

Report of the Cabinet Member for Learning, Skills and Culture

Birmingham Skills Investment Plan

1 Introduction

- 1.1 The development of the Birmingham Skills Investment Plan (BSIP) was a priority in the Leaders Statement in 2014/15. It is a statement of current and future skills needs in the City, linked to jobs and economic growth. Jointly owned and implemented by stakeholders across the City, the BSIP addresses the range of issues which contribute to the mismatch of supply and demand. It will align with the wider growth ambitions articulated through the developing transport infrastructure (HS2 and Midland Metro extension), the Enterprise Zone and the developments in key growth sectors, all of which will create jobs and a demand for industry-relevant skills across the wider sub-region. Importantly there is a need to ensure that there are skills plans aligned to all major infrastructure and developments.
- 1.2 Our local economy has created 13,000 new jobs over the last two years, but we still lag behind other cities as Birmingham has more unemployed people and less of our workforce in jobs. Birmingham will need the right conditions for businesses to grow and thrive. Improving skills will help increase productivity and economic growth in the city. Similarly we know that enterprise and self-employment provide real opportunities and that require nurture and skills to grow. Delivering strong economic growth, improved productivity and full employment in Birmingham will, in part, be dependent on how Birmingham responds to the skills challenge. If we don't increase skills sufficiently up to 25% of growth could be lost.
- 1.3 Economic forecasting models show that an additional 78,500 residents¹ will need to be upskilled over the next ten years to match the national average of people qualified to Level 3 and above. Qualified young people (under 19) will account for approximately 10,500 (13%) but this means 87% or 68,000 adults who are already in the workforce will need to improve their qualifications.
- 1.4 The consequence of not increasing skills levels by 2026 will be:
- 174,000 low skilled people chasing 150,000 low skilled jobs – a surplus of 24,000 low skilled workers with an increasing risk of unemployment.
 - 85,000 people with intermediate skills will chase 80,000 jobs – a surplus of 5,000 people.
 - Employers will struggle to recruit to the estimated 230,000 high skilled jobs with only 184,000 high skilled workers – a shortage of 46,000.

¹ Based on Office for National Statistics (ONS) data

2 Background

- 2.1 Following a full tender process, the Centre for Economic and Social Inclusion (CESI) was appointed to develop the BSIP. CESI is an independent policy and research organisation focusing on skills, full employment and inclusion.² Consultation has taken place with a wide range of stakeholders under the guidance of a Steering Group chaired by the Cabinet Member for Learning, Skills and Culture. Steering Group members included providers of Further and Higher Education, the Chamber of Commerce, community and voluntary sector, Skills Funding Agency and the Department for Work and Pensions. The results of the consultation have informed the key challenges and the proposed responses as set out in the BSIP. General consensus was reached emphasising the need to directly tackle the skills gaps and market failure.
- 2.2 By making this clear statement of Birmingham's position the intent is to inform the behaviours of those with the spending power. The document takes into account the emergent West Midlands Combined Authority. With the advent of the Combined Authority spending decisions will, to some degree, lie with the local authorities and the Local Enterprise Partnerships. The current devolution deal will represent a fundamental shift from the current status quo where there is currently no localised strategic planning for skills funding.
- 2.3 The actions proposed in the BSIP (APPENDIX 1) needs to be owned by partners and driven by partners. The outcome of the consultation was supportive of the need to provide a clear statement of skills needs in Birmingham and that if the market failure is to be successfully addressed; all partners must face those challenges together to change the landscape. The BSIP sets out how the City Council will help meet these ambitions – together in a new partnership with business leaders, education, training, and community leaders.

It is therefore as much about the new way of working with partners as it is about implementing new solutions. The BSIP is backed up by the best information available on what employers are demanding now and what they will need in the future. This is set out in a separate report 'Birmingham Skills: supply and demand' – Appendix 2. The BSIP itself makes it clear that success is dependent on building on existing strong partnerships with all stakeholders through existing arrangements such as the Birmingham Youth Partnership and the Birmingham Employment and Skills Board (the local Board within the infrastructure for the Greater and Birmingham and Solihull Employment and Skills Board). The BSIP itself has been shared with our partners and stakeholders and their comments fed into the document. To move it forward successfully has to be a shared responsibility.

- 2.4 The context for the development of the BSIP is a complex interaction of social and economic strategies to encourage the retention of skills within the City, the engagement of young people and the attraction of new and growing businesses to Birmingham through the inward investment activity of Marketing Birmingham and the Greater Birmingham and Solihull Local Enterprise Partnership as well as the Midlands Engine for Growth. Although the BSIP is Birmingham specific, the model

² CESI have now merged with the National Institute of Adult Continuing Education (NIACE) to form The Institute for Learning and Work

could be expanded and adopted more widely across the GBSLEP and Combined Authority area.

Within the context of the devolution deal and the West Midlands Combined Authority we are aware and mindful of the functional economic area and the potential levers and opportunities that devolution of the Adult Education Budget and strands of the Work Programme will offer. But as a partner local authority the BSIP has set down the scope and nature of Birmingham's skills and employability challenges. It presents an opportunity to provide an overview of those areas ripe for channelling future investment; it will inform that investment but also, more importantly, offers an opportunity to influence current resources such as existing skills budgets, and the imminent Apprenticeship Levy which will be introduced in April 2017.

- 2.5 It will support the delivery of the Birmingham Youth Promise and align with the work developing out of the Kerslake Review published in December 2014.³ It will inform the delivery of the Youth Employment Initiative project – Birmingham and Solihull Youth Promise Plus.
- 2.6 Placing the BSIP into the Council Policy Framework will clearly place the statement of skills priorities within a broader range of policies related to economic development, connectivity, job growth, social exclusion and social cohesion. By implementing the policy proposals, the aim is to better target the resources, secure better skills and employment outcomes for all Birmingham residents and businesses resulting in a reduced reliance on in-work and out of work benefits. It will also support economic growth by addressing the productivity gap

3 Inclusion in Council's Policy Framework.

- 3.1 Cabinet approved the BSIP at its meeting on 16th February 2016. At that meeting it was also agreed that Birmingham Skills Investment Plan to be included within the Council's Policy Framework and therefore progress to Full Council for approval according to Article 4 of the Constitution. An Equality Assessment has been undertaken and is contained in Appendix 3.
- 3.2 The BSIP was also presented to the Economy, Skills and Sustainability Scrutiny Committee in January 2016.

MOTION

That the City Council adopts the Birmingham Skills Investment Plan into the Council's Policy Framework.

³ <https://www.gov.uk/government/news/kerslake-report-birmingham-council-must-radically-improve>

APPENDICES

Appendix 1 - Birmingham Skills Investment Plan

Appendix 2 - Birmingham Skills: supply and demand

Appendix 3 - Equality Analysis