

TITLE OF REPORT: **Review to Address Skills Shortages & Increase Employment Opportunities**

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SUMMARY

Communities and Place Overview and Scrutiny Committee has agreed that the focus of its review in 2018/2019 will be looking at how to address skills shortages and increase employment opportunities. The review will explore Gateshead's existing skills and employment profile and examine how skills shortages are being addressed, both now and in the future, as well as how employment opportunities are being maximised for local people.

The review will draw upon current activities in Gateshead as well as highlighting examples in other areas, which could be developed further to address current and future challenges.

This report sets out the proposed scope of the review.

Background

1. Business and employer investments create valuable employment and training opportunities. However, those opportunities do not automatically help to tackle unemployment. Intervention is needed to ensure the local workforce have the skills and support they need to access these opportunities and employers are required or encouraged to recruit locally.
2. Inward investment and indigenous business growth is expected to create significant numbers of new jobs in the borough over the next 5 years. To ensure we maximise those opportunities for residents, as well as delivering the skilled workforce to meet the needs of business, we must look at the challenges we face both in terms of labour supply and demand.
3. Whilst progression to both intermediate and higher-level skills is improving, the proportion of the population with a qualification at NVQ4 or above is 29.5% compared to a national average of 38.6%. Conversely over 10% of the population have no qualifications compared to the national average of 7.7%.
4. Gateshead, like the rest of Great Britain, has an ageing population. However, levels of benefit dependency and health-related issues remain significantly higher than national comparisons. Latest figures show 11.2% of Gateshead residents are claiming the main

out of work benefits, compared to 8.4% nationally. 3.5% of the working age population are claiming unemployment benefit (JSA/UC), compared to a GB average of 2.1%.

5. There is currently a mismatch of skills at both a national and local level. National research¹ has shown that there are large mismatches between skills young people are developing and the jobs available. The research found that, particularly in the North East, there are relatively low numbers of jobs per skills achievement across most occupations / sectors, adding to the difficulties even those with skills have in finding employment.
6. Gateshead's economy has undergone many challenges in recent years with levels of unemployment in young people remaining a cause for concern. Post-16 learning and training is therefore an important stepping stone into the world of work and it is critical that the skills developed, the choices made, and the pathways followed are realistic and effective at preparing young people for an increasingly competitive and ever-changing job market.
7. Challenges exist between learner supply and employer demand when trying to address the wider skills needs of the economy. The need is evident for an increased focus on employability skills and enterprise education as well as increasing the role of employers in supporting young people through a range of learning pathways.
8. However, the issue is not exclusive to young people; there is a need to encourage a better matching of supply and demand overall, with emphasis on both the immediate and future skills gaps. Maintaining growth in employment levels and retaining skills in the borough is key, but of equal importance is a focus on career development and escalators to build the existing labour force through maintaining and reskilling older workers and addressing health and other barriers to work.
9. Maximising employment opportunities for both unemployed and underemployed residents is vital. National research showing 1 in 5 workers in elementary type roles are classed as underemployed and 13% of part-time workers are people who could not find a full-time job. This is particularly concerning given the nature of Gateshead's employment base, with just under 40% of employees in entry level jobs² and just over 25% of the working age population working part time.

National Policy

10. National funding and policy changes have and continue to see a step-change in education and training delivery across the country. This in turn, has an impact on Gateshead learners and the strategic direction of providers and institutions. A full overview of these changes will be presented as part of the evidence at a future meeting of this Committee. However, some of the key policy drivers include:
 - The **Industrial Strategy** sets out a long-term plan to boost the productivity and earning power of people throughout the UK. It sets out how the Government aims to help businesses create better, higher-paying jobs in every part of the UK with investment in the skills, industries and infrastructure of the future.

¹ Research by the Centre for Economic and Social Inclusion on the behalf the LGA

² SOC 2010 Major Group 6-9, Nomis 2018

- The strategy identifies five foundations of productivity which are "the essential attributes of every successful economy". One of those foundations is 'People', which encompasses skills and education and includes ambitions around a new technical education system and investment in skills and employment provision for key sectors such as digital.
- The **Careers Strategy** outlines the Government's plans to raise the quality of careers education to improve social mobility. With a focus on investing in skills development to meet the needs of workplaces of the future, the strategy calls on careers organisations, schools, colleges, universities and employers to collaborate to ensure people from all backgrounds can realise their potential.
- The Strategy sets out expectations and ambitions including:
 - All schools and colleges using the Gatsby Benchmarks to improve careers provision.
 - Schools must give providers of technical education and apprenticeships the opportunity to talk to all pupils.
 - The launch of a new investment fund of £5 million to support the most disadvantaged pupils.
 - Schools and colleges to publish details of their careers programme for young people and their parents.
 - A named Careers Leader should lead the careers programme in every school and college.
 - 20 "careers hubs" will be funded by Government and supported by a coordinator from the Careers & Enterprise Company (CEC).
 - Schools should offer every young person seven encounters with employers - at least one each year from years 7 to 13 – with support from the CEC. Some of these encounters should be with STEM employers.
- The **Post-16 Skills Plan** is the Government's framework to support young people and adults to secure a lifetime of sustained skilled employment and meet the needs of the growing and rapidly changing economy. The Plan introduces a new system underpinned by four key principles:
 - Employers must play a leading role. Employers, working with expert education professionals, need to set the required standards.
 - Technical education needs to be fulfilling, aspirational, clearly explained and attractive to everyone regardless of background or circumstance.
 - Many more people need to go on to meet the national standards, as set by employers.
 - A requirement for close integration between college-based and employment-based technical education so that employers and individuals can understand how they fit together and how to move from one to the other as seamlessly as possible.

- Some of the key proposals of Plan include:
 - The introduction of a common framework of 15 routes across all technical education at levels 2 to 5.
 - Each 16-18-year-old student will be entitled to a quality work placement following completion of a two-year college-based technical education programme.
 - Locally-led change should be at the heart of the process, with decisions made about what is right in each local area and developed in collaboration and partnership.

- The Government have set out their vision for Apprenticeships to 2020, through the publication of '**English Apprenticeships: Our 2020 Vision**' which include substantial improvement in both quality and quantity. The aim is for Apprenticeships to be an attractive offer that young people and adults aspire to go into as a high quality and prestigious path to a successful career. Improvements include:
 - Apprenticeships will be made available across all sectors of the economy and at all levels, including higher level apprenticeships at degree level. Every apprenticeship will need to be high quality and deliver the skills, knowledge and behaviours that employers are looking for in their particular sector.
 - A new independent and employer-led body, the Institute for Apprenticeships, will oversee the design and delivery of apprenticeships, and was introduced in April 2017. The body regulates the quality of apprenticeships made up of an independent Chair, a small Board of employers, business leaders and their representatives.
 - Schools will be held to account for what their pupils do next, including going on to an apprenticeship. Clear progression routes will be developed through technical and professional education and into skilled employment, including apprenticeships.
 - In April 2017, the apprenticeship levy came into effect with all UK employers with a pay bill of over £3 million per year paying the levy. Work is ongoing regarding Apprenticeship Frameworks being phased out, and the introduction of new Apprenticeship Standards introduced, being developed in collaboration with employers which aim to be more specific to individual business need rather than applying broadly to business sectors.

- The Government intends to undertake a major review of **Post-18 education and funding** to make sure that the system is joined up and promotes access and success in all forms of post-18 education.

Regional Policy

11. The North East's **Strategic Economic Plan** (SEP) is a comprehensive document detailing how the North East economy can grow in the coming years and how the region will create more and better jobs for the North East LEP area.

12. Based around six programme delivery strands, two of which cover Skills and Employability & Inclusion, the SEP aims to support the economy to deliver 100,000 more jobs, ensuring that 60% of those new jobs are better jobs, offering higher skills, more productive, better quality opportunities. Activities include:

- Progressing the Gatsby Benchmarks in schools and colleges.
- Developing the capacity and facilities to provide world class academic, technical and professional education, apprenticeships and higher-level apprenticeships in all growth areas
- Supporting economic growth to have appropriately skilled job ready graduates and high-quality employment opportunities for them.
- Reducing inactivity levels in our 50+ workforce by helping older workers to develop their skills and make in-work transitions
- Targeting interventions at those individuals with multiple barriers to employment, to move them closer to work.

Local Policy

13. Gateshead's ambition, **Making Gateshead a Place Where Everyone Thrives**, requires a focus on tackling inequality, particularly in addressing inability to work because of long term illness, benefit dependency, low level wages, and the attainment gap between disadvantaged young people and their more advantaged peers. One of the pledges is to invest in our economy to provide sustainable opportunities for employment, innovation and growth across the borough.

Scope of the Review

14. The review aims to examine the existing approach to tackling skills shortages and maximising the take-up of local employment opportunities with appropriately skilled individuals from the resident workforce.

15. Meeting the skills and employment needs of disadvantaged residents and those under-represented in the labour market is an important thread through the whole review e.g. action to improve outcomes for Looked After Children and those with Learning Difficulties & Disabilities.

16. Potential areas of focus include:

- **Educational Attainment** – improving the performance of young people in early years and at school (up to Key Stage 4).
- **Post-16 Education and Training** – the opportunities for post-16 learners both in full-time education and work-based settings.
- **Workforce Development** – training and progression for those in-work
- **Skills Support for the Unemployed** - addressing skills requirements for the unemployed and economically inactive.
- **Increasing Employment Opportunities for Local People** – maximising the take-up of local jobs by unemployed and under-employed residents.

17. The review will have an employment-related focus and will examine the provision and attainment of young people in compulsory and post-16 education through to the support and lifelong learning provided to those over 50 in the workforce.

Progress of the Review

18. The approach and timescales are outlined at Appendix 1. It is proposed that whilst the review is led by the Council, it will incorporate input from partner organisations to ensure a holistic approach that fully reflects the needs and role of residents, employers and providers.

19. The review will take place over a 11-month period (June 2018 – April 2019). It will involve five evidence gathering sessions covering each of the proposed focus areas and will include presentations from officers and partners, case study examples and site visits. It will highlight key points of learning to inform future prioritisation.

Who will be involved?

20. Council officers and representatives from partner organisations involved in education, skills and employment support provision and employers. It is envisaged that this could include, subject to confirmation:

- Gateshead Council – Early Help, Learning & Schools, Economic Development
- Local Colleges e.g. Gateshead College and Newcastle College
- Independent Training Providers – private and employer-owned
- Northumbria University
- Industry Training Bodies
- Gateshead businesses and employers
- Jobcentre Plus
- Independent Employment Support Providers

Outcomes

21. The Overview & Scrutiny Committee could identify:

- Potential changes to the Council's strategies and plans related to skills and employment
- Potential improvements to existing services offered by the Council or its partners
- Gaps in current provision that need addressed
- Opportunities for partners to work together more effectively to improve skills and maximise employment opportunities for local residents

Recommendation

22. Overview and Scrutiny Committee is recommended to agree:

- i. The scope, process and timescale as set out in this report

Appendix 1 - Progress of the Review

Stage 1

The scope, purpose and intended outcomes of the Review should firstly be agreed by the Cabinet and the relevant Overview and Scrutiny Committee. The recommendations of Advisory Groups may also be considered if appropriate.

Proposal

- 18th June 2018 - Scoping report to Scrutiny Committee

Stage 2

Evidence may be gathered by the Overview and Scrutiny Committee making visits as necessary or inviting persons and organisations to give evidence before it. Relevant Strategic Directors and the Chief Executive will assist the Overview and Scrutiny Committee as necessary. The evidence gathered by the Overview and Scrutiny Committee will be written up by officers.

Proposal

- 17th Sept – Educational attainment
- 29th Oct – Post-16 education and training
- 10th Dec – Workforce development
- 28th Jan – Skills support for the unemployed
- 11th Mar – Increasing employment opportunities for local people

Stage 3

Officers will then prepare a report on the issue based on the views of the Overview and Scrutiny Committee. Officers will submit this report to the next practicable meeting of the Overview and Scrutiny Committee to secure agreement that the report is a fair, accurate and complete reflection of the Overview and Scrutiny Committee's conclusions.

Proposal

- 29th April 2019 - Draft final report to be considered by the Committee.

Stage 4

The Chair of the Overview and Scrutiny Committee will then present this report to the Cabinet. The Cabinet may take note of the report, approve all or some of the report's recommendations or refer the report to full Council or to an Advisory Group for further consultation.

Proposal

- May/June 2019 – to be confirmed