

Overview & Scrutiny Committee

Date	10 July 2023
Report title	A review of the impact of the delivery of local skills training following the devolution of the Adult Education Budget to the WMCA
Members Undertaking the Review	Amanda Tomlinson (Chair) Councillor Martin McCarthy Councillor Andrew Burrow Councillor Ian Kettle Councillor Jamie Tennant Councillor Vera Waters
Accountable Employee	Clare Hatton, Director of Employment & Skills email: clare.hatton@wmca.org.uk

Recommendation(s) for action or decision:

The Overview & Scrutiny Committee is recommended to:

- (1) Endorse the conclusions and recommendations of the scrutiny review group, as set out in sections four and five of the report, for submission to the Skills Advisory Board.

1. Purpose

- 1.1 To consider the findings of a scrutiny review undertaken in order to understand the impact of the devolution of the Adult Education Budget (AEB) to the WMCA on the delivery of local skills training within the region, and to identify the challenges and ways in which the WMCA and local authorities could most effectively use skills development to address short and longer term challenges in the region, particularly in relation to the big economic challenges.

2. Background

- 2.1 Through its skills investment, the WMCA has a key role to play in moving people into the labour force, improving workplace support, and helping people find good, well-paid employment and progress at work. The WMCA and partners need to make sure no-one or place is left behind.

- 2.2 Following the findings of the 2020/21 review to ascertain whether the regional economic recovery proposals were meeting the needs that had been identified within the Black Country sub-region, the Overview & Scrutiny Committee considered that now was an appropriate time to undertake a further scrutiny review to assess the impact and outcomes that had been delivered through the AEB since its devolution to the WMCA in 2019.
- 2.3 This review sought to understand the impact of the devolution of the AEB on the delivery of local skills training within the region, and to identify the challenges and ways in which the WMCA and its constituent authorities could most effectively use skills development to address short and longer-term challenges in the region, particularly in relation to the big economic challenges. The key objectives for the review were identified as being to:
- Understand the current delivery of the devolved Adult Education Budget within each constituent authority and the difference devolution has made to date.
 - Understand how additional skills investment has increased the offer in each Local Authority for residents and businesses.
 - Consider the approach to the relative distribution of investment in the context of need and the economic challenges – this should include consideration of balancing the needs of business against the drive to increase qualification levels of the workforce.
 - Understand the key drivers in terms of current and future employment, including which job sectors and residents are most at risk and their locations within the region.
 - Ascertain views on how skills development can best contribute to levelling up, improving career pathways, and addressing the challenges for the region and where it has limitations or dependencies on the impact that can be created.
- 2.4 The scrutiny panel was chaired by Amanda Tomlinson and also comprised Councillor Martin McCarthy, Councillor Andrew Burrow, Councillor Ian Kettle, Councillor Jamie Tennant and Councillor Vera Waters and was supported by Clare Hatton (Director of Employment & Skills) and Lyndsey Roberts (Scrutiny Officer).

3. Evidence Gathering

- 3.1 The scrutiny panel sought a range of written and verbal evidence to help inform its conclusions and recommendations. A briefing note was prepared by the Director of Employment & Skills that summarised the impact of the WMCA's work in delivering on its ambitions to benefit the residents across the seven metropolitan area local authorities.
- 3.2 In addition, the scrutiny panel also considered some regional highlights and trends on the current labour market, employment and unemployment activity, labour market shortages and business growth within each local authority area.
- 3.3 The scrutiny panel used this data and information as an evidence base to help frame its questions for key witnesses.

3.4 In addition to the written information submitted, the review group conducted online face-to-face interviews with a range of key witnesses to gain their understanding and insight into the impact of the devolution of the AEB on the delivery of local skills training within the region and challenges. These key witnesses represented:

- Coventry & Warwickshire Chamber of Commerce
- Job Centre Plus
- Dudley Metropolitan Borough Council
- City of Wolverhampton Council
- Chamber of Commerce
- A local training provider.

4. Emerging Themes and Considerations

4.1 During the consideration of the written and oral evidence gathered over the course of the review, a number of broad themes emerged. Some are specific to AEB and some more widely to the skills system:

- There was strong agreement that devolution of AEB had delivered positive local impact with skills training aligned according to labour market need.
- Shared view that success of AEB strategy result of WMCA partnered approach, and continued emphasis will strengthen partnership, alongside a place-based focused investment.
- Reflection that AEB investment needed to evolve and focus on helping residents develop skills for employment, and to provide support for employers to meet labour market shortages. Working with education providers to ensure a more flexible curriculum offer will be key.
- Consensus that a regional employer engagement strategy needed to better secure employer commitment in workforce development, navigate the skills system, and feed into the AEB strategy.
- Increased need to help learners succeed, through integrated employability skills and wraparound support models to tackle barriers, build confidence and secure successful employment outcomes.
- Agreement that getting careers guidance right was another cornerstone to better preparing residents for market entry and mobility, by developing better integration and understanding about labour market changes across the educational system. Working with schools will be key, alongside FE and HE providers, regional partners and employers.

4.2 Broad consensus found devolution of the AEB to be a highly valued enabler to tackle the distinctive labour market challenges across the region for employers and residents. Witnesses welcomed the WMCA partnered approach, emphasising the importance of a place-based focus when determining skills funding, and that data (both local authority and AEB funding) could continue to ensure a targeted approach. Witnesses also highlighted the work of the AEB team as positive and constructive and welcomed continued opportunities to co-design programmes in constituent localities.

4.3 Key witnesses reported acute challenges within the labour market, particularly in the number of job vacancies, which would necessitate an AEB approach that is flexible and adaptable as the market changes. One witness indicated a change in employer recruitment practice, moving from hiring (qualified) specialists towards employees with the potential to develop into the role with training, though this was not always feasible,

for example in the manufacturing sector, where technical roles had become hard to fill. The cumulative effects of a tight labour market regionally and locally, were that employers could not grow, shrinking workforce capacity and in turn potential to progress (e.g. to higher skilled roles or better pay).

- 4.4 The pace of change in the labour market adds complexity and challenge. Common to the feedback received was a stronger need for employer engagement. This was seen to be central to understanding the changing needs of business and how skills development could improve employment opportunities; noting most AEB learners are unemployed and therefore ever more emphasis on getting people into employment was needed. Witnesses reported employer confusion in navigating the training and skills system with different funding arrangements, for example between the Sector-based Work Academy Programme, Apprenticeships, and the Multiply programme. More work to link funding streams regionally was encouraged, for example aligning business support under UKSPF with AEB investment. In placing greater focus on helping residents secure employment, two witnesses invited the WMCA to review where its AEB procedures could allow more flexibility so that education providers delivered the types of skills programmes that will better serve employer requirements, citing it could be overly bureaucratic or result in a tendency to micro-manage providers.
- 4.5 Employers are unsure about available advice and to whom they may turn to for help to address workforce challenges or to innovate (and diversify) business practices. Whilst witnesses included employer representation in local boards, this was at different stages of maturity, and there was widespread support for more to be done regionally as an opportunity for partners to learn from one-another's approaches and to co-create a regional employer engagement strategy. There was agreement that WMCA, together with constituent partners and the Chamber of Commerce, had a key role to incorporate the employer voice and to work with employers to extend the impact of AEB investment. This work would be in tandem with the developments arising from the Local Skills Improvement Plan.
- 4.6 In seeking to balance the needs of residents, employers, and the principle of education as a force for lifelong good, there is an appreciable tension. Key witnesses agreed the WMCA has a good hold of the skills needs and key areas of deprivation across the region and, consequently the relative distribution of AEB investment; although the level of investment was not always consistent to the local need, for example the City of Wolverhampton Council noted higher need for English for speakers of other languages (ESOL) as well a low level of numeracy in both its locality and Sandwell. To date AEB investment is both historical and based on learner demand and subsequent uptake.
- 4.7 The challenges of the labour market has created a pressure balance between serving the ever-changing needs of the local and regional economy, directly responding to residents, and, developing a future workforce that is resilient, equipped with the tools and mindset of a life-long learner. Against this backdrop, witnesses largely agreed that AEB should focus on helping people secure good work, beyond employment itself, and that the integration of employability or 'soft' skills into wider programmes should result in a responsive and adaptable workforce. Certainly good skills provision should deliver against these requirements and be able to instil the values of lifelong learning, however we should also recognise that training and qualifications are only one determinant of whether an individual can access work.

- 4.8 At a local level, devolution of AEB had made a noticeable difference because of the strong partnership approach between the WMCA and constituent authorities. Key witnesses welcomed the shared and place-based working adopted through the AEB strategy, with some constituent authorities noting their inclusion in shaping the AEB offer in its first year, as well as the opportunity to inform the design of commissioned activity in the years that have followed. Such examples were considered to be especially useful. Another witness observed that whilst the Plan for Growth identified the eight clusters and emerging sectors across the region, there were some sectors that were not identified which are a priority to the constituent authority, for which there could be a missed opportunity in terms of local skills investment which may pose a future challenge. Constituent authorities emphasised the importance of maintaining a partnered approach going forward as part of the conversation with employers, key strategic partners, and the new co-creation opportunities arising from the Trailblazer Deal (e.g. DWP).
- 4.9 Presently the key drivers for employment are to ensure the supply of sufficiently skilled workers in key local sectors – manufacturing, hospitality, and tourism – all with acute labour shortages, some which were skills driven. Emerging areas of interest in Net Zero, Sustainability, and Digital skills, also featured in the feedback, noting that some employers understand the need to develop in these areas but are unable to make progress due to wider recruitment challenges. Witnesses agreed that securing employment as a ‘job first’ principle could offer a ready solution for employers and residents, to accrue critical work skills and fill gaps. Securing sound basic skills in numeracy, literacy and digital were considered essential in achieving this objective, alongside employer engagement to help with in-work progression. One witness invited further exploration of community learning to enable access into under-served communities and groups of residents where basic skills deficits are most pronounced and are significant barriers.
- 4.10 AEB investment alone cannot tackle the challenges of the labour market. The disconnect between employer and resident expectations was a reported concern, creating a barrier to employment. Amongst the issues highlighted were working conditions (particularly long hours and low pay) and employer inflexibility to adopt more hybrid practices, particularly following the Covid-19 pandemic. Jobs in sectors with high turnover and vacancies, such as care, offer little to counter negative perceptions or attract potential talent. Some witnesses suggested more work was needed through skills training to help residents understand that an entry or low-paid role would often lead to progression, better pay and more fulfilling careers. Another witness noted that in-work progression as a policy rested on the principle that residents were in the right job (or career) first. However the labour market challenges extend beyond the AEB ambit, and require a whole system response, recognising that whilst WMCA, with regional partners, have a role to play, employers also occupy an essential position.
- 4.11 Several witnesses agreed employers had a responsibility to provide work experience/placement opportunities so that residents could learn critical workplace behaviours, particularly as currency of work experience can be a deciding factor for recruiters. And whilst strengthening the focus on employment outcomes through the AEB will help residents, witnesses were clear that employers needed to also consider their own recruitment, progression and retention policies, alongside their pay and wider terms and conditions, to create and/or maintain attractive workplace offers, particularly in sectors where there are acute labour market shortages. Most witnesses saw a stronger employer engagement strategy as a vehicle to strengthen insights into how and where AEB investment is best served, but some also suggested that more could be

done to explore how specific business networks, such as those with the Chambers and constituent authorities, could serve as communication channels or feed forward tools to increase employer awareness and support.

- 4.12 Employers have also altered their staff training approach. Whilst it was noted that employers will possess a staff training budget, depending on the size of the employer it will be limited, and typically used to train already skilled or qualified staff. A witness reported that some businesses are no longer prepared to support workers for 12-18 month long training programmes, and there was consensus that short, modular-based skills programmes would offer an attractive alternative. One witness cited a pilot between the Coventry and Warwickshire Chamber with UK Hospitality and 'Rest Less' to support rapid skills development to support vacancies in hospitality and tourism. This supports earlier feedback for a flexible skills response to help manage the pace of change in the labour market. However it does also pose a challenge regarding traditional curriculum programmes typically offered by Further Education Colleges, or the potential uptake of apprenticeships that carry minimum durations set by the national regulator, the Institute for Apprenticeships and Technical Education. On the latter, there was consensus that apprenticeships offer good employment opportunities, especially for younger residents aged 19-29 years, but that challenges regarding apprentice wages and lack of support to help businesses establish and meet apprenticeship requirements in their workplaces, particularly for small to medium sized enterprises (SMEs), could be holding back local potential. One witness suggested that more was needed to help SMEs take on an apprentice, particularly those employers with little experience of apprenticeships, but whom could nevertheless offer a good apprentice experience. A couple of witnesses suggested that as part of the regional employer engagement strategy, discussions should emphasise the benefits of workforce development as a business investment to mitigate for the earlier observation that some employers were less likely to invest in long qualifications, opting for short skills interventions. If the AEB approach is to successfully address workforce skills gaps, discussions with employers will need to be clear about how and where skills interventions can effectively address employer requirements and where it cannot, for example, if an employer is seeking an accredited qualification or apprenticeship over a shorter delivery window than awarding body or funding agency rules allow.
- 4.13 Future employment drivers were reported to incorporate changes in national skills policy such as the shift from funding specific BTEC qualifications to T-Levels, changing the type of knowledge and skills that learners will acquire which may be different to what employers expect, alongside continued changes in the workforce (presently over 50s and economic inactivity amongst young people), as well as issues with long-term mental and physical health (particularly the rise in work limiting disability amongst young people, with growing poor mental health in males under 30). There was clear consensus that in addressing these developments, the AEB approach needed to allow greater wraparound support for residents to succeed, especially if they are currently under-represented, where structural inequalities may have had a disproportionate impact in securing and/or retaining long-term employment. Key witnesses agreed that wraparound support is a priority and was widely recognised to be a tool that would enhance the skills offer, particularly with employability. Most agreed that coaching/mentoring models that focus on the individual in the cohort would be valuable, alongside targeted mental health care. One witness proposed extending wraparound support into employment, as a potential mechanism to improve job retention and support transition into work or new/different careers. This has not been the focus of policy and funding for AEB historically, instead this residing more with DWP and ESF programmes.

- 4.14 In delivering wraparound support, witnesses emphasised the need for greater employability skills to be woven into skills/curriculum delivery. It was reported that employers were looking for candidates with good team working skills (virtually and in-person), were resilient, reliable, adaptable, approachable, confident and creative, and able to problem solve, with a high level of emotional intelligence. Such skills are considered transferable and highly prized by employers across sectors, supporting the principle of a flexible workforce. One witness reported that for many employers being able to get up and travel to work punctually was now also considered a core ability. Highly skilled workers with technical expertise were still considered a necessity, however this shift towards soft skills was reported to be a response to the shortages in finding suitably skilled employees, though may also reflect the growing importance of transferable skills. Achieving a balance between technical knowledge, applied skills, and employability will require careful curriculum design. However witnesses noted staff shortages in the education sector will have a continued effect, especially in colleges. Supporting providers to shift to a flexible curriculum offer, with rapid skills development, that meets employers' requirements will require further detailed consideration. For example one witness noted that the provision offered at Walsall College did not reflect the type of employment available locally. This aligned with feedback from another witness who observed that many employers did not engage with education providers and providers needed to do more work with these employers to offer a more creative flexible curriculum.
- 4.15 At a place level, key witnesses welcomed the positive contribution of AEB investment and the CA's partnership approach. There was consensus that in increasing the focus on employer needs and better employment through a responsive skills system, AEB processes could benefit from regular review to ensure sufficient flexibility in its procedures. For example one witness suggested the prevention of out-of-area sub-contracts may limit access to high quality skills offers. Other witnesses noted the value of data on the range and uptake of provision within their localities and suspected gaps in the level 2 offer; another requested more opportunity to partner with the CA when commissioning SWAPs to draw on the constituent authority's expertise in employment support, such as the Wolves at Work service, to secure successful transition into employment. Another witness reported that whilst the constituent authority had good relationships with college providers, there was less insight into the shape and scale of Independent Training Providers (ITPs) delivering provision to residents within their locality, and that proposed solutions such as a provider directory had not yet come to pass but continued to be of interest to them.
- 4.16 There was strong consensus that greater integration and availability of careers advice and guidance would contribute to levelling up and improving career pathways. Changes in labour market demands and the impact of technology will require adaptable residents. However, a lack of access to careers support may be limiting insight into what high-vacancy sectors have to offer or the types of careers available. Witnesses agreed that more was needed to improve resident awareness about career pathways and associated skills progression, especially amongst young people (who are dispirited about their future due to a lack of opportunity), or for mature and older learners (who are likely to see several career changes over their working lives). One witness suggested the post-19 skills approach was dependent on the success of a post-16 careers advice and guidance system, which for many disadvantaged groups was inadequate. Key witnesses agreed that more attention should be given to preparing residents to meet current and future labour market demand by understanding their

aspirations and career hopes earlier with several suggesting it be from the age of 14-15 years. As such, an all-age integrated careers offering presented an opportunity to maximise the effectiveness of skills investments and wider economic interventions throughout the resident's working life, helping to support early and mid career transitions, when necessary. However witnesses recognised that developing such an approach within the wider system, this would be a challenge because it relied upon a sufficient and shared network of data about every potential learner and resident within the region, the range of careers advice, guidance and support available and provided, and a continuous record of engagement with the individual. This added complexity and would mean the policy will require much more thought to secure the ambition. Accepting this was a challenge, witnesses were supportive, and if achievable, could see the potential dividends alongside a regional employer engagement strategy, and AEB investment.

5. Conclusion and recommendations

- 5.1 This review sought to understand the impact of the devolution of AEB on the delivery of local skills training within the region. Feedback indicates strong support for the changes arising from the devolution of AEB and that through its investment there has had a positive impact on local skills training, overall achieving a balanced and proportional distribution in the main. The devolved AEB is considered a highly valued enabler in tackling the distinctive labour market challenges across the region for employers and residents. Its success is tied to the valued partnership model adopted by the WMCA with constituent authorities, which has included opportunity for constituent authorities to inform the shape of funded provision and commissioned activity relevant to their localities or regional skills interests. It is clear that the approach taken by the AEB team has established excellent foundations from which to continue to strengthen the partnered and place-centred approach going forward and there is a clear action for the CA to maintain, and expand on opportunities for further collaborations with constituent authorities, for example to align constituent authority employment services with delivery of SWAPs so that residents receive extended support as they seek or transition to employment, or to share additional data from the individual learner record about the detailed provision in respective localities and the residents who had taken up AEB funded provision, again to inform follow up support services from the constituent authority.
- 5.2 This review also sought to identify the challenges and ways in which AEB investment could continue to effectively serve skills development to address short and longer-term labour market challenges. Witnesses confirmed that the WMCA had a good appreciation of the skills needs and levels of deprivation across the region. Whilst some witnesses invited further consideration for how AEB investment might increase support where there are higher resident numbers with ESOL and numeracy need, there was clear consensus that skills investment needed to help employers with labour market shortages particularly in sectors acutely effected such as manufacturing, hospitality and tourism, and care – whilst also enabling future workforce development in key industries such as net zero, sustainability and digital. Incorporating a 'work first' approach to manage vacancy demand was considered a practical solution, although the wider objective should be to help residents secure good work and progression in work. Critically, witnesses agreed that there needed to be greater emphasis and integration of employer views and engagement to enable a responsive skills delivery system. The creation of a regional employer engagement strategy, co-created with employers and regional partners, in tandem with developments from LSIP presented an opportunity to

visibly set out how this would be achieved. Strengthening employer engagement was considered a priority.

- 5.3 Addressing current and future labour market demand will necessitate a flexible skills and curriculum offer. There was clear consensus that traditional curriculum models cannot deliver at the pace and content needed to meet employer requirements, and it was accepted that the CA needed to work with education providers to help adapt and develop more flexible creative curriculum solutions. Feedback also indicated growing demand for employability or 'soft' skills, and there was strong agreement that continued AEB investment needed to integrate employability into wider programmes, alongside better wraparound support to help residents succeed and develop lifelong learning skills. Central to delivering this objective will be managing resident and employer expectations and creating wider understanding about the range of careers, sectors and jobs skills that are available both now and into the future. Many witnesses agreed this required an integrated all-age careers strategy, that included schools as key partners, with other post-16 education providers, employers and regional partners (such as the DWP), to operate alongside a targeted AEB approach.

5.4 Recommendations

After considering the written and oral evidence received, the review panel concluded that a number of recommendations should be considered by the Skills Advisory Board.

Recommendation 1: For the WMCA:

1. To share participant data with constituent authorities about engagement of residents in local provision and review AEB procedures.
2. Incorporate feedback into the development of the all-aged careers strategy, with opportunity for constituent authorities and relevant stakeholders to input into the design and potential implementation as needed.
3. Provide an update on the development of a Provider Directory, particularly ITPs delivering provision to constituent authority residents, to support awareness of the range of commissioned providers.

Recommendation 2: For WMCA, Constituent Authorities and Regional Partners

1. Co-develop a regional engagement strategy with employers to identify and integrate skills requirements.
2. Develop approaches to increasing work experiences / placements offering with employers maximising links to business support activity.

Recommendation 3: For WMCA with Constituent Authorities:

1. Review and map out the range of available funding opportunities available to employers to help navigate the skills system and outline how Business Support is aligned with AEB investment to draw on full range of opportunities.
2. Develop approaches to incorporate constituent authority services such as employment support, into SWAPs, in relevant localities.

Recommendation 4: For WMCA with Education Providers:

1. Design and integrate an employability programme that supports learners to develop transferable skills valued by employers to help secure good work, and to work with education providers to ensure effective delivery.

6. Strategic Aims and Objectives

- 6.1 The overview & scrutiny function supports all six of the WMCA's aims for the region by ensuring that decision taken at boards/committees have considered all relevant matters and opinions. This particular review looking at the impact of the devolution of the AEB on the delivery of local skills training within the region will help to promote inclusive economic growth in every corner of the region and stimulate the creation of good jobs through the enhanced work to be undertaken together with local authorities, regional partners and educational providers.

7. Financial Implications

- 7.1 There are no direct financial implication from this report. The recommendations are likely to result in financial implications in the future to enable and support the delivery, which will be funded from within the existing budget. Any request above this will follow the existing governance processes.

8. Legal Implications

- 8.1 The function of ensuring adult education provision was conferred on WMCA by the West Midlands Combined Authority (Adult Education Functions) Order 2018. There are no new legal implications resulting from this report.

9. Equalities Implications

- 9.1 Overall, the devolution of the AEB to WMCA has a significantly positive equality impact. The ethos of being able to influence how Adult Education provisions are provided within the West Midlands ensures that our approach is fit-for-purpose and tailored to our residents. The WMCA has a sound understanding of the deprivation and inequalities faced within our region, as echoed by feedback shared within the report. Aligning education and training opportunities with labour demand increases the likelihood of training recipients obtaining the appropriate skills to go into employment, as their knowledge and expertise can fill the gaps in the market; the impact of gaining employment has confounding positive equity outcomes, supporting social mobility and encouraging more proportional access to opportunities.

9.2 It is clear that there are areas for development within the WMCA's approach to have a greater positive equality impact. Namely around strengthening relationships with partners and providers; recommendations 2, 3 and 4 will help address any areas for improvement by facilitating a collaborative approach, across stakeholders, regarding the implementation of the AEB.

9.3 It is acknowledged that the longer-term vision is to minimise the existing equality gap regarding residents who have lower levels of numeracy and English proficiency, it's important that this remains embedded to continue to support equitable outcomes for those who are the most deprived within the region. Should the recommendations be taken on board, it's likely to enhance the AEB provision and have a greater level of long-lasting success.

10. Inclusive Growth Implications

10.1 The AEB provisions and recommendations within the report supports a number of the Inclusive Growth Fundamentals: Education and Learning; Power and Participation and Equality.

11. Geographical Area of Report's Implications

11.1 The Overview & Scrutiny Committee comprises 10 members appointed by constituent authorities, four members appointed by non-constituent authorities and a representative from the business sector.

12. Other Implications

12.1 None.

13. Schedule of Background Papers

13.1 None.