

A Draft Skills Policy for Gloucestershire

Purpose of Paper

Comments are sought on a draft skills policy for Gloucestershire.

This paper was prepared for the Joint Committee on Economic Growth, held on 16th March 2016. Subsequently it has been seen and commented on by economic development officers from local authorities and the Federation of Gloucestershire College Principals. It is now coming to the GFirst Board for consideration, prior to final agreement by the Joint Committee.

The policy will be used to help shape a skills strategy for the county in preparation for any devolution of funding for skills. The strategy will provide the detail of need and how stakeholders in Gloucestershire plan to meet that need. It should also help determine any future capital investment in the infrastructure provided to meet skills needs.

Introduction

The Department for Business Innovation and Skills (BIS) has announced in its policy guidance to the Skills Funding Agency¹ (SFA) that it expects to see emerging greater localisation of decision making about the use of public funds for what is now termed the Adult Education Budget (AEB) which combines allocations for skills development and community learning. This follows the principle established in recent years that provision should be aligned to current labour market conditions and future economic development. All providers in receipt of SFA funds will need to demonstrate that they are using their best endeavours to meet the needs identified by local enterprise partnerships (LEPs) and, where there has been a devolution deal, the combined authority.

Gloucestershire County Council has been working closely with GFirst LEP to prepare for devolution of the AEB. Potentially this could be worth £15-20m but comes with caveats. Whilst this budget is likely to be devolved, much of this is committed to government entitlements such as first full level 2/3 provision for adults. It also supports 6th form students who come to colleges aged 17 and complete their programme outside of the qualifying age period for youth funding. This is a significant volume and further reduces the flexibility available. Approximately £2.6m represents community learning funding that is not tied to achieving qualifications and therefore gives greater flexibility in deployment.

Allocations for 2016/17 will continue to be managed by the SFA directly with providers but this could change in future years as there is greater devolution of decision making. It should be noted that apprenticeship funding is likely to continue to be routed nationally.

¹ Skills Funding Agency Priorities & Funding for 2016-17. BIS 15.12.15

Whilst a devolution deal is still being negotiated for Gloucestershire, GCC and GFirst LEP has put together a policy document to set out what a draft skills policy for Gloucestershire might look like. The aim is to provide a framework for the Joint Committee, and later the Gloucestershire Combined Authority and GFirst LEP, to develop their skills strategy in response to the needs of the people and businesses of Gloucestershire. Any policy would also help inform the review of state funded post 16 education and training due to commence in September 2016.

1. The National Context

Having adults with the right skills is a key driver for national growth and prosperity. The national skills policy aims to address the following issues;

- Upgrading skill levels
- Improving the quality of further education, skills training
- Increasing the role of Apprenticeships as a route to a skilled workforce
- Encouraging individuals and employers to invest in skills
- Tackling youth unemployment

Localism is handing some of the public investment to locally accountable bodies to ensure there is flexibility to meet local need. This policy will be used to determine how Gloucestershire uses this flexibility.

2. The Importance of Skills to Gloucestershire

The Strategic Economic Plan (SEP) for Gloucestershire sets out how our economy will grow by 2022 through creating 34,000 jobs, more than 5,000 new apprenticeships and creating a gross value added (GVA) uplift of 4.7% - almost £500 million, significantly outstripping the long term GVA average achieved in Gloucestershire.

To achieve this ambitious plan will require significant investment with 47,000 new homes, 180 hectares of employment land and in the region of £800m of critical infrastructure planned as the major contributor to GVA growth. None of this can be achieved without growing the county's workforce and providing the skills needed to both manage and deliver this plan. That will require upskilling of the present workforce and growing the workforce to meet demand. In common with the rest of the country, Gloucestershire has an ageing workforce which will increase the pressure on the availability of suitably skilled labour and those entering the labour market for the first time.

As well as new jobs, the main skills demand will continue to be in replacement jobs and ensuring employees and new entrants to the labour market have the basic qualifications upon which to build more specialist skills. Ensuring those basic skills needs are addressed is the core of much of public investment.

Ensuring the workforce has the right skills is primarily the responsibility of employers but this is also a priority for both county and district councils and the local enterprise partnership, all of whom have an interest in skills helping drive their economic development strategies and providing jobs for local people. Providing skills training

is a major sector in its own right and the county is fortunate to have a diverse and high quality base to draw on.

Collectively all of these stakeholders bring valuable insights and labour market information to help determine skills needs and ensure there are no critical gaps. For example, the preparation of those entering the labour market for the first time requires joint planning and the deployment of limited public investment in skills in line with labour market needs should be a priority for commissioning.

Gloucestershire already benefits from one of the lowest unemployment claimant counts in the country but 17.9% of the working age population (16-24) are economically inactive. The cohort will include students, those looking after a family and those with long-term illnesses but, according to the latest Labour Force Survey (September 2015), 25.4% of those who were inactive wanted a job. There will also be individuals in the remaining 75% who may have given up on getting work but could be re-skilled and given the confidence to work if their multiple needs were adequately addressed.

Helping those seeking work and those who are economically inactive gain the confidence they need to become employable, find work that is a good match for their skills and experience and develop the skills needed to enter work will be a priority.

The policy does not address variances in need. Any skills strategy based on this policy would need to look at the local areas within the county to consider both employer skills needs and supply issues.

3. Localisation

Gloucestershire has submitted a devolution bid which, if successful, will see the Leadership Gloucestershire partnership² become a more formal Combined Authority. This body would be accountable for a greater share of public investment in the county, including devolved budgets for adult education.

The Combined Authority will act as the commissioner for the adult skills budget using the collective knowledge and understanding of the labour market, employer needs, and the needs of individuals from GFirst LEP and employers in both the public and private sectors. GFirst LEP will establish an Employment & Skills Board to oversee the development and implementation of the strategy. The model likely to be used will be one of co-commissioning, drawing upon the experience of other partners such as DWP and providers such as colleges to allocate resources to meet the desired outcomes.

A Skills Policy for Gloucestershire

The devolution proposal for Gloucestershire set out a vision of a Gloucestershire where:

² Leadership Gloucestershire comprises Leaders of the county council and six district councils, the LEP Chair, the Police & Crime Commissioner and Chair of the NHS Clinical Commissioning Group
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- Our democracy and civil society is renewed and reinvigorated through decisions being taken as close to our communities as circumstances and efficiency permit.
- Pooled budgets and combined decision-making enable the innovative use of resources so that we can redesign services around preventing harm as well as ensuring people get world class services when they need them.
- Public services provide maximum value for local business making the county a desirable location for growth. Meanwhile duplication and inefficiency in public sector Gloucestershire is robustly addressed.

The 'asks' of government for our communities were built around:

- Accelerating economic growth
- Health & Wellbeing
- Community Safety

The county council has developed a policy to support vulnerable adults and young people access employment opportunities. This is already yielding good outcomes and is vital if all members of Gloucestershire's community are to benefit from economic growth.

The aim of the skills policy for Gloucestershire is to address economic growth by increasing skill levels within the county to the benefit of both residents and businesses. All levels of skills are within scope but particular emphasis will be placed on higher level technical and professional skills and providing skills for those needing to re-engage with learning as a route into employment or re-employment.

The policy and resulting strategy should also take into account the need to be proactive in identifying future trends in skills needs to anticipate new areas of business growth.

Subsidiary aims will be to improve health & wellbeing and community safety through the acquisition of higher level skills and employment for those who want it.

A further dimension will be addressing the particular skills needs of employers in different parts of the county and ensuring that provision provides the capacity to grow the local skills base in response to local economic development strategies.

Our commissioning will be guided by the vision and aims.

The outcomes we will seek to achieve are;

- More young people entering the labour market with the skills and knowledge required to make them employable
- Growing a larger and more skilled workforce in line with employer/ labour market needs
- Increasing the number of Apprenticeships available in the county
- Reducing the number of unemployed and economically inactive people of working age

- Skills developed in response to the particular economic developments of each part of the county
- 'Future proofed' skills provision that can accommodate new opportunities for growth

Our success will be measured primarily by improvements to economic growth and reductions in economically inactive adults or working age.

For any policy and resulting strategy to be effective, it will need all stakeholders to work together to identify need, commission and deliver effective solutions.

Next Steps

Following input from GFirst LEP Board and the Joint Committee and subject to a devolution deal being agreed, the next step will be to establish an Employment & Skills Board tasked with developing a detailed skills strategy in line with the final policy.

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