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To: Growth, Economic Development and Communities Cabinet Committee - 17 May 2016

Subject: Skills Commission: Progress report and the potential for devolution

Classification: Unrestricted

Past pathway of paper: None

Future pathway of paper: None

Electoral Division: All

Summary

In December, the Cabinet Committee considered a report on the establishment of the Kent and Medway Skills Commission, and endorsed its terms of reference.

This report provides an overview of progress since the Commission was established. It also outlines the opportunities that may be available to Kent and Medway as part of a 'devolution deal' with Government, and sets out the work that will need to be done over the coming months to bring these forward.

Recommendations

The Growth, Economic Development and Communities Cabinet Committee is recommended to:

- a) NOTE the progress to date in establishing the Skills Commission; and
- b) CONSIDER the potential for devolution of powers relating to employment and skills and how these may be progressed.

1. Background: The Kent and Medway Skills Commission

- 1.1. Kent and Medway has had an Employment and Skills Board since 2013. Last year, following the publication of the Workforce Skills Evidence Base, Kent and Medway Economic Partnership (KMEP) decided to strengthen the Board by increasing employer representation, providing clearer terms of reference and establishing a stronger relationship with the main KMEP Board. This led to the establishment of the Kent and Medway Skills Commission, which met for the first time in December 2015.
- 1.2. The Skills Commission's terms of reference were approved by KMEP in December and reported to the Cabinet Committee shortly afterwards. The Commission is established as a sub-group of KMEP, and aims to identify the skills priorities for Kent and Medway, based on evidence of current and future employer demand, and to develop a series of actions to be implemented over the short to medium term.
- 1.3. Employer representation on the Commission is drawn from the seven sector-based '**Guilds**' that have been established to provide a direct link between providers, industry and sector experts and to develop specific, industry-related workforce development programmes. Currently, guilds exist in the following sectors, and each guild has a representative on the Skills Commission:
 - Construction and the Built Environment
 - Creative and Media
 - Engineering, advanced manufacturing, energy and environmental technologies
 - Healthcare
 - Hospitality, leisure, tourism and transport
 - Land-based industries
 - Life sciences
- 1.4. While some of the guilds are fairly new, work is underway to increase employer participation and it is anticipated that they will develop over time.

2. Recent progress

- 2.1. *The Compelling Case*, the growth strategy published by KMEP last year, set out eight priorities that the Skills Commission should progress. The following paragraphs summarise progress in relation to each of these:
- 2.2. **Ensuring that we have excellent labour market intelligence and that this intelligence is used effectively:** In addition to the Workforce Skills Evidence Base, district 'datapacks' have been produced and are used by education and training providers. In addition, the guilds provide an opportunity for employers

to provide direct intelligence, adding qualitative information to the quantitative data provided in the WSEB and datapacks.

- 2.3. **Develop a Careers Education, Information, Advice and Guidance (CEIAG) framework for all schools and colleges:** Building on the intelligence base, there is a well-established CEIAG network across the county and the Skills and Employability Service has commissioned further analysis of this to support improvement. In addition, a coordinator is currently being recruited to work with twenty identified coastal schools to establish and improve employer engagement.
- 2.4. **Increasing the number of apprenticeships:** Each guild has been tasked with increasing apprentice numbers within its sector and a number of initiatives are underway, particularly focusing on how SMEs can be brought together to 'share' apprentices. In addition, FE colleges are providing a greater focus on developing apprenticeship programmes. 16-18 apprentice numbers are rising and this year's target is likely to be exceeded.
- 2.5. **Extending higher education as a key driver of growth and productivity:** Degree apprenticeships are already well-established at the University of Greenwich, which is increasing its provision, and a degree apprenticeship in science has been established by Pfizer, working with Greenwich and Manchester Metropolitan University. Canterbury Christ Church University is considering degree apprenticeships and is also advancing proposals for a new university centre for engineering and technology.
- 2.6. **Developing a new model to inform 14-24 pathways:** In addition to the careers information and advice work being taken forward via the guilds, a 'District Offer' has been established by the Skills and Employability Service to reduce the number of young people not in employment, education or training and to provide additional technical opportunities. This is now available online as part of *Kent Choices*.
- 2.7. **Ensuring that the resources available for vocational and technical education are maximised and deployed effectively:** The guilds, working with providers, have been tasked with developing a pipeline of future projects requiring capital and revenue investment, so that as such funds become available (for example through the Local Growth Fund) they can be used brought forward as part of an employer and evidence-driven strategy.
- 2.8. **Reducing unemployment among young people aged 18-25:** As well as the measures outlined in para. 2.6 above, work is also progressing on the development of a social impact bond to support innovative approaches to responding to those most excluded from the labour market.

- 2.9. **Reforming community learning, so that it is focused on the needs of the Kent and Medway economy:** The service specification for Community Learning and Skills (CLS), which is commissioned by KCC, has been rewritten. The new service will include increased skills training in priority sectors and outreach in sectors currently under-represented in the take-up of learning opportunities.

3. Opportunities for devolution

- 3.1. A number of city and county regions have concluded 'devolution agreements' with central Government, containing significant skills and employment elements. KCC, KMEP and the Kent Leaders have considered the potential for devolution, and the establishment of the Skills Commission as a stronger, employer-led body, potentially provides a platform from which to make a case.
- 3.2. Areas of devolution which may be considered include:

A leading role in the Kent and Medway Area Review of post-16 education and training institutions

This is scheduled to take place at the end of 2016. Stronger local leadership could reflect the key role of the Skills Commission (and the employer voice that it provides) and would be consistent with the leading role agreed as part of the existing devolution agreements concluded elsewhere.

Full devolution of Skills Funding Agency capital funding

Following the Area Review, this would enable future SFA funds (or other capital funds directed towards the further education and adult learning sector) to be allocated in accordance with a locally-relevant Vocational Learning Strategy, reflecting evidenced economic demand.

Full devolution of the 19+ Adult Skills budget

Again following the Area Review, this would enable Kent and Medway to be responsible for allocations to providers and the outcomes to be achieved. This would also align with local realignment of adult community learning so that it more effectively supports people into work.

Full devolution of the Apprenticeship Grant for Employers (AGE)

This provides support to employers (primarily small businesses) in employing apprentices aged 16-24, where they would otherwise be unable to do so.

Devolving the AGE grant would enable levels of financial support to be varied by sector, business size and specialism in line with economic need. It would also enable financial assistance to businesses to be integrated with Kent's existing business loan and support services.

This could lead to broader National Apprenticeship Service devolution to more effectively promote Apprenticeships to local employers and contribute to meeting the national goal of 3 million apprenticeship starts by 2020.

Joint design with DWP of employment support for hard-to-help claimants

This would include a significant local role in contract management and in joining up local public services to better support the target group – potentially including a pilot programme with DWP to support the harder-to-reach back into the labour market.

- 3.3. Further work is underway to explore the potential of these areas of devolution, with a view to developing a proposal to Government over the next month. However, the suggestions set out above are not exhaustive, and Cabinet Committee Members may have additional proposals which could be developed further.

4. Recommendations

- 4.1. The Growth, Economic Development and Communities Cabinet Committee is recommended to:
- a) NOTE the progress to date in establishing the Skills Commission; and
 - b) CONSIDER the potential for devolution of powers relating to employment and skills and how these may be progressed.

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