

**Heart of the South West Local Enterprise Partnership
LEP Board Paper agenda item 11b)**

Report title: People Leadership Group / Skills Advisory Panel Update

Date: 05 July 2021

Purpose: This paper is for noting

Link to LIS:

Inclusive Growth		Clean growth		
Energy	Engineering		Digital	
Ideas/ Innovation	People/Skills	Infrastructure	Bus. Environment	Places

Timing: April to July 2021

Financial Impact: None

Decisions requested: None

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1) Current Market Position

- 1.1 The period between April and July has seen a period of considerable labour market fluctuation across the HotSW, marked by ongoing improvements in claimant levels and reduction in those accessing universal credit, but also by growing issues around labour availability.
- 1.2 With regards universal credit numbers, the rate of those making a claim reduced from 5.1% to 4.6% across the LEP between March and May (the latest data sets), a net reduction of around 5,000 individuals over three months. Whilst still high when compared with the long-term average for the HotSW (around 2%), the drop represented the quickest reduction of claimant count in around 30 years. Figures were also balanced across age groups, with youth unemployment falling 1% over the period (roughly 1,500 individuals moving back into work), and around 0.5% amongst the over 50's (1,000 individuals).
- 1.3 Uniquely following a period of sharp economic contraction, reductions across the area have been relatively balanced to date, with little distortion or acceleration in the figures linked to

disadvantage or other historic barriers to work. Unemployment within Plymouth for example, traditionally a slower to recover area statistically, fell by 0.5% in the period, in line with the HotSW wider average. This was comparable to Torbay (a reduction of 0.8% to 6.5%), Exeter (a reduction of 0.4% to 3.7%) and Somerset West and Taunton (a reduction of 0.5% to 4.1%). Overall, the HotSW was remarkable uniform in seeing a relative rapid return to work amongst UC claimants, as well as in seeing a slowing of redundancies and closures during the period (though still up on pre COVID levels).

- 1.4 In part, this rapid reduction in UC numbers reflects a wider surge in recruitment and staff remobilisation across the area. Between March and May, recruitment demand overall rose around 5-6% across the HotSW. However, this disguised significant variations across sectors, with vacancy demand in administration and agriculture rising 20%, transportation by 35%, sales and retail by 43% and across health and social care by 71%. Demand for admin, agricultural operatives, customer service and retail staff were up roughly 300% up on last year. Discussion with training provider and college partners also suggest that applications for training and learning were also up considerably for the forthcoming September intake, with figures of up to 50% higher being quoted. This collates with all time low numbers of NEETs aged 16-18 (though over 19s remains high)
- 1.5 However, despite this relative progress around demand and around falling UC numbers, discussions with employer, and emerging vacancy data, suggest that the labour market faces considerable challenges. Despite the gradual unlocking of the economy between April and July, employers have consistently reported challenges around labour availability and supply over the past three months. Despite historically high levels of unemployment and action to unlock the economy, hospitality, care, digital services, retail, logistics and construction sector representative have all reported an inability to fill a record high 25,000 vacancies across the area in the past three months.
- 1.6 The cause of this emerging gap is still being investigated, but is suspected to be a difficult mixture of the impact of the UK's departure from the European Union during lockdown, ongoing confidence issues around returning to the workplace, the lingering impact of support programmes put in place by Government to keep people in work through furlough and other mechanisms, and a general trend towards reassessment of careers / retirement / skills renewal by those returning to the workforce. Furlough figures for the UK in particular suggest a lingering impact in many sectors, with 8% of the country's workforce still furloughed on 31 May 2021, including 34% of the hospitality sector, 29% of health and social care, 11% of transportation and 2% of health and social care (roughly 1,200 individuals in HotSW).
- 1.7 It is not yet known whether this impact is a blip caused by the unusual convergence of conditions, or a longer-term adjustment to reduced labour market flows over the medium term with the reduction and loss of EU labour / early retirement of elements of the workforce over the COVID period. Some of this is likely however to fall out as Government reduces furlough levels further, and slows labour market interventions such as the use of JCP mandation and the recent benefits uplift. Wider economic factors, including potential inflationary pressures, may also exacerbated other factors in the labour market over the next six months.
- 1.8 More widely, April-July saw Government continue to move forward with its preferred approach to skills policy development delivery, building upon the publication of the Skills

White Paper earlier in the year. This included a call for Local Skills Improvement Partnerships and Skills Development Funding Partnerships to take forward early pilot activity linked to future skills governance and funding delivery through to 2025/26. Due to replace SAPs at some future point, Local Skills Improvement Partnerships are due to be business led skill bodies, bringing together a lead business representative organisation, college partners and the wider training provider and local partner community to agree a tailored skills plan. These plans would update and replace the existing Local Skills Report from 2022, building on their content and evidence.

2) Progress on Programme

2.1 Members of the LEP's People Team have focused heavily over the past three months on both working with partners on the LEPs existing programmes, but also contributing to departmental and partner activity around responding and supporting the labour market. Core programmes include:

- **Skills Advisory Panel** – The Skills Advisory Panel has met twice since the publication of the Local Skills Report in March, focusing principally on the work of the Digital Skills Partnership and the Careers Hub, as well as continuing its research programme and work around LMI data capture and intelligence gathering from group members. This has included the sign off of a quarterly LMI update (with the next iteration due in later July), a public event on the social inclusion deep dive currently being taken forward by in conjunction with the Social Inclusion / Mobility working group, and early work around the refresh of the evidence base of the next iteration of the LSR / LSIP Plan. The SAP is currently due to meet again in the first week of September, with a focus on announcements likely to be made over the summer recess, the ongoing labour market position and to work through the emerging delivery plan for the Local Skills Report.
- **Local Skills Report** – Following publication of the Local Skills Report in late March, work has been ongoing to track core priorities within the document and begin to map out how delivery and next steps might be taken forward. This includes early activity around additional support for curriculum and capital / revenue investment (with bids moving forward from the Colleges and IoT), specific support for harder hit sectors (with early discussion ongoing on sector specific work academies and JCP targeting), additional support for digital literacy and numeracy (subject to 3-4 CRF bids), ongoing coordination of the Kickstart approach (with a regular HotSW steering group in place), and ongoing work around funding for specific pathways, programmes and quals (notably through bootcamps and other pilot / DfE adult skills funding activity).
- **Skills Accelerator / Local Skills Improvement Partnerships / Strategic Development Fund** - The Skills Accelerator Programme was launched in late March 2021, seeking nominations from areas for either inclusion in the first wave of Local Skills Improvement Partnership (Business representative body led employment and skills partnerships, working in close collaboration with training providers), or for projects to draw upon the Skills Development Fund (a mixed capital and revenue fund to be utilised to fast track local business led provision). Within the HotSW, three bids were submitted, covering the Greater Exeter Area, Somerset and West of England and Somerset. The LEP people team offered support to each proposal brought forward, contributing to two proposals in

the end, with a mixture of LMI data and wider policy fit support. The outcome of the process is currently anticipated in later July, with an expectation that the SAP will then work closely with any successful party on next steps.

- **DfE Bootcamp / 'Training4All' Programme** – Following successful delivery of wave 1 of the DfE's bootcamp programme, the HotSW was successful through June in securing additional provision from Wave 2 of the programme. This includes the provision of 8 new boot camps focused on digital provision, potentially worth £1.5m over two years, and 22 technical bootcamps, potentially worth over £3.6m over two years. Unlike during Wave 1 of the pilots however, the HotSW Bootcamp team worked within neighbouring LEPs for this round of delivery, with provision in West of England, Cornwall, Dorset and HotSW included in the final programme. Work is current ongoing around contracting and finalising delivery arrangements with the DfE.
- **Digital Skills Partnership** – Work has continued through the Digital Skills Partnership over the past three months, with joint working ongoing with DCMS around the partnership future structure and around forward funding and delivery activity linked to the partnership. This has included a review and implementation of the partnership's subgroups and board to better enable coordination and collaboration between partners, joint work with the Careers Hub around a shared digital careers programme, successful securing of additional funding support via the ESF programme to provide digital skills advice and signposting to small businesses, and joint work with national partners around local delivery and joint working (Tech Talent Charter). The DSP has also coordinated a joint CRF bid across the Devon / Plymouth / Torbay area to take forward digital inclusion and skills activity. The conclusion of this bid is expected in later summer.
- **Careers Hub** – Roll out of the expanded Careers Hub programme continued over the spring / summer term, with a focus on supporting schools to return, and sustain careers activity despite lockdown. This included the roll out of the Hub's preferred virtual work experience approach, as well as additional support for career leaders and Enterprise Advisors across the network to sustain their programme in the face of natural barriers to face to face provision. Despite barriers, achievement of related Gatsby benchmarks was sustained at over 80% achievement across the 8-core metrics, with strong performance around using LMI in curriculum design, encounters with employers and access to personal guidance.
- **RESTART Programme** – Worth over £100m in the HotSW over the next 3 years, the LEP People team has been working closely with SEETEC-PLUSS on the roll out of JCP's Restart Programme since its announcement in late May. The programme, which will support those who have been unemployed for 12 months or longer, includes provision to work in a more tailored way with clients, including one to one provision and skills and training tailoring. Work has included early scoping discussions around vulnerable groups, joint design of associated posts which will cover the area, speaking at launch events, and preparing for initial clients across the HotSW area.

2.2 In addition to the above core activities, work has continued throughout the past three months with JCP, college partners, university partners and wider contractors across national and EU funded provision to support worklessness, employability retraining and sector development.

Key activity has included joint taskforce membership of a number of larger scale redundancies (Oscar Meyer, Debenhams); discussions and initial work around additional engineering, health and retrofit and green industries opportunities; and ongoing engagement with both Training Provider Networks around their forward plans and member investments / bids.