

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET
Report of:	Strategic Director, Economy
Date of Decision:	16th February 2016
SUBJECT:	BIRMINGHAM SKILLS INVESTMENT PLAN
Key Decision: YES	Relevant Forward Plan Ref: NOT ON FORWARD PLAN
If not in the Forward Plan: (please "X" box)	Chief Executive approved X O & S Chairman approved X
Relevant Cabinet Member(s):	Councillor Penny Holbrook – Cabinet Member for Skills, Learning and Culture
Relevant O&S Chairman:	Councillor Victoria Quinn, Economy, Skills and Sustainability
Wards affected:	All

1	Purpose of report:
1.1	To seek Cabinet approval for the adoption of the Birmingham Skills Investment Plan.
1.2	To seek Cabinet approval to include the Birmingham Skills Investment Plan within the Council's Policy framework.
1.3	This matter was not included in the Forward Plan as initial advice received indicated that the Birmingham Skills Investment Plan document is to be referred to full Council this was not required. Subsequent discussion has now suggested that this is a Forward Plan item.
2	Decision(s) recommended
	That Cabinet:
2.1	Approve the contents of the Birmingham Skills Investment Plan and
2.2	Approves the Birmingham Skills Investment Plan for inclusion within the Council's Policy Framework and to progress to Full Council for approval according to Article 4 of the Constitution.
Lead Contact Officer(s):	Shilpi Akbar Assistant Director for Employment, Economy Directorate Tel: 0121 303 4571 E mail: Shilpi.akbar@birmingham.gov.uk

3. Consultation	
<p>3.1 <u>Internal</u>: The report and the attachments have been shared with the Cabinet Members for Children's Services and Inclusion and Community Safety. The report has been shared with the relevant Scrutiny Chairs and they support it going forward to the Executive for a decision. Officers from City Finance and Legal and Democratic Services have been involved in the preparation of this report. Relevant council officers and members were also interviewed as part of the overall consultation exercise in writing the Plan. The Chief Executive and the Chair of the Economy, Skills and Sustainability Overview and Scrutiny Committee have approved this report going forward for Cabinet approval.</p> <p>3.2 <u>External</u>. Extensive consultation has been undertaken as part of the process for developing the BSIP, including employers, Marketing Birmingham statutory bodies such as the Skills Funding Agency and Department for Work and Pensions; training providers including community and voluntary sector providers, Further Education colleges, universities and private training providers, schools and the Birmingham Education Partnership, representative organisations such as the Chamber of Commerce, CBI and Institute of Directors and the National Careers Service. The final draft version of the BSIP has also been subject to ongoing soft consultation with key strategic partners. A presentation has been made to the Board of CSR City. The Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) were involved in the commissioning of the consultants, and the final draft has been shared with the chair of the GBSLEP Employment and Skills Board and the Combined Authority (CA) employment and skills leads for comment.</p> <p>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.</p>	
4. Compliance Issues:	
<p>4.1 <u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p> <p>4.1.1 The proposal contributes towards the strategic outcomes outlined in the 'Council Business Plan 2016 specifically delivering 'a Prosperous City'. The BSIP seeks to address the whole range of issues which contribute to the problem of mismatch of supply and demand of skills in the City. Importantly the Plan is intended to bring forward and make visible learning and skills pathways, so that no-one gets left behind. It focuses on delivering a skilled workforce with the aim of attracting inward investment and added value to major physical regeneration projects.</p> <p>4.1.2 It will also contribute to the delivery of a 'Democratic City', as successful delivery of the BSIP will require integrated working with partners across all sectors.</p>	
<p>4.2 <u>Financial Implications</u> (Will decisions be carried out within existing finance and Resources?)</p> <p>There are no direct financial implications arising from the recommendations of this report. The BSIP will provide a framework for investment of existing resources both of the council and the wider city region. Any direct initiatives or changes to existing plans will be subject to the council's standard governance arrangements.</p>	

4.3	<u>Legal Implications</u>
4.3.1	<p>It is intended that the Birmingham Skills Investment Plan will, on Cabinet's agreement, be included within the Council's Policy Framework and therefore as a consequence will go to Full Council for approval according to Article 4 of the Constitution.</p> <p>The BSIP has been developed under the Council's general power of competence per Section 2 of the Localism Act 2011.</p>
4.4	<u>Public Sector Equality Duty</u>
4.4.1	An initial Equality Assessment (Ref EA001132) has been undertaken and is attached at Appendix Two. There are no adverse implications identified from the recommendations in this report.
4.4.2	The BSIP provides a way forward to deliver improved skills levels for Birmingham: young people, unemployed, and those in work to redress and level the playing field for all Birmingham residents who are disadvantaged in the labour market by reason of no skill, low skill or a skills mismatch.
5	Relevant background/chronology of key events:
5.1	The BSIP is a statement of current and future skills needs in the City, linked to jobs and economic growth. The BSIP is intended to address the whole range of issues which contribute to the mismatch of supply and demand, and to be jointly owned and implemented by stakeholders across the City. The BSIP 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.
5.2	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 LEPs. 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.

- 5.3 The BSIP is a 10 year plan designed to join up, influence and optimise the use of employment and skills funding being deployed in the city now and in the future. It captures the predominant issues arising from low skill levels which impact on the economic well-being of individuals, communities, the city and regional economy. The investment in skills currently includes money and resources flowing into the city through intermediary bodies - public, private and voluntary sector training providers, government bodies such as DWP as well as resources that employers, schools and citizens themselves choose to invest in training and workforce development. Birmingham's large employers, including the City Council itself, will be paying the new Apprenticeship Levy to the government from April 2017, and there is a need to ensure that Birmingham benefits from the creation of more high quality apprenticeships that meet the skills needs of the City and that Birmingham residents can access. The levy rate is expected to be 0.5 per cent of an employer's payroll. How these combined resources are disbursed will be fundamental to increasing skills levels and the employability credentials of the working age population.
- Current Skills Funding Agency 2015/16 funding allocations for Birmingham Colleges alone are:
- Adult Skills Budget = £49m
 - Community Learning = £6.4m
 - 19+ Discretionary Learner Support =£5.5m
 - 24+ Advanced Learning Loans Facility & Bursary = £12m
- 5.4 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.
- 5.5 Moving away from percentages to numbers puts this challenge into context. 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 Based on Office for National Statistics (ONS) data

5.6	<p>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 Skills, Learning and Culture. Steering Group members included providers of Further and Higher Education, the Chamber of Commerce, community and voluntary sector, Skills Funding Agency and DWP. 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.</p>
5.7	<p>The actions proposed in the BSIP 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, and 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’. 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. We are therefore progressing with workshop sessions with all partners in order to:</p> <ul style="list-style-type: none"> • agree the scope and partner contributions in each of the actions proposed • agree immediate priorities for action, KPIs, timescales and lead responsibilities. <p>This will be in place before the end of February 2016.</p> <p>If approved by Cabinet and Full Council, following from the above actions a detailed Implementation Plan with milestones and leadership roles will be developed and signed up to by partners, subject to an impact and performance review at least twice a year.</p>

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

5.8	<p>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 could be expanded and adopted more widely across the GBSLEP and Combined Authority area.</p> <p>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.</p> <p>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.</p>
5.9	<p>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.</p>
6	<p>Evaluation of alternative option(s):</p>
6.1.1	<p>By the end of March 2016 the Further Education infrastructure in Birmingham will have completed its area-based review. The City will need to press ahead against a backdrop of projected reductions in skills budgets and an incremental shift from national purchasing/commissioning of skills provision to employers and individual learners purchasing training and qualifications through student loans and apprenticeship levies. To do this in isolation from any clear statement of skills needs and will mean that this will not adequately address the market failure for skills as adults will still need to decide how best to invest in their skills and qualifications, schools, colleges and training providers will need to provide the qualifications and skills that employers need both now and in the future.</p>
6.1.2	<p>To wait for the proposed employment and skills strategy resulting from the West Midlands Combined Authority Devolution Deal would not recognise the impetus and will that exists within Birmingham stakeholders to urgently address the issues of skills shortages and low skills profile within the City.</p>
6.2	<p>Do Nothing:</p>

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

6.2.1	To do nothing would mean that current market failure for skills delivery may persist without a shared understanding of how partners can work together not just to raise skills but to address disadvantage by using available resources to promote access to learning for communities with no or low skills.
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7. Reasons for Decision(s):

7.1	To seek approval for the 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,
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	Signatures	Date
Cabinet Member for Skills, Learning and Culture
Strategic Director, Economy

List of Attached Documents

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| <ol style="list-style-type: none">1. Birmingham Skills Investment Plan2. Birmingham Skills: Supply and Demand3. Equality Analysis Report |
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