

**Open Report on behalf of Richard Wills  
Executive Director for Environment and Economy**

<b>Report to:</b>	<b>Economic Scrutiny Committee</b>
<b>Date:</b>	<b>10 January 2017</b>
<b>Subject:</b>	<b>Training to Fill Hard-to-fill Vacancies (Progress with ESF opt-ins)</b>

**Summary:**

This paper provides members with an update on the work that officers have done to commission government funded skills training to meet local priorities. It shows that £13m has been commissioned in support of our priorities, although it highlights some gaps in provision that still need to be tackled in order to give all sectors and individuals in Lincolnshire the opportunity to benefit from this training.

**Actions Required:**

Members of the Economic Scrutiny Committee are invited to:

- 1) Note the progress that has been made in commissioning training for those priorities that have been discussed at Economic Scrutiny Committee and in other fora.
- 2) Task officers with continuing to tackle any gaps in provision, notably concerning the difficulty of providing additional training for the agricultural sector.
- 3) Continue to promote apprenticeships as *"a job with training"* to businesses and individuals, recognising that this is the most suitable route to high level qualifications for people of all ages.

## **1. Background**

Members of the Economic Scrutiny Committee have identified the need to tackle the skills challenge in Lincolnshire as one of the biggest priorities for growing the economy.

The government currently spends substantial funding on skills provision in Lincolnshire, and it has sought advice from Local Enterprise Partnerships on how that provision should be delivered to meet local economic need and opportunity. Because LCC has aligned its own economic development strategic priorities with those in the Greater Lincolnshire Local Enterprise Partnership's plans, this means that LCC's ambitions for skills have been understood and acted upon by providers such as Further Education colleges. There is only limited flexibility in this arrangement, however.

Although there is only limited flexibility in national funding for skills, government have worked with Local Enterprise Partnerships to design a way in which European Social Fund can be used far more flexibly to meet local need and opportunity. Members will remember from previous discussions that the greater Lincolnshire area has been allocated around £40m of European Social Fund (ESF) over a seven year period to support individuals into jobs and to upskill the workforce.

In order to bring forward projects for delivery, our local ESF allocation requires match funding at a rate of 40%; around £26m in total. Three national organisations will provide some of this match funding.

- Department of Work and Pensions - providing support and mentoring to unemployed individuals
- Big Lottery –helping individuals furthest away from the labour market to make steps towards employment
- Skills Funding Agency – providing skills training and qualifications to individuals who are in work and who are unemployed

This report focuses on the projects that have been developed by government officials and the LEP using match funding from the Skills Funding Agency and these are the project directly related to skills and qualifications. The projects are identified in appendix A and they directly meet the concerns that members had raised about skills, namely:

- Improved awareness of the training that is available locally
- Improved awareness of career opportunities within local sectors
- Training programmes that are flexible and responsive to local business needs
- Helping the most disadvantaged people to move closer to employment

### The Opportunity

ESF is traditionally used to support individuals in low paid jobs to progress. According to the 2011 Census nearly 11% (43,000) of working age adults in greater Lincolnshire had no qualifications and in comparison to national averages is particularly low within the 16-34 year old age bracket. Fewer of our 16-24 year olds are qualified to level 3, and within the 25-34 year old bracket only 27% are qualified to Level 4, compared with a national average of 40%.

Forecasts show that the number of jobs requiring no qualification will decrease in the next decade, and that the numbers at Level 3 and above will increase. It is important that those without qualifications receive training so that they can take advantage of new jobs that will be available in the future, and that those who already have Level 2 qualifications are supported to achieve higher levels.

Whilst there are some limitations to how ESF can be used (see next section) the programme that has been put together will focus on upskilling people in the workforce with no, or low qualifications, and provide taster training sessions of higher level qualifications for those who have already achieved a good Level 2.

Training will include basic skills such as literacy, numeracy and IT; technical short courses to support employees within the workplace, through to team leader, supervisor and management training.

In addition to providing training the programme will also inspire young people about the world of work in greater Lincolnshire, support business owners to articulate their skills needs, and provide industry employees with skills to teach in our local Colleges.

### Gap analysis

The volume of training that has been commissioned is significant, both from a financial point of view and in terms of the number of individuals/businesses to be assisted. However, whilst the volume is significant, the programme is not yet comprehensive and a small number of gaps remain.

Government rules about what kinds of qualifications and training can be funded means that ESF projects are unable to deliver everything. This is important when considering how skills gaps can be filled.

Training that would displace Government's education policy around loans is not eligible \* (see note below). This means that public funding cannot be used to deliver full Level 3 qualifications and above. It is important to note that an individual choosing to gain a Level 3 (or higher) qualification by taking an Apprenticeship job is not required to pay anything, and there are no rules that prevent sectors from engaging in the scheme. The government is fully committed to apprenticeships for all ages. Therefore, if apprenticeships offer the only route to the funding of higher level qualifications and if it can be reasonably assumed that government will continue to invest in apprenticeships, then this should be a route that LCC actively promotes to businesses and individuals.

There are also rules around State Aid that prevent delivery of skills advice and some kinds of training to the farming and fisheries sectors using ESF. However EAFRD, another strand of EU funding, is intended to deliver training to sectors that ESF cannot support. The current situation is vague, with some agricultural businesses not able to receive training because providers are unclear about the split between the different funding streams. Given the importance of agriculture to the Lincolnshire economy, then this is a situation that LCC may wish to tackle.

*\*Government will not permit ESF to be used for training where the learner should have taken out a loan.*

*Since August 2016, individuals aged 19 or older are required to pay for the cost of training if it is at Level 3, Level 4, Level 5 or Level 6. For example a 20 year old wishing to study an A Level (Level 3) is required to pay for it. Learner Loans are available to cover the costs of the training. Like student loans, individuals are required pay this loan back, plus interest, once earning more than £21,000 a year.*

## 2. Conclusion

As the new programme gets underway, a range of skills and training are being delivered to support individuals to gain the skills that local businesses need. These have been commissioned as a result of discussions in various forums including at Economic Scrutiny Committee.

ESF cannot solve all of the challenges and it is important that we encourage businesses to invest in Apprenticeships so they have the skills for the future. It is also important that we are clear about the support available to our agri-food sector and will work with civil servants to ensure that the sector does not miss out.

## 3. Consultation

### a) Have Risks and Impact Analysis been carried out?

N/A

### b) Risks and Impact Analysis

N/A

## 4. Appendices

These are listed below and attached at the back of the report	
Appendix A	ESF SFA Project Overview

## 5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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