

# Report

Report to:	<b>Executive Committee</b>
Date of Meeting:	<b>13 February 2019</b>
Report by:	<b>Executive Director (Community and Enterprise Resources)</b>

Subject:	<b>City Region-Regional Skills Investment Plan (2019 to 2024)</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ update the Committee on the development of a Regional Skills Investment Plan for the period 2019 to 2024

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the contents of the Regional Skills Investment Plan and its approach be noted.

## 3. Background

- 3.1. 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.
- 3.2. Skills investment is devolved to the Scottish Government and delivered through a range of national programmes via Skills Development Scotland and further and higher Education bodies.
- 3.3. A Skills Investment Plan (SIP) for the City Region was initially drafted in August 2016 prior to publication of the Regional Economic Strategy and Action Plan (RES) in February 2017. Understandably, at that time the SIP focussed on delivery of the City Deal Programme and related employment opportunities.
- 3.4. 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
  - ◆ aiming to achieve a 50% reduction in the number of adults with no qualifications
- 3.5. In addition to the RES, changes in economic conditions and the wider policy and delivery landscape for skills and employment since the SIP was drafted, have identified a need to prepare a new Skills Investment Plan for the City Region.
- 3.6. 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 a 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.
- 3.7. Responsibility for the Regional Skills Investment Plan sits 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 note the approach set out in the Draft Regional Skills Investment Plan (SIP) at a local level. An overview of the draft Skills Investment Plan is provided in the section below and the full document has been placed in member's libraries prior to the Committee.

#### **4. Regional Skills Investment Plan**

- 4.1. 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 and provides an analysis of supply and demand trends for skills and labour now and in the near future.
- 4.2. 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 may experience both an increase in redundancies and skill shortages

4.3. Other issues identified through the research and consultation with key stakeholders, include:-

- ◆ Skills system insufficiently responsive to business needs – education and skills provision, curriculum, not affecting the needs 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
- ◆ The need for 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
- ◆ 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

- 4.4. 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 their 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 bringing 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.

- 4.5. In terms of implications for South Lanarkshire Council, and other partners, 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 a 'calling card' for new and additional resources for new, improved skills interventions. The outcome of which will be 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. On that basis, it is recommended to Committee that the plan and its approach be noted.
- 4.6. As noted above, 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.

## **5. Next Steps and Key Dates**

- 5.1. The table below sets out next steps and key dates to finalise the Skills Investment Plan for launch in April 2019.

<b>January/February 2019</b>	◆ Final Draft Plan shared with all City Region Portfolio Groups, City Region Education Collaboratives and relevant member authorities' committees.
	◆ Key stakeholders engaged to 'sense check' detailed action plan and update as appropriate
	◆ SIP to be finalised ready for publication
<b>28 February 2019</b>	◆ Regional Economic Partnership to approve Implementation Plan and recommendation to the City Region Cabinet
	◆ Final SIP adopted by the Regional Economic Partnership
<b>9 April 2019</b>	◆ Final RSIP approved and adopted by City Region Cabinet.
<b>April/May 2019</b>	◆ Formal Launch and promotion.

## **6. Employee Implications**

- 6.1. There are no direct employee implications other than officers working with City Region partners to prepare and in turn delivery on the Skills Investment Plan.

## **7. Financial Implications**

- 7.1. There are no financial implications at this stage.

## **8. Other Implications**

- 8.1. None

## **9. Equality Impact Assessment and Consultation Arrangements**

- 9.1. As noted above, the Skills Investment Plan has been and is subject to consultation with a range of partners.

**Michael McGlynn**

**Executive Director (Community and Enterprise Resources)**

January 2019

### **Link(s) to Council Values/Ambitions/Objectives**

- ◆ Support the local economy by providing the right condition for inclusive growth.
- ◆ Support our communities by tackling disadvantage and deprivation, and supporting aspiration
- ◆ Improve achievement, raise educational attainment and support lifelong learning.

### **Previous References**

- ◆ None.

### **List of Background Papers**

- ◆ Skills Investment Plan – December 2018

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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