

Report to

Scrutiny Co-ordination Committee
Cabinet
Council

4 March 2009
10 March 2009
17 March 2009

Report of

Assistant Chief Executive and the Director of City Development

Title

Multi Area Agreement on Employment and Skills

PLEASE NOTE THAT THIS REPORT TO COUNCIL DIFFERS FROM THE PREVIOUS REPORTS TO SCRUTINY AND CABINET AS IT HAS BEEN AMENDED TO REFLECT THE LATEST MAA DOCUMENT AT APPENDIX 1

Purpose of the Report

- 1.1 To endorse a draft Multi Area Agreement on Employment and Skills document for submission by the City Region of Birmingham Coventry and Black Country and its partners to central government.

2 Recommendations

- 2.1 **Scrutiny Co-ordination Committee** is recommended to consider the draft Multi Area Agreement on Employment and Skills document and convey their comments to the Cabinet (set out in appendix 1).
- 2.2 **Cabinet** is recommended to consider the draft Multi Area Agreement on Employment and Skills document (set out in appendix 1) and comments received by Scrutiny Co-ordination Committee and to recommend this document to council for endorsement.
- 2.3 **Council** is recommended to endorse the draft Multi Area Agreement on Employment and Skills document (set out in appendix 1) for submission by the City Region of Birmingham Coventry and Black Country and its partners to central government.

3 Information/Background

- 3.1 Coventry City Council has a statutory duty to develop a Local Area Agreement (LAA) with local partners and to agree this with central government. The Coventry Local Area Agreement was endorsed by the Coventry Partnership Board at their meeting on 8 May 2008 and approved by Coventry City Council at a meeting of full council on 27 May 2008

and signed on behalf of the government by the Secretary of State for Communities and Local Government, Hazel Blears MP on 30 June 2008.

- 3.2 The Coventry Local Area Agreement is based on local priorities that are local people and communities think important such as priorities around employment, skills, health housing, community safety and the environment and the LAA is currently being revised or "refreshed" through negotiations with central government and a separate report on the proposals for a refreshed LAA is on the meeting's agenda.
- 3.3 The government has identified that some economic issues are addressed most effectively at a sub-regional basis to reflect local economic geography and labour markets that are not necessarily reflected by local authority boundaries and is encouraging local authorities to tackle issues together through Multi-Area Agreements (MAAs).
- 3.4 Multi Area Agreements should reflect shared local priorities at a sub-regional level and are intended to complement Local Area Agreements and not add an additional layer of targets for local authorities entering into them. The first "wave" of Multi-Area Agreements were agreed early this year.
- 3.5 For the last two years Coventry has been one of the partners in a City Strategy Pathfinder Programme with the other six Metropolitan District Councils in the City Region of Birmingham, Coventry and the Black Country, Telford and Wrekin Unitary Authority and other partners including JobCentre Plus; the Learning and Skills Council and local businesses.
- 3.6 The City Strategy aims to reduce worklessness and improve skills in the most deprived wards across the City Region and has been described as a "de-facto" Multi Area Agreement as the partners work successfully together to co-ordinate activity across the sub-region to achieve shared targets to increase employment and skills. A number of mainstream funding streams were brought together, along with some additional government funding for the pathfinders, to support this approach.
- 3.7 Key features of the City Strategy approach are the development of a single offer for clients and employers within the target area with aim of both getting local people into jobs at the same time as providing skills training and employer support. This includes the production of Neighbourhood Employment and Skills Plans for each of the wards in the city region covered by the pathfinder and the development of an Employers' Board – which in Coventry's case encompassed Warwickshire to reflect our labour market.
- 3.8 City Strategy Pathfinder activity is focused on the areas with the highest levels of worklessness across the city region which included six wards in Coventry: Binley and Willenhall; Foleshill; Henley; Longford; Radford and St Michaels. After the first year of performance (July 2008) there had been significant achievement in Coventry in meeting the two year targets for the reduction of worklessness (measured by the number of people receiving out of work benefits) and the increase in skills in these wards (measured by those attaining Skills for Life and Level 2 skills) although it is anticipated that the economic recession will have an adverse impact on the final figures for the end of March 2009.

4 Proposals for a Multi-Area Agreement on Employment and Skills

- 4.1 It is proposed that the current successful City Strategy pathfinder programme is developed into a formal four year sub-regional Multi-Area Agreement with central government. The MAA will cover the eight city strategy local authorities: Coventry; Birmingham; Solihull;

Sandwell; Dudley; Walsall; Wolverhampton and Telford. Importantly Warwickshire County Council is collaborating with the development of the MAA.

- 4.2 The aim of the MAA will be to deliver increasing numbers of people in sustainable employment within the city region and this will be achieved by removing a number of barriers; inflexibilities and inconsistencies in the way that services are currently being delivered and to delegate decision making currently made at a national level to the local partners.
- 4.3 The MAA partners will aim to ensure that:
- All residents are provided with the support to allow them to fully participate in the labour market;
 - Sustainable employment opportunities are available for all
 - A supply of appropriately skilled labour is in place to meet current and future employer demand and to increase productivity
- 4.4 The current economic climate and constraints in the way that employment and skills services are currently delivered means this is a difficult challenge and the partners aim to do this by achieving:
- More responsibility at the city region level for planning, commissioning and delivery ensuring that employment and skills services are responsive to local need
 - Better integration and management of public-funded activities to achieve maximum results
 - Maximising the effectiveness of public sector resources by providing a strong evidence base to help inform and direct investment decisions of partners and advise on outcomes for workless individuals.
- 4.5 The specific additional powers that are required for the MAA are:
- Joint commissioning with the Department for Work and Pensions (DWP) for employment programmes leading to their progressive delegation to the City Region partners ie level 3 commissioning powers from DWP as set out in the December 2009 White Paper and the Pre Budget Report for 2009;
 - Devolution to the City Region partners of statutory powers to agree and implement the adult skills strategy and budgets ie section 4 powers under the Further Education and Training Act 2007.
- 4.6 The proposed Multi-Area Agreement is dependant on these specific powers being devolved by government to the city region level and if these are not granted then the MAA will not be agreed by the sub-regional partners. Negotiations are still underway between the sub-regional partners and government departments about the MAA.
- 4.7 The MAA has been built on the partners' LAA targets and these will be included within the MAA so that performance is not being managed and inspected twice – partners will sign up to five employment and skills targets at a city region level. In view of the current uncertain economic position, targets will be reviewed on an annual basis.
- 4.8 As part of the MAA targets will be set for the city region for the following employment and skills indicators (taken from the national indicator set):
- NI 151 *overall employment rate*
 - NI 152 *working age people on out of work benefits*
 - NI 163 *proportion of working age people with level 2 skills or above*
 - NI 164 *proportion of working age people with level 3 skills or above*

- 4.9 These targets are set out in detail in the MAA document which is attached at appendix 1. The inclusion of indicator NI 116 *Child poverty* is also being considered.
- 4.10 Coventry already has two of these targets – NI 152 *working age people on out of work benefits* and NI 164 *Proportion of the working age population with Level 3 skills* – in our Local Area Agreement and these would be revised and incorporated into the MAA as city region targets. Taking part in the MAA would mean that Coventry will be signing up to two additional targets for employment and skills but both of these are local priorities and the indicators are already monitored very closely by the council and the Coventry Partnership.
- 4.11 Overall governance of the Multi-Area Agreement would sit with the City Region Growth and Prosperity Board of which Coventry is a member. Local governance mechanisms will include an Employment and Skills Board for Coventry (including Warwickshire) which is made up of a range of employers; and representatives from local authorities, JobCentre Plus and the Learning and Skills Council. It will be linked to the Coventry Partnership.
- 4.12 An Employment and Skills Strategic Management Board will be responsible for the day to day delivery of the MAA and will be made up of chairs from the four Employment and Skills Boards in the city region and two local authority leaders along with the LSC and Jobcentre Plus regional directors and one local authority Chief Executive (up to 2010). Post 2010 the latter three ex-officio places on the Board will be allocated to the Jobcentre Plus, Skills Funding Agency and Young People's Learning Agency Regional Directors to reflect the new organisational landscape.

5 Proposal and Other Option(s) to be Considered

- 5.1 The proposal is that Coventry City Council should become a partner in a Multi-Area Agreement for employment and skills being proposed by the City Region of Birmingham, Coventry and the Black Country and endorse the draft document attached at appendix 1 for submission to central government.
- 5.2 The MAA will only be agreed with central government if the additional specific powers requested are given to the City Region.
- 5.3 The draft Multi Area Agreement document set out in appendix 1 is currently being considered by all of the partners for agreement in advance of consideration and adoption by the City Region Growth and Prosperity Board on 25 March 2009 for submission to central government. The Leader of Coventry City Council is a member of the Board.
- 5.4 It is expected that this next wave of Multi-Area Agreements is likely to be agreed and signed by Ministers in June 2009 following further negotiations between the partners and central government.
- 5.5 If the council does not take part in the Multi-Area Agreement, priorities on employment and skills will continue to be included in the Coventry Local Area Agreement. Coventry would not take part in programmes agreed through the MAA but would continue to work locally with JobCentre Plus and the Local Learning and Skills Council under the organisational arrangements that are agreed nationally.

6 Other specific implications

6.1

	Implications (See below)	No Implications
Best Value	√	
Children and Young People	√	
Climate Change & Sustainable Development		√
Comparable Benchmark Data	√	
Corporate Parenting		√
Sustainable Community Strategy	√	
Crime and Disorder	√	
Equal Opportunities	√	
Finance	√	
Health and Safety		√
Human Resources		√
Human Rights Act		√
Impact on Partner Organisations	√	
Information and Communications Technology		√
Legal Implications	√	
Neighbourhood Management	√	
Property Implications		√
Race Equality Scheme	√	
Risk Management		√
Trade Union Consultation		√
Voluntary Sector – The Coventry Compact	√	

6.2 **Best Value** – the Multi-Area Agreement aims to maximise the benefits from public funding to deliver employment and training and to commission services at a sub-regional rather than a national level.

6.3 **Children and Young People** – the focus of the MAA will be to increase employment and reduce worklessness and will include activity to support lone parents into employment. Parental worklessness is the most critical factor for child poverty and the MAA will have a positive impact on this.

6.4 **Comparative Benchmark Data** – as part of the MAA a range of comparative data has been developed and will be used to both improve performance and the quality of services that are received by clients and employers.

- 6.5 **Sustainable Community Strategy and Impact on Partner Organisations including the Voluntary Sector** – the MAA aims to increase employment and skills which are key priorities in the Sustainable Community Strategy. The MAA will be delivered with a range of key council partners including the Learning and Skills Council, JobCentre Plus; training suppliers including FE colleges; employers and a range of voluntary sector agencies.
- 6.6 **Crime and Disorder** – actions to address worklessness will have a positive impact on crime and disorder and the MAA programme will include activities of benefit to ex-offenders.
- 6.7 **Equal Opportunitites and Race Equality Scheme** – the MAA programme will include activities that will support disadvantaged groups including lone parents; disabled people; and people with mental health issues as well as our most disadvantaged neighbourhoods. Some minority ethnic groups in Coventry are more likely to have lower levels of skills and less likely to be employed and will benefit from the MAA programme of activities.
- 6.8 **Neighbourhood Management** – the MAA will continue to focus activities in Coventry's most disadvantaged neighbourhoods and further develop Neighbourhood Employment and Skills Plans.
- 6.9 **Finance** – the MAA will look to bring a number of government funding streams together and develop joint commissioning of activity at a city region level through a joint Employment and Skills Commissioning Plan. Although there is no additional funding directly available through the MAA it is expected to make more effective use of the funding that is available,
- 6.10 **Legal Implications** – if the MAA is agreed it will be a formal statutory agreement between the local authority partners and central government.

7 Monitoring

- 7.1 Overall progress on the Multi-Area Agreement will be monitored by the City Region Board and locally by the Coventry Employment and Skills Board.
- 7.2 Progress on the Multi-Area Agreement will be reported locally to Cabinet and Scrutiny with reports on the Local Area Agreement every six months and annually to full council.

8 Timescale and expected outcomes

- 8.1 The Multi-Area Area Agreement runs for four years - from April 2009 to March 2012.
- 8.2 The purpose of the MAA to increase the numbers of people in sustainable employment with training across the City Region of Birmingham, Coventry and the Black Country, particularly in the most deprived areas. The specific outcomes are set out in detail in the Multi Area Agreement document in appendix A.

	Yes	No
Key Decision	✓	
Scrutiny Consideration (if yes, which Scrutiny meeting and date)	Scrutiny Co-ordination Committee 4 March 2009	
Council Consideration (if yes, date of Council meeting)	17 March 2009	

List of background papers

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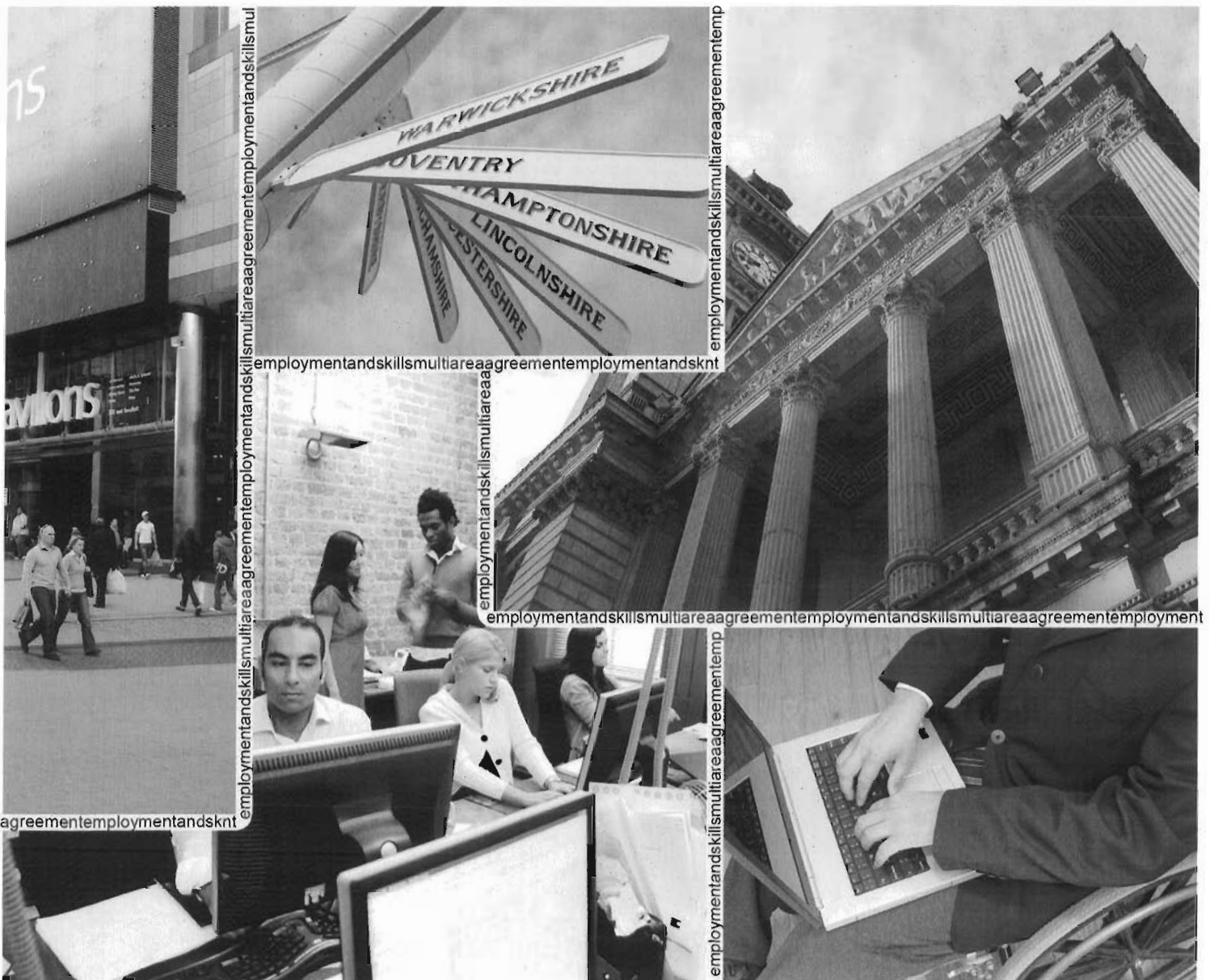
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Papers open to Public Inspection

Description of paper	Location
Sustainable Community Strategy	Room 71
Coventry Local Area Agreement	
City Strategy Pathfinder documents	

CityRegion

of Birmingham, Coventry and the Black Country



employment & skills
multi-area agreement



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Foreword

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Introduction

The MAA Proposition

- 1.1. The outcome of this MAA is the delivery of increasing numbers of people in sustainable employment with training across the area of the City Region of Birmingham, Coventry and the Black Country (the City Region). This will be achieved by removing a number of barriers, inflexibilities and inconsistencies in the current operating framework, and the delegation of decision making and funding from national and regional agencies to the City Region. Progress in delivering the outcome will be measured against the employment rate, percentage of working age population in receipt of key working age benefits (including within designated priority neighbourhoods), the proportion of children 0-15 who live in families where out of work benefits are received, and the percentage of adults with at least Level 2 and above, and at least Level 3 and above, qualifications.
- 1.2. Its development is a logical progression from the City Region's current experience in transforming the employment and skills infrastructure in the City Region via the City Strategy Pathfinder and the Integrated Employment and Skills pilot. It signals a commitment by partners to integrate the delivery of all relevant services in support of the delivery of the MAA outcome especially in those neighbourhoods most affected by worklessness and its root causes. Its proposals demonstrate considerable ambition by the City Region to secure the powers to:
 - Develop and agree an Adult Employment and Skills Strategy and Delivery Plan for the City Region
 - Take responsibility for all regional and national employment and skills funding, aligning this with local spending
 - Take responsibility for the commissioning and contracting of all adult employment and skills interventions ensuring that they respond to the local priorities established by the City Region Strategy and Delivery Plan
 - Introduce a single performance management system for all relevant local, regional and national agencies involved in the planning and delivery of employment and skills services.

The City Region

- 1.3. The MAA covers the local authority areas of Birmingham, Coventry, Dudley Sandwell, Solihull, Telford and Wrekin Walsall, and Wolverhampton. The West

Midlands Regional Assembly, the Regional Development Agency Advantage West Midlands, the West Midlands regional Learning and Skills Council, Jobcentre Plus, the West Midlands Business Council and Higher Education along with these local authorities constitute the formal City Region partnership. Warwickshire has worked on a collaborative basis with the City Region on developing the MAA.

1.4. The combined population of this area is around 3.2million (a working age population of 2 million). It forms the core of the West Midlands Region, which was once one of the most prosperous areas in the UK experiencing rapid growth in population, output and employment. However, economic restructuring, market liberalisation and increasing globalisation have all impacted adversely on the region's economy.

1.5. In recognition that joint action is needed to address a joint problem partners have been working together in recent years to develop and progress a City Region vision which aims to transform both the City Region and in doing so enhance regional economic prospects and performance.

1.6. Our vision is that:

In 2020 the City Region will have high levels of personal prosperity, business success and population growth equal to those in the south east of England with every individual realising his or her full potential. It will be well on the way to achieving carbon neutrality.

1.7. Given that much of our lagging economic performance can be attributed to the issues of worklessness and low skills (85% of the regional output gap is attributed to a combination of low participation and productivity), we are focusing our joint efforts primarily on tackling these issues.

1.8. We see this MAA as a key mechanism in addressing these challenges. Whilst the focus is primarily on employment and skills we will align its activities with economic development, regeneration and inward investment and with other strategies such as housing, transport and young people.

The Rationale for the MAA

1.9. In order to achieve our vision there a number of challenges facing the City Region which we must address, for example:

- Economic output per head in the City Region is below the national and regional averages with a significant proportion of the productivity gap attributable to worklessness and low skills
- An economy which has experienced sharper economic change than many other parts of the country which is forecast to continue
- Despite recent improvements skills levels significantly lower than national and regional averages

- High levels of worklessness with significant concentrations among particular groups and localities

1.10. The current economic context has the potential to significantly add to these challenges faced by the City Region. This MAA provides a mechanism to maximise the capacity we have to respond positively by supporting individuals so that they do not become separated from the labour market as has happened in previous downturns. Individuals will be provided with the support and skills to allow them to maximise the opportunities arising when this downturn ends.

1.11. The proposals outlined in this MAA will assist us to do this. This is because some of the barriers to effectively addressing the challenges we face are due to the structures, processes and targets set for different parts of public service. In this economic climate top-down decision making processes are limited in what they can achieve. Therefore, the status quo in terms of how local and central government are organised will not deliver stretched performance and will thereby fail to fulfil our own and the Government's ambitions. Ensuring that decision making occurs at the spatial level at which complex problems exist is key to ensuring current employment and skills challenges are addressed. This will allow local partners to:

- Ensure that policy priorities and associated interventions are appropriately tailored to City Region challenges, and that related spending, is used to leverage the maximum possible policy impact for the City Region
- Simplify delivery structures; increase economies of scale; reduce transaction costs and knowledge asymmetries; and ensure that bespoke solutions are designed and put in place at the right spatial level so as to fully address local needs and challenges
- Ensure collective action, aligning resources and joining up commissioning where appropriate to enable employment and skills challenges to be addressed more effectively by central and local government and local agencies

Capacity to Deliver

1.12. Current City Region working on employment and skills via our Joint Investment Plan, City Strategy and Integrated Employment and Skills pilot has led to significant impact and an increase in outcomes achieved over and above that experienced previously. This demonstrates our capacity to work effectively at the City Region level, allowing benefits to be gained from commitment from mainstream agencies to a joint agenda and from resulting co-ordination of effort and economies of scale. Via this MAA we have the opportunity to build on this capacity, extending the principles of joint working and integration of services further in order to achieve maximum outcomes.

1.13. In doing this we recognise that we need to continue to enhance our capacity arrangements to deliver the proposals outlined in this MAA. We have developed new Governance arrangements and are currently considering what resources will

be needed within the City Region to deliver our side of the MAA proposals, and where these resources are best placed.

- 1.14. The City Region has also developed an Accelerated Development Zone proposition to Government covering projects in six of the partnership's local authority areas. The ADZ proposition is based upon the commitment of the City Region partners to share and mitigate risk on a cross boundary basis. The ADZ also aggregates the benefits of the component projects into a single proposition to support balanced economic growth and regeneration. As such the ADZ is both an example of cross boundary working in practice and the extent of the ambitions of the partnership to deliver economic outcomes above and beyond what could be achieved by individual action.
- 1.15. The partnership is currently exploring with Government the potential benefits of being identified as a forerunner City Region for the devolution of economic development related powers. A key component of the City Region's submission will be the powers and "asks" of Government required to ensure that this MAA realises its full potential to deliver the outcome of increasing number of individuals in sustainable employment with training. Any new governance arrangements that maybe agreed with Government as a result of this dialogue will be aligned with this MAA.



MAA Challenge and Rationale

The City Region Vision

2.1. The vision of the City Region is that:

In 2020 the Birmingham, Coventry and Black Country City Region will have high levels of personal prosperity, business success and population growth equal to those in the South East of England with every individual realizing his or her full potential...

2.2. The ability of City Region partners to achieve this vision depends on the employability and skills of the workforce. A more diverse, knowledge intensive economy will only be created across the City Region if we increase participation rates and ensure that the adult workforce are able to acquire the additional skills demanded by the knowledge economy. We will only achieve a more inclusive, sustainable economy if all individuals are encouraged and supported to achieve their full potential and share in the growing economic prosperity.

2.3. Key objectives relating to employment and skills are for:

- the City Region to have high levels of investment by existing and new national and international businesses and increasing numbers of people in work
- the City Region will have a workforce with the right skills for individuals and businesses to succeed in the modern economy.

2.4. The City Region's own evidence base demonstrates that two of its key weaknesses are high levels of worklessness, concentrated in certain groups and particular locations, allied to low levels of qualifications with high numbers of individual with none at a time of falling numbers of unskilled and low skill jobs. Addressing these twin challenges is central to turning current weaknesses in the City Region into strengths for the future.

Activity and Success to Date

2.5. A full outline of City Region activity and success to date in terms of the employment and skills agenda is provided at Appendix 1, where relevant current experience is also outlined in section 3 as it relates to our key MAA proposals. The successes and learning experiences gained from City Region working to date are central to the delivery of the MAA.

The Joint Investment Plan

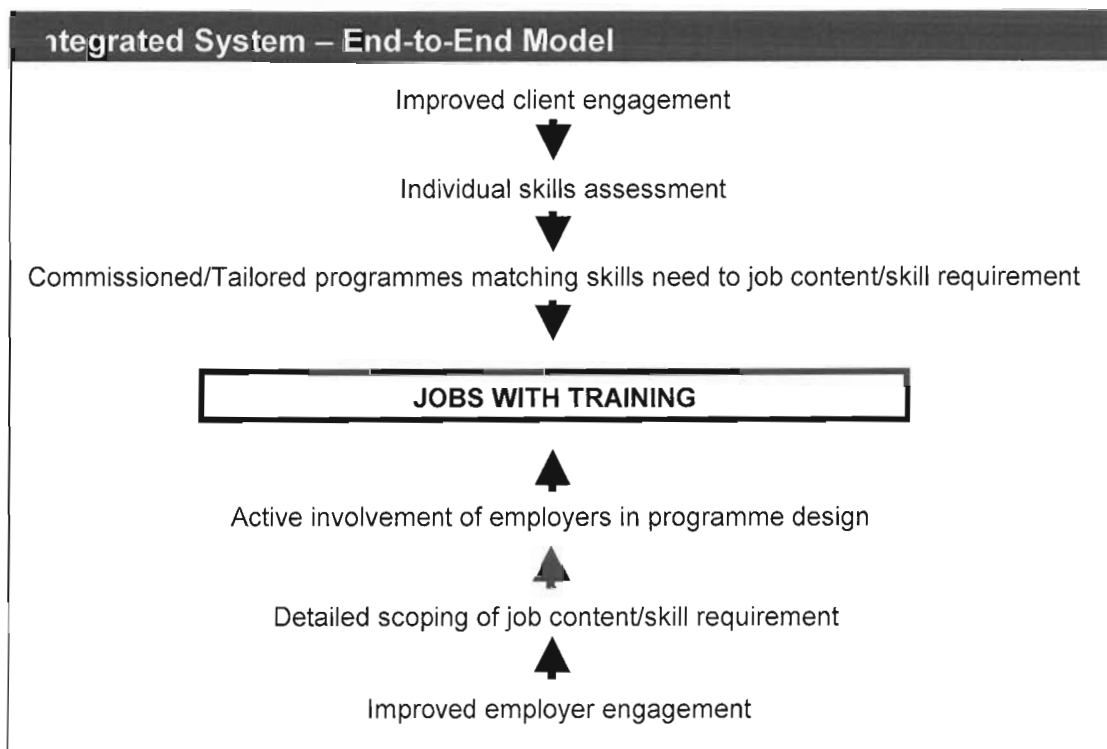
2.6. The current City Region Joint Investment Plan outlines priorities against three priority workstreams:

1. Addressing Worklessness and Low Skills
2. Upskilling those in Work – Workforce Development
3. Building the Foundations for the Knowledge Economy

1. Addressing Worklessness and Low Skills

2.7. The strategy for this workstream is the implementation of a progressive system of pre and post employment support for individuals and employers through the development of an integrated employment and skills model across the City Region, building on City Strategy and the IES model.

2.8. The delivery model is the “end to end” model developed through the successful City Strategy Pathfinder as outlined below:



2.9. This has provided an overall City Region strategic framework for the integration of employment and skills which has allowed the flexibility for local planning and ownership. Information from local areas and plans has informed the commissioning process for mainstream regional partners.

2.10. It has brought together a single ESF co-financing plan, with the LSC, Local Government Association and West Midlands Local Authorities working together on tender specification writing and appraisal of applications. This City Region is

the only region that LSC/LGA ESF specifications have been aligned with JCP/DWP ESF specifications to avoid duplication and overlap. We have also established an employment and skills working protocol which operates in all local authority areas of the City Region, providing the framework for all City Region partners to work jointly to plan and resource relevant interventions.

- 2.11. Via this approach we have moved away from predetermined training and support courses. If support is not available through mainstream activity, funding, capacity and expertise has been put in place via a dedicated lead provider working with a range of partners in each local authority area.
- 2.12. To date the City Region has established a single client entitlement and single employer offer. The IES trial in the West Midlands which was launched in September 2008 builds on and enhances these efforts. The trial will progressively bring mainstream DWP/Jobcentre Plus and LSC programmes and budgets into a single integrated service with a substantial scaling-up of the work undertaken in the City Strategy Pathfinder. This sees significant enhancements to the client entitlement and employer offer such as enhanced advice services, skills health checks and skills accounts.
- 2.13. We have made significant steps towards securing employer involvement and commitment to the wider workless agenda through the establishment of Employment and Skills Boards in each area. Job Centre Plus and LSC have agreed the **single Employer Offer** that clearly and simply sets out the work the two agencies can do to support employer recruitment and skills needs regardless of their size or the sector they operate in. We have put in place the necessary mechanisms to manage the relationship with employers to ensure they are offered a seamless service from recruitment through to workforce development, regardless of their point of entry. This is available to all employers including small and medium sized enterprises.

2. Upskilling those in Work – Workforce Development

- 2.14. Skills Brokerage is provided by the same organisation which delivers regional business support. The Brokerage service are involved in the Employer Offer, mentioned above, with mechanisms in place for referral between Job Centre Plus and the Brokerage service.
- 2.15. We have established a new partnership with major employers' organizations, the regional Chambers of Commerce, CBI, the Manufacturing Advisory Service, and FSB, with dedicated support enhancing their capacity to provide member firms with a single conduit into all business support and employment skills investment and local recruitment and to act as exemplars within the wider employer community.
- 2.16. Public sector organisations in the City Region employ approximately 25% of the working age population which is higher than the national figure of 18%. We have an established Public Sector Skills Challenge to improve recruitment, retention and staff development of all employees in the Public Sector in order to increase productivity and accelerate the regeneration of local communities. The challenge has ambitious targets and impact measures. To date out of the 51 public sector

employers in the City Region have signed the challenge. Action Plans have been developed and Specialised Brokers are assigned to support the implementation of the plans.

- 2.17. Associated with the Public Sector Challenge is our current joint working with Civil Service West Midlands. This work aspires to build a more positive image of civil servants in order to attract new entrants from all communities in the Region, as well as enhancing the lives of existing staff. This work will act as a Pathfinder prior to national roll out.
- 2.18. We have successfully implemented the Train to Gain pre-employment support and embedded this into Local Employment Partnerships (LEP). Providing both individuals and employers with continuity of support with a single provider for their recruitment and skill requirements. Our approach has influenced the national roll out as part of the response to the economic downturn.
- 2.19. Accredited providers and specialist networks are delivering funded and non-funded training to meet the employers' needs identified by the Skills Brokerage service. Train to Gain Skills Brokers are working closely with colleges and private training providers and other information advice and guidance and skills intermediaries to access appropriate opportunities and ensure the employers' and individuals' skills needs are met and delivered.

3. Building the Foundations for a Knowledge Economy

- 2.20. A baseline study has been undertaken with Higher Education Institutions, Advantage West Midlands and the Learning Skills Council to increase understanding of the issues surrounding graduate retention in the region. The final report will be published in May 2008. The findings to date have been used to inform the **West Midlands Regional Skills Action Plan** and ambitious targets have been set for the West Midlands.
- 2.21. The next steps are to develop an action plan both for the City Region and the West Midlands as a whole. The following aims will set the framework for the action plan:
- 2.22. build on the work of AWM's Graduate Advantage Programme, working with employers and universities to significantly increase the number of graduates from inside and outside the region employed to benefit the regional economy;
- 2.23. bring together the region's Higher Education Institutions (HEIs), Higher Education Association (HEA), Lifelong Learning Networks (LLNs), Foundation Degree Forward (FDF), Aim Higher and HEFCE to develop new approaches to address the region's shortfall in "young people" progressing through undergraduate programmes, graduate progression and workplace progression - those in work undertaking a range of level 4,5 and 6 programmes; and
- 2.24. link graduate attraction to the existing AWM inward investment strategy; provide much clearer progression pathways between intermediate and higher level skills

Outcomes Achieved

- 2.25. The City Strategy target on reducing the main workless benefit register in the 55 wards was agreed with DWP using the November 2006 unemployment figures (126,490), projecting what would happen by March 2009 through mandatory programmes with no additional interventions (121,625) and then applying a 3% stretch to provide the City Strategy target (117,977), resulting in the objective of reducing the register in the 55 wards by 8,514.
- 2.26. In October 2008 the actual number of individuals on the working age benefit register was xxx,xxx. This represents a net reduction of x,xxx individuals moving off workless benefits and xx% achievement of our March 2009 target of 8,514.
- 2.27. A further two targets were agreed using LSC baseline figures: A 3% increase (20,677) in the number of working age individuals enrolling on a first level 2 and a 5% increase (8,532) in the number of working age individuals enrolling on skills for life. Significant progress has been made against these target, October 2008 figures show that we have exceeded our first level 2 enrolments by xx% (xx,xxx) and have almost tripled the numbers enrolling on skills for life (xx,xxx). These targets have not been achieved by additional resources but through the refocusing of mainstream activity ensuring they are delivered to the right people in targeted geographical areas.
- 2.28. Skills Pledge regional performance has been outstanding with the West Midlands responsible for over 55% of all action plans completed nationally to date. This has largely been achieved by the brokerage service integrating its Organisational Needs Analysis with the Skills Pledge Commitment.
- 2.29. In relation to our size we are the highest performing Train to Gain region. In terms of the City Region there have been approximately 37,500 level 2 achievements, 34% of the City Region 2012 target and approximately 7,500 employers involved in basic skills, level 2 and level 3 activity. Notably within the City Region the Black Country is the best performer in this area.
- 2.30. We have made more progress in closing the gap in the West Midlands against the national average in relation to level 3 attainment at aged 19, now at 2.2% compared to 2.4%. Notably the most significant improvement has been in Birmingham and Solihull. In terms of regional ranking we have moved up one place to 5th.
- 2.31. Our most significant progress is in level 3+ attainment for adults where the gap with the national average has decreased from 3.9% to 3% and increased our ranking to 7th.
- 2.32. We have learnt via both the City Strategy and IES experience to date that we can achieve more by working together across the City Region. By joining up the planning of employment and skills intervention undertaken by the three core agencies of LSC, JCP and Local Authorities we have made considerable progress in eliminating fragmentation and tackling gaps in current employment and skills provision. The allocation of DAF funding direct to the City Strategy Consortium assisted significantly in building this partnership as City Region

partners were able to support their planning by direct commissioning of the required services.

- 2.33. This has resulted in the development of a working protocol via which we have effectively linked the development of an overall framework at the City Region level with local plans and activities. In some respects therefore, the City Region already has de facto experience of operating a MAA which has resulted in significant successes.
- 2.34. However, while the development and delivery of the JIP, City Strategy and IES conforms to most of the characteristics that would be demonstrated by a MAA and has generated significant success it has not given the additional flexibilities and coherence that could be secured via a MAA.
- 2.35. Much of the success we have achieved has been secured despite the system – considerable staff resources, effort and commitment have been required to work around the significant inflexibilities that remain in the current employment and skills system. These inflexibilities impact on our ability to maximise positive outcomes. Addressing these is essential if we are to effectively combat the employment and skills challenges that remain. This is particularly pertinent given the current economic circumstances and the increasing levels of worklessness that we are seeing as a result.

The City Region Employment and Skills Challenge

- 2.36. As this is an employment and skills focused MAA the Warwickshire area is also included given the need to reflect the economic geography and operation of the labour market. The area covered by this MAA has a working age population of 2 million. A full outline of the employment and skills challenges facing the City Region is included at Appendix 2.
- 2.37. Even prior to the current recession the economy of the West Midlands Region and within it the City Region of Birmingham, Coventry and the Black Country has generally performed below the national average in recent years, across a range of key measures. The same is true of most of the constituent parts.
- 2.38. Economic output per head is below the national average, it has grown at an average of 4.5% per annum since 1995 compared to 4.7% regionally and 5.5% nationally. Around 20% of this output gap is attributed to economic inactivity and 65% to low productivity due to low rates of innovation and a poor record on skills. If current trends continue by 2012 relative GVA per head could be 9% below the UK average.
- 2.39. The employment profile is changing with sharper declines in manufacturing than in other parts of the country. Employment and growth in high value productivity sectors is below the national average with City Region employment skewed towards lower value added sectors.
- 2.40. Skills levels are lower with over 1 in 5 working age individuals having no qualifications; this is significantly above both national and regional averages.

67% of individuals have reached a level 2 qualification compared to a national average of 70% and 47% have reached a level 3 qualification compared to 50.5% nationally.

- Skills gaps are most prevalent among older age groups but are also still worryingly present in younger age groups. For example of those aged between 16-24 in the City Region 17.2% has no qualifications compared to 12.8% nationally.
- Worklessness rates are high with 32% (compared to 26% nationally) of the City Region's working age population not in employment. This is concentrated among specific groups such as some Black and Minority Ethnic individuals, under 25s, over 50s and those with a disability. Significant concentrations of worklessness are also seen in disadvantaged communities.
- There are far more areas in multiple deprivation in the City Region than the national average – these are located in all local authority areas but are most concentrated in Birmingham and the Black Country.

2.41. These issues are made worse by the fact that UK and global growth will slow in coming years. The UK is now in a recession from which recovery is forecast to be slow. Managing the effects of the recession in the short to medium term will be a key challenge for City Region's economy. Development schemes may be shelved, sold on, delayed, or altered so as to lower costs. Lower profitability on schemes that go ahead will impact on the level of community benefit able to be derived from them (such as the number of jobs created). In addition, unemployment, which has been rising in recent months, will continue to rise, creating an additional challenge for the region.

2.42. Current forecasts from a number of sources are indicating that the City Region's employment rate will fall by around 5.8% by 2012 and the worklessness rate will rise by around 3.5%. Recent unemployment data shows that unemployment levels are rising dramatically in the City Region. Between January 2008 and January 2009 the claimant count rose by 30,831 (41%).

2.43. The City Region's higher proportion of residents with low level qualifications is also a significant challenge. There is now increased competition for entry level jobs from more qualified workers and those with a more recent employment history making it more difficult for those who are currently inactive with low or no skills to access employment opportunities and compete in the labour market.

2.44. Projections undertaken in 2006 indicated that by 2015 there would be a need for 350,000 new recruits to the labour market by 2015 – 80% of these jobs will be by way of replacement demand. The key growth sectors were forecast to be:

- Professional/Business Services with 50,000 additional jobs.
- Health & Care with 25,000 additional jobs.
- Retail, Wholesale and Distribution with 20,000 additional jobs.

2.45. The current economic downturn is likely to see some of these sectors becoming of less importance e.g. some elements of professional/business services;

however, others will continue to grow given continued public investment (e.g. health and care) and others will again start to grow as the economy begins to recover. Therefore, we can still predict a high level of replacement demand and with this a major shift in the occupation and skills mix demonstrated by more managerial, professional and specialist technical jobs, and less routine unskilled jobs.

- 2.46. In terms of future skills demand there is projected to be a greater demand for higher level skills and a lower demand for people with no qualifications, by 2015 it is expected that there will be a 35% growth in jobs requiring Level 3 +qualifications and a 40% reduction in the number of jobs requiring no qualifications. We can expect this to still hold true regardless of the economic downturn, when the downturn ends and the job market strengthens – opportunities that are likely to require higher skills than many of current jobs in City Region.
- 2.47. This demonstrated that even for those in work, the need for basic skills and qualifications is becoming increasingly more important as the demand for skilled labour grows and there is a commensurate decline in unskilled jobs. There growing demand for associate, professional and technical skills at Level 3 and above is particular pertinent for knowledge based industries and growth sectors supported by the 3 high technology corridors based in the City Region area.
- 2.48. Given the above there is a clear need for enhanced efforts to tackle worklessness and low skills. The opportunity to move people into work quickly will need to be augmented with interventions that ensure that vast swathes of the workforce are not left behind and subsequently are unable or unwilling to take advantage of opportunities when they arise. Employment and skills interventions will also need to be much closely aligned with wider regeneration and neighbourhood policy. Holistic approaches to families and households, taking into account the need to address financial exclusion, inter-generational worklessness, childcare support, the educational performance of the children within the family and their housing and health needs, will be required. All this is at the heart of our MAA proposals.

The Current Operating Context

- 2.49. The current operating context for employment and skills also poses a significant challenge for the City Region. Despite progress made in joining up activity via both City Strategy and Integrated Employment and Skills there remain significant inflexibilities in the current employment and skills operating system which impact on our ability to maximise positive outcomes, for example:
- Lack of complementarity between discretionary and mainstream funded support
 - Duplication, fragmentation and gaps in provision still existing in a number of localities throughout the City Region

- Eligibility constraints impacting on the ability of support agents to provide the full suite of support that an individual requires to assist them towards sustained employment
- Operational personal data sharing restrictions preventing effective and co-ordinated targeting of workless individuals, particularly those experiencing the most severe barriers to employment
- Different performance management and target frameworks which acts against a joined up approach and leads to inefficient use of resources
- Skills provision not appropriately tailored to the needs of employers or the City Region economy.

2.50. This is displayed consistently in current arrangements for commissioning, contracting and managing funding in relation to employment and skills activity, which despite efforts to join-up working and align activity are still undertaken separately by a range of organisations, including DWP, LSC, Local Authorities and Advantage West Midlands.

2.51. Each organisation funds and commissions programmes that have the same broad objectives e.g. assisting disadvantaged people to improve employability; moving people into sustainable employment; and improving skill levels, yet all work to different funding streams that have their own eligibility, outcomes, audit requirements, payment structures, duration of support and outcome definitions. In the majority of cases these programmes are delivered by the same provider base and targeted on the same client groups, employers and within the same spatial areas.

2.52. This results in delivery which is fragmented and results in considerable duplication and competition thus wasting resource. A focus on job outcomes across all programmes and a lack of data sharing flexibility to undertake more sophisticated targeting also leads to difficulties in accessing those individuals who are furthest from the labour market.

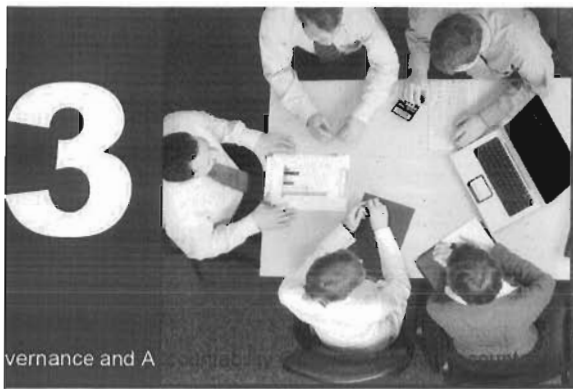
2.53. Lack of ability to effectively share client information across programmes and between providers together with the existence of different eligibility and qualifying rules for each programme makes it difficult to effectively put together a comprehensive package of support for an individual and an employer.

2.54. All this results in insufficient achievement of employment and skills outcomes and inefficient use of resources.

Rationale for a City Region Approach

2.55. The above outlines that while we have secured as a City Region real successes in addressing low employment and skills a significant challenge remains, made more severe by the current economic climate. We are doing all we can within the confines of the current operating system to achieve maximum outcomes but are limited in what we achieve without further flexibilities and powers delegated to the City Region level.

- 2.56. We have demonstrated that action on employment and skills is best planned and co-ordinated at the City Region level – the employment and skills market – for work, training and education – does not respect local authority boundaries with substantial flows crossing borders every day. Therefore, the scale of the challenge outlined above cannot be met by individual local areas as it requires delegation and alignment of assets and resources across the City Region which are allocated in support of a single prioritised framework of interventions.
- 2.57. This argument is supported by the Sub-National Review of Economic Development and Regeneration and recent Pre-Budget Report which have stressed the importance of managing policy at the right spatial level and proposed a devolved approach, allocating responsibilities in line with economic impacts, involving collaboration between areas.
- 2.58. “Many people and economic flows overlap local authority boundaries, so that the functional economic areas over which key economic markets operate are typically much larger than the administrative units of local authorities, and broadly correspond to sub-regions and city-regions”.
- 2.59. This MAA helps put this theory into practice by providing a means of working in partnership with Government Departments and Agencies to agree an overall programme of interventions which will contribute to the economic growth of the City Region. Delivery at the appropriate spatial level will be achieved through an agreed investment programme, within a wider strategic regional framework, including individual projects to be delivered by Local Authorities as well as aspects to be delivered at a City Region level.
- 2.60. Via the MAA we will build on current joint working to provide an accountable framework for developing delivery plans that require multi-agency working across area boundaries. It will encourage collaborative working between partners; provide opportunities for making decisions and to continue to influence national policy at the right level. It will allow more effective aligned and new approaches to funding as well as an opportunity to seek additional powers and flexibilities. Multi-agency working will bring about enhanced economies of scale and scope.
- 2.61. This type of action will be key in the current economic climate. Research for the IdEA and Local Government Association into the leadership role of Local Authorities in a recession highlights the increasing need for local action and flexibility in determining responses to the labour market. DWP and DIUS have shown willingness to enter into discussions about devolution of responsibility to city-regional employment and skills partnerships. This MAA sets out how the City Region would wish to take forward this devolution of responsibility and thus bring forward an effective local response to worklessness and low skills.



Governance and Accountability

Proposed Governance Arrangements for MAA Delegation

- 3.1. Fundamental to our MAA proposals which are outlined in the following section is the objective of transforming the planning, commissioning and delivery of employment and skills services in the City Region. This section describes the Governance arrangements proposed to ensure effective accountability to both central Government and the eight Local Authorities for the Multi Area Agreement.
- 3.2. The Governance structure is designed to be appropriate for achieving delegated responsibility for commissioning national employment and skills budgets. Specifically the City Region is seeking devolved responsibility for:
- Level 3 commissioning powers from DWP as set out in the December 2008 White Paper¹ and Pre Budget Report for two forerunner City-Regions to be announced at Budget 2009 in order to take responsibility for the commissioning of employment programmes
 - Section 4 powers under the Further Education and Training Act 2007 to designate an Employment and Skills Board to set a strategy for adult skills for the City Region
- 3.3. The City Region however wishes to achieve further flexibility by having the powers and responsibilities for commissioning education and skills budgets. It therefore wishes to influence the educational and skills provision within the new organisational landscape proposed for education and skills, including the joint regional business and skills brokerage, relevant aspects of the Young People's Learning Agency, (YPLA), and the budgets of the Skills Funding Agency, (SFA), and capital expenditure for education and skills from 14-19 through to higher education. The City Region proposes to apply for those powers under the flexibilities set out in the November 2008 Pre-Budget Report as subsequently clarified in correspondence to upper tier local authority Chief Executives.
- 3.4. The City Region has lodged a formal expression of interest with Government in being one of the forerunner city regions identified in the March Budget statement.

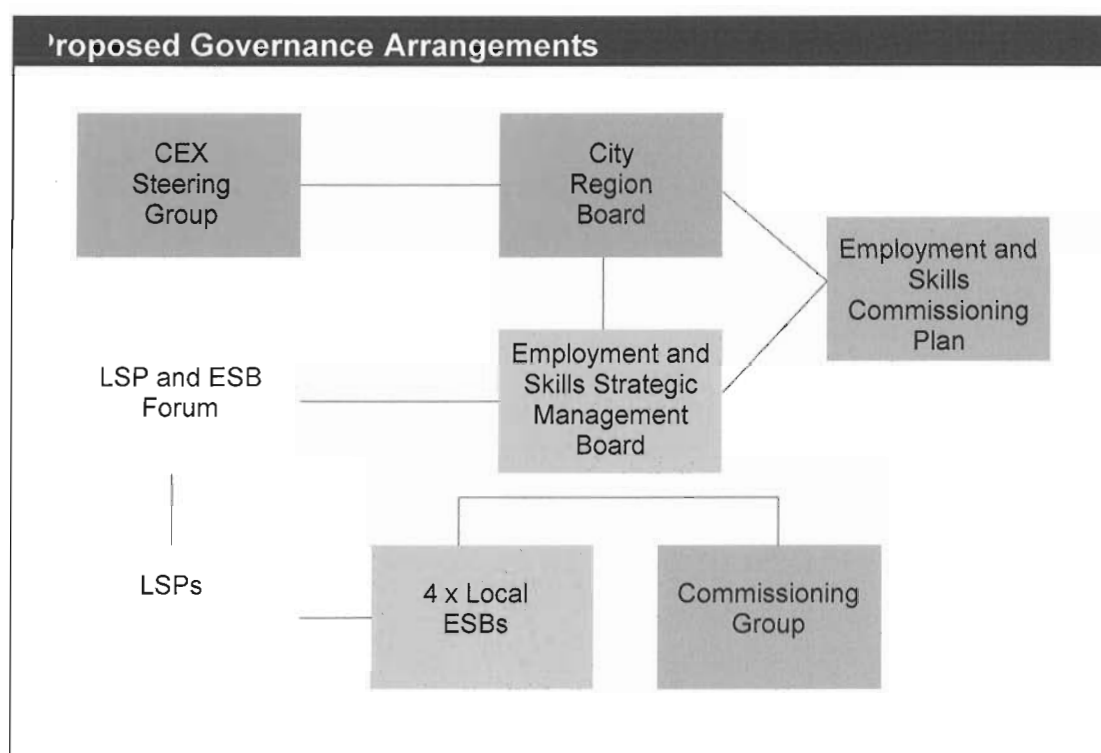
¹ 'Raising Expectations and increasing support: Reforming welfare for the future, DWP, December 2008

Criteria for Governance Arrangements

3.5. We have agreed the following criteria for the Governance arrangements:

- Provide effective accountability to both national Government and to the MAA Local Authorities;
- Build upon the successful arrangements for the existing City Strategy and Integrated Employment and Skills Pilot;
- Fit the current and future organisational landscape for education and skills; and
- Be as simple as possible, transparent and open to scrutiny.

The arrangements proposed are represented by the diagram below:



The City Region Board

- 3.6. The City Region Board will be the accountable body for this MAA. The Board will be responsible for meeting the targets set for the MAA. In practice it will delegate day to day delivery and responsibility for the MAA and targets to an Employment and Skills Strategic Management Board, (ESSMB).
- 3.7. The Board will approve an Employment and Skills Strategy, Commissioning and Delivery Plan prepared by the ESSMB, which will also be approved by central Government. This will provide effective accountability to both democratically elected structures and direct to Government.

- 3.8. The City Region has submitted a proposition to Government to be a forerunner pilot area for the devolution of economic development and related powers to be announced in the Budget statement on 22nd April. This submission details the commitment of the City Region to introduce governance arrangements appropriate to hold the powers being sought, including an Economic Prosperity Board (EPB). Should an EPB, or alternative governance framework be established, it would become the accountable body for the Employment and Skills Commissioning and Delivery Plan and associated funding and powers.
- 3.9. In the absence of an EPB, or alternative governance framework, or during the period in which such an EPB or alternative governance framework is being established, existing City Region approvals processes for significant decisions will prevail. Accordingly, the individual approval of all City Region partner organisations will be secured before a Board decision becomes binding.
- 3.10. In addition, in the absence of an EPB, or alternative governance framework, or during the period in which one is being established, any new funding or powers vested as a result of the MAA will be held on behalf of the partnership by a named City Region organisation.

The Employment and Skills Strategic Management Board (ESSMB)

- 3.11. Acting on behalf of the City Region Board the ESSMB will be responsible for the day to day delivery of the MAA and the integration of employment and skills within the City Region. It is proposed that the ESSMB should be designated as a body with Section 4 powers under the Further Education and Training Act 2007, have Level 3 Commissioning powers devolved from DWP, and will ensure linkage and coordination with the 14-19 agenda.
- 3.12. This will help ensure coherence and effective opportunities for progression within the City Region. The ESSMB will be informed by the Local Employment and Skills Boards and from wider employer engagement and consultation which is undertaken across the City Region. It will also be directly informed by work undertaken to support the development of the City Region Employment and Skills Commissioning and Delivery Plan such as engagement with employer and sector networks, reviews of the skills needs of key sectors, employer surveys and engagement with Sector champions.
- 3.13. The ESSMB will be an employer-led Board. Its membership will be the four Chairs of the current Employment and Skills Boards within the City Region. In addition there will be two Leaders from the MAA Local Authorities. Up to 2010 and prior to changes in the education and skills organisations, the LSC and Jobcentre Plus Regional Directors and one Local Authority Chief Executive will be ex-officio members.
- 3.14. Post 2010, the Jobcentre Plus, Skills Funding Agency and Young People's Learning Agency Regional Directors will be ex-officio members in addition to the one Local Authority Chief Executive. This will help to ensure that the arrangements are appropriate to the new organisational landscape.

- 3.15. To ensure coherence across the wider employment and skills agenda, consideration will be given to inviting Advantage West Midlands, the Homes and Communities Agency, the Strategic Health Authority and other key agencies as appropriate to become ex-officio members from the outset of its formation.
- 3.16. It is intended that the ESSMB will have an executive level Commissioning Group composed of seconded staff from partner organisations. The role of the executive level Commissioning Group will be to commission education and skills as set out in the agreed Commissioning Plan. The commissioners will maximise flexibilities and devolved responsibilities within the MAA, including Section 4 powers over adult skills and Level 3 commissioning for DWP's employment expenditure.
- 3.17. In order to limit the liability and risks attached to commissioning, the City Region is considering some form of legal status for the ESSMB, such as a company limited by guarantee or a Local Authority Special Purchase Vehicle. To achieve Level 3 commissioning powers from DWP, it is likely that the ESSMB would take responsibility for funding.

The Local Strategic Partnership (LSP) and ESSMB Board

- 3.18. We also propose that there will be a Forum at executive level for discussion and dialogue between the LSPs and the ESSMB. There is a potential overlap between the roles of the LSPs and ESSMB, with the LSPs responsible for targets such as:
- reducing the number of working age people claiming benefits;
 - reducing child poverty;
 - increasing 14-19 attainment;
 - reducing the numbers of 16-18 year olds not in employment, education or training;
 - increasing attainment at NVQ L2+ and NVQ L4+.
- 3.19. These targets also build towards the MAA targets proposed for the City Region. The LSP/ESSMB Forum should enable a productive discussion on how the integration of employment and skills can be better achieved across the whole of the City Region including at LSP level and advantage taken of the flexibilities gained within the MAA. The Forum should also be able to identify where further flexibility may be needed to overcome obstacles and blockages for individuals, employers and providers, which prevent better results being achieved.
- 3.20. As we wish to avoid unnecessary layers of bureaucracy, we are proposing that initially this will be a Forum for the exchange and development of ideas at executive level, rather than a formal part of the Governance arrangements. As we develop and implement the MAA we will evolve towards:
- employment and skills investment plans at LSP level setting out the range of flexibilities available;

- formal agreements/protocols between the LSPs and the ESSMB.
- 3.21. Membership of the LSP and ESSMB Forum will include the City Region executive, the City Region LSPs, the ESSMB executive, Jobcentre Plus, LSC/SFA, YPLA and others as deemed appropriate.
- 3.22. Although not specifically referenced on the diagram above, the existing arrangements for Local Management Groups – the employment and skills groups of the LSPs - will continue. The feedback mechanisms that exist for the City Strategy between the four local Employment and Skills Boards and the LSPs will be carried forward into the MAA arrangements. The Chairs of the existing four Employment and Skills Boards will provide employer leadership for the ESSMB enabling a powerful link between these organisations at City Region and local level. These mechanisms will mean that the City Region will build on the lessons and successes of the governance arrangements for City Strategy.

Scrutiny

- 3.23. To ensure accountability, scrutiny will be carried out in line with current local authority practice.

Resourcing the ESSMB

- 3.24. To fulfil the commissioning role will require the ESSMB to have an effective commissioning and contract management capability and other areas of expertise including analysts and administrators. It is intended that the ESSMB will be a lean but expert organisation. During the implementation phase partners will be approached to second staff with appropriate and relevant skills to specific posts within an MAA implementation staff team.
- 3.25. In line with the current discussions taking place around wider governance and accountability (outlined in paragraphs 3.8 - 3.10 above) an appropriate staffing structure will be put in place to support the operation and implementation of any new funding and powers devolved to the City Region as a result of the MAA.
- 3.26. These government arrangements are summarised in Appendix 3.



MAA Objectives

- 4.1. The outcome of this MAA is the delivery of increasing numbers of people in sustainable employment with training across the area of the City Region of Birmingham, Coventry and the Black Country (the City Region). This will be achieved by removing a number of barriers, inflexibilities and inconsistencies in the current operating framework, and the delegation of decision making and funding from national and regional agencies to the City Region. Progress in delivering the outcome will be measured against the employment rate, percentage of working age population in receipt of key working age benefits (including within designated priority neighbourhoods), the proportion of children 0-15 who live in families where out of work benefits are received, and the percentage of adults with at least Level 2 and above, and at least Level 3 and above, qualifications.
- 4.2. In order to achieve this and help deliver the 2020 vision the City Region must ensure:
- All residents are provided with the support to allow them to fully participate in the labour market
 - Sustainable employment opportunities are available for all
 - A supply of appropriately skilled labour is in place to meet current and future employer demand and to increase productivity
- 4.3. The current economic climate and constraints in the employment and skills operating system means that this is a huge task. However, the City Region has the ambition to address this challenge head on and in doing so achieve the following:
- More responsibility at the City Region level for planning, commissioning and delivery ensuring employment and skills services are responsive to local need
 - Better integration and management of publicly funded activities to achieve maximum results
 - Maximise the effectiveness of public sector resources by providing a strong evidence base to help inform and direct investment decisions of partners and advise on outcomes for workless individuals
- 4.4. Our primary objective is to bring together the whole employability, skills and wider support infrastructure into a single offer to both employers and individuals. To do this we will build on existing efforts and successes and further re-engineer

how services work together to meet the needs and harness the opportunities presented in the City Region. Key to this is the commitment to integrate the delivery of all services across the partner organisations that impact upon the achievement of the MAA outcome.

- 4.5. In pursuing these objectives we will ensure that we maximise the potential of the population of the City Region which is the most diverse and youngest of any comparable urban area in Europe. We will target our efforts to help disadvantaged groups of people within the most disadvantaged wards to access the labour market in a competitive manner.

Key Proposals

- 4.6. In order to develop a more coherent, locally accountable and responsive form of governance City Region partners must seek to change the way in which policy choices are made, funded and delivered – we are committed to doing this. However, only by achieving greater delegation of powers to the City Region level can we achieve this and in doing so effectively respond to the economic challenges we are facing.
- 4.7. This MAA therefore, makes specific proposals to add value in a number of key policy areas by putting in place mechanisms to deliver across local authority boundaries, working with Government at national and regional level.
- 4.8. This MAA will build on current efforts to enhance the overall City Region strategic framework for the integration of employment and skills, extending efforts to encompass wider support and economic development services. We will continue to enhance within this City Region framework the flexibility for local planning and ownership. Information from local areas and plans will directly inform the commissioning process which we are seeking to manage at the City Region level.

Devolved Commissioning Arrangements

- 4.9. In the recent Welfare Reform Paper “Raising Expectations and Increasing Support: Reforming Welfare for the Future” Government set out its commitment to experimenting with more radical devolution where this would improve outcomes. We believe that as a City Region we can work with Government to realise this commitment via the MAA. We already have demonstrated that we can use devolution to achieve greater employment and skills outcomes both via the City Strategy and the IES pilot. Both these initiatives have given us the opportunity to work with DWP and DIUS to co-commission employment and skills services. Some of our experiences in this regard are outlined below:

City Strategy

The implementation of the City Strategy has been taken forward by a consortium of partners including the LSC, JCP and Local Authorities. It has been a truly joined up approach. The LSC was appointed as accountable body on behalf of the City Region consortium. This allowed all relevant funds e.g. Deprived Area Fund, to be managed and directed via a single organisation. A Joint Investment Plan is in place which outlines the partner resources that are aligned in support of the City Strategy. A regional management group was put in place to give strategic direction and oversight – this group included JCP, LSC and LA Chief Officers, the group is supported by an officers group and a core team.

Priorities for delivery and funding are informed from the local level in line with identified target group and spatial targeting. Local needs are outlined in Neighbourhood Employment and Skills Plans which are brought together into overarching local authority area plans. These plans identify existing provision and highlight areas of duplication and gaps translating this into a statement of priorities. Local plans are collated at the City Region level and used to inform the commissioning of bespoke and responsive client engagement and support activity. Specifications are designed with the input of all partners and are signed off by the Regional Management Group.

The City Region team, which sits within the LSC as accountable body, is responsible for the specification and commissioning of provision. A joint appraisal and approval board is in place to inform awarding of contracts. Single contracts are awarded and successful providers and partners are required to work to a single set of outcomes. A single performance management system is in place at the City Region level for the monitoring of City Strategy contracts. The City Strategy consortium has also had input into the design and specification of mainstream contracts where possible.

European Social Fund

This type of co-ordination and joint commissioning is also seen in the City Region approach to management of the ESF programme. Local Authorities and the LSC jointly agreed that the LSC would act as single co-financier for this programme. A single plan and board was developed to guide and oversee the strategy and allocation of resources. As with City Strategy arrangements priorities are informed bottom up from local plans.

Single specification and development of tenders is undertaken by the LSC as accountable body and joint appraisal and approval arrangements between the LSC and Local Authorities. Common outcome and output definitions were determined and a common audit trail and performance management arrangements in place. This has allowed for ESF provision to be aligned complementing City Strategy, local and mainstream provision were possible.

Worklessness Protocol

These arrangements are further enhanced via alignment with DWP procurement planning. All partners have also signed up to a working protocol. The protocol recognises that the three organisations, LSC, JCP and Local Authorities working in the city-region are uniquely placed to tackle worklessness and skills issues and sets out the commitment of organisations to work together. The protocol sets out shared values and principles, clarity of roles and accountabilities and shared/agreed high level operational arrangements to facilitate improved partnership working and more effective delivery in tackling worklessness and skills.

Via the protocols the partners:

- Commit themselves to creating greater synergy and bring maximum impact by working in collaboration with each other, consulting with each other on key developments and policies
- Acknowledge the lead co-ordinator roles of each partner in tackling worklessness and skills issues in the area they serve
- In acknowledging the lead role of different partners, each partner agrees to refer to the lead co-ordinating partner, on key developments or policies which might impact upon that area of responsibility prior to taking decisions, and accepts the right of the lead co-ordinating partner to endorse final decisions in these areas
- Recognise that the lead co-ordinating partner has responsibility for co-ordinating the contributions of other partners in the development of policies and interventions, acknowledging the interdependence of interventions, and contributions of other partners in achieving overall success and agrees to actively engage with other partners to bring maximum impact
- Agree that the protocol will be communicated through its operational channels and commit to actively engage at all levels of their organisation to these values and principles.

4.10. Despite these successes around alignment of funding and activity and co-commissioning we do not have the devolvement and influence on the scale needed to tackle the challenge of worklessness and low skills across the City Region, especially in the current economic climate.

4.11. While we have tried to align plans in order to combat duplication and fragmentation we are limited in the extent to which we can influence mainstream programmes. For example over the period of the City Strategy – since December 2006 – DWP has brought out a number of new programmes which have the potential to cut across what we are doing as a City Region. These programmes have different priority groups and areas than the City Strategy and Local Area Agreements (LAAs). They also have a single focus on jobs not skills – which is in conflict with City Region integrated employment and skills efforts. This has in a number of cases impacted on our ability to effectively complement mainstream provision with local discretionary resources that we have available and thus results in unavoidable duplication and fragmentation.

4.12. The opportunity for cross over between the variety of employment and skills provision is limited and restrictions on eligibility prevent the ability to develop individualised, bespoke programmes to all individuals in need. Enormous staff time and resources are also spent on trying to make the various programmes work together and deal with the fragmentation that exists – this resource could be more effectively utilised if there was greater devolvement of responsibilities to the City Region.

4.13. Given this the current operating system results in:

- Multiple contacts from organisations trying to engage workless individuals
- Provision based on eligibility rules rather than the needs of the individual
- Individuals moving through the ‘revolving door of provision’ that often leads to disillusionment ‘another Government programme’
- Multiple collection of personal data every time an individual approaches or is referred to a provider.
- Multiple completion of action plans, all in varying quality
- No seamless progression from unemployment to employment and further training/development
- No seamless progression from support to overcome barriers (drugs, health etc) into skills, through to employment
- With the focus on job and skills outcomes, the hardest to reach individuals are often ignored
- Multiple contacts with employers, and confusion on where they should go if they require assistance on training and recruitment activity
- Organisations, in particular those who secure multiple contracts from Government funds being required to work within a complex set of differing systems - the 5% of the contract value that Providers can claim for administration is required to employ staff in order for them to operate these different systems and reporting/audit arrangements required by each of the Governments different funding streams
- inequalities in payment regimes with different unit prices paid for achievement of identical outcomes (jobs or skills attainment), timescales for payment, job outcome payments range from 13 weeks to 26 weeks
- organisations which have one contract from one funding stream having to turn people away that voluntarily seek support as they do not meet the eligibility criteria required for funding
- Lack of incentive or mechanisms for organisations to cross refer individuals to appropriate support to meet their needs, each fearful of the other claiming the outcome payment that results if a person enters employment or gains a skills qualification.

4.14. Therefore, for our effort to deliver maximum possible impact it is essential that decisions on priorities and funding can be devolved to the City Regional level and

that service delivery is designed and funded in a way that enables the benefits of City Region working to be achieved. Securing this devolution would allow us to ensure that the provision put in place meets the needs of local labour markets and would provide us with the opportunity to better integrate local and mainstream resources to provide bespoke, individualised employment and skills support which would combat duplication and fragmentation with the result of enhanced outcomes and efficiency savings.

- 4.15. We believe that our current working arrangements (outlined above) demonstrate that we are currently working in line with Level 2 devolution as described in the recent Welfare Reform Paper². Therefore, underpinning our MAA proposals is the desire to move to Level 3 devolution arrangements as outlined in the White Paper, realising the Government commitment to “. . . work with Level 2 areas and partnerships to explore their ability and appetite for working in a Level 3 model environment”.
- 4.16. This would see the City Region enter into a joint venture with Government whereby DWP, DIUS and other Government departments would become partners in a local procurement exercise. They would jointly specify and agree with the ESSMB their outcome requirements but devolve the commissioning, funding and contract management arrangements to the City Region.
- 4.17. Following MAA sign off and the commitment from Government to work with the City Region towards Level 3 devolution we will put in place a clear implementation plan setting out how we develop the systems, staffing and accountability arrangements to secure devolvement of mainstream budgets by April 2011. Therefore, we envisage this arrangement covering all mainstream and local employment and skills programmes that are contracted from 2011 onwards. This will allow the Government to achieve its aspiration, also set out in the above mentioned White Paper to “have a number of areas operating successfully at this level (*level 3*) by 2015, with some partnerships working at this level earlier”.
- 4.18. Following the announcement in April identifying successful pilot areas for the devolution of economic development and related powers, we will identify the necessary governance, accountability and staffing arrangements that we need to put in place to ensure that we can secure Level 3 responsibilities from 2011. While it is difficult until this point to outline our proposals in specific detail our early thinking on how we will manage the Level 3 devolution is outlined below.
- 4.19. It is important to caveat that this is early thinking on the outline principles and as such will require significant development and refinement following the April announcement and/or MAA sign off. We have already established an Implementation Group and are currently working on a detailed implementation plan. As part of this MAA we would invite representatives of DWP and DIUS to become involved in this Implementation Group.

² DWP – Raising Expectations and Increasing Support: Reforming Welfare for the Future, December 2008

Outline of Emerging Proposed Level 3 Commissioning Arrangements

We would propose that the ESSMB is given commissioning responsibility. Relevant Government departments and the ESSMB would jointly specify and agree the outcomes that they wish to achieve. The ESSMB through the executive commissioning group and a City Region/MAA staffing infrastructure would specify and commission the services that will achieve these outcomes and in doing so address local needs.

To achieve this we will prepare a single City Region Employment and Skills Delivery Plan. To underpin and inform the development of these Plans we will:

- Build on existing arrangements for Neighbourhood Employment and Skills Plans (NESP) utilising these to inform overarching Delivery Plans for each local authority area within the City Region – these plans will inform local priorities and needs and also identify any gaps in current provision – the plans will also identify local resources that can be used to complement mainstream funding in support of joint outcomes and will also set local area employment and skills targets
- Jointly establish with Government an overarching set of employment and skills outcomes and targets for the City Region – overall City Region targets would be directly underpinned by local area employment and skills targets
- Develop an overarching City Region Joint Investment Schedule which outlines the full suite of budgets both mainstream and discretionary that can be utilised in support of joint employment and skills outcomes – via the Joint Investment Schedule we will also determine a methodology for the proportion of resources that would be directed in support of local area employment and skills targets as outlined in Local Authority delivery plans – it is envisaged that resources would be directed in line with the extent of the challenge faced in each local area.
- Establish City Region commissioning and contract management arrangements underpinned by a single performance management framework

As part of the City Region/MAA staffing infrastructure a strategy team will work under the strategic direction of the EESMB and be responsible for the collation and analysis of local delivery plans using these to inform the overarching single City Region Plan. This team will also be responsible for supporting the establishment of the City Region Employment and Skills targets and Joint Investment Schedule.

The City Region Employment and Skills Delivery Plan will be developed in consultation with the ESB and LSP forum with strategic direction and oversight (including sign off) via the ESSMB – Government Departments will also be consulted on the Plan.

As part of the City Region/MAA staffing infrastructure we will also put in place a commissioning and contracting team which will be responsible for contract and performance management of City Region commissioned programmes.

The executive commissioning group supported by this commissioning and contracting team will be responsible for the commissioning of bespoke and responsive provision in line with needs and priorities outlined in the City Region Employment and Skills Delivery Plan. The ESB and LSP forum would be consulted on the development of specifications and contracts.

An annual operating plan will be prepared for each year of the MAA in order to guide delivery. Performance against the City Region Employment and Skills Delivery Plan and annual operating Plan priorities and outcomes will be reported to the ESSMB on a quarterly basis. A single Performance Management framework and system will be established which will allow us to effectively monitor and report on the progress of individuals from engagement to sustained employment with training. The City Region would consult Government on the specification for such a framework and system.

4.20. In line with the devolvement of Level 3 powers we would seek:

- Agreement for all partners regardless of host Government department to operate to a common set of aligned targets with standard definitions focused on sustained employment and training. Via the MAA process we will work to align existing LAA, City Strategy and IES targets to create an overarching set of employment and skills targets for the City Region.
- DWP/DIUS/HMRC data sharing flexibilities to the City Region ESSMB and the ability for the City Region to share data with and between the various employment and skills providers in order to develop a finer grain understanding of how best to support employment sustainability and income growth. This will also allow us to better plan and engage at the right spatial level; better target individuals; tackle duplication and competition between providers; and to track individuals from initial engagement through appropriate interventions, into sustainable employment through to achievement of qualifications in employment.
- Secure the ability to manage resources across funding streams and localities reprofiling and redistributing spend when relevant. This would allow us to take account of different interventions moving at different speeds. Linked to this we would also look to secure longer term funding to allow us more time certainty over which to address the scale and complexity of the challenge for hardest to reach/help groups.
- Designation as one of the pathfinder areas for the Invest and Save/AME-DEL approach promoted by David Freud and outlined in the Welfare Reform paper. Rather than this flexibility given direct to private and voluntary sector providers we would seek to work with Government to co-ordinate this at the City Region level. This would allow us to jointly devise funding and payment models to ensure providers are properly incentivised to target harder to reach individuals in the City Region in line with local spatial targeting.
- Designation as one of the pilot areas that will test the new employability programme combining Pathways to Work and Flexible New Deal. We would wish to jointly specify and commission this programme with Government to allow us to build on current efforts to provide a personalised, integrated and flexible service. In doing this we would also wish to trial the proposed conditionality framework, designing this in partnership to ensure that it takes account of local needs and issues. In doing this we would wish to extend the Progression to Work approach to lone parents of children of all ages and extend both this and the Work Ready approach to all individuals within workless households regardless of current entitlement or eligibility.

Integration of Employment and Skills with Wider Services

4.21. The West Midlands is the first Integrated Employment and Skills trial area the Country and the largest trial that DWP has ever embarked on. Initial activity is focused on Jobcentre Plus day 1 customers ensuring early identification of skills needs and appropriate referral to support and provision in order to progress the individual into sustainable employment as quickly as possible.

- 4.22. The initial focus of the trials is on JCP day 1 new job seekers and includes early trials of the adult advancement careers service with Careers Advisers co-located in JCP offices, testing referral processes between JCP Advisers and Careers Advisers including timely transfer of documents between services based on informed consent. Embedded within the nextsteps process for all JCP customers referred to the service is the trial of a diagnostic Skills Health check leading to the completion of a Skills Action Plan clearly linked to the local labour market and the individuals Jobseekers' Agreement; supported access to Skills Accounts_and referral to a range of appropriate and relevant responsive vocational training provision.
- 4.23. In addition to the above we are also trialling the following aspects of Integrated Employment and Skills:
- National Voluntary Training Pathfinder: For individuals aged 25+ and unemployed between 6 – 18 months. FE mainstream Adult Responsive Funding has been utilised to deliver full time vocational training for up to 8 weeks linked to specific local labour needs with progression, where appropriate to Train to Gain.
 - Offenders: Trialling diagnostic skills health check, skills action plan and skills accounts in prisons for individuals prior to being released into the community (from April 2009)
 - Employability Skills Programmes: embedding diagnostic skills health check, skills action plan and skills accounts as an integral part of the programme; ensuring no person leaves the programme without support to take the next steps into sustainable employment. (from April 2009)
 - Pre-employment Train to Gain: 2,000 places (from January 2009) linked to Local Employment Partnerships to provide individuals and employers with a continuum of support from unemployment through to a job with training with one single training provider.
- 4.24. In addition to the above work with JCP customers, we are also delivering 2 out of the 10 national prototypes to test and shape local advancement networks. Through the MAA we are seeking further early trialling on integration of Advice services in advance of national roll out of the **Adult Advancement Careers Service (AACS)** in 2010. We will take this forward via co-location with other local services (health centred, housing, child care, welfare rights etc) to simplify the support available to individuals by bringing services together. We will work in new ways to make sure people seeking advice are seen as individuals, that all their particular needs are fully understood and that advice is provided that draws together everything they need into a seamless no wrong door approach.
- 4.25. We will do this by focusing on the development of an infrastructure that will establish links between the AACS and social mobility by bring the support individuals' require, not only support to address their skills and employment needs, but also the non employment and skills related issues which have previously prevented them accessing or sustaining or progressing in employment. The service will be informed by robust labour market information ensuring the development of an infrastructure which meets local needs and

exploits local complementary services. We will progress early work with wider services as follows:

- Health - Within a framework of shared outcomes with other services we will provide a model of NHS engagement in the worklessness and skills agenda by adding an employment and skills focus to their programmes. We will build the capacity of staff to introduce health assessments into the employment and skills action planning process; and develop more extensive systematic incentives to refer from primary care to complementary services in order to address the full range of barriers an individual may face
- Housing - We will further integrate the links between social housing and low employment and skills. We will build the capacity of housing staff to undertake employment and skills assessment and ensure that housing staff have to hand knowledge of, and robust referral mechanisms in place, so individuals can access other services they may require in order to make the transition from benefits into work and where appropriate a job with training.
- Employers and Individuals in work - We will build on our single employer by ensuring links between AACS advisers and Train to Gain brokerage service to provide joint advice for employers and individuals on which training and support is right for them and their businesses, including early links with the Apprenticeship Vacancy Matching Services.

4.26. Via the MAA we will enhance the current IES offer to both individuals and employers by linking with wider services in order that all individuals are provided with the full range of support they require. We will also harness the support of local third sector organisations in engaging inactive residents. We will examine the need for dedicated teams of neighbourhood workers who would target communities with greatest concentrations of worklessness and deprivation.

4.27. Having established core early working principles as outlined above we will engage key services in other areas:

Housing

We will further explore the links between social housing and low employment and skills to develop proposals to address associated barriers, incorporating housing services into the integrated employment and skills system. This would see us:

- Making more effective use of housing benefit data to plan and direct targeting of workless individuals by enhanced outreach services
- Speed up the housing/council tax benefit process to ease the transition to employment by enhancing links between DWP, HMRC and LAs to ensure a more seamless and faster processing of housing benefit claims building on lessons from the "in and out of work pilots".
- Explore flexibilities around extension of housing benefit for a certain period for particular groups to assist with the transition to work
- Explore how we can work with workless households to combat the deterrent of loss of housing benefit preventing any individual within that household entering employment by taking a whole family approach – we will explore the provision of dedicated family support teams to take this forward

Health

We will exploit further opportunities for alignment via the MAA via the exploration of the link between health and employment and skills. We will seek to engage and sign up health partners at a City Region level, both primary care and mental health. This will build on current activity at the local level via NESPs to better join up health and employability.

We will implement and build on many of the recommendations of the Dame Carol Black report. We are seeking to agree with Government designation as one of the "Fit for Work" pilot areas. In doing this we will agree proposals with Government to incorporate within our existing client and employer offers the full range of employment, skills, health, mental health, social care and other services – this will allow us to develop and deliver more tailored packages of support for individuals and employers. This would also lead to the development of a range of processes including:

- Referral (of IB claimants) from primary care, particularly GPs to employability and extension of health support mechanisms in response to identified need e.g. condition management.
- Piloting the availability of specialist staff such as health, work and wellbeing co-ordinators to support those both in and out of work to address a particular health issue, acting as an advocate with employers as necessary.
- Seeking status to act as a trailblazer area for the Right to Control initiative for disabled people allowing them greater control over how budgets are spent to assist them in accordance with agreed outcomes – piloting this approach in one or two local authority areas within the City Region.
- Working with partners to review mental health provision, informing future service planning by using shared intelligence to direct targeted interventions and establish a pathway back to work which does not currently exist for many service users.

Children and Childcare

- Develop a child poverty strategy for the City Region
- Directly align childcare to employment and skills support, linking with Children's Centre's and schools to target not only workless parents but also those parents in employment but in receipt of low incomes via the Children's Centre's and schools provide access to employment and skills support and will ensure that front line staff are trained to give relevant advice and signposting.
- Explore the delivery of Skills Health Checks via the Children's Centre's and schools and the enhancement of support available to parents via a systematic assessment of childcare needs.
- Fully embed the Preparation for Work conditionality arrangements for all lone parents with children from age 3 onwards in order that they are prepared for work when eligibility comes to an end.

Other Support Services

We will also work with wider support services, e.g. social work and addiction services. This will involve:

- Seeking to pilot the new support programme for drug users in partnership with the Drug Action teams, exploring how best use can be made of the proposed treatment allowance and how to effectively use and integrate the drug co-ordinator posts to be created within Jobcentre Plus to add value to what already exists locally.
- Examining the need for dedicated teams of neighbourhood workers who would target communities/individuals with greatest barriers to employment.
- Ensuring that all individuals who need it are given immediate access to financial advice and providing more affordable credit via enhanced access to credit unions.
- Directly align adult and community learning and voluntary sector grants with employment and skills. We will look to enhance ESOL support ensuring that it is focused on employment needs.

Planning and Economic Development Services

Via this MAA we will also facilitate the development of a model that:

- Allows use of planning applications to better plan mainstream provision to meet the skills needs of new employers. This would see partners aligning and possibly pooling resources and sharing information from the planning and/or enquiry stage onwards.
- Puts in place dedicated systems to ensure the assessment of recruitment and skills needs and to develop relevant engagement and training processes to meet employer's needs - where the investment or development is of a long term nature efforts will also concentrate on engagement with the school system to raise awareness and develop skills among young people.
- Enhances involvement of the Regional Development Agency, Advantage West Midlands (AWM) in the City Region Employment and Skills Agenda – seeking alignment of resources allocated to employment and skills via the Single Employment and Skills Commissioning and Delivery Plan.
- Establishes direct linkage between the MAA proposal and efforts by the Regeneration Zones in the City Region to address worklessness and low skills. This will allow us to ensure that Zone activity complements and is directly aligned with mainstream and local discretionary resources
- Ensures that when any Inward Investment enquiries or negotiations are undertaken the employer offer is outlined and included within the package of support available.
- Enhances the single employer offer, developing robust referral protocols and procedures between various organisations who are engaging and dealing with employers to ensure a "no wrong door" approach
- Provides a single conduit into all business support and employment and skills including the new Apprenticeship matching service
- Continue to progress and enhance the Public Sector Compact seeking to extend this to the VCS also.

Greater Strategic Responsibility for Skills – Section 4 Powers (Plus)

- 4.28. To ensure that we appropriately address adult skills issues and ensure an appropriately skilled workforce we wish to secure at the earliest possible date Section 4 status under the 2007 Further Education and Training Act. This would see the City Region having the same role as the London Employment and Skills Board, but also ensuring coordination with the 14-19 agenda. However, in addition to this we would also seek to secure delegated control of associated mainstream budgets (Section 4 plus).
- 4.29. As outlined at 4.16 above the City Region Employment and Skills Commissioning and Delivery Plan will serve as a framework for commissioning and use of resources and will contain a full analysis of the employment trends and skills requirements of the City Region together with forecasts for the future including forecast strategic shifts in employers skills needs, as well as identifying skills gaps which inhibit innovation and priority sectors.
- 4.30. This will be further informed by listening directly to the voice and needs of employers communicated via the ESSMB, local ESBs and employer representative networks e.g. Chamber of Commerce. We will also undertake key sector reviews for the City Region which will be informed by wider consultation with employers in priority sectors of the economy. To support development of these sector reviews we will identify and establish a network of employer Sector Champions who can provide a route into communicate with a larger group of employers in each of the priority sectors.
- 4.31. This will form the basis for improved labour market information and associated materials to support the work of the Adult Advancement and Careers Service and similar youth services in advising both adults and young people of job and career options and thereby assist the skills market to work more effectively by ensuring that participants are better informed. This information will also be used to inform a rolling dialogue with providers to share market information and challenge performance in particular skill areas where analysis suggests that improvements are necessary.
- 4.32. We would seek to ensure that as a City Region partners are charged with working with the Skills Funding Agency, Young People's Learning Agency and National Apprenticeship Service to:
- Review the sufficiency of the colleges and providers to meet City Region needs in terms of range and pattern of service and commissioning new provision to plug gaps where necessary using capital funds to improve facilities and access.
 - Work with Business Link to optimise the service to employers in support of business growth and improved productivity.
 - Develop joint sector engagement and delivery strategies to ensure that critical skills gaps and shortages in future growth sectors are identified and interventions aligned towards addressing these.

- Develop sector productivity and progression pilots to test how the provision of sector co-ordinated training and business support services can boost productivity and help create higher value job opportunities.

Alignment of the Participation Agenda

- 4.33. Via the MAA we will align work on the participation agenda, synergising the Connexions transition, Raising Expectations implementation, 14-19 Diploma development, NEET strategies, apprenticeships and other related activity with the integrated employment and skills approach. This will provide a clear routeway for young people extending the Skills Pledge, LEP process and offer of enhanced support to this group and developing a single co-ordinated approach with employers to meet the youth and adult agendas.
- 4.34. We will provide strategic direction to the participation agenda at a City Region level by:
- linking the existing regional steering group for Raising Expectations delivery to the MAA governance arrangements - in this way we plan to ensure that, through effective Raising Expectations and MAA engagement, young people have the widest range of opportunities available to them and prevent them being artificially constrained by narrow geographies or priorities
 - directly aligning the work of the National Apprenticeship Service in the City Region to the MAA
- 4.35. In pursuing this co-ordination we would achieve greater alignment of 14-19 funding with the adult employment and skills agenda and thus eliminate the risk of fragmentation. We will establish a city regional mechanism that can provide strategic input. Local areas would own and sign off their own 14-19 strategic plans but partners would also come together at the City Region level to undertake a collective analysis. In line with this we would:
- Develop joint specifications and commissioning across the City Region where relevant. This would help ensure that the volume, mix and balance provision reflects City Region needs and that gaps in provision are eliminated. It would also ensure appropriate linkage and progression routes between 14-19 and adult provision and ensure appropriate provision of specialist services.
 - Facilitate joint discussions with employers and providers who do not operate within the same operational or geographical boundaries. A central point of contact would maximise efficiency and eliminate duplication of effort and again ensure linkage between both the 14-19 and adult agendas.
 - Agree common standards and systems for the delivery of careers information, advice and guidance to young people across the City Region which has real links to the advice and guidance information being given to adults, and support this by arranging for the preparation and regular updating of labour market information and associated training for intermediaries.
 - Support the alignment of the NEET agenda and activity with 14-19 planning and delivery.

- Ensure appropriate pathways and linkages between 14-19 and adult provision.



Asks of Government

5.1. The demonstration of our commitment to joined up working has already led to the City Region receiving a number of freedoms and flexibilities:

- Extension of the City Strategy for a further 2 years - the details of exactly what this means are not known however, we do know however that there will be a small amount of funding attached, £15m across all 15 Pathfinders.
- Trialling the Integrated Employment Skills (IES) system in our City Strategy area for new JSA claimants in preparation for roll out in 2010 including; aspects of the new universal adult advancement careers service; Skills Health Checks; an individual offer linked to Skills Accounts; single employer offer and the 16-hour rule.
- Developing a co-commissioning approach which will bring LSC funding, including Train to Gain, together with the flexible New Deal, and link employment and skills with wider services, such as health.
- Trialling through prototype networks new ways of joining up services such as, health, housing, childcare with skills and employment that provide help and advice to individuals and ensure a 'no wrong door approach'.
- In respect of IES trialling aspects of Skills Accounts and introduction of Skills Health Checks and Skills Accounts for Offenders.

5.2. Our proposals for the MAA come under four categories of activity:

- Securing and operating devolved commissioning arrangements at level 3 for employability programmes
- Integrating employment and skills with wider services
- Securing greater strategic responsibility for skills – Section 4 powers, funding and commissioning
- Aligning the participation agenda at the City Region level

5.3. The activities proposed within each of these categories outline how we will better align, plan and specify the use the resources at our disposal to deliver a single, coherent City Region response to the economic downturn and associated increases in unemployment. The activities proposed will also allow us to ensure alignment of 14-19 structures with adult skills and employment interventions post the LSC reforms. The result will be the achievement of maximum employment and skills outcomes.

5.4. However, a number of the activities require certain “asks” of Government to be fulfilled if they are to be fully implemented. This will ensure that we secure maximum employment and skills outputs and outcomes.

5.5. These asks are summarised under the key proposal headings:

Devolved Commissioning Arrangements

The City Region will seek to:

- secure joint commissioning arrangements with Government in line with the Level 3 devolution outlined in the recent welfare reform paper from 2011
- agree a common performance management framework to which all agencies regardless of host government department will work with aligned targets based on sustained employment and training
- secure DWP/DIUS/HMRC data sharing flexibilities to the City Region ESSMB and the ability for the City Region to share data with and between the various employment and skills providers
- linked to joint commissioning secure a joint investment schedule including delegation of mainstream resources
- ensure that mainstream agencies (including Skills Funding Agency, Young People’s Learning Agency, National Apprenticeship Service, AACS partnership, Jobcentre Plus, Regional Development Agency and Local Authorities) are required to deliver in line with the priorities outlined in the City Region Strategy and Plan
- secure the ability to manage resources across funding streams and localities reprofiling and redistributing where relevant
- secure the power to retain benefits savings realised through the operation of MAA for reinvestment in further support for delivery of its outcome
- secure designation as one of the pilot areas that will test the new single employability programme incorporating trial of the proposed conditionality framework

Integration of Employment and Skills with Wider Services

The City Region will build on current efforts around the integration of services by seeking from the earliest possible opportunity to:

- speed up the housing/council tax benefit process to ease the transition to employment by securing flexibility to enhance links and data sharing between DWP, HMRC and LAs
- explore flexibilities around the extension of housing benefit for a certain period for particular groups
- Fit for work trials

- secure the ability to trial availability of specialist staff to support those with a health issue (health, work and wellbeing co-ordinators)
- act as a trailblazer area for the Right to Control initiative
- pilot the new support programme for drug users in partnership with Drug Action Teams

Greater Strategic Responsibility for Skills and Alignment of the Participation Agenda

The City Region will seek to:

- secure at the earliest possible date Section 4 status under the 2007 Further Education and Training Act
- secure budgetary and commissioning delegation for mainstream skills programmes from 2011

5.6. Through the drafting of this MAA we have been examining each of these “asks” in more detail. Detailed business cases will be developed as part of the implementation process.

6

Targets and Outcomes

Proposed Targets

- 6.1. It is proposed that targets to support the delivery of increasing numbers of people in sustainable employment with training will be developed under the below indicators:
- City Region Employment Rate
 - Percentage of working age population in receipt of the key working age benefits
 - Percentage of children aged 0-15 in households in receipt of workless benefits³
 - Percentage of City Region adult population with at least a level 2 qualification
 - Percentage of City Region adult population with at least a level 3 qualification
- 6.2. Local level targets will sit underneath these overarching targets and will inform spatial targeting of resources and activity. Overarching MAA targets will inform work with local targets rather than have a hierarchical relationship with them.
- 6.3. As outlined in section 4 above each local authority area will be required to establish local level employment and skills targets and indicators (e.g. NI153 percentage of working age population in receipt of the key working age benefits in priority neighbourhoods). These local targets will identify the priority groups/areas on which each local area wishes to focus employment and skills intervention and will inform the commissioning of employment and skills programmes and thus use of mainstream and local resources.
- 6.4. As the City Region moves to take on Level 3 responsibilities a single performance management framework and system will be developed.
- 6.5. A key rationale behind the target setting process for the MAA is that previous targets for LAAs were negotiated in a more favourable economic climate. The MAA provides the opportunity take account of the current economic circumstances. The baseline position has been established using the latest data currently available to us.

³ Given the desire by Government for all local authority areas to be mandated to establish a child poverty target, we are also proposing the inclusion of a City Region child poverty target within the MAA. We will work with Government to establish this target over the first year of the MAA in line with the timescales for the establishment of mandatory targets.

- 6.6. The targets which we have identified are outlined in the table below. A full outline of the methodology adopted in determining these targets is available and is being agreed between the City Region and Government. These targets outline what we forecast we could achieve (based on available information) if the City Region is granted the freedoms and flexibilities to allow it to intervene as set out in the MAA proposals.
- 6.7. However, given the uncertainty of the current economic climate, we would seek to build into the MAA an agreement to re-examine targets after the first year of activity. This provides the flexibility to revise targets upwards or downwards based on first year economic conditions.

Indicator/Option	Options for Revised Targets				
	Baseline	2009/10	2010/11	2011/12	2012/13
NI 151 Employment Rate	69.4%	68.0%	68.3%	68.6%	69.4%
NI 152 Working population in receipt of out of work benefits	17.7%	19.2%	18.7%	18.2%	17.3%
NI 116 Children 0-15 in households in receipt of workless benefits	We will work with Government to establish this target over the first year of the MAA in line with the timescales for the establishment of mandatory targets.				
NI 163 adult population with at least a level 2 qualification	63.0%	64.5%	67.5%	70.5%	75.0%
NI 164 adult population with at least a level 3 qualification	43.0%	44.0%	46.5%	50.0%	54.0%

Increase in City Region Employment Rate

- 6.8. Regional forecasting work by PACEC Economic Consultants for the LGA suggests that employment in the region will fall annually until 2012 not returning to 2008 levels until 2015. Applying this forecast to the City Region suggests a decline in the City Region employment rate of 5.8% by 2010/11. It is also forecast that the recovery in employment will be slow, employment levels are expected to begin to stabilise in 2011/12 with minor increase of around 0.2% envisaged in 2012/13. This would suggest an employment rate of 63.8% by 2013 without intervention.

6.9. We believe that with the powers set out in this MAA we can minimise the impact of the employment rate fall forecast and increase the pace of recovery. Therefore, we have established a target whereby we would seek to return the employment rate to current baseline levels of 69.4% by 2013 - this is a 5.6% stretch on what would be expected to happen with no intervention.

Reduction in percentage of working age population in receipt of the key working age benefits

6.10. In August 2008, the most recent source of total benefit claimant data, there were a total of 357,500 claimants in the City Region (80,600 of which were claiming JSA as their main benefit) – a rate of 17.7% of the working age population. The number of JSA claimants has since increased by 41% over the period January 2008 – January 2009.

6.11. Examining the LGA forecast outlined above and translating this to the impact on the claimant count in the City Region indicates an additional 78,500 unemployed claimants by 2010/11, taking the total numbers claiming WACG benefits from 357,500 in 2008 to 436,000 in 2011 and raising the rate from 17.7% to 21.6%. Beyond the 2010/11 period claimant rates are forecast to stabilise with little reduction being achieved until 2012/13 when no more than a 0.5% reduction could be expected. . This would suggest that by 2013 21.1% of the City Region working age population would be in receipt of the key working age benefits.

6.12. Therefore, we have again used these estimates to inform the establishment of the target, we are suggesting that with MAA intervention we could reduce the proportion of working age population in receipt of the key working age benefits to from baseline rate of 17.7% to 17.3% by 2013. This would demonstrate a 3.8% stretch on what would be forecast to happen with no intervention.

Increase in the percentage of adults with at least a Level 2 qualification and above

Increase in the percentage of adults with at least a Level 3 qualification and above

6.13. There is the potential to align the MAA targets with the skills targets sets out in the West Midlands Skills Action Plan.

6.14. The West Midlands Skills Action Plan set ambitious targets for raising the skills profile of the region by 2011. These equate to: 419,000 more people with at least a level 2 (12% increase in the rate); and 358,000 extra people qualified to Level 3 (11% increase in the rate). However, the City Region is starting from a more challenging position – it has far more individuals who lack basic skills than the Region as a whole. Therefore, achieving the Skills Action Plan targets by 2011 looks highly unachievable when many individuals do not even have the foundation base of skills to allow them to immediately commence a level 2 qualification.

- 6.15. That said it is clear that when the economy recovers the job opportunities that emerge are likely to require higher level skills than those which exist currently. Therefore, a key objective of this MAA is to ensure that individuals are provided with the skills to allow them to take up the opportunities that arise post recession. We will do this by stepping up investment in skills development through the recession period. Given this it is proposed that the existing SAP targets are applied to the MAA but over the period to 2013.
- 6.16. This is real challenge and demonstrates significant stretch above existing LAA and PSA targets. It would result in the percentage of adult population with at least a level 2 qualification increasing from current levels of 63% to 75% in 2013 and the percentage with at least a level 3 qualification increasing from current levels of 43% to 54% in 2013.

The Outcomes - Adding Value Through the MAA

- 6.17. The introduction of the MAA will result in significant added value, addressing a number of barriers, inflexibilities and inconsistencies in the current operating framework. This will require new approaches to accountability and decision making for the City Region (as outlined in section x). National and Regional agencies would delegate decision making to the City Region to share resource and agree specifications across local boundaries.
- 6.18. Through the introduction of the Single Employment and Skills Commissioning and Delivery Plan, supported by the Common Performance Framework, we will ensure:
- All agencies agreeing and sharing a single set of targets and outcomes based upon standard definitions for job outcomes, improved skills levels, job retention rates, an overall increase in employment rates and an allied reduction in the numbers of people claiming out-of-work benefits
 - The role of each organisation clearly defined to combat, duplication, fragmentation and combating competition in funding and delivery, as well as to plug gaps in service delivery
 - A single standard delivery mechanism to achieve targets and outcomes utilised by all agencies rooted in local neighbourhood planning
 - Access for all agencies to the real-time operational management and performance data and information required to identify each economically inactive individual, assess and tailor support and interventions to his/her specific needs, monitor that individual's seamless end-to-end progress to sustainable employment with training, and also to monitor progress against achievement of the single set of targets and outcomes
 - Direct alignment of a wider range of mainstream and discretionary funding in support of joint MAA objectives and outcomes
 - Improvements in value for money, reduced transaction costs, and reinvestment of savings made, for example through the suppression of unnecessary management and contract costs and through benefit payment savings

- Precise targeting of funding in support of individuals and businesses resulting from the improved access to information
- An improved experience for individuals and employers resulting from a support system tailored to their specific needs
- Greater certainty in the delivery of enhanced targets and outcomes



Funding Arrangements

Funding Arrangements Funding Arrangements Funding Arrangements Funding Arrangements Funding Arrangements Funding Arrangements

- 7.1. In the first year of the MAA we will extend our existing employment and skills protocol arrangements to a wider range of organisations e.g. Regional Development Agency and NHS to ensure alignment of funding in support of tackling employment and skills in line with current Level 2 operating arrangements. From 2011 we will also seek to secure delegation of mainstream budgets in line with proposed Level 3 commissioning arrangements.
- 7.2. To support this, as part of the implementation of the MAA, we will develop a joint investment schedule which will identify the resources that can be brought in support of the MAA and single City Region Employment and Skills Delivery Plan.
- 7.3. The table below outlines the resources that we are currently able to identify. As many of these resources are already allocated they are outlined only to provide an indication of the scale of resource we envisage having available to allocate in support of City Region employment and skills outcomes.
- 7.4. In addition to securing arrangements for delegation of mainstream government budgets we are also having discussions with a number of additional funders in order to identify resources which can be allocated to support the MAA.

SOURCE	2009/10	2010/11	2011/12	2012/13
LSC Train to Gain	62,196,000	84,396,000		
LSC Adult Apprenticeships	18,000,000	16,000,000		
LSC Employability Skills Programme	3,000,000	3,000,000		
LSC - Adult Learner Support	23,000,000	25,000,000		
IES Prototypes	200,000			
City Strategy (additional funds)	160,000			
(LSC) ESF Priority 1 and 2	10,757,115	7,700,776		
Neighbourhood Learning in Deprived Communities				

JCP Mainstream (Flexible New Deal)	50,000,000	50,000,000	50,000,000	50,000,000
(JCP) ESF	6,366,667	6,366,667		
AWM Single Pot	1,515,000	505,000		
AWM ERDF	2,100,000	5,050,000	4,250,000	
AWM Connecting to Opportunities	1,400,000	3,210,000	3,210,000	
Sandwell – WNF	3,365,000	3,472,000		
Wolverhampton – WNF	3,600,000	3,600,000		
Walsall – WNF	11,842,220	11,842,220		
Birmingham – WNF	19,000,000	19,000,000		
Dudley – LAA Employability Support	566,667			
Solihull – LAA Employability Support	69,720	8,160		
Coventry - Core Employment and Skills	500,000			
TOTAL	217,638,389	239,150,823	57,460,000	50,000,000

8



Implementation and Next Steps

- 8.1. As outlined above we will enter this agreement on a managed basis, the MAA covers the period 2009/10-2012/13 – the four year period is to allow for a “year 0” where efforts will be focused on putting in place necessary structures, plans and arrangements to allow us to fully implement the MAA proposals as soon as possible.
- 8.2. A detailed implementation plan is currently in development. Immediate next steps following agreement of this MAA between the City Region and Government are outlined by proposal theme in the table below.
- 8.3. The intention is that the City Region:
 - would seek to secure devolvement of mainstream employment and skills related budgets from April 2011 onwards, over the period until then we will be working to establish suitable accountability, governance and staffing arrangements to allow us to fulfil this role
 - has already commenced alignment of the employment and skills agenda with wider services and would seek that Government begin to grant the “asks” outlined under this theme from immediate effect as they become relevant
 - would seek to secure Section 4 status at the earliest possible opportunity.

MAA Priority	Immediate Next Steps – 2009/10
Overarching	<ul style="list-style-type: none"> • MAA implementation team established • MAA implementation group enhanced to include DWP, DIUS and GOWM • Commence development of EPB or alternative Governance Framework • Develop a proposal outlining staffing levels and structures required to support MAA proposals and associated devolution of responsibilities • Commence feasibility study on common performance management framework • Arrangements for development of City Region Employment and Skills Commissioning and Delivery Plan agreed • Agree process for linkage between NESPs and City Region Commissioning and Delivery Plan and Joint Investment schedule
Devolved Commissioning Arrangements	<ul style="list-style-type: none"> • Commence development of detailed proposal for City Region commissioning • Proposals and processes for Invest and Save Pilot agreed • Commence discussions on proposals for piloting new employability programme and conditionality arrangements

MAA Priority	Immediate Next Steps – 2009/10
Integration of Employment and Skills with Wider Services	<ul style="list-style-type: none"> • Representation of wider partners e.g. health, housing, sought and in place • Agree framework to enhance IES model with wider supports • Incorporate enhancements and wider supports within single client and employer offers • Commence discussions with HMRC/LAs/DWP with regard to proposal to speed up housing/council tax benefit process • Develop and agree proposals for housing benefit extension • Agree proposal and process for Fit to Work pilot arrangements • Agree protocol for linking planning process and Inward Investment with employment and skills • Develop Child Poverty Strategy and associated target • Agree strategy for expansion of Public Sector compact
Greater Strategic Responsibility for Skills	<ul style="list-style-type: none"> • Agree timeline for allocation of Section 4 powers • Identify Sector Champions • Arrangements for Sector Reviews in place • Commence analysis of City Region employment trends and skill requirements • Process agreed for feeding findings of analysis/City Region requirements to AACS and providers • Commence development of detailed proposal for City Region commissioning
Alignment of the Participation Agenda	<ul style="list-style-type: none"> • Review existing arrangements for raising expectations delivery and develop/agree City Region proposals • Agree arrangements for alignment of National Apprenticeship Service with MAA/IES • Alignment of NEET agenda with 14-19 arrangements and IES

APPENDIX 1 – ACTIVITY AND SUCCESS TO DATE

The Joint Investment Plan

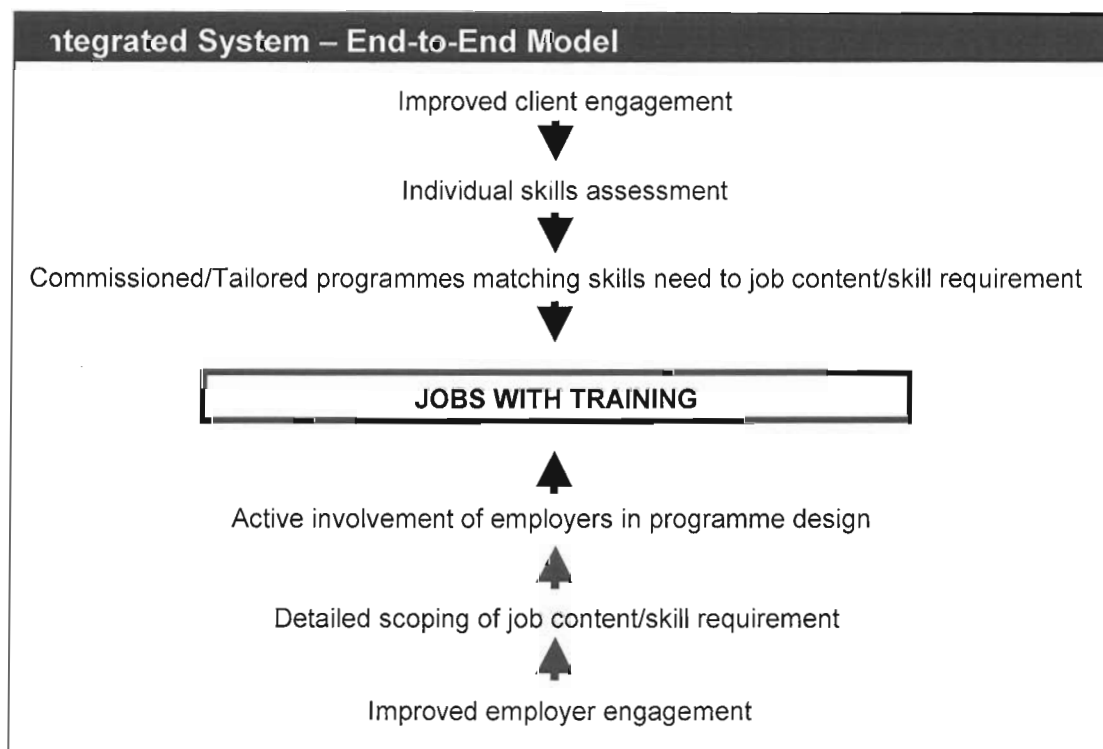
The current Joint Investment Plan outlines priorities against three priority workstreams:

1. Addressing Worklessness and Low Skills
2. Upskilling those in Work – Workforce Development
3. Building the Foundations for the Knowledge Economy

1. Addressing Worklessness and Low Skills

The strategy for this workstream is the implementation of a progressive system of pre and post employment support for individuals and employers through the development of an integrated employment and skills model across the City Region, building on City Strategy and the IES model.

The delivery model is the “end to end” model developed through the successful City Strategy Pathfinder as outlined below:



This has provided an overall City Region strategic framework for the integration of employment and skills which has allowed the flexibility for local planning and ownership. Information from local areas and plans has informed the commissioning process for mainstream regional partners.

A regional management group provides strategic direction and comprises of representatives from Local Authorities, Job Centre Plus and Learning and Skills Council. Planning and delivery is driven locally through local management groups, established by building on existing structures.

Planning at neighbourhood level has been led by Local Authorities with the development of Neighbourhood Employment and Skills Action Plans. These identify the main workless groups, where they are, an analysis of underlying conditions in the area and identifies existing provision. This has enabled partners to target funds to address gaps in provision and services and establish clear referral and progression routes and interfaces between local and mainstream organisations.

The Information from local areas and plans has informed the commissioning processes of mainstream regional agencies on a scale never previously achieved. It has brought together a single ESF co-financing plan, with the LSC, Local Government Association and West Midlands Local Authorities working together on tender specification writing and appraisal of applications. This City Region is the only region that LSC/LGA ESF specifications have been aligned with JCP/DWP ESF specifications to avoid duplication and overlap.

Via this approach we have moved away from predetermined training and support courses. If support is not available through mainstream activity, funding, capacity and expertise has been put in place via a dedicated lead provider working with a range of partners in each local authority area. They are delivering client engagement activity and the bespoke responsive provision to address the personal and skills barriers of individual's and to respond to pre-employment requirements of employers. To date the partnership has established a single client entitlement and single employer offer.

Single Client Entitlement

- Enhanced careers advice through one-to-one skills assessment/Skills Heath Checks leading to individualised action plan
- Bespoke training matching individual skills needs to specific job requirements
- Post-employment training at least to first level 2 to ensure sustainable employment
- Integrated package of personalised support (e.g. childcare, debt advice) to overcome barriers to employment

Single Employer Offer

- Tailored recruitment including vacancy advertising
- Job scoping and individual skills assessment for recruitment matching
- Free training for Skills for Life and level 2
- Wider Train to Gain services improving employee skills and business performance
- Active involvement in the design of pre and post recruitment training programmes
- Work trial
- Apprenticeships – youth and adult

The IES trial in the West Midlands which was launched in September 2008 builds on and enhances the City Strategy model. The trial will progressively bring mainstream DWP/Jobcentre Plus and LSC programmes and budgets into a single integrated service with a substantial scaling-up of the work undertaken in the City Strategy Pathfinder. This sees significant enhancements to the client entitlement and employer offer such as enhanced advice services, skills health checks and skills accounts.

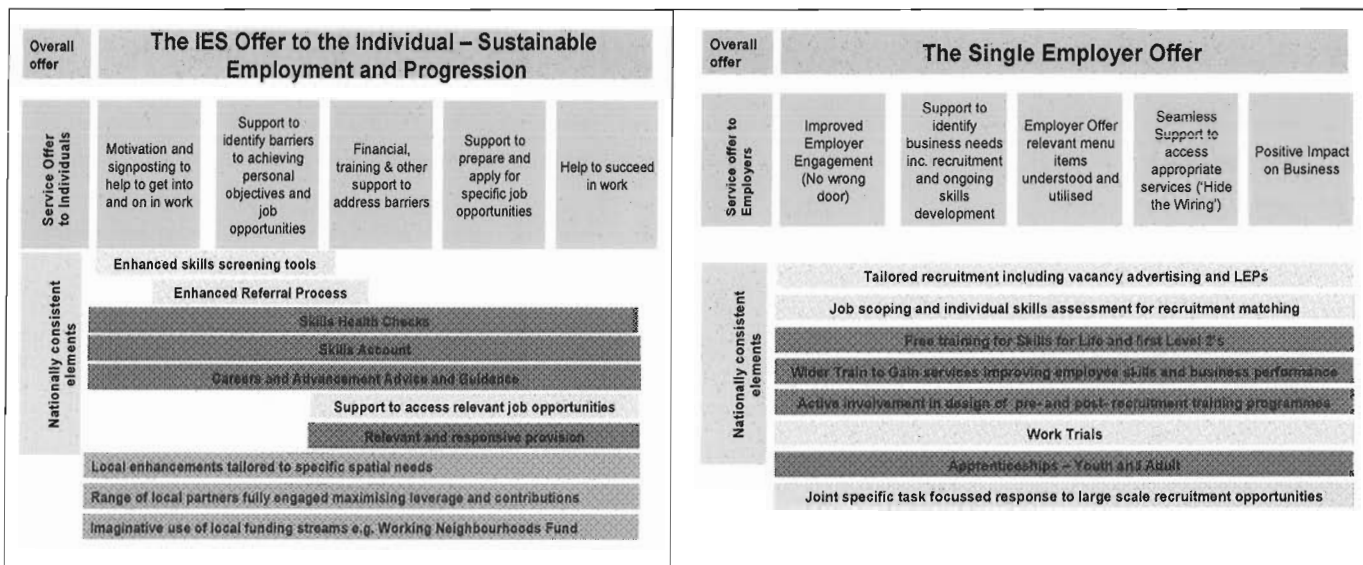
The IES **single client entitlement** provides a seamless journey for all individuals with a “no wrong door” approach. Individuals have access to a wider range of services and supports, individual needs are identified via the one to one in-depth employment and skills assessment and action planning element of the offer.

Assessment of skills is to be undertaken via Skills Health Check within our core offer to fully assess, at an early stage, skills and learning requirements which are required to support a return to work. The assessment and action planning and Skills Health Check will inform the development of bespoke training programmes which will be matched to specific jobs. Training offers will be aligned to benefit entitlements and will be informed by employer needs to ensure a focus on work and progression. Individuals will also be provided with the personal support needed to address non-skills related barriers to employment. Once in employment individuals will be provided with post-employment training at least to first level 2 to ensure sustainable employment.

We have made significant steps towards securing employer involvement and commitment to the wider workless agenda through the establishment of Employment and Skills Boards in each area. They are being led by significantly high profile individuals such as David Waller, Chief Executive of Price Waterhouse in Birmingham and Solihull and Stephen Karle, Chief Executive West Bromwich Building Society. They are championing the integrated employment and skills approach in sectors important to their local economies.

Job Centre Plus and LSC have agreed the **single Employer Offer** that clearly and simply sets out the work the two agencies can do to support employer recruitment and skills needs regardless of their size or the sector they operate in. We have put in place the necessary mechanisms to manage the relationship with employers to ensure they are offered a seamless service from recruitment through to workforce development, regardless of their point of entry.

This is available to all employers including small and medium sized enterprises. It encompasses Skills Brokerage, Train to Gain, Apprenticeships, Specialist Diplomas, Local Employment Partnerships and other JCP services. We are also working with employers where relevant to accredit in-house training.



The City Strategy target on reducing the main workless benefit register in the 55 wards was set by DWP using the November 2006 unemployment figures (126,490), projecting what would happen by March 2009 through mandatory programmes with no additional interventions (121,625) and then applying a 3% stretch to provide the City Strategy target (117,977), resulting in the objective of reducing the register in the 55 wards by 8,514.

In October 2008 the actual number of individuals on the working age benefit register was xxx,xxx. This represents a net reduction of x,xxx individuals moving off workless benefits and xx% achievement of our March 2009 target of 8,514.

A further two targets were agreed using LSC baseline figures: A 3% increase (20,677) in the number of working age individuals enrolling on a first level 2 and a 5% increase (8,532) in the number of working age individuals enrolling on skills for life. Significant progress has been made against these target, October 2008 figures show that we have exceeded our first level 2 enrolments by xx% (xx,xxx) and have almost tripled the numbers enrolling on skills for life (xx,xxx). These targets have not been achieved by additional resources but through the refocusing of mainstream activity ensuring they are delivered to the right people in targeted geographical areas.

2. Upskilling those in Work – Workforce Development

Skills Brokerage is provided by the same organisation which delivers regional business support. Both services were designed by the LSC and Advantage West Midlands thereby ensuring a fully integrated skills and business support service for employers. The Brokerage service are involved in the Employer Offer, mentioned in an earlier section, with mechanisms in place for referral between Job Centre Plus and the Brokerage service.

We have established a new partnership with major employers' organizations, the regional Chambers of Commerce, CBI, the Manufacturing Advisory Service, and FSB, with dedicated support enhancing their capacity to provide member firms

with a single conduit into all business support and employment skills investment and local recruitment and to act as exemplars within the wider employer community.

Skills Pledge regional performance has been outstanding with the West Midlands responsible for over 55% of all action plans completed nationally to date. This has largely been achieved by the brokerage service integrating its Organisational Needs Analysis with the Skills Pledge Commitment.

Our work on Public Sector compact is being subsumed into the Public Service Skills Challenge. The targets for this challenge are 75,000 level 2 qualifications, 8,000 Apprenticeships and 10,000 local jobs delivered by 2010. To date 45 of the 100 organisations invited to commit to the Skills Challenge have done so.

In relation to our size we are the highest performing Train to Gain region. In terms of the City Region there have been approximately 37,500 level 2 achievements, 34% of the City Region 2012 target and approximately 7,500 employers involved in basic skills, level 2 and level 3 activity. Notably within the City Region the Black Country is the best performer in this area.

We have made more progress in closing the gap in the West Midlands against the national average in relation to level 3 attainment at aged 19, now at 2.2% compared to 2.4%. Notably the most significant improvement has been in Birmingham and Solihull. In terms of regional ranking we have moved up one place to 5th.

Our most significant progress is in level 3+ attainment for adults where the gap with the national average has decreased from 3.9% to 3% and increased our ranking to 7th.

We are taking action via the Train to Gain model to ensure that the workforce has the skills to compete in the economy. In particular we are looking to address the needs of individuals with low or no skills and those with no formal qualifications in the workforce. We are addressing the underutilisation of skills of employees to help improve the competitiveness of businesses.

We are building on the early success of the extension of Train to Gain linking this with JCP employer services to join up pre and post employment training. Train to Gain is being fully aligned with Local Employer Partnerships (LEPs). We are progressively bringing all workforce skills into the Train to Gain services. We are also work with employers where relevant to accredit in-house training.

Accredited providers and specialist networks are delivering funded and non-funded training to meet the employers' needs identified by the Skills Brokerage service. Train to Gain Skills Brokers are working closely with colleges and private training providers and other information advice and guidance and skills intermediaries to access appropriate opportunities and ensure the employers' and individuals' skills needs are met and delivered.

3. Building the Foundations for a Knowledge Economy

A baseline study has been undertaken with Higher Education Institutions, Advantage West Midlands and the Learning Skills Council to increase understanding of the issues surrounding graduate retention in the region. The final report will be published in May 2008. The findings to date have been used to inform the **West Midlands Regional Skills Action Plan** and ambitious targets have been set for the West Midlands.

The next steps are to develop an action plan both for the City Region and the West Midlands as a whole. The following aims will set the framework for the action plan:

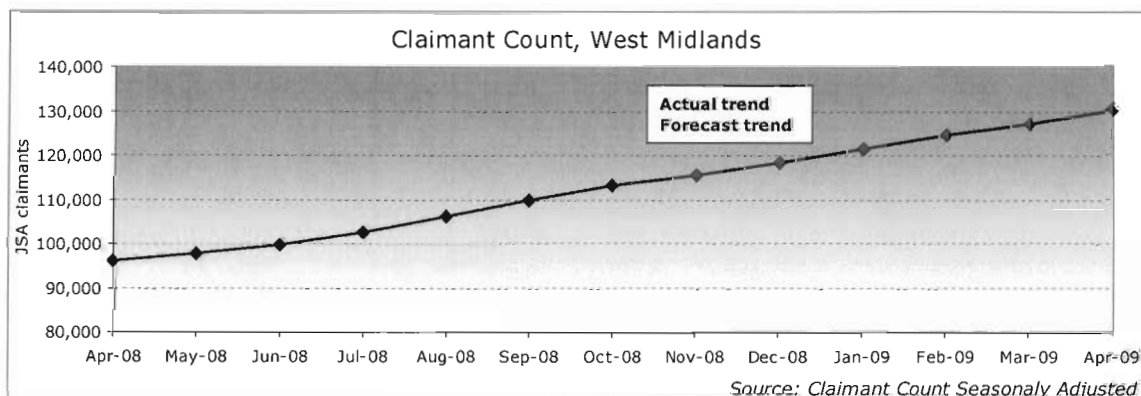
- Build on the work of AWM's Graduate Advantage Programme, working with employers and universities to significantly increase the number of graduates from inside and outside the region employed to benefit the regional economy, and to up-skill the current workforce to Level 4 and above.
- Bring together the region's Higher Education Institutions (HEIs), Higher Education Association (HEA), Lifelong Learning Networks (LLNs), Foundation Degree Forward (FDF), Aim Higher and HEFCE to develop new approaches to address the region's shortfall in the following key areas:
 - "young people" progressing through undergraduate programmes
 - graduate progression
 - workplace progression - those in work undertaking a range of level 4,5 and 6 programmes
- Link graduate attraction to the existing AWM inward investment strategy, and the new City Region inward investment strategy that is currently being developed.
- Provide much clearer progression pathways between intermediate and higher level skills through an enhanced local and regional infrastructure of Lifelong Learning Networks, bringing together all FE colleges and HE institutions to deliver a major expansion of Foundation Degrees and Level 4 work-based programmes, through regional brokerage, principally Train to Gain

APPENDIX 2 – THE CITY REGION EMPLOYMENT AND SKILLS CHALLENGE

Economic Context

- The economy of the City Region has generally performed below the national average in recent years, across a range of key measures. The same is true of most of the constituent parts, with the exception of Solihull which outperforms the national average in many respects. Economic output per head is below the national average, it has grown at an average of 4.5% per annum since 1995 compared to 4.7% regionally and 5.5% nationally. Around 20% of this output gap is attributed to economic inactivity and 65% to low productivity. If current trends continue by 2012 relative GVA per head could be 9% below the UK average.
- This is made worse by the fact that UK and global growth is expected to slow in coming years. Turbulent conditions in financial markets are set to continue, with an extended period of tight credit conditions having a significant dampening impact on growth, particularly through the effect on housing markets. The International Monetary Fund (October, 2008) have said that the world economy is heading for 'major downturn' and are predicting the UK economy to contract by 0.1 percent in 2009.
- Managing the effects of this economic slowdown in the short to medium term will be a key challenge for city region's economy. Development schemes may be shelved, sold on, delayed, or altered so as to lower costs. Lower profitability on schemes that go ahead will impact on the level of community benefit able to be derived from them (such as the number of jobs created). In addition, it is expected that unemployment, which has been rising in recent months, will continue to rise, creating an additional challenge for the region.
- A recent report prepared by researchers at Public and Corporate Economic Consultants on behalf of the Local Government Association projects the economic downturn could lead to a decline in employment across the region as a whole of 180,000 jobs. The report estimates sectoral performance based on previous recessions and then calculates regional 'vulnerability' by calculating regions' shares of high, medium and low risk sectors.
- Recent statistics demonstrate that:
 - the claimant count in the City Region area increased to 77,694 in September 2008, an increase of 442 from the previous month and an increase of 7.1% from September 2007 – increases were experienced in each of the local authority areas.
 - Claimant on-flows during the period July-September 2008 were 24% higher than for the same period in 2007.

- This is made more severe by the fact that redundancies are increasing and vacancies falling:
 - Redundancies notified rose to 5,188 over the period June-August 2008, a 105% increase on the 2,532 notified over the same period in 2007
 - in the 3 months from July-September 2008 there were 53,458 vacancies notified to JCP in the City Region, which is a 14.1% decrease from the same period in 2007.
- The chart below shows current and forecast seasonally adjusted claimant count figures for April 2008 to April 2009 for the West Midlands⁴. The data has been forecast using least squares regression analysis. The unemployment rate in the West Midlands stood at 3.5% in October 2008, up from 2.9% in April. This represented an increase of around 17,000 claimants since April 2008 an increase of 18%. If this trend is forecast into the future it would mean that the total JSA claimant count in the West Midlands would reach 130,000 by April 2009, a further increase of 16,800 (+15%). Unfortunately seasonally adjusted data are not available for the city region; however, it is likely this trend will be even stronger in the city region.



- The City Region's higher proportion of residents with low level qualifications may also potentially become a significant challenge in the coming months as the economy slows. Those with low skills and low incomes will be some of the hardest hit and first to lose out in an economic downturn. There will be increased competition for entry level jobs from more qualified workers and those with a more recent employment history making it more difficult for those who are currently inactive with low or no skills to access employment opportunities and compete in the labour market.

⁴ Seasonally adjusted figures are not available for the BCBC City Region

Labour Demand

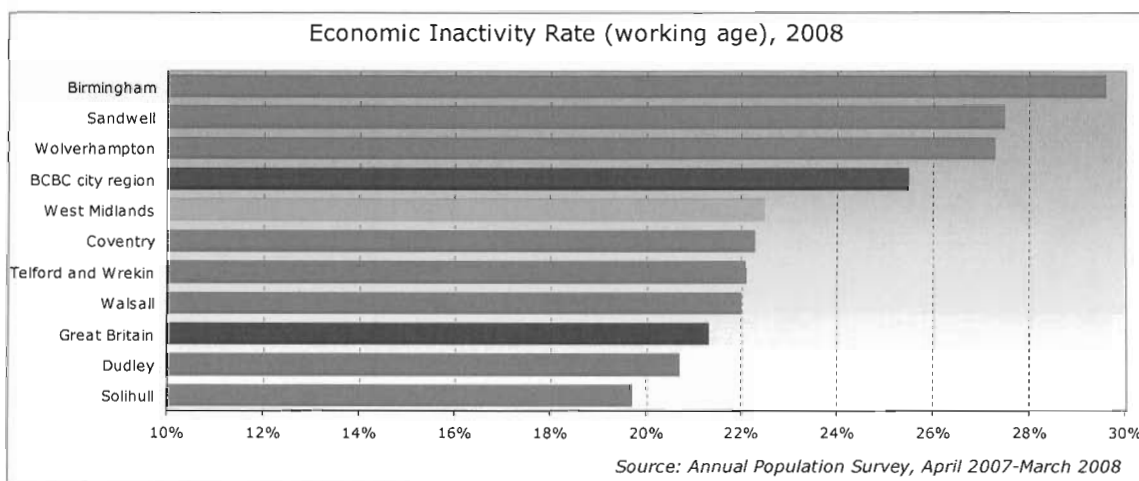
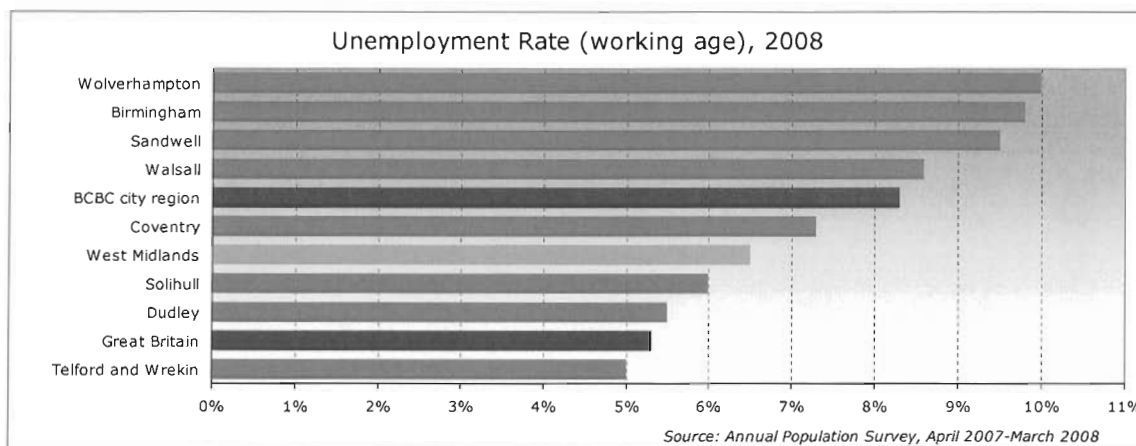
- There has been a distinct shift in the types of employment within the City Region. Whilst there is still a heavy reliance on the manufacturing industries for employment amongst the male population, the last 5 years have seen a steady decline in this sector against growth in service industries such as retail, catering, distribution and the health sector. These broad trends are likely to continue into the future. However, that said the current economic downturn is leading to decreasing vacancies across many sectors, albeit that the decline is most pronounced in the manufacturing sector with a 43.8% decline in vacancies over the period September 2007- September 2008.
- These recent vacancy statistics demonstrate that the only sectors which have demonstrated an increase in vacancies over the period Sept 2007- September 2008 are construction, public administration, education and health and other services.
- Key growth sectors in the future are forecast to be: professional and business services; health and care; and retail, wholesale and distribution. There will also be a shift in occupational and skills mix with more professional roles and fewer unskilled occupations. The demand for people with level 3 and degree level skills is rising and is set to continue to rise.
- Structural changes in the labour market will lead to an increasing proportion of highly skilled jobs and therefore a need for a pool of highly qualified labour. The UK will also require a highly skilled labour force to allow for maximum recovery from the economic downturn. To secure global competitiveness there will be a need to build the foundations by delivering higher-level skills to meet employer's needs.
- Even in the face of decreasing vacancies there are a number of skills issues facing employers in the city region with a significant proportion reporting skills shortages. The highest proportions of vacancies unfilled for 6 months or more tend to be in personal service occupations, sales and customer services occupations and in skilled trades and professional occupations.

Labour Supply

Employment, Unemployment and Inactivity

- The employment rate of the Birmingham Coventry and Black Country City Region stood at 68.3% of the working age population in 2008. This represented a worse position than in 2005 when the employment rate stood at 70.1%. In terms of improvements in the level of residents in employment, only Coventry, Sandwell and Walsall have witnessed any in a positive direction, while all the other areas have either remained the same or experienced a worsening of their situation. Low employment is concentrated among particular localities and particular groups e.g. the employment rate for the non-white population is 53.5% and 45.2% for disabled people.

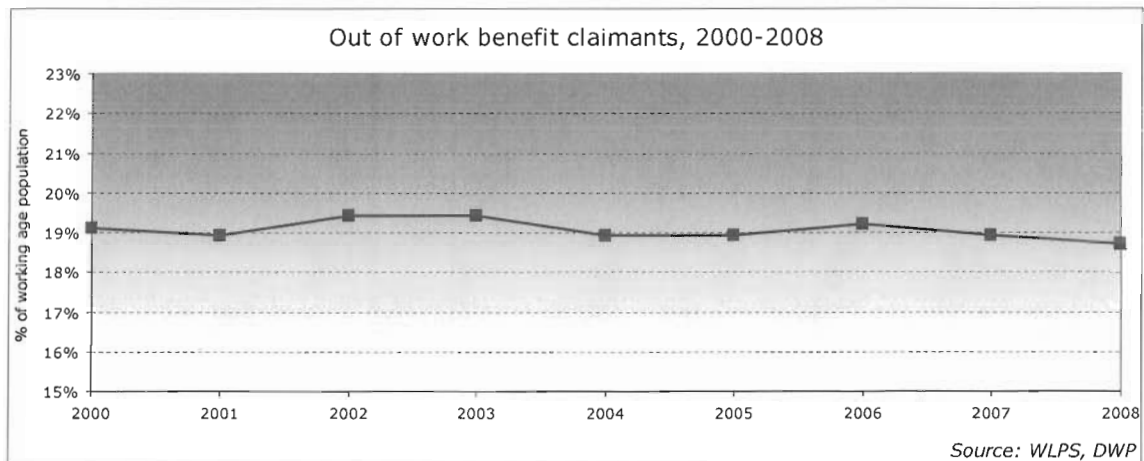
- The level of unemployment and economic inactivity is above average in the city region, and has increased over the last three years. The unemployment rate has risen from 7% in 2005 to 8.3% in 2008, while the inactivity rate has reached 25.5% of the working age population compared to 24.6% in 2005. Within the city region itself, just one local authority, Dudley, has experienced a reduction in unemployment over the period. Further, economic inactivity has risen in all but two areas (Coventry and Walsall).



Working Age Benefit Claimants

- In May 2008 there were 317,000 individuals in receipt of out of work benefits⁵ in the BCBC city region, which accounted for 18.7% of the working age population. The trend in total working age benefits has been relatively static between May 2000 and May 2008 as can be seen from the chart. Despite the rate being relatively static the actual number of workless claimants has increased by almost 4,500 over the period, an increase of 1%.

⁵ Working age benefit claimants refer to JSA, IB, Lone Parents, Others of income related benefits, carers and bereaved.

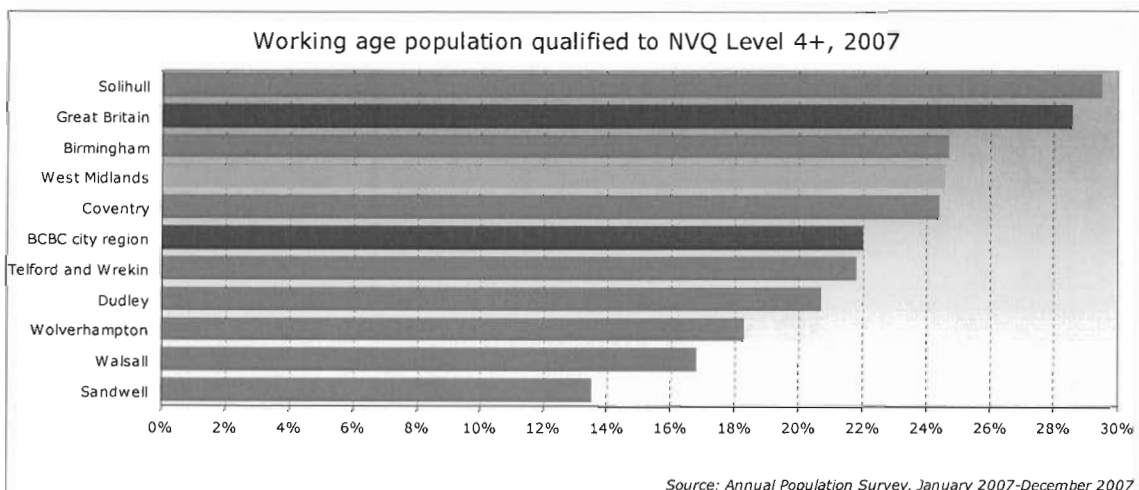
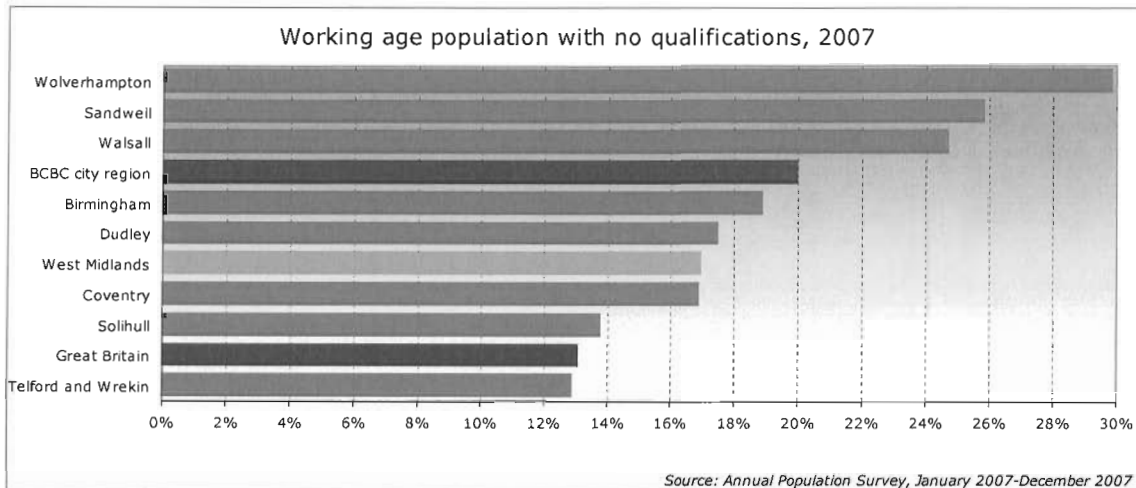


- All of the local authorities in the city region have witnessed an increase in the total number of claimants, apart from Birmingham, with Telford and Wrekin recording the highest rate of increase since 2000 (+8% or 1,120 claimants).
- There remain pockets of long-term unemployment within the City Region where over 20% are without work. In these areas, three successive generations of families have not found work. Unemployment and inactivity rates are highest in the deprived urban areas and among groups such as older people and BME communities. There are also significant numbers of young people not in employment, education or training. There is an overwhelming correlation between low or no skills, economic inactivity and where people live.

Qualifications

- Many parts of the city region demonstrate a substantial skills deficit. There are fewer residents qualified to NVQ level 4 and above average concentration of residents with low or no qualifications. This poses a significant challenge in a global economy where the value of human capital, the generation of ideas and exploitation of knowledge are increasingly more important than other economic drivers. As with other parts of the country the city region will need to ensure that its residents and workforce are given the opportunity to acquire and update their skills to meet the future demand for qualifications.
- The City Region working age population is significantly less well skilled than the national and UK averages:
 - In 2007 20% of the working age population in the city region had no qualifications compared to the UK average of 13%. This figure represented a slight increase the 2005 figure (19.6%)
 - There were fewer people qualified to degree level than the national average – 21.7% have a level 4 or above compared to 26.5% of the UK's working age population
 - There were also fewer residents qualified at NVQ Level 3+ compared to the national average, 38.5% compared to a national figure of 46.4%

- Sandwell and Wolverhampton had the highest proportions of people with no qualifications in the city region (25.8% and 29.9% respectively) as shown by the chart below
- The proportions of young people attaining 5 GCSE passes at A-C grades is below average in many parts of the city region, although many areas have witnessed significant improvements in recent years



- Information on the projected increase in demand for qualifications for the West Midlands region demonstrates large increases in demand (of 30.1% and 19.8% respectively) for employees with NVQ level 4 and NVQ level 5/higher degree skills. There is also expected to be a significant downturn in demand, of 41.3 %, for those with no qualifications in the West Midlands.
- If current trends continue it is likely that the problem of worklessness in the city region will increase further. Furthermore, skill levels are particularly low and given the future demand for qualifications in the region it is likely that city region residents with low or no skills are likely to find it increasingly difficult to access employment, which will exacerbate the level of worklessness further. These low skills levels will also severely threaten both local, City Regional and Regional growth aspirations.

APPENDIX 3 – SUMMARY OF MAA GOVERNANCE ARRANGEMENTS

STRUCTURE	MEMBERSHIP	ROLE
Board of City Region of BCBC	<ul style="list-style-type: none"> As current 	<ul style="list-style-type: none"> Overall strategic responsibility for the MAA Approval of the Employment and Skills Commissioning Plan with central Government
Employment and Skills Strategic Management Board (ESSMB - replaces current City Strategy Regional Management Group)	Board of six: <ul style="list-style-type: none"> Chairs of Local Employment and Skills Boards x 4 2 Leaders from Board of City Region Ex officio <ul style="list-style-type: none"> One Local Authority Chief Executive LSC/SFA Regional Director JCP Regional Director YPLA Regional Director 	<ul style="list-style-type: none"> To provide strategic direction for employment and skills activity in the City Region Produce the City Region Employment and Skills Commissioning Plan Direct commissioning and deployment of the City Region Employment and Skills resource Exercise Section 4 adult skills and Level 3 DWP Commissioning powers Accountable to the City Region Board.
Local Employment and Skills Boards	As current	As current
City Region Chief Executives Group	As current	As current
LSP and ESSMB Forum	LSP Directors JCP senior managers LSC/SFA senior managers ESSMB and City Region staff	Forum for exchange on the integration of employment and skills. Discussion of flexibilities needed at local level for commissioning at ward/SOA level.
Local Strategic Partnerships	As current	As current
Local Management Groups	As current	Feed views of LSP to Local Employment and Skills Board and vice versa

APPENDIX 4 – EMPLOYMENT AND SKILLS BOARDS

Birmingham & Solihull Membership

David Hersey (Chair)	The Royal Bank of Scotland
Mike Beasley	CBI Council Member
Jerry Blackett	Birmingham Chamber of Commerce and Industry
Seb Blevings	John Lewis Solihull
Peter Brammall	Learning and Skills Council
Tim Capper	Interserve
Sophia Christie	Birmingham East and North PCT
David Cragg	Learning and Skills Council
Trudi Elliott	Government Office for the West Midlands
Joe Greenwell	Premier Automotive Group and Ford of Europe
Stephen Hughes	Birmingham City Council
Richard Hutchins	Advantage West Midlands
Simon Hyde	West Midlands Police Head Quarters
Michael Kilduff	Learning and Skills Council
Parveen Mehta	Minor Weir and Willis
Paul Reay	Cookson Precious Metals Limited
Julie Robson	Learning and Skills Council
Mark Rogers	Solihull Metropolitan Borough Council
David Taylor	University Hospital Birmingham
Paul Thandi	NEC Group
Margaret Tovey	Jobcentre Plus
Rod Turner	Whale Tankers
Jon Wright	Jobcentre Plus

Coventry Membership

Daniel Gidney (Chair)	Ricoh Arena
Sue Lannantuoni	Coventry City Council
Kim Blake	Blitz Games
Phil Ewing	Harrison Beale and Owen
Alan Granger	Ragley Hall
Ric Richards	Federation of Small Businesses
Angela Balwin	HSBC
Jane Malbasa	Jobcentre Plus
John Scouller	Warwickshire County Council
Louise Bennett	Coventry and Warwickshire Chamber
Kim Thornework	Learning and Skills Council
Peter Shearing	Learning and Skills Council
Adam Johnson	Learning and Skills Council
Jane Beaver	Jobcentre Plus
Clive Benfield	Benfield Group
Amrik Bhabra	ADECS Limited
David Burton	West Midlands Chambers
Jim Graham	Warwickshire County Council
Malcolm Pickup	TNT
Bev Messenger	Coventry City Council
Norman Day	Coventry University

Coventry

Ben Reid (Chair)	Midcounties Co-operative
Allison Fraser	Sandwell Metropolitan Borough Council
Bhanu Dhir	Wilson Given
David Chambers	Black Country Chamber
Ian Binks	British Telecom
Jack Carnell	South Staffs Water
Jane Nelson	University of Wolverhampton
John Hammond	Jobcentre Plus
Jon Crockett	Wolverhampton City PCT
Marilyn Jones	Black Country Consortium
Martin Sawkins	Homeserve
Mike Bell	Learning and Skills Council
Michael Kilduff	Learning and Skills Council
Nicky Randall	Westfield
Peter Higgins	West Bromwich Building Society
Peter Mathews	Black Country Metals Limited
Sarah Middleton	Black Country Consortium
Steve Woodall	Dudley Metropolitan Borough Council
Steven Hassel	Westfield
Stewart Towe	Hadley Group
Sue Wakeman	Walsall Hospitals

Telford Membership (indicative – membership varies)

Alan Taylor (Chair)	DENSO Manufacturing UK Ltd
Alison Vincent	Lyreco
Joan Skerry	Jobcentre Plus
Gillian Cherry	DSG
Pam Bickley	Telford PCT
Richard Sheehan	Chamber of Commerce
Steve Miller	Ironbridge
Steve Wellings	Telford and Wrekin Council
Andrew Eade	Telford and Wrekin Council
Sharon Gray	Learning and Skills Council
Julie Cosgrove	Learning and Skills Council

APPENDIX 5 – ESSMB TERMS OF REFERENCE

CityRegion

of Birmingham, Coventry and the Black Country