

Economy and Enterprise Overview and Scrutiny Committee

4 March 2024

County Durham Skills Development



Report of Amy Harhoff, Corporate Director of Regeneration Economy and Growth

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report sets out the current progress in supporting skills developments across County Durham in line with the Inclusive Economic Strategy and Delivery Plan.
- 2 Specifically, the report highlights recent policy changes and reflects current funding opportunities presented by the County's UK Shared Prosperity Fund allocation in addition to work underway at a regional level as part of the Devolution of the adult skills budget.

Executive summary

- 3 Improving the skills base of the County Durham workforce remains a key priority in achieving our productivity and economic growth aspirations set out in the Inclusive Economic Strategy (IES).
- 4 Interventions at a local and regional level generally follow national priorities which include increasing STEM skills, digital capability, and ensuring sufficient workers with Health and Social Care skills to address current and predicted workforce gaps.
- 5 Addressing emerging green skills pressures has perhaps the highest of the current priorities reflecting rapidly changing technologies and the need for upgraded skills in a range of sectors currently addressing their low carbon activities. Joint activity between Government and industry is helping support this area of development.
- 6 The agreement of the North East Devolution Deal provides a renewed impetus for co-ordinated skills activity across the region. With an initial

focus on the devolution of key skills budgets to a local level by August 2024, and further work to establish a clear regional Skills Strategy which addresses the needs of residents and business will shortly be commenced to support future skills commissions and initiatives.

- 7 Across County Durham beyond having an active role in the development of the emerging regional skills infrastructure, the Inclusive Economic strategy and aligned UK Shared Prosperity Funding (UKSPF) is providing the opportunity to target additional investment into programmes to boost basic skills, provide residents with appropriate skills to access work and enhance current workplace skills to boost productivity and individuals' progression opportunities.

Recommendation(s)

- 8 Economy & Enterprise Overview and Scrutiny committee is recommended to:
 - (a) Note the work undertaken in developing and embedding the Local Skills Improvement Plan;
 - (b) Note the development, commissioning and delivery of skills initiatives in line with the People Theme of the Inclusive Economic Strategy.

Background

- 9 The report Skills Delivery and support for the Inclusive Economic Strategy, presented to Economy & Enterprise Overview and Scrutiny Committee in December 2022, provided details of a range of policy interventions and areas of priority that helped shape the skills component of the Inclusive Economic Strategy (IES).
- 10 Theme groups drawn from across the Economic Partnership were established to explore the detail and points of influence around these priorities culminating in the development of the IES Delivery plan approved by Cabinet in November 2023.
- 11 This work also provided a strategic framework for the development of skills responses as part of the UK Shared Prosperity Investment Plan and reflected recent developments in the skills system at both a national and regional level.

National Skills Priorities

- 12 The overall vision for skills at a national level is set out in Skills for Jobs: Lifelong Learning for Opportunity and Growth (January 2021) which sets out the broad ambitions for improving England's skills system, including boosting apprenticeships, traineeships and basic skills (English, maths and digital) to meet employer needs and individual aspirations.
- 13 To support this work, the Unit for Future Skills (UFS) was established, building on the work of the Skills and Productivity Board. The UFS was established to assist in long term planning and the development of data driven insights on skills and jobs. The UFS' initial priorities included improved data dashboards showing careers pathways and local skills demands (at a Local Enterprise Partnership and Mayoral Combined Authority level).
- 14 Articulated through various strands of activity, specific national skills priorities are:
 - **STEM skills:** Science, technology, engineering, and mathematics remain a major focus, particularly in areas like artificial intelligence, cybersecurity, and green technologies.
 - **Digital skills:** Proficiency in digital tools and technologies is crucial across all sectors, with initiatives like the "Digital Bootcamps" program aiming to upskill individuals.
 - **Green skills:** The transition to a net-zero economy requires new skills in areas like renewable energy, energy efficiency, and sustainable construction.

- **Healthcare and social care:** Filling workforce gaps in these sectors is critical, with programs like the "Nursing and Midwifery Bursary" attracting new talent.

15 These priorities are delivered through a number of initiatives, specifically:

- **Lifetime Skills Guarantee:** This offers adults over 19 in England the chance to access up to four free level 3 qualifications (equivalent to A-levels).
- **Apprenticeships:** Expanding and improving apprenticeship programs across various sectors and skill levels is a core focus.
- **T Levels:** These new technical qualifications are designed to provide employer-led alternatives to A-levels for 16-19 year olds.

Spotlight on Green Skills

16 National, policy as well as the specific regional and local skills focus includes a specific focus on what are commonly referred to as "Green Skills" but more specifically are the wide range of skills required to support the transition to a low carbon economy.

17 In effect this area of skills developments covers two main areas which align with a resolution foundation publication 2022 which set out information about "green jobs" and "brown jobs" in the UK. Broadly, their definition of green jobs relates to activities consistent with delivering the net zero transition. Those jobs that require significant change to be consistent with net zero are classified as brown.

18 To ensure sufficient focus and capacity is directed toward this issue, Government and industry have created a Green Jobs Delivery Group to set out plans to grow a green workforce. co-chaired by the Rt Hon Graham Stuart, Minister of State in the Department for Energy Security and Net Zero, and Michael Lewis, CEO of Uniper.

19 The opportunities and risk of emerging skills gaps for Green / Brown jobs have led to this area being one of the priorities through emerging upskilling / reskilling programme including skills bootcamps and Free Courses for Jobs. These programmes are further supported at a regional level by more targeted interventions and provider investments.

Regional Skills Developments

20 As highlighted in the 2022 scrutiny report, there are several regional skills initiative and structures which are now beginning to increase their influence over the identification and delivery of skills at a local level.

These include the development of Local Skills Improvement Plans (LSIPs) and the work in support of the North East Devolution deal.

Local Skills Improvement Plan

- 21 LSIPs are initiatives launched by the UK government to address skill gaps and equip individuals with the knowledge and expertise needed in their local economies. LSIPs:
- **Are plans created by employers:** Developed by Employer Representative Bodies (ERBs), drawing on employer feedback and evidence. For the NECA footprint, the North East Automotive Alliance (NEAA) have been identified as the ERB.
 - **Focus on local needs:** Summarise current and future skill requirements within the designated area.
 - **Set out actionable steps:** Identify actions relevant providers can take to adapt their post-16 technical education and training offerings to match those needs.
- 22 A key aim for LSIPs is to assist in aligning training activity with jobs – ensuring an alignment between provision and local demand. In doing so, LSIPs assist in equipping individuals with the skills needed to secure good jobs and enhance their careers and ultimately boost local economies by helping address skills shortages and helping build a more qualified workforce.
- 23 The LSIP covering County Durham was developed through 2023 and is specifically focussed on five high impact sectors which closely align with our IES priority sectors:
- Digital
 - Advance Manufacturing
 - Construction
 - Health and Health Science
 - Transport and Logistics
- 24 In addressing issues across these high impact sectors consideration has been given to a range of strategic drivers. These include:
- Green Jobs
- 25 The UK Governments Green Jobs Task Force (2020) define a ‘green job’ as a broad term used to define a job that either directly contributes

to, or indirectly contributes to, achieving net zero emissions and other environmental goals. Four of the five high impact NELSIP sectors are explicitly included as key sectors by the Green Jobs Task force.

- 26 The Task Force specifically identify Automotive as a sector experiencing growth, driven by climate targets and legislation. The construction energy-efficient retrofit sector is also identified as expecting to grow in the short to medium term.

Digitisation

- 27 Digitalisation is transforming all sectors, and redefining many. Commercial models are evolving into cloud-based services that offer professional consulting, shared services, online retail, and other streamed content, as well as other leisure activities, such as gambling and gaming.
- 28 Digitalisation is central to the NELSIP since it is a key enabler to better jobs. However, demand for advanced digital skills in the NE is trailing the rest of the UK, apart from skills relating to Machinery Technology, reflecting the relative density of advanced manufacturing in the region. This requirement should be reflected in skills development, but it should also be recognised that there is a link to a shift in higher value product development that typically requires advanced digital skills capability in areas such as Software & Programming, Digital Design, and Data Analysis.
- 29 Following detailed engagement with businesses, five common requirements were identified as cross cutting the high impact sectors. These are:

Digital skills – seen as critical and no longer an option in the workplace. Basic digital skills are now an essential requirement for most jobs as electronic devices are integral to processing information and work in all sectors. More advanced digital skills are required to leverage technical skills in higher level roles enabling productivity and innovation.

Foundation numeracy and literacy skills - are becoming increasingly important in more digital workplaces. Local initiatives to support this priority are detailed later in this report.

Transferrable behavioural skills (soft employability skills) - are key to helping people interact and enabling the development of technical skills.

Emerging technologies and sustainability are increasing the importance of higher-level technical skills, which enable innovation, the adoption of new technologies, and productivity. In a tight employment market

employers are alert to the importance of “growing their own” talent, but the supply of Level 3+ technical skills is insufficient to support growth.

Creating a compelling proposition that attracts people to jobs and careers in the sector - Long-standing traditional perceptions of some sectors can present a barrier to attraction, and greater emphasis on positive career opportunities associated with sustainability and digitalisation, plus well-informed aspirational vocational career guidance will be important. Further initiatives to support this priority are detailed later in this report.

- 30 The North East LSIP report was submitted to government in May 2023 and approved in September. Since then, the NEAA has been working with businesses along with education and training providers to implement the findings of the report and ensure regional skills needs are addressed.
- 31 Additional resources have been provided to help drive implementation with East Durham College selected as the lead provider in the delivery of the Local Skills Improvement Fund (LSIF), which will implement the recommendations on the NELSIP final report.
- 32 The £3.6million-pound LSIF will be used to develop post-16 technical training by upskilling teaching and college leadership and management staff, develop new training programmes and courses, improve college facilities, and provide state-of-the-art training equipment. East Durham College are being supported by other colleges within the LSIP region as well as leading independent training providers.

Devolution and Skills

- 33 The North East Devolution deal includes specific actions and funding linked to the development, delivery and improvement of a locally responsive education and skills system by the North East Mayoral Combined Authority (NEMCA). This includes the following key deliverables:
 - 34 Careers Education and Guidance for each and every young person (Sept 2024). Proposals seek to build on the Local Enterprise Partnerships Careers Hub work and ensure that young people and adults have access to high quality careers advice and resources.
 - 35 Adult Skills (May 2024). One of the earliest areas of activity developing in preparation for the new Combined Authority has been the development of an adult education budget strategy and commissioning framework to ensure that funding is in place for Colleges, Councils, and Independent Training Providers to undertaken enrolments for academic year 2024/5.

- 36 In developing this £60 million plus proposition the existing AEB and Community Learning activity is to be supplemented by devolved funding supporting the Skills bootcamp and Free Courses for Jobs programmes ensuring that there remains a focus on skills progression through level 2 and onto level 3 in key sectors underpinning the region's economy.
- 37 The intended 2024/5 Funding allocations have been communicated to Colleges and Councils while over 200 responses were received to a procurement for additional training delivery during December 2023.
- 38 With the immediate priority of supporting the stable operation of the North East provider network addressed, the Employment Inclusion and Skills portfolio plan also includes the development of a longer term Regional Skills Strategy which will inform future skills commissions. Work on this will commence imminently with the strategy set for consideration by NEMCA.

Local Skills Initiatives

Inclusive Economic Strategy

- 39 As previously reported, the Inclusive economic strategy includes a people theme which focusses on supporting people into education, training or jobs and to excel in business and their careers.
- 40 The strategy and resultant delivery plan has been developed in conjunction with Partners from the County Durham Economic Partnership and with wide input from stakeholders across the County. The Delivery plan, approved by Cabinet in November 2023 highlights four key people priority areas, two of which relate to skills. These are;
- 41 Raise Skills Levels – In addition to the activity currently underway across the county in delivering Adult Education Budget contracts, activity developed under this theme seeks to provide a focus on skills progression to level 2 and from level 2 to level 3. There is a continued focus on aligning both new and existing provision with key and growth sectors.
- 42 A new workforce skills programme has been commissioned using UKSPF monies and is currently mobilising with two college partners as leads each with their own delivery partnership. Combined these commissions seek to provide upskilling opportunities to 1300 individuals by 31 March 2025.
- 43 Also remaining in focus under this ambition is the need to ensure residents with low skills / no formal qualifications can be supported and progress. As part of the national programme, the £2.8 million County Durham Multiply contract seeks to support 2300 residents in improving

their numeracy skills during 2023/4 with taster engagements (less than 2 hours) significantly ahead of profile, while longer upskilling interventions currently lagging profiled expectations.

- 44 Recognising the gap in associated literacy provision, additional UKSPF resources have been aligned to the creation of a literacy and digital skills programme called Communicate. This Programme launched in January 2024 seeks to support 750 residents countywide.
- 45 Progression and upskilling – Activities supported under this ambition include the UKSPF workforce skills programme noted above alongside work in identifying and addressing skills gaps for key and emerging sectors. This includes drawing on business intelligence and advocacy in the development of emerging regional skills strategies / commissions and the delivery of the LSIF programme in the North East.
- 46 Specific sector focussed activities through both the devolved Adult Skills budget and during 2024/5 through the UKSPF programme will provide further opportunities for skills development and conversion to support key /growth sectors such as the delivery of Skills Bootcamp activities.
- 47 A range of further interventions including the development of a careers framework for County Durham have been included in the IES Delivery plan and UKSPF delivery programme reflecting the priorities raised by Scrutiny committee, partners and key stakeholders.
- 48 In respect of a Careers Framework, a tender for the work has been issued and is currently live. This work will involve examining the current provision, engaging with those active in the landscape and devising strategies to deploy in the hope that the interventions enhance the life chances of people in the County. The development of the County Durham Careers Framework will support wider regional developments building on the careers Hub work delivered by the North East LEP and set to be taken forward as part of the NEMCA Employment Inclusion and Skills portfolio.

Conclusion

- 49 The County's skills profile, while improving demonstrates a need to retain a focus on improving workforce skills, continuing the shift in emphasis from Level 2 to level 3 skills and the increasing demands for skills at Level 4 and above.
- 50 A range of project opportunities and process adjustments have been made to help align skills delivery and further embed the link between providers and businesses. The most recent example of this realignment is the announcement of LSIPs which for the NECA footprint was completed in May 2023 and is to be reviewed annually. This provides

both evidence backed plans and an accompanying process to ensure that local skills needs are taken into account by local skills providers.

- 51 Alongside regional developments, work with partners and stakeholders has further developed the IES delivery plan with a range of specific actions relating to People and Skills. These actions and the wider ambitions they support have also informed the allocation and commissioning of UKSPF activity.

Background papers

None

Other useful documents

[Skills delivery and supporting the Inclusive Economic Strategy .
Economy & enterprise OSC December 2022](#)

[Skills for Jobs: Lifelong Learning for Opportunity and Growth.
Department for Education January 2021](#)

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Appendix 1: Implications

Legal Implications

The Skills and Post 16 Education Act places a duty for all skills providers - including the Council, to co-operate with Employer Related Bodies in the development and review of Local Skills Improvement Plans.

Finance

£2.74 million is currently available to the Council to deliver skills through the Adult Education Budget Contract. Countywide more than £12.5 million is available to providers on an annual basis. The transition to a devolved Adult Skills Budget will see c£64 million available to providers across the NEMCA Footprint.

County Durham's shared prosperity programme provides over £4 million of funding for bespoke skills commissions up to 2025. A further £2.8 million allocation was made to deliver the County Durham Multiply programme.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

County Durham SPF Skills programmes have been brought forward following an open procurement exercise in December 2023.

A further regional procurement event has also been undertaken for devolved skills delivery through contacts for service covering Adult Education, Skills Bootcamps and Free Course For Jobs programmes.