
Report to

Cabinet
Council

29 June 2009

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Report of

Chief Executive and the Director of City Development

Title

Multi Area Agreement on Employment and Skills

1 Purpose of the Report

- 1.1 The purpose of this report is to agree a Multi Area Agreement on Employment and Skills between Coventry City Council and its partners with central government.

2 Recommendations

- 2.1 **Cabinet** is recommended to consider the draft Multi Area Agreement on Employment and Skills document (set out in appendix 1) and to recommend this to council for agreement.
- 2.2 **Council** is recommended to agree the Multi Area Agreement on Employment and Skills with central government (set out in appendix 1).

3 Information/Background

- 3.1 Central government has recognised 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). Multi-Area Agreements are agreed between central government and a number of individual local authorities with the aim of achieving a number of agreed shared outcomes.
- 3.2 For the last two years Coventry has been one of the partners in a City Strategy Pathfinder Programme with the other six West Midlands Metropolitan District Councils, Telford and Wrekin Unitary Authority and other partners including JobCentre Plus; the Learning and Skills Council and local businesses.
- 3.3 Key features of the City Strategy approach are the development of a single offer for clients and employers within a local 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 encompasses Warwickshire to reflect our labour market and also our strengthening links within the Coventry Solihull and Warwickshire sub-region.

- 3.4 City Strategy Pathfinder activity was 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. The pathfinder has been evaluated and found to be successful and is to be carried on for a further two years and will be rolled to other areas in the city.
- 3.5 Earlier this year it was proposed that the successful local City Strategy pathfinder programme should be developed into a formal four year sub-regional Multi-Area Agreement with central government. The council's Regeneration Services officers have been actively engaged in supporting the development of the employment and skills MAA and will continue to provide advice and support to enable it to operate effectively ensuring that benefits to Coventry are realised over the next three years.
- 3.6 A draft Multi Area Agreement document was considered by Scrutiny and Cabinet and then approved for submission to central government at the Council meeting on 17 March 2009. Following further negotiations between local partners and central government, particularly around more local control of commissioning services, the final MAA document has been produced and is set out at appendix 1.
- 3.7 The proposals in the Multi Area Agreement have been agreed with central government and it is expected that, subject to approval by each local authority, the agreement will be formally signed by all parties in mid-July 2009.

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

- 4.1 The proposed Multi Area Agreement covers the eight local authority areas of Coventry; Birmingham; Solihull; Sandwell; Dudley; Walsall; Wolverhampton and Telford and Wrekin. The eight local authorities will each be joint signatories to the MAA with central government. Warwickshire County Council has collaborated with the development of the MAA.
- 4.2 The aim of the MAA is to have more people in sustainable employment and training across the metropolitan area of the West Midlands and Telford. This will be achieved by removing a number of barriers, inflexibilities and inconsistencies in the way that employment and skills services are currently delivered locally and through the delegation of decision making and funding from national and regional agencies to local partners.
- 4.3 As a result of the recession, unemployment has risen steeply in the West Midlands so that it is now the region with the highest level in the UK and the need for activity and support is included with the proposed MAA has increased.
- 4.4 The MAA includes targets associated with the overall aim of increasing numbers of people in sustainable employment with training. These are being developed in line with the principle of closing the gap between city region and national performance for working age people in receipt of out of work benefits (measured by national indicator NI 152) and increases in the percentage of people with level 2 and level 3 skills qualifications (measured by national indicators NI 163 and NI 164).

- 4.5 Initial targets have been developed for the MAA but these will be reviewed after a year as the effects of the recession and changing economic conditions has meant it has been difficult to assess targets for the four years of the MAA.
- 4.6 Targets for local authority areas will be developed and will identify priority groups and areas on which each local area wished to focus employment and skills interventions and in turn these will inform the development, specification and commissioning of employment and skills programmes and the use of resources.
- 4.7 The MAA proposals aim to secure the partners the powers to:
- Develop and agree an adult employment and skills strategy and commissioning plan for the City Region (including Telford);
 - Work in equal partnership with Government to formally influence all regional and national employment and skills funding and commissioning, aligning this with local spending and activity;
 - 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.
- 4.8 The MAA includes five specific agreements with Government on the commissioning of employment and skills services; better access to data and the consideration of flexibilities around housing and council tax benefits (set out on page 15 of appendix 1).
- 4.9 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 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 formally linked to the Coventry Partnership. The council and its partners in the Coventry Economy Learning Skills and Employment Group will ensure that the development of the MAA complements other activity in the city.
- 4.10 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 and four ex-officio places on the Board will be allocated to the Regional Directors of Jobcentre Plus, the Learning and Skills Council/Skills Funding Agency and the Young People's Learning Agency and one local authority Chief Executive.

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 with central government.
- 5.2 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 sub-regional and local levels rather than nationally.

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 specifically through the MAA at present it is expected that the MAA will make more effective use of the funding that is available and central government will allocate and align its resources (including any additional funding to tackle worklessness and skills) with the MAA.
- 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. It is expected that the Multi Area Agreement will be formally signed with central government in mid-July 2009.
- 8.2 The purpose of the MAA to increase the numbers of people in sustainable employment with training across the West Midlands Metropolitan Area and Telford, particularly in the most deprived areas. The specific outcomes are set out in detail in the Multi Area Agreement document in appendix 1.

	Yes	No
Key Decision		✓
Scrutiny Consideration (if yes, which Scrutiny meeting and date)		✓
Council Consideration (if yes, date of Council meeting)	29 June 2009	

List of background papers

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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





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 Country¹. 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.
- 1.2. Progress in delivering the outcome will be measured against the, 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.
- 1.3. Its development is a logical progression from the City Region's current experience in transforming the employment and skills infrastructure 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 Commissioning Plan for the City Region
 - Work in equal partnership with Government to formally influence all regional and national employment and skills funding and commissioning, aligning this with local spending and activity
 - 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

- 1.4. 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

¹ For the purposes of the MAA the City Region area covers the local authorities of Birmingham, Coventry, Dudley, Sandwell, Solihull, Telford and Wrekin, Walsall and Wolverhampton. The MAA partnership works with Warwickshire on a collaborative basis.

West Midlands, the West Midlands 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.

- 1.5. 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, the recession, economic restructuring, market liberalisation and increasing globalisation have all impacted upon the region's economy.
- 1.6. 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 and national economic prospects and performance.
- 1.7. The City Region Vision:
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.
- 1.8. 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), the MAA is focussed primarily on tackling these issues.
- 1.9. The MAA is a key mechanism in addressing these challenges. Whilst the focus is primarily on employment and skills the partnership will seek to 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

- 1.10. In order to achieve the City Region Vision there are a number of challenges that must be addressed, 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 are significantly lower than national and regional averages
 - High levels of worklessness with significant concentrations among particular groups and localities

- 1.11. The current economic context has significantly added to these challenges faced by the City Region. This MAA provides a mechanism to maximise the capacity 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.
- 1.12. The proposals outlined in this MAA will assist the City Region to do this. This is because many of the barriers to effectively address these challenges 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 both the City Region's 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.

Capacity to Deliver

- 1.13. Current City Region working on employment and skills via a Joint Investment Plan, City Strategy and Integrated Employment and Skills pilot has led to an increase in outcomes achieved over and above that experienced previously. This demonstrates the 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. This MAA provides the opportunity to build on this capacity, extending the principles of joint working and integration of services further in order to achieve maximum outcomes.
- 1.14. In doing this the City Region recognises that it needs to continue to enhance its capacity arrangements to deliver the proposals outlined in this MAA. New financial management, governance and delivery arrangements appropriate to hold the powers and budgets sought will be developed and agreed with Government by March 2010.
- 1.15. 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.



MAA Challenge, Rationale and Agreements with Government

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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. It will be well on the way to achieving carbon neutrality

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 by increasing participation rates and ensuring that the adult workforce are able to acquire the additional skills demanded by the knowledge economy. A more inclusive and sustainable economy will only be possible 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 base² 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 individuals 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 key MAA proposals. The successes and learning experiences gained from City Region working to date are central to the delivery of the MAA.

² City Region Strategic Economic Assessment January 2008

The Joint Investment Plan

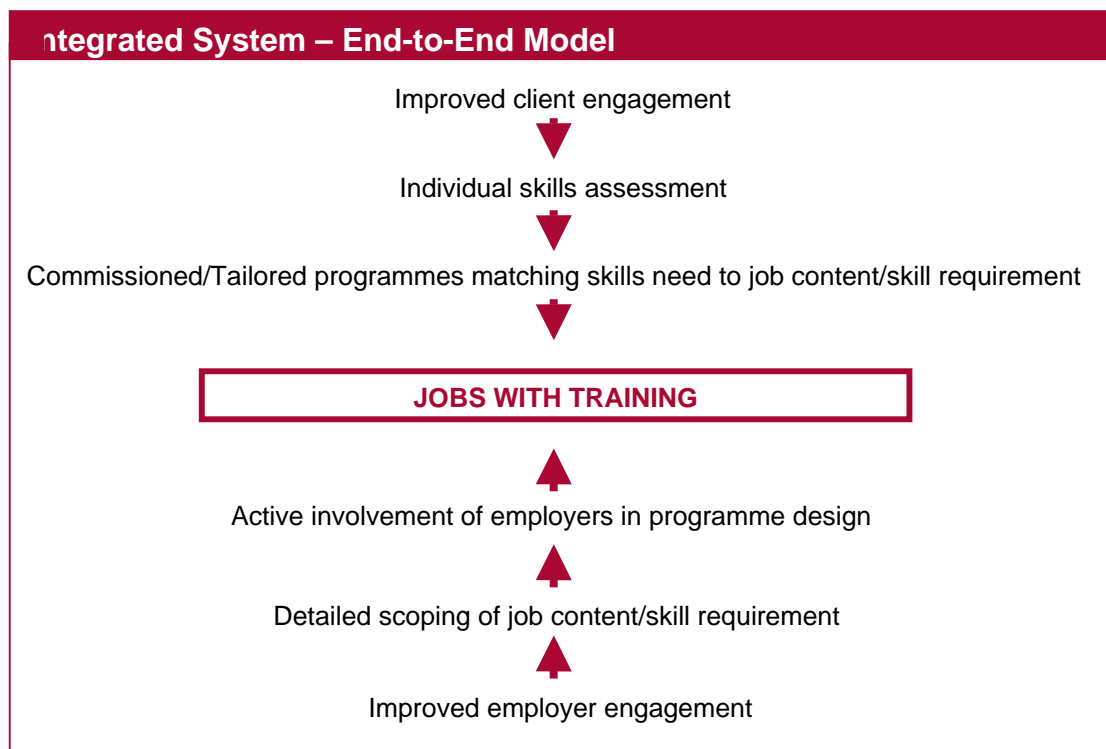
2.6. The current City Region Joint Investment Plan outlines priorities against three priority workstreams:

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 (Integrated Employment and Skills) 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 (European Social Fund) 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. An employment and skills working protocol has also been established 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. This approach has enabled a move 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. The City Region has 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 (Appendix 4). The Chairs of these four ESBs constitute the majority membership of the City Region Employment and Skills Strategic Management Board (ESSMB). 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. 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 have been put in place. 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. A new partnership has been established 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%. A Public

Sector Skills Challenge has been established along with a Public Sector Hub, 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 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. Train to Gain pre-employment support has been successfully implemented and embedded into Local Employment Partnerships (LEP). Providing both individuals and employers with continuity of support with a single provider for their recruitment and skill requirements. The City Region 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, 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 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 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 126,214. This represents a net reduction of 4,601 individuals moving off workless benefits (across the 55 City Strategy wards) and 54% achievement of the 2009 target of 8,514. Achievement of the target has been considerably effected by the recession.
- 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 targets. February 2009 figures show that the target for Level 2 enrolments has been exceeded by 155% and that the numbers enrolling for Skills for Life have almost tripled. 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 its size the West Midlands is 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 the Black Country is the best performing area within the City Region.
- 2.30. More progress has been made in closing the gap in the West Midlands against the national average in relation to Level 3 attainment at age 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. The 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 the region's ranking to 7th.

- 2.32. Both the City Strategy and IES experience to date have demonstrated the added value that can be achieved 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, considerable progress has been made in eliminating fragmentation and tackling gaps in current employment and skills provision. The allocation of DAF (Deprived Area 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 which 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 (Joint Investment Plan), 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 achieved to date 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 the ability to maximise positive outcomes. Addressing these is essential if the City Region is 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. 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. 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 in the short-term, 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 significantly by 2012 and the worklessness rate will rise. Forecasts also suggest that employment will not start to return to 2007/2008 levels until at least 2013. Recent unemployment data shows that unemployment levels are rising dramatically in the City Region. Between September 2008 and April 2009 the claimant count rose by 36,207 (46%).
- 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 (e.g. non-marketed services) and others will again start to grow as the economy begins to recover. Therefore, it is possible to 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. This will still hold true regardless of the economic downturn. When the downturn ends and the job market strengthens opportunities are likely to require higher skills than many of the current jobs in City Region.
- 2.47. This demonstrates 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. The growing demand for associate, professional and technical skills at Level 3 and above is particularly pertinent for knowledge based industries and growth sectors supported by the 3 high technology corridors based in the City Region area³.
- 2.48. 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 this MAA proposal.

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 the ability of the City Region 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

³ The Central Technology Belt, the M54 Technology Corridor, and the A45 Technology Corridor

- 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, rather than in true partnership.
- 2.51. This results in each organisation funding and commissioning programmes that have the same broad objectives e.g. assisting disadvantaged people to improve employability; moving people into sustainable employment; and improving skill levels, all working 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, prevents the aligning of resources, 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 the City Region has secured real successes in addressing low employment and skills a significant challenge remains, made more severe by the current economic climate. Much has been done within the confines of the current operating system to achieve maximum outcomes. More will be achieved by further flexibilities and powers delegated to the City Region level.

- 2.56. 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 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, the 2008 Pre-Budget Report, and the 2009 Budget Statement which have all 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”⁴.
- 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. The MAA 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 effectively 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.
- 2.62. This MAA sets out the **agreements** that the City Region has made with Government in order to take forward this devolution of responsibility and thus bring forward an effective local response to worklessness and low skills.

4 Review of Sub-National Economic Development and Regeneration (SNR), Department of Communities and Local Government and the Department for Business, Enterprise and Regulatory Reform, 2006

Agreements with Government

AGREEMENT 1: DBIS, DWP and their agencies will work with the City Region to guide the development of an Employment and Skills Strategy and Commissioning Plan that will be implemented by the Employment and Skills Strategic Management Board, and which will inform the use of resources in order to support key industrial sectors and jobs in securing further economic growth.

AGREEMENT 2: DWP will work with the City Region to develop a partnership framework which supports the progressive joint shaping of policy, specification, commissioning and performance management of mainstream programmes in the sub-region as appropriate and agreed in order to; maximise delivery of the MAA outcome and targets; avoid duplication and overlap; and to progressively align and direct mainstream and local spending through the Employment and Skills Strategy and Commissioning Plan and in line with Government objectives.

DWP will work with the City Region to test such a partnership with regard to the forthcoming Invest to Save pathfinders, and other initiatives as detailed in the DWP commissioning timeline and new proposals as they come on stream.

In April 2010 the City Region, DWP and Ministers will review progress, in particular to see where further DWP employment programmes can be specified and commissioned in line with the agreed partnership framework, the Employment and Skills Strategy and Commissioning Plan and the universal DWP devolution offer.

AGREEMENT 3: DBIS will provide support, advice and periodic review to the City Region to develop the Employment and Skills Strategic Management Board with a view to the Board assuming statutory [Section 4] powers by April 2010 setting the binding strategy on the Skills Funding Agency and formal influence over the distribution of resources.

AGREEMENT 4: DWP and CLG to work with the City Region to enable early access to information from current data sharing pilots and also to consider business cases for further data sharing needs should these arise from the partnership framework and statutory powers.

AGREEMENT 5: DWP to establish with the City Region a time limited task and finish group to consider any Housing Benefit and Council Tax Benefit flexibilities that maybe appropriate and deliverable across the MAA area to assist and improve progression of individuals into work.



Governance and Accountability

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Governance Arrangements

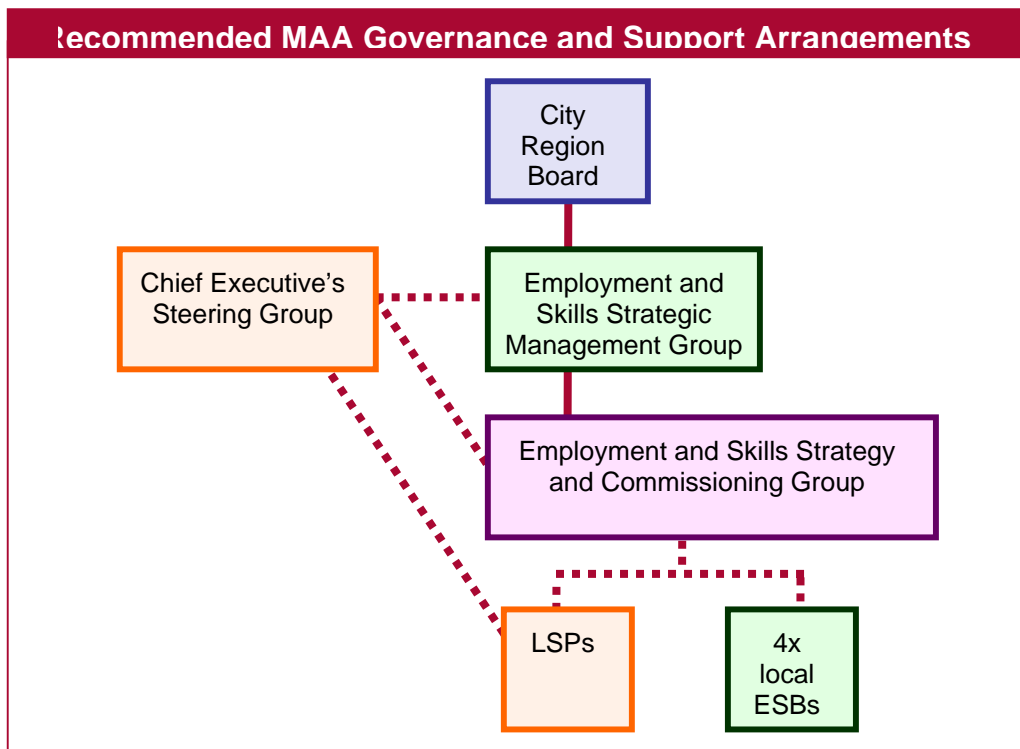
- 3.1. Fundamental to achieving the MAA outcome will be the transformation of the planning, commissioning and delivery of employment and skills services in the City Region.
- 3.2. The Governance structure is designed to be appropriate for achieving delegated and statutory responsibility for directing the allocation of resources and commissioning of national employment and skills interventions. Specifically the City Region is seeking :
 - To develop an agreed partnership framework with DWP which allows for joint shaping of policy, specifications and associated commissioning and performance management of mainstream programmes to order to: maximise delivery of the MAA outcomes and targets; avoid duplication, inefficiency and financial waste; and to progressively align and formally influence mainstream and local spending.
 - To work with DBIS to develop a Employment and Skills Strategic Management Board with a view to the Board assuming statutory [Section 4] powers by April 2010 setting the binding strategy on the Skills Funding Agency and formal influence over the distribution of resources.
- 3.3. The City Region will work with CLG, DBIS and DWP to develop an Employment and Skills Strategy and Commissioning Plan which will inform the use of resources in order to support key industrial sectors and jobs in securing further economic growth. The City Region and Government will also commit to work together to agree the most appropriate financial management, governance and delivery structures to assist the achievement of the MAA outcomes.

Criteria for Governance Arrangements

3.4. Governance arrangements will:

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

The arrangements proposed are represented by the diagram below:



The City Region Board

3.5. 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 the Employment and Skills Strategic Management Board⁵ (ESSMB).

⁵Chair, Birmingham and Solihull Employment and Skills Board (David Hersey), Chair, Black Country ESB (Ben Reid), Chair, Coventry and Warwickshire ESB (Daniel Gidney), Chair, Telford and Wrekin ESB (Alan Taylor), Councillor Ken Meeson (Leader, Solihull MBC) and Councillor Anne Millward (Leader, Dudley MBC), along with a local authority Chief Executive (Mark Rogers - Solihull), the Regional Directors of the LSC and JCP, the deputy Regional Director of the LSC, and the City Region Director..

- 3.6. The Board will approve the Employment and Skills Strategy and Commissioning 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.
- 3.7. The City Region and Government will agree the most appropriate financial management, governance and delivery structures to assist the achievement of the MAA outcome.
- 3.8. Financial management, governance and delivery structures will work with and through the democratically elected executives of the local authorities and the decisions of the same will, as now, be the subject of “call in” in their respective local authorities. Any executive member appointed or nominated on behalf of any local authority (or other local authority executives) would therefore be given appropriate delegations from the relevant local authorities’ executives in order to ensure effective and proper decision-making.

The Employment and Skills Strategic Management Board (ESSMB)

- 3.9. Acting on behalf of the City Region Board the ESSMB (Terms of Reference at Appendix 5) will be responsible for the day to day delivery of the MAA and the integration of employment and skills within the City Region. With effect from April 2010 or earlier if agreed between the City Region and Government, the ESSMB will:
 - be designated as a body with Section 4 powers under the Further Education and Training Act 2007 with accompanying formal influence over national skills budgets;
 - have developed a binding partnership arrangement with DWP which allows for similar influence with regard to the policy, specification and commissioning arrangements for employment programmes and associated resources; and
 - will ensure transition between 14-19 and post 19 agendas.
- 3.10. 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, such as engagement with employer and sector networks (supported by Sector Champions appointed by the ESSMB), reviews of the skills needs of key sectors, and employer surveys.
- 3.11. The ESSMB is an employer-led Board. Its membership is the four Chairs of the current Employment and Skills Boards within the City Region. In addition there are two Leaders from the MAA Local Authorities. The executive members of the ESSMB are currently the Regional Director and Deputy Regional Director of the LSC, the Regional Director of Jobcentre Plus, one Local Authority Chief Executive, and the City Region Project Director.

- 3.12. Following the changes to regional and national skills agencies in 2010, the Jobcentre Plus, Skills Funding Agency and Young People's Learning Agency Regional Directors will be executive members in addition to one Local Authority Chief Executive and the City Region Director. This will help to ensure that the arrangements are appropriate to the new organisational landscape.
- 3.13. 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 executive members of the ESSMB.
- 3.14. The ESSMB is supported by a Strategy and Commissioning Group. This Group is made up of key officers from each of the MAA member organisations. This Group will develop the City Region Adult Employment and Skills Strategy and Commissioning Plan on behalf of the ESSMB and subsequently guide its implementation. It will work to translate the MAA objectives and priorities into action and will maximise flexibilities and devolved responsibilities within the MAA.
- 3.15. 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.

The Local Strategic Partnership (LSP) and ESSMB Board

- 3.16. There will be a Forum at executive level for discussion and dialogue between the LSPs and the ESSMB. The LSPs are responsible for targets such as:
- reducing the number of working age people claiming benefits;
 - those appropriate targets contained in LAAs relating to 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+.
- 3.17. 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.
- 3.18. The Forum will allow for the exchange and development of ideas at executive level, rather than be a formal part of the Governance arrangements. As the MAA develops this will see the Forum 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.
- 3.19. 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.
- 3.20. 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.

Resourcing the ESSMB

- 3.21. Development and implementation of the MAA proposals will require the ESSMB to have an effective staffing infrastructure, including policy and strategy officers, 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.
- 3.22. In line with the current discussions taking place around wider governance and accountability 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.
- 3.23. These government arrangements are summarised in Appendix 3.

To do this existing efforts and successes will be built upon along with further re-engineering of 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 outcomes.

- 4.5. Delivery of these objectives will ensure that the potential of the population of the City Region which is the most diverse and youngest of any comparable urban area in Europe is maximised. Particular emphasis will be targeted at disadvantaged groups of people within the most disadvantaged areas to help them 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 will change the way in which policy choices are made, funded and delivered. This will be complemented by greater delegation and influence over adult employment and skills programmes being granted to the City Region.
- 4.7. This MAA 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. This City Region framework will promote the flexibility for local planning and ownership. Information from local areas and plans will directly inform the commissioning process which underpins the delivery of the MAA.
- 4.9. Underpinning all the proposals outlined below is the commitment of the City Region to work with Government departments to develop an Employment and Skills Strategy and Commissioning Plan that will be implemented by the Employment and Skills Strategic Management Board, and which will support key industrial sectors and jobs in securing further economic growth. A key agreement with Government is that DBIS, DWP and their agencies will provide support, advice and periodic review to the City Region and thus guide the development of this Strategy and Plan.

A Partnership Approach to Developing and Commissioning Employment Programmes

- 4.10. In the recent Welfare Reform Paper “Raising Expectations and Increasing Support: Reforming Welfare for the Future” Government set out its commitment to experiment with more radical devolution where this would improve outcomes. The City Region is committed to working with Government to realise this commitment via the MAA.

- 4.11. While the City Region via its City Strategy, Joint Investment Plan and Integrated Employment and Skills efforts has made progress in the joining up of activity and ensuring it is better tailored to local needs, efforts to do so have been limited in the extent to which they can influence mainstream programmes. This restricts the ability to effectively combat duplication and fragmentation and to maximise the value from funding.
- 4.12. 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 activity in the City Region. These programmes can have different priorities 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 the ability to effectively complement mainstream provision with local discretionary resources at the disposal of City Region partners and thus results in unavoidable duplication and fragmentation.
- 4.13. The opportunity for linkage between the variety of employment and skills provision is also limited and the ability to develop individualised, bespoke programmes which are tailored to City Region and individual needs is constrained by the way in which mainstream programmes are specified, commissioned and delivered. Enormous staff time and resources are also spent on trying to make the various programmes work together and deal with the fragmentation that exists.
- 4.14. 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 of ‘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.

4.15. Such issues and barriers to effective working and efficient use of resource could be avoided if the City Region had the flexibility to work jointly with DWP to develop these programmes.

4.16. To deliver maximum possible impact it is essential that decisions on priorities and funding can be formally influenced at the City Regional level and that service delivery is designed and funded in a way that enables the benefits of this joined up working to be achieved. Securing this level of influence would help to ensure that the provision put in place meets the needs of local labour markets and provides the best opportunity to integrate local and mainstream resources; provide bespoke, individualised employment and skills support which would combat duplication and fragmentation with the result of enhanced outcomes and efficiency savings.

4.17. To secure this level of influence the City Region and DWP have agreed to work together to develop a formal partnership framework which allows for progressive joint shaping of policy, specification, commissioning and performance management of mainstream programmes. This will see the City Region and DWP working together from the early stages of programme development. This will ensure that City Region policies and priorities are fully reflected in resulting programme design, specification and delivery, and that DWP will adapt its current commissioning processes to allow this to happen. This would maximise delivery of the MAA outcome and targets; avoid duplication and overlap; and see progressive alignment and direction of mainstream and local spending through the Employment and Skills Strategy and Commissioning Plan.

4.18. Linked to this is the agreement for the City Region to work with Government towards the development and implementation of a common performance management regime with aligned targets with standard definitions focused on sustained employment and training. The City Region have also agreed to work with CLG and DWP to support the development and implementation of this partnership framework by enabling immediate access to information from current data sharing pilots leading to the early implementation of new data sharing protocols, and also to consider business cases for further data sharing needs should these arise. This will allow for better sharing of information 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.

- 4.19. The City Region and DWP will start to work immediately to develop this partnership framework and the supporting infrastructure and to pilot this arrangement with the forthcoming Invest to Save pathfinders, and other initiatives as detailed in the DWP commissioning timeline and new proposals as they come on stream. In April 2010 the City Region, DWP and Ministers will review progress, in particular to see where further DWP employment programmes can be specified and commissioned in line with the agreed partnership framework, the Employment and Skills Strategy and Commissioning Plan and the universal DWP devolution offer.

Integration of Employment and Skills with Wider Services

- 4.20. The West Midlands is the first Integrated Employment and Skills trial area in 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.
- 4.21. 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 next steps 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.
- 4.22. In addition to the above the City Region is 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 (Further Education) 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.

4.23. In addition to the above work with JCP customers, the City Region is also delivering 2 out of the 10 national prototypes to test and shape local advancement networks. Through the MAA the City Region is seeking further early trialling on integration of Advice services in advance of national roll out of the Adult Advancement Careers Service (AACS) in 2010. This will be taken forward via co-location with other local services (health centres, housing, child care, welfare rights etc) to simplify the support available to individuals by bringing services together. The City Region 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.

4.24. The City Region will do this by focusing on the development of an infrastructure that will establish links between the AACS and social mobility by bringing 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. The City Region will progress early work with wider services as follows:

- Health - Within a framework of shared outcomes with other services provide a model of NHS engagement in the worklessness and skills agenda by adding an employment and skills focus to their programmes; 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 - Further integrate the links between social housing and low employment and skills and 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 into a job with training.
- Employers and Individuals in work - Build on the single employer offer 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.

- 4.25. The MAA 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. It 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.
- 4.26. Having established core early working principles as outlined above the City Region will engage key services in other areas:

The City Region will implement and build on many of the recommendations of the Dame Carol Black report. The City Region is working with partners to submit a bid to be a “Fit for Work” pilot and intends 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 – leading to the development and delivery of more tailored packages of support for individuals and employers. This would also lead to the development of a range of processes including:

- Examine how best to utilise 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.

- 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; provide access to employment and skills support will ensure that front line staff are trained to give relevant advice and signposting.

Other Support Services

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

- 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. The City Region will look to enhance ESOL support ensuring that it is focused on employment needs.

Planning and Economic Development Services

Via this MAA 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 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 City Region 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

- 4.27. To ensure that adult skills issues are addressed and to ensure an appropriately skilled workforce in the City Region and DBIS will work to develop the Employment and Skills Strategic Management Board with a view to the Board assuming statutory [Section 4] powers by April 2010 setting the binding strategy

on the Skills Funding Agency and formal influence over the distribution of resources.

- 4.28. To underpin this proposal the City Region, as outlined above, will develop an Employment and Skills Strategy and Commissioning Plan which 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.
- 4.29. 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. The City Region will also undertake key sector reviews which will be informed by wider consultation with employers in priority sectors of the economy. To support development of these sector reviews the City Region will identify and establish a network of employer Sector Champions who can provide a route into communicating with a larger group of employers in each of the priority sectors.
- 4.30. 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 providers, to share market information and challenge performance in particular skill areas where analysis suggests that improvements are necessary.
- 4.31. The City Region will also work 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

- 4.32. Via the MAA the City Region 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 route way 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.

4.33. The City Region will provide strategic direction to the participation agenda by:

- linking the existing regional steering group for Raising Expectations delivery to the MAA governance arrangements - this will 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

4.34. In pursuing this co-ordination the City Region would seek to work with partners to achieve greater alignment of 14-19 funding with the adult employment and skills agenda and thus eliminate the risk of fragmentation. A City Region mechanism will be established 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 the City Region will:

- 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.



Targets and Outcomes

Targets and outcomes Targets and outcomes Targets and outcomes Targets and outcomes Targets and outcomes Targets and outcomes Targets and outcomes Target

Proposed Targets

- 5.1. It is proposed that targets to support the delivery of increasing numbers of people in sustainable employment with training will be developed in line with the principle of closing the gap between City Region and national performance for working age individuals in receipt of out of work benefits, and percentage increases in Level 2 and Level 3 qualifications.
- 5.2. This would see the City Region MAA have 3 high level/overarching indicators:
 - NI 152 Working age population in City Region in receipt of out of work benefits
 - NI 163 Adult population in City Region with at least a Level 2 qualification
 - NI 164 Adult population in City Region with at least a Level 3 qualification
- 5.3. In light of the current economic volatility an indicative year one target would be established against each of these high level indicators accompanied by a robust tracking mechanism to analyse trend development between the City Region and national averages. This will provide the evidence to support a refresh of this target at the end of year one of the MAA.
- 5.4. Given the desire by Government for all local authority areas to be mandated to establish a child poverty target, the City Region is also proposing the inclusion of a child poverty target within the MAA. The City Region 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.
- 5.5. Given that such high level indicators/targets can be influenced by economic factors outside the control of the MAA, the City Region will also work with Government and partners to establish a series of lower level/operational indicators and associated targets which are directly related to the MAA proposals and agreements. The City Region will establish these indicators/targets within 6 months of signing the MAA in line with the development of the shared performance management and monitoring arrangements/systems and negotiations with Government around the flexibilities necessary for such arrangements to operate successfully.
- 5.6. Local level targets will sit underneath City Region level targets. MAA targets will inform work with local targets rather than have a hierarchical relationship with them. These local levels targets will ensure focusing of activity and resources on

identified disadvantaged areas and groups e.g. specific ethnic minority communities, priority designated areas etc. Each local authority area will be required to establish local level employment and skills targets and indicators (e.g. NI151 employment rate, 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 interventions and will in turn inform the development, specification and commissioning of employment and skills programmes and thus use of mainstream and local resources.

- 5.7. A key rationale behind the target setting process for the MAA in terms of employment related targets is that previous targets for LAAs were negotiated in a more favourable economic climate. The MAA targets provide the opportunity to take account of the changing economic circumstances as the percentage reduction in the gap would remain constant. The baseline position for all targets has been established using the latest data currently available to the City Region and Government.
- 5.8. The high level/overarching indicators and associated targets which have been identified are outlined in the table below. These have been determined in partnership between the City Region and Government. These targets outline what can be achieved (based on available information) via the agreements with Government outlined in 2.62.
- 5.9. The year one refresh provides the flexibility to revise targets upwards or downwards based on economic conditions and to also examine the establishment of associated targets with regard to child poverty and the employment rate.
- 5.10. The proposed targets are:

	Baseline	Targets			
		2009/10	2010/11	2011/12	2012/13
% gap between working age population in receipt of out of work benefits in the City Region and the national average	4.1%	4.1%	4.1%	4.03%	3.85%
% City Region adult population with at least a level 2 qualification	63.0%	64.5%	67.5%	70.5%	75.0%
% City Region adult population with at least a level 3 qualification	43.0%	44.0%	46.5%	50.0%	54.0%

% reduction in gap between working age population in receipt of out of work benefits in the City Region and the national average

- 5.11. In August 2008, the gap in terms of working age population in receipt of out of work benefits between the City Region and the national average was 4.1%. Over the period of the MAA the City Region would aim to close this gap by 0.25% points to 3.85% by 2013.

% 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

- 5.12. There is the potential to align the MAA targets with the skills targets sets out in the West Midlands Skills Action Plan. 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).
- 5.13. However, the City Region has far more individuals who lack basic skills than the Region as a whole. Therefore, achieving the Skills Action Plan targets by 2011 looks unachievable when many individuals do not even have the foundation base of skills to allow them to immediately commence a level 2 qualification.
- 5.14. 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. The City Region will do this by stepping up investment in skills development through the recession period.
- 5.15. Given this it is proposed that the existing SAP targets are applied to the MAA but over the period to 2013. This 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

- 5.16. 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. National and Regional agencies would work with the City Region to share resource and agree specifications across local boundaries. The City Region will regularly monitor and evaluate performance to identify the extent to which joint working and changes in the processes and working arrangements proposed in this MAA are resulting in increased outputs, outcomes and impacts at both a City Region and local level.

5.17. Through the introduction of the City Region Employment and Skills Strategy and Commissioning Plan, supported by the Common Performance Framework, the City Region and Government will ensure:

- All agencies agreeing and sharing a single set of overarching and operational 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 competition in funding and delivery, as well as to plug gaps in service delivery
- 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
- 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

SOURCE	2009/10	2010/11	2011/12	2012/13
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



Implementation and Next Steps

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- 7.1. 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 the City Region and Government to fully implement the MAA proposals with effect from April 2010.
- 7.2. 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.

MAA Priority	Immediate Next Steps – 2009/10
Overarching	<ul style="list-style-type: none"> • MAA Strategy and Commissioning Group established • Commence development of MAA governance, delivery and performance management infrastructure • Develop a proposal outlining staffing levels and structures required to support MAA proposals • Commence feasibility study on common performance management framework • Development of City Region Adult Employment and Skills Strategy and Commissioning Plan commences • Agree process for linkage between NESPs and City Region Strategy and Commissioning Plan
A partnership approach to development and commissioning of employment programmes	<ul style="list-style-type: none"> • City Region to work closely with DWP to develop proposed partnership framework and supporting infrastructure • Agree process for piloting with Invest and Save Pathfinder and other programmes as per the DWP commissioning timeline • Commence analysis of City Region employment trends and skill requirements
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 • Establish joint City Region Government Task and Finish Group on Housing Benefit/Council Tax Benefit • 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

MAA Priority	Immediate Next Steps – 2009/10
<p>Greater Strategic Responsibility for Skills</p>	<ul style="list-style-type: none"> • Agree timeline with DBIS 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 AACCS and providers
<p>Alignment of the Participation Agenda</p>	<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

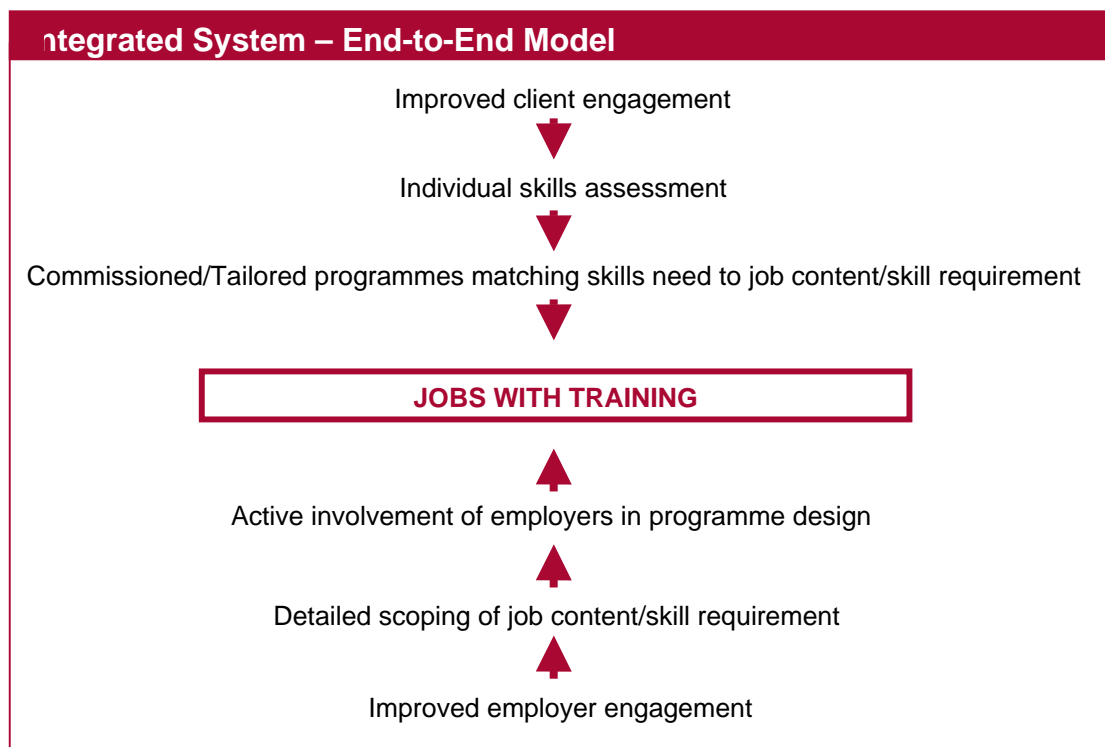
The current Joint Investment Plan outlines priorities against three priority workstreams:

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.

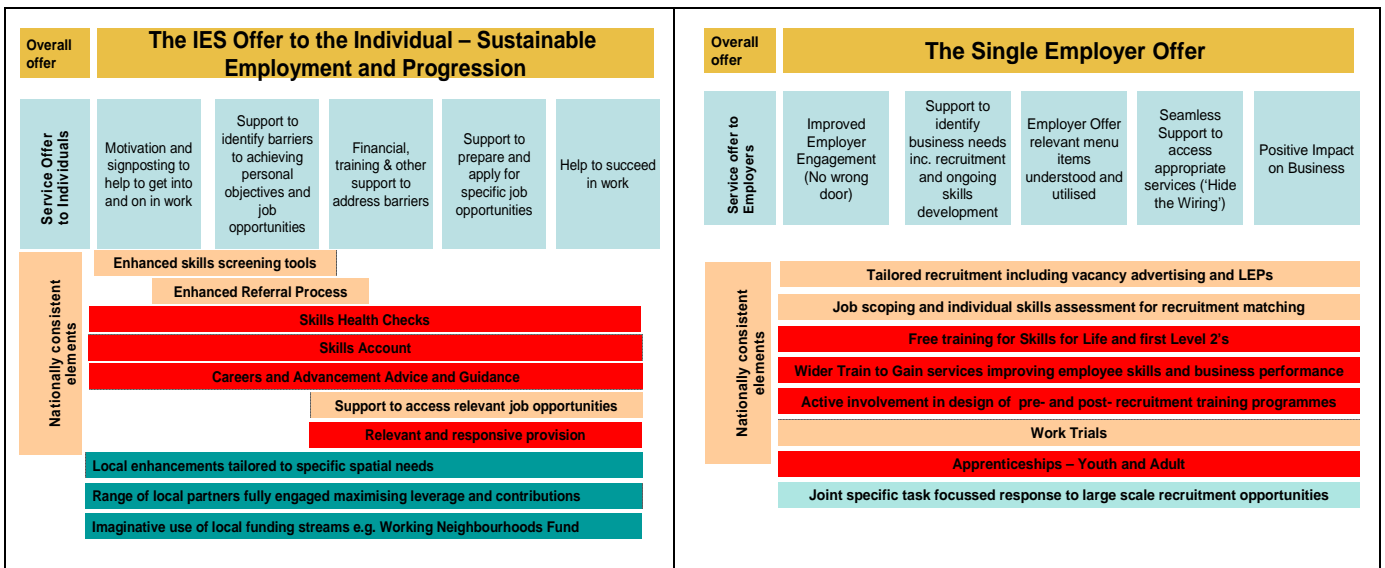
The IES **single client entitlement** provides a seamless journey for all individuals with a “no wrong door” approach. Individuals have access to a wider range of services and supports, individual needs are identified via the one to one in-depth employment and skills assessment and action planning element 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 Coopers 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 agreed with DWP using the November 2006 unemployment figures 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 126,214. This represents a net reduction of 4,601 individuals moving off workless benefits (across the 55 City Strategy wards) and 54% achievement of the 2009 target of 8,514. Achievement of the target has been considerably effected by the recession.

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 targets. February 2009 figures show that the target for Level 2 enrolments has been exceeded by 155% and that the numbers enrolling for Skills for Life have almost tripled. 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 the Black Country is the best performer area within the City Region.

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 working 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 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.

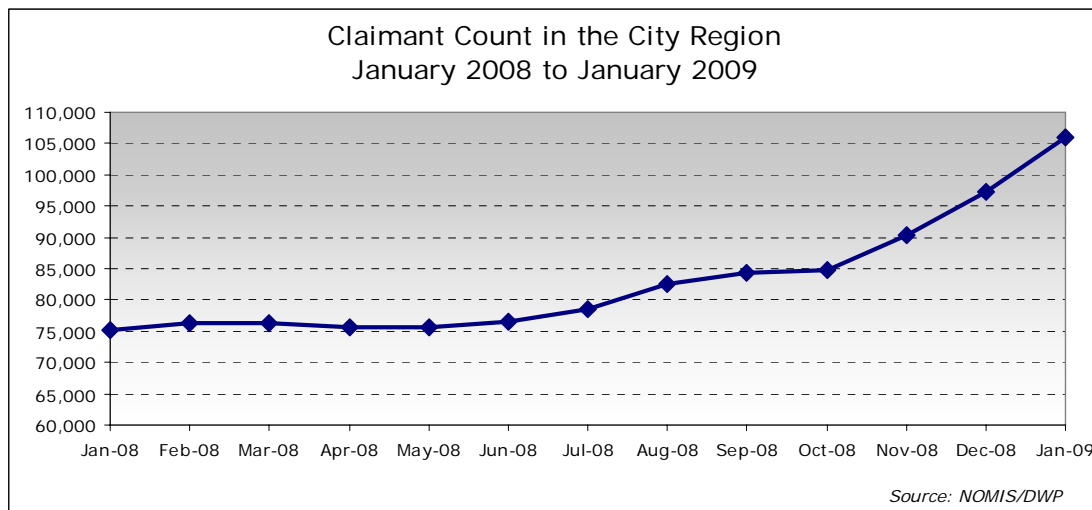
The next steps are to develop an action plan both for the City Region and the West Midlands as a whole. The following aims will set the framework for the action plan:

- 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 claimant count rose by 30,831 to 106,051 (+41%). Over the same period, based on the economically active working age population, the claimant rate increased from 3.7% to 5.2% an increase of 1.5 percentage points. The region's rate rose by 1.5 percentage points and the UK rate by 1.2. Almost 70% of the increase in claimant numbers has been since October 2008.



- This is made more severe by the fact that redundancies are increasing and vacancies falling, redundancies notified rose to 12,379 in February 2009, over a 300% increase since February 2008
- 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.

Labour Demand

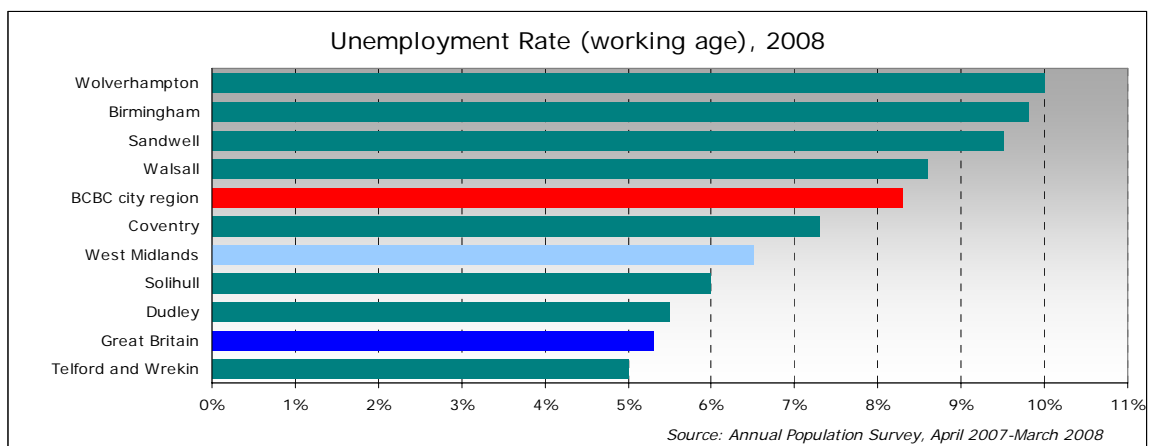
- There has been a distinct shift in the types of employment within the City Region. Whilst there is still a heavy reliance on the manufacturing industries for employment amongst the male population, the last 5 years have seen a steady decline in this sector against growth in service industries such 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 - new vacancies notified to Jobcentres fell by 43% in BCBC City Region between January 2008 and January 2009.
- 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.

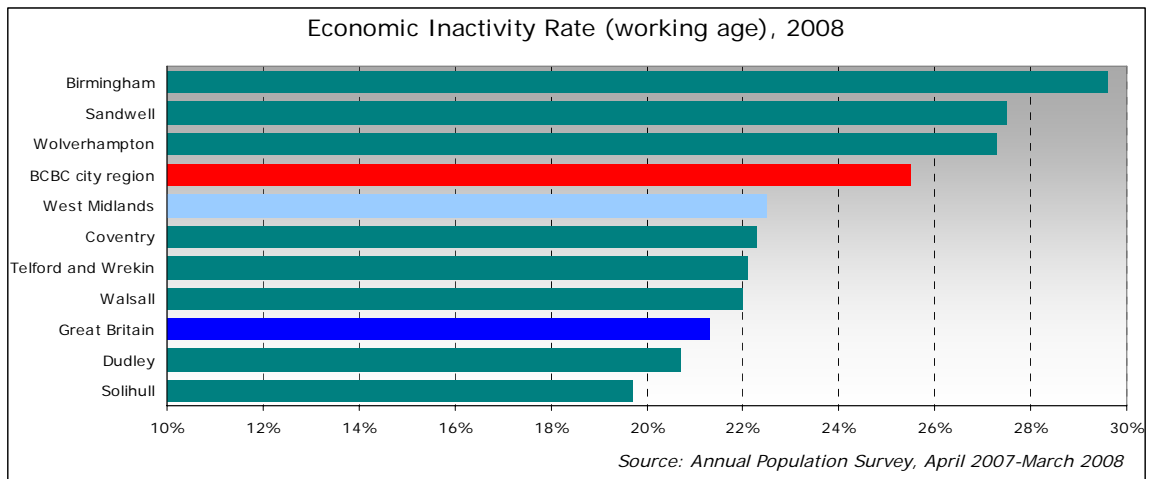
- Structural changes in the labour market will lead to an increasing proportion of highly skilled jobs and therefore a need for a pool of highly qualified labour. The UK will also require a highly skilled labour force to allow for maximum recovery from the economic downturn. To secure global competitiveness 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 68.4% of the working age population in June 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).





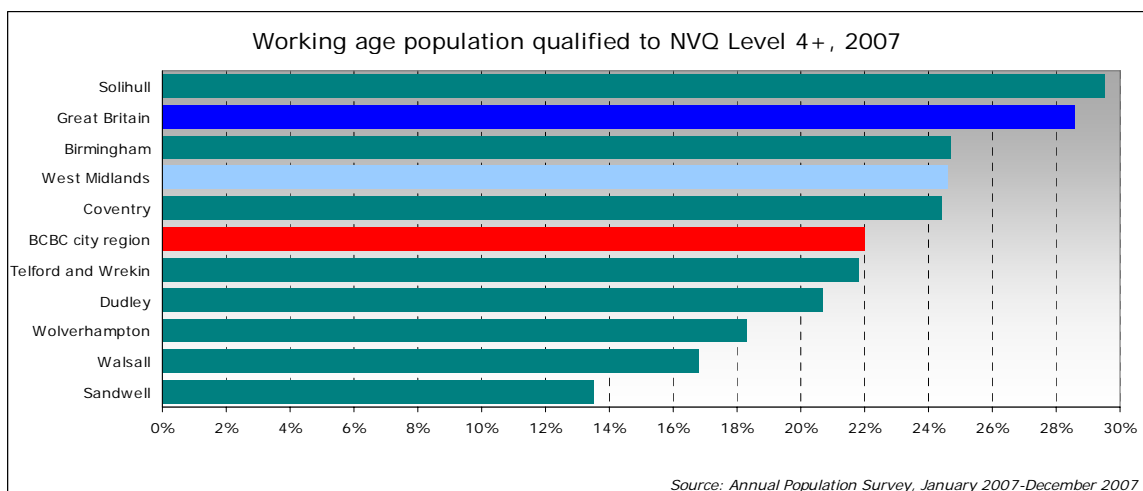
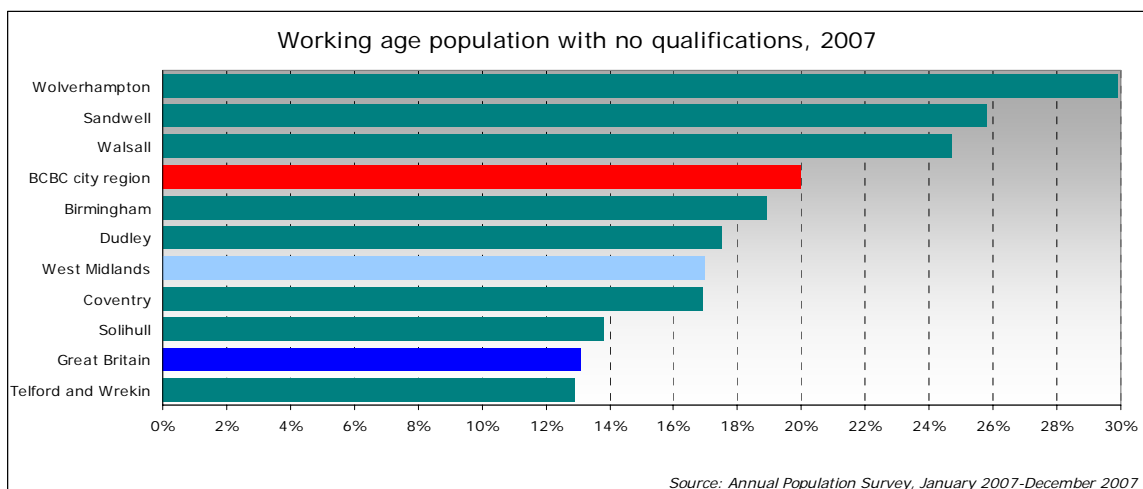
Working Age Benefit Claimants

- In August 2008 there were 272,480 individuals in receipt of out of work benefits in the BCBC city region, which accounted for 16% of the working age population.
- All of the local authorities in the city region have witnessed an increase in the total number of claimants, over the period since 2000.
- 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 there is an 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 Thorneywork	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

Black Country

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

1. The Employment and Skills Strategic Management Board

- 1.1 The Employment and Skills Strategic Management Board (ESSMB) is responsible for providing leadership to ensure the delivery of a long-term strategy and commissioning plan for improving adult employment and skills outcomes in the City Region⁶.
- 1.2 It is employer-led to ensure that its work is driven by the needs of employers and that employment and skills provision meet the existing and future needs of the City Region's economy.
- 1.3 The ESSMB's main responsibilities will be for the direction, approval and monitoring of the City Region adult employment and skills strategy and the associated commissioning plans and budgets of the LSC/Skills Funding Agency and DWP/Jobcentre Plus.
- 1.4 The ESSMB will act as a designated body with Section 4 powers under the Further Education and Training Act 2007 with the addition of direct commissioning responsibility, and Level 3 powers as set out in "Raising Expectations and Increasing Support: Reforming Welfare for the Future" (White Paper, DWP December 2008). It will seek to influence and ensure coherence with 14-19 strategies and policies.
- 1.5 The ESSMB will work with key regional partners such as the Joint Strategy and Investment Board to support the delivery of outcomes agreed in relevant regional strategies and plans.
- 1.6 The ESSMB will act on behalf of the City Region Board.

2. The Employment and Skills Strategic Management Board: Terms of reference:

- formulate, publish and programme manage the strategy and annual commissioning plan for employment and adult skills in the City Region
- regularly review the strategy and plan
- produce an annual report setting out progress on implementation
- be directly informed by the local Employment and Skills Boards ensuring the widest possible consultation with businesses across the City Region
- make recommendations to the City Region Board, the Regional Minister for the West Midlands, the Joint Strategy and Investment Board, the

⁶ Telford and Wrekin is a formal member of the City Region Employment and Skills MAA partnership. Warwickshire works with the MAA partnership on a collaborative basis.

appropriate Secretary/Secretaries of State, the Learning and Skills Council, JobCentre Plus, Advantage West Midlands and other relevant bodies and organisations on issues related to its responsibilities

- co-ordinate and communicate key employment and skills messages
- meet on a bi-monthly basis with an annual meeting to agree the strategy and plan

Membership

Chair, Birmingham and Solihull Employment and Skills Board

Chair, Black Country Employment and Skills Board

Chair, Coventry and Warwickshire Employment and Skills Board

Chair, Telford and Wrekin Employment and Skills Board

The Leaders of two City Region Local Authorities

The ESSMB will be chaired by a private sector member.

Each member will name an alternate.

Executive ESSMB Members

Chief Executive of a City Region Local Authority

Regional Director of the LSC

Regional Director of JCP

City Region Project Director

Other advisors as deemed appropriate

Executive members will have primary responsibility for securing the implementation of the strategy and commissioning plan, and for advising and supporting ESSMB members.

CityRegion

of Birmingham, Coventry and the Black Country