

EAST RENFREWSHIRE COUNCILCABINET14 March 2019Report by Director of EnvironmentGLASGOW CITY REGION – REGIONAL SKILLS INVESTMENT PLAN (2019-2024)**PURPOSE OF REPORT**

1. The purpose of the report is to update the Cabinet on the development of a Regional Skills Investment Plan for the period 2019 – 2024 and seeks its endorsement.

RECOMMENDATIONS

2. The Cabinet is asked to:
- (a) endorse the draft Regional Skills Investment Plan; and
 - (b) agree to its implementation within East Renfrewshire.

BACKGROUND

3. Glasgow City Region has one of the most highly skilled labour markets in the UK with more than 42% of the working age population having degree level qualifications. However, by contrast it also has 11% of working age adults with no qualifications.

4. Skills investment is devolved to the Scottish Government and delivered through a range of national programmes by Skills Development Scotland and further and higher education bodies.

5. A Skills Investment Plan (SIP) for the City Region was initially prepared in August 2016 prior to publication of the Regional Economic Strategy and Action Plan (RES) in February 2017. Understandably, at that time the SIP focused on delivery of the City Deal Programme and related employment opportunities.

6. The RES sets out a number of high level objectives that influence the skills agenda supported by a range of actions to be taken forward by the Skills and Employment Portfolio Group, which is led by South Lanarkshire Council. These include

- creating a skills and employment system that meets the current and future needs of GCR businesses and supports residents to access jobs and progression opportunities;
- further integrating education and training services and aligning our skills and training investment; and
- aiming to achieve a 50% reduction in the number of adults with no qualifications.

7. In addition to the RES, changes in economic conditions and the wider changing policy and delivery landscape for skills and employment since the SIP was originally prepared have identified a need to prepare a new Skills Investment Plan for the City Region.

8. The draft Regional Skills Investment Plan was approved by the City Region Cabinet on 11 December 2018. In preparing the plan an extensive consultation exercise was undertaken with a wide range of partners supported by an evidential base on future supply and demand for employment and demographic changes. Nonetheless, as part of the approval of the draft plan it is now subject to a further round of consultation to ensure that all partners are supportive of the plan and its future implementation. It is for this reason that this report is seeking the Cabinets endorsement of the plan.

9. Responsibility for the Regional Skills Investment Plan will sit with the City Region Skills and Employment Portfolio Group, chaired by South Lanarkshire Council. The Portfolio Group is asking each of the City Region Local Authorities to seek endorsement of the Draft Regional Skills Investment Plan (RSIP) at a local level. An overview of the draft RSIP is provided below. A full copy of the document can be accessed here (<https://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=23950&p=0>).

Regional Skills Investment Plan

10. The Regional Skills Investment Plan sets out Glasgow City Region performance in relation to employment and skills indicators within the broader economic and labour market context in which we operate and provides an analysis of supply and demand trends for skills and labour now and in the near future.

11. The review of performance, allied with the consideration of broader economic trends, identifies a number of key messages relevant to the Skills Investment Plan. In particular

- Labour market inequalities – high proportions of economically inactive people due to long term sick and disability and generally lower employment rate for working age people compared to Scotland as a whole;
- Rise of in-work poverty – scope to enhance earning capacity through upskilling and help employers to grow;
- Demographic challenge – city region’s working age population is set to decline by around 25,000 over the next 10 years; potential exacerbation if there is a reduction in the number of EU workers;
- Skills underutilisation – this is high across Scotland ranging from 28-52% of graduates employed in job roles that do not take full advantage of their skillsets and raises issues about the appropriateness of educational provision; also creates the potential for better use of graduates;
- Changing nature of skills – as digitalisation increases across all sectors, new and higher skillsets will be required as well as more generic meta skills to support resilience and adaptability;
- Skills shortage vacancies and skills gaps - employers across Glasgow City Region report a higher percentage of skill shortage vacancies and skills gaps than for Scotland as a whole although these vary across the city region;
- BREXIT – whatever deal emerges from BREXIT, the city region is likely to experience both an increase in redundancies and skill shortages.

12. Other issues identified through the research and consultation with key stakeholders, include

- Skills system insufficiently responsive to business needs – education and skills provision, curriculum, dislocated from realities of the labour market;

- Insufficient investment in upskilling and reskilling existing employees both for future needs and to help reduce in-work poverty, assist in the retention and progression of unemployed people finding work and reduce inequalities in pay across gender and other characteristics;
- Need for a more resilient workforce – greater emphasis on generic softer skills, meta skills associated with Industry 4,0 and a broad level of digital awareness;
- Lack of good city region intelligence on skills and on the effectiveness of different types of skills interventions;
- Skills system not sufficiently aligned and co-ordinated at a city region level; also needs to embed greater agility and resilience to respond to changing skills needs.

13. Glasgow City Region has 34% of Scotland's population and Scotland's jobs, however, it also has 38% of Scotland's unemployed; 43% of Scotland's economically inactive working age population who are long term sick or disabled; and 44% of Scotland's working age population with no qualifications. The Regional Skills Investment Plan needs to address these issues for Glasgow city region and Scotland to succeed.

14. The Regional Skills Investment Plan will deliver on 6 strategic outcomes and has identified 7 priority action areas to achieve these outcomes. These are set out below:

Strategic Outcomes
1. Alignment and co-ordinated working at the city region level across education and skills bodies and geographies is the norm for skills planning, investment and provision
2. Percentage of employers reporting skills shortage and skills gaps is below the Scottish average, and Glasgow City Region is in the top quartile of the UK core city regions
3. Percentage of working age population with no qualifications – or economically inactive due to health or disability – is below the Scottish average, and there employment rates are above the Scottish average
4. Productivity, job density, %of standard jobs and average earnings are above the Scottish average, and in the top quartile of the UK core city regions
5. Inequalities in pay and employment access by gender, disability, ethnicity, and care experienced and other protected characteristics are below the Scottish average
6. Gaps in education, skills and employment outcomes between residents of the poorest 10% SIMD areas have halved relative to the city region average.

Priority Action Areas
1. Ensure sufficient local and appropriately skilled people are available to deliver effectively the range of city deal projects – but also to maximise the local employment benefits from improved transport, and the new job creation flowing from the city deal projects on their completion.
2. Design and fund interventions, and use more effectively procurement and other levers, to secure a major expansion in skills development for existing employees.
3. Develop a suite of new skills actions focussed on improving the inclusivity element of inclusive growth, leading to a reduction in the full range of labour market inequalities and in-work poverty, and improved results in terms of job access, quality and sustainability for unemployed people further from the labour market.

4. Develop and deliver skills interventions to address problems and grasp opportunities if any, at a city region level arising from BREXIT.
5. Improved skills interventions to support businesses to move up the value chain, improve productivity and competitiveness, create more fair work and grasp opportunities for internalisation.
6. Build the evidence base and analytical capacity to underpin city region level skills planning and investment to exploit fully skills interventions that will address city regions needs and opportunities – including building intelligence and evidence-based interventions on critical emerging needs around digital and Meta skills.
7. Conduct a full review of funding and other mechanisms prior to bring forward an action plan to promote greater education and skills alignment and collaboration at a city region level, but also to increase the agility and adaptive resilience of the city region skills system.

15. In terms of the Glasgow City Region member authorities the Regional Skills Investment Plan is both a 'call to action' to a range of local, regional and national agencies for greater collaboration and alignment of skills and education planning and investment at the city region level, as well as laying down a marker for new and additional resources for new, improved skills interventions. The desired outcome is to deliver a skills system in the City Region which will seek to provide opportunities for all working age population to gain employment and in turn support the delivery of sustainable and inclusive economic growth.

16. The draft Regional Skills Investment Plan was approved by the City Region Cabinet on 11 December 2018 and remitted to the Regional Partnership in February 2019 to devise an Implementation Plan. Final Plan will be recommended to Cabinet for approval on 9 April 2019.

Local Implications

17. East Renfrewshire makes up 1.63% of Scotland's population (NRS mid-year estimates 2017) aged 16-64. Unemployment sits at 3.4% compared to the national figure of 4.2%. 14.7% of the local population is described as being economically inactive and wanting a job compared to 21.2% at a national level. 5.4% of residents do not have qualifications with the Scottish average sitting at 8.7%.

18. East Renfrewshire's statistics compare favourably against Scottish and UK averages but within an overall context of relative prosperity major employability challenges remain. The area is dependent to a large extent on the wider regional economy (i.e. Glasgow City itself) and the public sector as a source of employment.

19. Some of the challenges include;

- **Deprivation and location of claims** - Although the Council area is recognised as being fairly affluent in comparison to the Scottish average there are pockets of significant disadvantage and deprivation. These neighbourhoods are in the worst 10% nationally based on the Scottish Index of Multiple Deprivation (SIMD) and residents in these communities generally require higher levels of support.
- **Long term unemployed** - The overall number of people claiming Job Seekers Allowance has been decreasing gradually from an August 2010 peak of 1535. However, there still remains a small proportion of claimants who have not been able to progress into work. This highlights a need to address the various barriers affecting those individuals furthest from entering the labour market and who are able to take advantage of those training and employment opportunities coming from the Glasgow City Region City Deal Programme and other more local development opportunities.

- **Youth Unemployment** - Unemployment rates are significantly higher than average (compared to other age groups in East Renfrewshire) for 16-19 year olds and higher than average (but to a lesser degree) for 20-24 year olds.. Over 80% of school leavers go on to Further Education or Higher Education. Still, it is important to ensure young people and their parents are better informed about non-academic and vocational routes available. A continued priority will be given to young people making the transition from school into the workplace, and to young people up to the age of 25.

20. Critical to the success of the delivery of this Skills Investment Programme is the role of the East Renfrewshire Local Employability Partnership (LEP) and the Council's employability team, Work EastRen. The LEP is made up of multi-agency, cross-sectoral employability partners from East Renfrewshire. The East Renfrewshire Employability Strategy sets out how East Renfrewshire Council and our Community Planning Partners will work to support and deliver employability services and support our residents into vocational training and work.

21. Work EastRen is East Renfrewshire Council's employability service and provides free advice and support to East Renfrewshire residents who are searching for work or require vocational training support. They also offer a wide range of Modern Apprenticeships for our young people.

22. The team also positively contribute towards the East Renfrewshire Community Plan, including Fairer East Ren and the Outcome Delivery Plan in ensuring East Renfrewshire residents have the skills for learning, life and work.

23. Since 2013, over 2,825 local residents have been supported by Work EastRen's employability activities. This has resulted in over 1,845 people securing employment and/or entering vocational training and over 925 have gained a vocational qualification as a result of Council funded employability programmes. Over 120 young people have entered our Modern Apprenticeship programme.

24. The Work EastRen team also manages the Family Firm programme in partnership with the Health and Social Care Partnership (HSCP). Family Firm is an innovative programme supporting East Renfrewshire's care experienced young people into sustainable work-related activities. Since 2016, Family Firm has supported 90 care experienced young people into more than 250 work related activities.

25. As well as the financial benefits of getting our local unemployed residents into the workplace it also has a positive impact on people's health and wellbeing and helps people build confidence and self-esteem, whilst rewarding them financially. It is estimated that on average a Job Seeker Claimant costs £9,234 per annum.

FINANCE AND EFFICIENCY

26. There are no direct financial implications to the Council as implementation of the action plan will be delivered within existing staffing and financial resources.

CONSULTATION

27. No consultation has been required in the development of this Cabinet paper.

PARTNERSHIP WORKING

28. East Renfrewshire Council works with our Community Planning Partners to support and deliver employability services.

IMPLICATIONS OF THE PROPOSAL

29. Implementation of the Skills Investment Plan and action plan will help to promote equalities and sustainability and will be implemented in line with the Council's Equality Policy. There are no other staffing, IT or other implications associated with this report.

CONCLUSIONS

30. The comprehensive nature of the Glasgow City Region Regional Skills Investment Plan offers the Council and its partners a strong strategic framework for taking future action. At a local level, the Skills Investment Plan will be progressed by the Local Employability Partnership and the Council's Work EastRen employability service.

31. The final Skills Investment Plan will be approved by the Regional Economic Partnership and then by the City Region Cabinet in April 2019.

RECOMMENDATIONS

32. The Cabinet is asked to:

- (a) endorse the draft Regional Skills Investment Plan; and
- (b) agree to its implementation within East Renfrewshire.

Director of Environment

Further information can be obtained from Andrew Cahill, Director of Environment on 0141 577 3036 or by email at Andrew.cahill@eastrenfrewshire.gov.uk

Convener contact details

Councillor Tony Buchanan
(Leader of the Council)

Office: 0141 577 3107
Mobile: 07976 360398

February 2019