

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Hampshire Economic Board
Date:	27 April 2010
Title:	Hampshire Employment and Skills Board
Reference:	1577
Report From:	Director of Economic Development

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1. Executive Summary

- 1.1. The purpose of this paper is to set out detailed proposals for a Hampshire Employment and Skills Board (ESB), following the decision to set one up as an immediate priority at the last meeting.
- 1.2. This paper sets out the proposed remit of the Board and its make-up and recommends that it should meet the requirements for a specified body under the Apprenticeships, Skills, Children and Learning Act 2009 (ASCLA). Authority is sought to explore collaborative working on adult skills with Partnership for Urban South Hampshire (PUSH) partners given existing arrangements established for South Hampshire to shape adult skills provision.
- 1.3. Subject to the approval of these proposals, the next steps will be to recruit suitable Board members, working with Hampshire Economic Partnership.

2. Contextual information

- 2.1. Members agreed to establish an ESB to assist in getting a better match of training outcomes with the skills needs of businesses in Hampshire.
- 2.2. Adult skills funding and priorities are currently driven nationally and therefore this objective can only be achieved by both improving the understanding of existing and forecast skills shortages and influencing the deployment of adult skills funding. The two national bodies are the Skills Funding Agency (SFA) and the National Apprenticeships Scheme (NAS).
- 2.3. With the commissioning role for 16-19 skills returned to the Council from April 2010, the Council has more direct control over skills development in the

young people cohort in the workforce, although funding remains with the Children and Young People's Funding Agency.

- 2.4. A parallel commitment made at the last meeting was to collect better intelligence on business skills needs, skills availability in the Hampshire workforce (including the quality of entrants to the workforce), and skill needs in potential growth sectors at Level 3 and above, to inform a comprehensive Hampshire skills strategy. Ideas for generating ongoing business intelligence are being explored with Hampshire Economic Partnership and a future proposal will be brought to the Board.
- 2.5. A number of other bodies have now been given a role in shaping skills provision. Under the Local Government, Economic Development and Construction Act 2009, Regional Development Agencies have been given the duty to draw up a regional skills strategy. Sector Skills Councils and Skills Academies work to drive skills development in specific economic sectors.
- 2.6. ASCLA (and prior to that the Learning and Skills Act 2000) allows the Secretary of State by order to specify an area of England for which a specified body (either one that already exists or one which is specifically set up), to put in place and keep under review a strategy for how education and training for those persons for which the Chief Executive of the SFA is responsible (eg Adult 19+ activity) will be delivered. This would typically be a city region, for which a specified body — for example, an Employment and Skills Board — is able to set out a strategy for the actions of the Chief Executive of the SFA in that particular area. In addition, section 114 puts the Chief Executive of the SFA under a duty to implement any strategy formulated by a body set up under the powers contained in section 112, subject to certain caveats.
- 2.7. PUSH established an Employment and Skills Board in 2009 and decided in January 2010 to apply for its approval as a specified body alongside the refresh of its Multi-Area Agreement. Elsewhere in the country, Manchester and Leeds are the only two areas with statutory ESBs. Birmingham was announced as a further area in the March budget statement.
- 2.8. MAA partnerships have been advised of the requirements for the make-up of an ESB which could be specified under the Act. However these are not part of the Act, any regulations or statutory guidance. It will therefore be necessary to clarify the criteria for with the Department for Business Innovation and Skills. The advice to MAA areas was that an ESB must be employer-led (a Chief Executive of a large local company is expected) and at least 50% of the membership must be businesses. SFA representation is expected. The PUSH ESB has the Skills Funding Agency, Job Centre Plus, and the South East England Development Agency (SEEDA) represented.

3. Proposals for the remit and membership of the Hampshire Employment and Skills Board

- 3.1. While an undesignated Board could help to give effect to the objectives of the County Council, it would be better to establish a Board which is capable of becoming a specified body, given the strong influence this gives over the SFA. Both major political parties have a common perspective on a strong business lead in improving the economy. It is possible that there will be more devolution of responsibilities and funding to local authorities post election if the number of quangos and executive agencies is reduced, but there can be no certainty about this. It is therefore recommended that a Board is set up to comply with the requirements advised to MAA partnerships after checking with BIS that these are still relevant and appropriate for a county area.
- 3.2. The powers under the Act only relate to adult skills, but there is no reason the Council should not engage with the Board for wider purposes, in support of its 16-19 commissioning functions. There would be great synergy from the business perspective and some training providers if skills issues could be considered simultaneously across the whole age spectrum. Policy-making and executive decisions in relation to 16-19s would remain with the Executive Member for Children Services.
- 3.3. There is no requirement to include providers on the Board, but again there are some obvious advantages in including a selection of providers in the deliberations of the Board in drawing up a strategy. Colleges, for example, already have a relationship with businesses in their area. They understand their students and the outcomes of the training they deliver.
- 3.4. There will need to be engagement with a wider set of organisations than can be represented on the Board in the process of strategy development, including Board representatives consulting others in their sector.
- 3.5. On the basis of the foregoing considerations, the following make-up of the Board is proposed:
 - (i) total membership of 17 with corresponding business representation of nine;
 - (ii) a Chairman to be sought from amongst large businesses in Hampshire;
 - (iii) public sector government representatives (up to three) to be invited from the Skills Funding Agency, Job Centre Plus, SEEDA and the National Apprenticeship Scheme;
 - (iv) training providers (2);
 - (v) three councillor representatives to be appointed from the Hampshire Economic Board.

4. Finance and Other Resource Implications

- 4.1. An ESB will not control any budgets for delivering skills or have any commissioning powers, which will remain with the Government Agencies and the County Council (commissioning 16-19s).
- 4.2. There will be some modest expenses associated with the running of the Board which can be met from the additional budget approved for 2010/11. The Board may wish to commission some expert work on establishing skills intelligence and drawing up a skills strategy, subject to where the County Council has been able to take this by the time the ESB is up and running.
- 4.3. Staff time will be needed to establish and support the work of the Board, which it is anticipated will be met from increased establishment, funded from the additional budget approved for 2010/11. The proposed use of the additional budget provision will be considered in a report on the Hampshire Economic Board to be considered by Cabinet at a forthcoming meeting.

5. Performance

- 5.1. The Hampshire LAA contains targets for improving skills at NVQ Levels 2, 3 and 4. However these are not underpinned by a good evidence base in terms of skill shortages, which in any event have changed as a result of the recession. Neither do delivery partners have a clear and unified picture of how these improvement targets will be achieved, although much more detailed work has been done for South Hampshire.
- 5.2. The South Hampshire MAA contained stretch targets beyond the individual Authorities' LAA targets for Level 2 and Level 3. The Learning and Skills Agency was a statutory partner to the Hampshire LAA but only involved in partnership delivery processes in South Hampshire, where they chaired the Economic Development Panel sub-group on skills and commissioned a skills strategy for South Hampshire, particularly to assess the likely skills needs arising from potential growth sectors. These skills targets may need to be reviewed in response to the impact of the recession on growth forecasts.
- 5.3. For Hampshire County Council's area, the LAA commitments will need to be promoted to the successor bodies for the final year. New targets will need to be established for the next LAA, if skills improvement remains a priority for partners. While the national indicators are likely to remain important measures, there may be other targets around the 'softer' skills that the Board may wish to pursue.

6. Recommendations

- 6.1. That an Employment and Skills Board be established which is eligible to be designated a specified body under S.112 of the Apprenticeships, Skills, Children and Learning Act 2009.

- 6.2. That the Board's remit be to formulate and keep under review a strategy setting out how the functions of Skills Funding Agency in relation to adult skills should be carried out and also to consider the issues for business in relation to 16-19 skills.
- 6.3. That, subject to confirmation by the Department of Business, Innovation and skills on eligibility criteria, the size and representation on the Board, as set out in section 3 of the report, be agreed.
- 6.4. That the Director of Economic Development explore the opportunities for joint working (in relation to adult skills) with the Partnership for Urban South Hampshire's Employment and Skills Board.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u> Skills for the Hampshire Workforce	<u>Reference</u> Hampshire Economic Board	<u>Date</u> 25 February 2010
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. No impact assessment has been undertaken but it is unlikely that this proposal would impact differently on different groups.

2. Impact on Crime and Disorder:

- 2.1. None.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

Not applicable.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable.