

The WMCA Productivity and Skills Strategy

For Coventry City Council Scrutiny Co-ordination Committee meeting 23rd January 2019

Background

The Productivity & Skills Portfolio has been an area of focus since the development of the West Midlands Combined Authority (WMCA) and a key part of the first devolution agreement signed in November 2015. Cllr Duggins became the first portfolio lead for Productivity & Skills in June 2016 and has since overseen the delivery of the productivity and skills elements of two devolution agreements (second deal agreed November 2016), the West Midlands Skills Deal (July 2018) and the publication of the Regional Skills Plan in June 2018. These deals have brought new investment to the region as outlined below:

- The WMCA Skills Deal with Government secured £69m investment for meeting our productivity and skills challenges:
 - £40m Apprenticeship funds (to pilot a new approach with the ESFA & DfE to transfer unspent levy funds)
 - £5m Digital Retraining Fund
 - £1m on careers, particularly targeting low-waged, low-skilled residents
 - £1m EdTech (developing new tech solutions, including Artificial Intelligence, to support adult education)
 - £2m for a combination of funding for progression coaches, Apprenticeships marketing campaign, work experience, T Level support, cyber skills etc.
 - £20m planned investment from the WMCA
- This was in addition to funding already secured through our two Devolution Deals:
 - c. £120m+ Adult Education Budget (annually, from 2019)
 - £5m Construction Retraining Fund
 - £4.7m Employment Support Pilot
 - £2m Career Learning Pilot

West Midlands Productivity and Skills Commission

To support the development of the skills strategy for the WMCA area, the West Midlands Productivity and Skills Commission was set up in 2017 to:

- identify the skills and productivity challenges in the region;
- identify the causes of low productivity and skills;
- make practical recommendations to address these.

The Commission, chaired by Dr Andy Palmer, Chief Executive and President of Aston Martin Lagonda, brought together leading academics and business representatives to support and sense check the analysis and identify actions required to tackle the challenges identified.

Over 12 months, the Commission undertook 'deep dives' into the region's transformational sectors, selected due to a high productivity gap or a high skill need. These deep dives, led by private sector leads from the Commission's Productivity Leadership Group, involved detailed analysis of existing data and systematic consultation with a range of regional sector stakeholders.

The Commission's work was given additional impetus with the publication of the Government's Industrial Strategy White Paper in November 2017. Following a Call for Evidence, the Commission's work quickly progressed to include in-depth analyses of the 'Five Foundations of Productivity' as outlined in the White Paper. This work provided an invaluable evidence base for the development of the West Midlands' Regional Skills Plan (RSP) and Local Industrial Strategy (LIS).

Productivity and skills challenges in the West Midlands and Coventry

- Low productivity:
 - The WMCA's indexed productivity per head was c.19 points behind (at 80.9) in 2016; the region's GVA declined steadily between 1998-2008 – from 91.6 to 81.4 – and has since hovered in the low 80s.
- Low employment rate:
 - 67.5% of working age residents are in work; the region's unemployment rate is 6.6% which is higher than the national figure of 4.2%.
 - In Coventry, 71.3% of working age residents are in work and 4.9% are unemployed.
- High youth unemployment:
 - the region's youth unemployment level stands at 4.9% – approximately 15,000 people aged 18-24 (compared to a national level of 3.2%);
 - this is proving to be a persistent problem and, given the age profile of the region (a very young population), a particularly significant one.
 - In Coventry, 1.6% of people aged 18-24 are unemployed.
- Low educational attainment:
 - 13.1% of the region's economically active people have no qualifications, which is significantly higher than the national figure of 7.7%.
 - Our skills challenge is growing –
 - in 2004, 21.8% of economically active people (16-64 year olds) in the WM were qualified to Level 4 and above, compared to 26.1% nationally – a difference of 4.3%;
 - in 2017, 29.6% were qualified to L4+ compared to 38.6% nationally – a difference of 9%.
 - *In Coventry, 9.7% of economically active residents have no qualifications while 34.7% are qualified to L4+. Again, the gap between those qualified to L4+ in Coventry compared to the national average has widened (from a difference of 1.8% in 2004 to a 3.9% gap currently).*
 - This situation and the direction of travel are critical because the share of jobs requiring higher level skills (level 4+) is set to grow; by 2024, 42% of jobs expected to need higher level skills while only 36% of jobs expected to require up to L2 skills.

Evidently, the figures demonstrate a more favourable employment and skills situation in Coventry than the West Midlands averages. However, there are pockets of deprivation in Coventry, with correspondingly poor employment and skills profiles, that are masked by the local authority area averages. Whilst Coventry out performs the region on the majority of measures many are behind national averages.

The WMCA Regional Skills Plan

The Regional Skills Plan (RSP) builds on the WMCA's Strategic Economic Plan, setting out priorities, for the next three years, to address the challenges highlighted above. The plan also takes forward delivery of the freedoms, flexibilities and pilots agreed in the two West Midlands Devolution Deals.

The development of the RSP was complemented by extensive engagement with key stakeholders and stakeholder groups, including local authorities, Local Enterprise Partnerships (LEPs) and education and training providers. Key businesses and business representatives have also been involved and endorse our plans to improve regional skills.

The RSP is deliberately focused on actions – what the WMCA and key stakeholders can and will do to improve the regional skills base. It has been developed in parallel with the Local Industrial Strategy and will serve as the 'People' element to this.

The RSP puts skills at the heart of our drive for improving productivity and securing inclusive growth with the following aims:

- more people in employment
- more people in higher skilled jobs
- more skilled employees to support business growth and productivity
- all communities benefitting from the region's economic growth
- an agile and responsive skills system that is more aligned to the needs of business and individuals.

The RSP also fulfils a key role in commissioning the future delivery of the Adult Education Budget (AEB). This will transfer to the WMCA from 2019/20, however, for 2018/9, the region's colleges and adult and community learning providers will set out how they intend to respond to key local and regional priorities, including:

- addressing high youth unemployment and low skills with an increased focus in priority wards to be agreed with local authorities;
- increasing the volume and level of skills provision in priority sectors.

The RSP sets out five key action areas:

- Prepare our young people for future life and work
- Create regional networks of specialist, technical education and training
- Accelerate the take-up of good quality Apprenticeships across the region
- Deliver inclusive growth by giving more people the skills to get and sustain good jobs and careers
- Strengthen collaboration between partners to support achieving more collectively

These actions will be focused in the RSP's four priority sectors: automotive, business and professional services (BPS), construction and digital.

Achievements to date and key priorities

Preparing our young people for future life and work

- The WMCA has been working with an organisation, Movement to Work, on a *Transition to Work* project to develop a better understanding of the challenges faced by young

unemployed people and their experience of local support and to get a better understanding of the characteristics of young unemployed people. The output from this piece of work will support the design of future programmes and also feed in to the Employment Support Framework. *Coventry has been particularly successful in reducing youth unemployment and WMCA will be working with officers to better understand how this has been achieved.*

- The WMCA has been working with Jobcentre Plus (JCP) to pilot *Progression Coaches* (PCs) in Birmingham to focus on young people. 10 PCs are now in place and, to date, 258 young people have been signed up, 28 people have already moved into jobs (3 of which are Apprenticeships), and JCP has fed back that the additional time spent is positively helping young people, including those from challenging cohorts, to move into work. *Discussions are taking place to explore how this approach can be scaled up across the WMCA area through securing further funding to do so.*
- *Mayor's Mentors*, the WMCA's mentoring programme primarily focused on young people, has already matched 1,300 young people to mentors, surpassing its original target (of 1000 mentees). *Mayor's Mentors has five partner organisations in Coventry (Caludon Castle School, Foxford School and Community Arts College, President Kennedy School, The Westwood Academy and Coventry College) and mentoring is due to start in January 2019.*
- The WMCA is working with partners to improve careers guidance and develop an all-age careers offer. £1m has been secured to date through the Skills Deal to support this activity. *Representatives from Coventry City Council and Coventry & Warwickshire LEP have been engaged in developing initial ideas and mapping activity.*
- Key priorities for 2019 include developing an all-age Careers Strategy and (online) Careers Learning Hub as well as developing approaches to NEET prevention (for those young people not in education, employment or training).

Creating regional networks of specialist, technical education and training

- The WMCA has been developing plans for the introduction of T-Levels, a new technical qualification aimed at 16-18 year olds to be introduced in 2020. *The WMCA is working closely with the Further Education Skills & Productivity Group (FESPG) on this agenda, of which Coventry College is an active member.*
- The WMCA has secured £5m funding from the DfE's National Retraining Scheme, focused on construction, expected to benefit 2,280 residents across the region. This *Construction Gateway* project delivers construction skills courses based on needs articulated by local employers, with certification and a guaranteed interview upon completion. The project has already enjoyed a successful conversion rate from training to employment of 66%. *Coventry College is a delivery partner, due to start training in January 2019, with an initial target of supporting 360 residents and at least a 50% conversion rate. Additional provision will be available in order to meet any further demand.*
- The WMCA has also secured £2.3m funding from the DfE's Construction Skills Fund (delivered via the Construction Industry Training Board) for *on-site construction training*, expected to benefit 1,450 residents across the region. *Proposals for sites in Coventry currently under consideration include Coventry University's estate expansion, the development of the new Alan Higgs Sports Centre, the development of Salt Lane car park and other developments related to Coventry's forthcoming City of Culture status, with decisions due by the end of March 2019.*

- The WMCA secured a further £5m from the DfE's National Retraining Scheme to be focused on digital skills, primarily for upskilling existing workers, including those at risk of automation, to higher levels (L3+) and thereby meeting identified employer demand. This is expected to benefit 2,000 residents across the region.
- Linked to a national initiative steered by the Department for Culture, Media and Sport, the West Midlands established a *Digital Skills Partnership*, a public-private partnership including employers and training providers established to identify and address the region's digital skills challenges. *The West Midlands DSP was launched at Coventry College in December 2018 and Coventry University's Institute of Coding is a member of the DSP board.*
- The WMCA is steering £1m DfE funds towards the development of new technological solutions, including Artificial Intelligence, to support adult education.
- Key priorities for 2019 include developing regional skills action plans in the automotive and business and professional service sectors as well as brokering corresponding training offers for employers and individuals.

Accelerating the take-up of good quality Apprenticeships across the region

- The Government has agreed that the West Midlands can retain £40m of *unspent Apprenticeship levy* to target STEM Apprenticeships in SMEs. Work has been commissioned to support the development of a detailed understanding of the largest levy payers in the region alongside an engagement plan to encourage those levy payers to transfer up to 10% of their levy into the West Midlands apprenticeship levy fund. *Coventry City Council is planning to use all of its unspent levy, though discussions are ongoing as to whether a proportion of Coventry's funds may yet be pooled in support of STEM-related Apprenticeships. Local residents and businesses will be able to benefit from the initiative.*
- In October 2018, the Mayor launched the WMCA's *Apprenticeship Promise*, guaranteeing all 16-24 year olds in the region access to an Apprenticeship or training scheme.
- Key priorities in 2019 include engagement with the forthcoming national promotional campaign around Apprenticeships as well as continuing to develop relationships that enable the take-up of Apprenticeships. *WMCA will work with Coventry City Council, Coventry & Warwickshire Chamber of Commerce and Coventry & Warwickshire LEP to ensure that the regional campaign connects with local initiatives and has impact on the ground.*

Delivering inclusive growth by giving more people the skills to get and sustain good jobs and careers

- The WMCA has secured £4.7m of DWP funding for the *Connecting Communities* programme to pilot new delivery models focused on unemployed/low-waged residents in nine communities across the region. The Connecting Communities programme will support 4,500 people across the region. *In Coventry, the City Council identified Binley and Willenhall as the location in which to deliver the pilot. Following a procurement process Reed in Partnership were commissioned to deliver the Coventry pilot. They are delivering support from community venues (WEET Centre, Hagard Community Space and John White Community Centre) and it is expected to benefit over 500 Coventry residents.*
- The WMCA is developing an *Employment Support Framework* to influence the future commissioning and co-ordination of employment-related activities in the region and to strengthen the impact of those employment support activities. *In order to better understand*

how the employment support system works on the ground three 'deep dives' are currently being undertaken, one of which is in the Foleshill area of Coventry. Officer from Coventry City Council have supported the engagement of local people and organisations in this piece of work.

- The WMCA is enabling residents already in employment to develop their skills and earning potential through a *Career Learning Pilot*, using £2-3m DfE funds to subsidise a selection of qualifications (specifically through subsidised advanced learner loans). *This has been promoted well in Coventry, with three information events held in August 2018. Coventry College is a delivery partner (as are two other colleges in the Coventry and Warwickshire LEP area); enrolment data will be reported in due course and the DfE will report on impact upon completion of this one-year pilot.*
- The WMCA is engaging with the DWP's Work and Health programme, which provides specialist support for those unemployed for over two years and, on a voluntary basis, to those with health conditions or disabilities. *Referrals and starts data relating to Coventry residents is currently aggregated into the DWP's (Mercia) district-level data; the WMCA is working with the DWP to secure more local data and to share this with colleagues in Coventry (and other local authorities).*
- Key priorities for 2019 include gaining extensive endorsement by commissioners and related stakeholders for the Employment Support Framework as well as securing and steering resources towards the Framework's recommendations from the UK's Shared Prosperity Fund.

Strengthening collaboration between partners to support achieving more collectively

- The WMCA is working collaboratively with local authorities, Local Enterprise Partnerships, colleges, through FESPG, universities, private training providers and welfare to work providers.
- The WMCA has established a joint Apprenticeship and Technical Education Taskforce as well as an employer-led Construction Taskforce.
- The WMCA has been working with the TUC and Careers Service to engage more low-paid adults in upskilling by waiving adult loans for level 3 courses in priority sectors.
- Key priorities for 2019 include establishing employer led taskforces to develop and support sector skills action plans.

The devolved Adult Education Budget (AEB)

As part of the first devolution deal, the WMCA secured influence over the Adult Education Budget (AEB). From the 2019/20 academic year, the WMCA will take responsibility for the AEB and how it is delivered. Based on previous delivery (2017/18), the total budget is expected to be circa £126m; this will be confirmed before the end of January 2019.

The AEB is currently deployed through the Education and Skills Funding Agency (ESFA) and follows national policy and national funding rules. Regional control over the AEB funding policy and rules, through the WMCA, will better enable regional priorities to be met.

The WMCA will ensure the AEB supports residents in the region to gain qualifications and employment as well as those in low income jobs to upskill and improve their earning potential, in

line with the RSP. The WMCA will work with the region's local authorities, colleges and training providers to ensure that the courses offered provide learners with the right skills and qualifications for the region's growth sectors.

Devolved approach

- Through devolution, the WMCA is committed to:
 - prevent destabilisation of the market;
 - influence existing provision through delivery agreements;
 - commission some new provision;
 - ensure better value for money.
- Colleges and local authorities are currently agreeing delivery frameworks that will be incorporated into their grant agreements.
- The WMCA is encouraging integrated provision at local levels across adult and community learning and further education.
- There will also be some provision (c.15%) – currently with private training providers – that will be put out to competitive tender in 2019 to deliver against local and regional skills priorities.
- The procured element of funding be split as follows:
 - 50% of the procurement pot will be steered towards:
 - tackling unemployment especially amongst young people;
 - more grass-roots provision to better engage hard-to-reach communities and address local skills needs;
 - and targeted provision to engage and support priority groups, including care leavers, homeless, and long-term unemployed.
 - The other 50% of the procurement pot will be steered towards:
 - improving skills of low-paid, low-skilled workforce;
 - focusing on pre-Apprenticeship provision, to increase take-up of Apprenticeships in the region;
 - and increasing delivery in the RSP priority sectors.
- This proposed commissioning approach is due to be considered by the WMCA Board meeting on 11th January 2019.
- Subject to WMCA Board decision, the invitation to tender will then be issued and responses will be reviewed to identify if there any gaps or needs to be filled through a further round of procurement. The approach will be continually reviewed by the Skills Advisory Board (with meetings scheduled in May and November 2019).

Coventry City Council and Coventry College will continue to receive the same amount of grant funding in 2019/20 that they have spent on WMCA residents in the previous year. During the 2017/18 academic year, £8.6m AEB funding supported 12,860 enrolments (Coventry residents) through the local authority, colleges and training providers. While the majority of delivery to residents was through the local authority and Coventry College, over 130 providers delivered to Coventry residents. WMCA is working with local partners to ensure that commissioning responds to local strategies and plans and local authorities have been given the opportunity to feed in their priorities and information about potential local delivery venues to inform the invitation to tender.

Conclusion

WMCA is committed to collaboration with local areas to ensure maximum impact of devolved powers and funding for local people. Officers from Coventry City Council and Coventry & Warwickshire LEP have been closely involved in the development of the WMCA Productivity & Skills agenda and will continue to play a leading role as we translate our joint plans into action.