensure Adult Education Budget is successfully devolved to combined authorities and progressively localised to all other areas, and that it is the first of a succession of skills funding streams to be localised

2. To ensure councils and combined authorities can make apprenticeships work for the local economy, the Government should use the upcoming Levy review to go further and faster by:

- **extend the two year limit to spend the Levy** against standards which have only just been approved or are still in development;
- **allow pooling of Levy contributions** to enable more strategic local planning;
- **permit a more flexible use of the Levy**, including to meet the full costs of apprenticeship programmes and administration including on pre-apprenticeship training; and
- **give local areas a say on how to allocate unspent Levy money and non-Levy funds**.

3. To create good employment opportunities across places which residents can enter, retain and progress in, the Government should commit to a partnership with councils and combined authorities by:

- **co-designing with local areas an employment support offer** to include local commissioning of the Work and Health Programme successor arrangements, and Jobcentre Plus' Flexible Support Fund
- develop a partnership with local government to understand local skills challenges potentially stemming from our exit from the European Union.

6. Summary of previous roundtable discussions

The first roundtable, *Local coordination of a fragmented employment and skills system*, took place in December 2018. All attendees felt improvements need to be made to the way in which job search and skills interventions are designed and managed, that there is more that unites than divides us, and that we should explore efforts to coordinate activity around the Spending Review.

Click here for a full [summary](#). Key quotes are below.

- *“We agree that the current system is fragmented, but the 38 LEPs are in a position to work at a local level with their local authority partners to tackle this.” Ann Limb, Chair, South East Midlands LEP.*
- *“The Trust has to work hard to join things up at a local level.” Gemma Hope, Director of Policy, Shaw Trust.*
- *“We need to look at skills that are fit for the present and future, not the past, and in so doing we have to think very flexibly.” Professor Quintin McKellar, Policy Network Chair for Innovation and Growth, Universities UK.*
- *“Devolution needs to come with resources and with the ability to raise resources, and councillors should have a much greater influence over apprenticeships.” Joe Dromey, Senior Research Fellow, IPPR.*
- *“One in six low-paid people manage to escape low pay over the course of 10 years, and that is not enough.” Katie Schmuecker, Head of Policy and Partnerships, JRF.*
- *“One of the most important aspects of the skills agenda, at both the national and local level, is its potential to lift people out of poverty.” Kate Allsop, Executive Mayor of Mansfield.*
- *“Public sector agencies have a common agenda on many issues, and a lot of work can be done locally.” Paul Wallace, Director of Employment Relations and Reward, NHS Employers.*
- *“The basic message that is coming through is that these are all areas that are best tackled at the local level. Central government needs to let go and let us deliver.” Councillor Judith Blake, Leeds City Council.*
- *“We need to be clear about what is going to work nationally and what is going to work locally.” Gerry McDonald, Association of Colleges.*
- *“This is an offer to Government about how we can make what they want to do work better for them.” Councillor Sir Richard Leese.*

The second roundtable *Careers and retraining for a changing local economy* took place in February 2019. It focused on four discussion themes: careers advice and guidance; an integrated post-16 offer; apprenticeships; and adult learning. Below are the main conclusions. A full summary can be viewed [here](#)

1) Careers advice and guidance

Introduction: A clear and coherent careers advice and guidance system is essential to help young people and adults navigate the world of learning and work. However, the system is confusing with a range of providers and initiatives being delivered in any one local area. For young people, it is complex and fragmented. It is also critical for adults who want (or need) to progress or retrain, though awareness of the National Careers Service among adults is low and access limited. **Attendees were asked: is a locally relevant and coordinated all-age careers service needed and, if so, how do we get there?**

Summary: there was consensus that the current system needs improvement, more coherence and should be 'locally rooted' to maximise connections. The need for 'independence' is critical, but that the current system cannot work in the way we want simply by legislating; it has to be resourced and incentivised.

2) An integrated post-16 offer

Introduction: There has been a great deal of post-16 reform in recent years, and Government reforms to raise the quality of vocational and technical education are welcome. It is critical that young people develop the skills needed to secure sustained, skilled employment, and which meet the needs of our changing economy. However, there is a risk that different pathways are being developed and delivered in 'silo'. Whether you are a young person, a parent or an employer, a coherent and well-communicated offer is critical, but no-one is currently responsible for developing or coordinating this locally. **Attendees were asked: how do we plan an impartial and coherent post-16 offer within local areas, and communicate it, to give the best opportunities to young people?**

Summary: while there are positive developments in the post-16 landscape, it is clear that this is not being done in a coordinated or coherent way, and no one has oversight of how it all fits together. There is a strong appetite for collaborative working, but the national and silo approach to funding specific parts of the system is affecting how organisations work together. There is merit in an integrated post-16 offer being developed and communicated locally.

3) Apprenticeships

Introduction: Apprenticeship reforms have changed the way employers manage their skills and training functions. Data published in February showed that the numbers of starts had fallen (119,100 fewer starts in 2017/18 than in 2016/17), though the decline is halting. There has also been a growth in higher-level apprenticeships. Nearly two years after the reforms, many employers believe there is room for improvement, most notably with the Apprenticeship Levy. To its credit, the Government introduced some flexibilities late last year. However, many stakeholders would like to see more. The LGA, for instance, is seeking greater flexibilities, including pooled levy contributions and an extension to the two-year limit to spend on the levy against standards which have only just been approved or are still in development. The Government promised an in-depth review. **Attendees were asked what changes they would like made to the Levy and broadly to all apprenticeship provision, and what can be done locally to maximise its impact?**

Summary: it was clear the current apprenticeships landscape is complicated, and there is an opportunity for those around the table to influence this, particularly with the deadline for the expiry of levy contributions fast approaching.

4) Adult learning

Introduction: As working lives extend and our economy changes, adults – those in work and looking for a career change, those vulnerable to redundancy, and those out of work due to ill-health or caring responsibilities – need to be retrained, upskilled and supported into job opportunities. With nine million adults lacking basic literacy and numeracy skills, and adult learners in further education learning halving since 2005/06, we need to understand how to engage adults into further training.

Attendees were asked: how do we ensure different parts of the system align to meet the skills needs of adults throughout their working lives, and how do we engage adults in these opportunities?

Summary: supporting people to increase their skills and progress in the labour market is critical to inclusive growth, and should be integral to the development of local industrial strategies. Councils and combined authorities, working with local and national partners, can play a key community leadership role to both stimulate and meet demand for skills development, through targeted engagement and a relevant flexible offer. There is the potential to make a real difference on this agenda.

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