

Leicester  
City Council

**MEETING OF THE ECONOMIC DEVELOPMENT, TRANSPORT AND  
CLIMATE EMERGENCY SCRUTINY COMMISSION**

**DATE: THURSDAY, 26 JANUARY 2023**

**TIME: 5:30 pm**

**PLACE: Meeting Room G.01, Ground Floor, City Hall, 115 Charles  
Street, Leicester, LE1 1FZ**

**Members of the Commission**

Councillor Joel (Chair)

Councillor Fonseca (Vice-Chair)

Councillors Porter, Rae Bhatia, Sandhu, Valand, Waddington and Whittle

Members of the Commission are invited to attend the above meeting to  
consider the items of business listed overleaf.

For Monitoring Officer

**Officer contacts:**

**Aqil Sarang (Democratic Support Officer),**

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**Aqil Sarang, Democratic Support Officer on 0116 4546350.**  
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## **AGENDA**

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### **AGENDA**

#### **1. APOLOGIES FOR ABSENCE**

#### **2. DECLARATIONS OF INTEREST**

Members are asked to declare any interests they may have in the business to be discussed on the agenda.

#### **3. MINUTES OF THE PREVIOUS MEETING**

**Appendix A  
(Pages 1 - 6)**

The minutes of the meeting of the Commission held on 7 December 2022 are attached and Members are asked to confirm them as correct record.

#### **4. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE**

The Monitoring Officer to report on any questions, representations and statements of case received in accordance with Council procedures.

#### **5. PETITIONS**

The Monitoring Officer to report on any petitions received in accordance with Council procedures.

#### **6. DRAFT REVENUE BUDGET AND DRAFT CAPITAL PROGRAMME 2023/24**

**Appendix B  
(Pages 7 - 72)**

The Director of Finance submits a draft report on the departmental Draft Revenue Budget and Capital Programme.

#### **7. WATERSIDE PROJECT UPDATE**

**Appendix C  
(Pages 73 - 94)**

The Director of Planning, Development and Transportation submits a presentation on the Waterside Project.



Members of the Commission are requested to note the presentation and pass any comments to the Director of Planning, Development and Transportation.

**8. COMMUNITY RENEWAL FUND - UPDATE**

**Appendix D  
(Pages 95 - 104)**

The Director of Tourism, Culture and Inward Investment submits a report providing the Commission with an update on the Community Renewal Fund.

Members of the Commission are recommended to note the report and pass any comments to the Director of Tourism, Culture and Inward Investment.

**9. IMPLICATIONS OF THE 'LEARNING AND SKILLS FOR ECONOMIC RECOVERY, SOCIAL COHESION AND A MORE EQUAL BRITAIN'**

**Appendix E  
(Pages 105 - 248)**

The Director of Tourism, Culture and Inward Investment submits a report following the request from Members of the Economic Development, Transport and Climate Emergency Scrutiny Commission of a report on, '**Learning and skills for economic recovery, social cohesion and a more equal Britain**' created by The Labour Party's Council of Skills Advisors.

Members of the Commission are recommended to note the report and pass any comments to the Director of Tourism, Culture and Inward Investment.

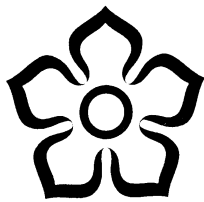
**10. WORK PROGRAMME**

**Appendix F  
(Pages 249 - 254)**

For Members' consideration, the work programme for the Commission is attached.

**11. ANY OTHER BUSINESS**





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# Appendix A

Minutes of the Meeting of the  
ECONOMIC DEVELOPMENT, TRANSPORT AND CLIMATE EMERGENCY  
SCRUTINY COMMISSION

Held: WEDNESDAY, 7 DECEMBER 2022 at 5:30 pm

P R E S E N T :

Councillor Joel (Chair)

Councillor Porter  
Councillor Rae Bhatia

Councillor Sandhu  
Councillor Valand

Councillor Waddington  
Councillor Whittle

\* \* \* \* \*

## **115. APOLOGIES FOR ABSENCE**

Councillor Joel as Chair of the Commission led on introductions.

The Monitoring officer noted that apologies for absence had been received from The Deputy City mayor for Transport, Clean Air and Climate Emergency.

## **116. DECLARATIONS OF INTEREST**

Councillor Sandhu declared that in relation to the item on the Workplace Parking Levy, he had a business in the city centre but did not provide parking to employees.

Councillor Porter declared that he had an interest in the item on the Lutterworth Road Bus Lane extension and that he had led on a campaign against the Workplace Parking Levy.

## **117. MINUTES OF THE PREVIOUS MEETING**

### **AGREED:**

That the minutes of the meeting of the Economic Development, Transport and Climate Emergency Scrutiny Commission 12 October 2022 be confirmed as a correct record.

## **118. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE**

The Monitoring officer noted that none had been received.

## **119. PETITIONS**

The Monitoring Officer noted that none had been received.

## **120. TRAFFIC REGULATION ORDER - LUTTERWORTH ROAD BUS LANE EXTENSION**

The Director of Planning, Development and Transportation introduced the item and provided an overview of the report.

It was noted that the proposed Traffic Regulation Order (TRO) was to extend the existing bus lane following the creation of a new access road, Morcom Drive, from Lutterworth Road that serves the new Franklyn Fields housing estate. This would make it safer for drivers and that following the discussion there would be an option to discuss with the objectors.

As part of the discussion, Councillor Porter suggested that the extension of the existing bus lane would make the current traffic and pollution situation worse and there was no need for the extension. It was noted that this was a proposal and no decision had yet been made. The TRO had come to scrutiny for the Commissions feedback and that Officers would be communicating with the objectors to understand their points.

Councillor Rae Bhatia suggested that the new bus lane on Groby Road should also be revisited. The length of the bus lane needs to be reconsidered as it is causing a bottle neck and traffic was being held up. The bus lane from the junction of Madina Road to the City centre worked well and allowed for buses to flow better to the City Centre, further up Groby Road there were issues which also impacted on the flow of buses. The Director of Planning Development and Transportation noted the concerns raised by Members.

Councillor Waddington queried why the introduction of bus lanes had to be with 24-hour restrictions. The Director for Planning Development and Transportation noted that most bus lanes had 24-hour restriction as there was a need for consistency. A standard approach was taken to all new bus lanes. The extra capacity that would be gained from suspending the bus lanes outside peak hours is not required as general traffic levels are much reduced.

As part of further discussions, the Chair noted that if the scheme would not add value to the existing scheme, then the proposal should be reconsidered or an alternative option be considered. Conversations with local Ward Councillors and the objectors should also be carried out as permanent fixtures would be difficult to reverse.

The Assistant City Mayor for Policy, Delivery, Communications and Levelling Up noted that the 24hr schemes helped move in the right direction if the

Council were to achieve the net zero Climate Emergency target. A modal shift needs to be delivered in a way which is attractive.

AGREED:

That the Director of Planning Development and Transportation be requested to consider the comments made by the Members of the Commission.

## **121. LLEP ANNUAL REPORT**

The Assistant City Mayor for Policy, Delivery, Communications and Levelling Up introduced the item and noted that the LLEP had delivered tremendously although there was an uncertainty on their future as the government had not been clear on defining their role.

The Interim Director delivered a presentation providing the Commission with an overview of the annual report.

As part of the discussions, it was noted that:

- In response to the concern raised with polluting projects, the benefits of the schemes and the use of resources. The Director of Planning, Development and Transportation noted that the government assess all applications submitted on environmental footprints and most schemes are required to be net0
- Materials with the smallest environmental impact are sourced and used and the funding was invested wisely
- Members took the opportunity to congratulate the LLEP for the impressive progress that had been delivered

Members queried what the Freeport would be, how it would operate and what impacts this would have on businesses in Leicester and Leicestershire. The Interim Director for the LLEP noted that the Freeport was a virtual freeport covering a wide area and had flexible boundaries where businesses could opt in. Although, moving slowly, discussions with partners were ongoing with shared visions and objectives and that the LLEP would do its best to represent views of Leicester and Leicestershire businesses. The Assistant City Mayor for Policy, Delivery, Communications and Levelling Up noted that he was not yet supportive of this as there had been no involvement in the governance and what impact it would have on local business.

In response to Members concerns in the increase in NEET, Apprentice dropouts and elder people out of the labour market, it was noted that that it was important to have the right schemes available for people aimed at their needs and understanding the business needs was important to attract the right people for the opportunities available. With real time information available through advisors this helped support interventions put in place.

The Assistant City Mayor for Policy, Delivery, Communications and Levelling up noted that Kickstart schemes cannot be short term and needed to be designed for the long term. It was important to get young people the experience

from a young age and having short term schemes did not provide the experience they needed. With the launch of the Youth Advisory Board and continuous supported schemes managing young people would enable young people to deliver more success.

The Chair took the opportunity to thank the Interim Director for the report and queried what information was available on the demographic breakdown of who was benefiting. It was noted that although it was difficult to get the breakdown of demographic data, this had now been commissioned through DMU. Furthermore, as a growth hub, work was ongoing to increase the reach into a diverse background. The success of the Peer Networks programme has been able to get more people involved by encouraging the business community to communicate and facilitating networking.

AGREED:

- 1) That the LLEP be thanked for the report, and
- 2) That the report be noted.

## **122. LEVELLING UP 1/2 UPDATE**

The Director of Planning Development and Transportation and the Director of Tourism, Culture and Inward Investment delivered a presentation providing the Commission with an overview on the Levelling Up 1 and 2 Schemes.

In response to Members concerns about the accessibility and consultation on the proposal, it was noted that, the current configuration of the station had not worked well and the new layout provides the opportunity to improve accessibility with the space being used more effectively. The local accessibility group and other stake holders continue to be consulted and further opportunities for consultation would take place, including as part of the planning process.

The removal of the building on Campbell Street would expose the original structure of the station and this would be a benefit from the heritage perspective. Members of the Commission suggested that any issues should be identified and resolved before submitting the planning application.

In response to Members suggestion of the capacity for taller buildings at Pioneer Park, the Director of Planning Development and Transportation noted that the scale was appropriate for the site and in any case there were limitations on what funding could be bid for.

Members requested that when infilling the underpass at St Margaret's Bus Station as part of the reconstruction of that junction, provision for emergency services be considered. In recent events the fire service used the underpass to feed the hose to allow for traffic to flow on the road above. Additionally, it was suggested that the removal of the traffic lights at the junction on Grafton Street with Burleys Way would allow for a better flow of traffic. The Director for Tourism, Culture and Inward Investment noted that, the improvement of the junction would improve this arrival point into the city and encourage further

developments.

AGREED:

- 1) That the Director of Planning, Development and Transportation and the Director for Tourism, Culture and Inward Investment be requested to consider the comments and suggestions raised by the Commission
- 2) And the both the Directors be thanked for their work.

### **123. FINDINGS AND ANALYSIS OF WORKPLACE PARKING LEVY CONSULTATION**

The Director for Planning, Development and Transportation introduced the report and provided an overview of the findings following the consultation and noted that the consultation had been completed and the decision has been taken not to take the proposal forward.

As part of the discussions Councillor Whittle suggested that the Commission needed to discuss why this scheme had not come to fruition with all the benefits that were available to the city. The Commission Member further noted that it was disappointing that lower charges were not considered as this was a strategic plan for the future and that the cost of living crisis was a temporary issue that would soon pass.

The Assistant City Mayor for Policy, Delivery, Communications and Levelling Up noted that the consultation period was impacted by the cost of living crisis and the current economic situation. There was a need for more local autonomy, an overall improvement to public transport nationally and a hope for better options with a new government in the future.

The Director for Planning Development and Transportation assured the Member that options for varying the cost of each parking space was considered in the business case but noted that not was unlikely that an alternative charge would have changed the 'in principle' responses from the consultation. It was also noted that the information and knowledge gained from the exercise has proved useful in developing transport policy and would potentially support other funding avenues.

Councillor Porter noted that he had spearheaded a campaign against the Workplace Parking Levy and suggested that the proposal only worked if people continued to drive to work with no exemptions for electric vehicles. The Director of Planning, Development and Transportation noted that good cycle and public transport networks are proven to be effective in many other cities including many in Northern Europe and that every opportunity had to be explored to address the climate emergency.

AGREED:

That the report be noted.

**124. WORK PROGRAMME**

The work programme was noted.

**125. ANY OTHER BUSINESS**

There being no other items of business, the Chair declared the meeting closed at 8.23pm.



# Council

Date: draft for 22<sup>nd</sup> February 2023

## Revenue Budget 2023/24

Lead director: Director of Finance

DRAFT



City Mayor

## Useful information

■ Ward(s) affected:

■ Report author: Catherine Taylor/Mark Noble

■ Author contact details: [catherine.taylor@leicester.gov.uk](mailto:catherine.taylor@leicester.gov.uk)  
[mark.noble@leicester.gov.uk](mailto:mark.noble@leicester.gov.uk)

■ Report version number: 1

### 1. Purpose

- 1.1 The purpose of this report is to present the City Mayor's proposed budget for 2023/24 and to describe the future financial outlook.
- 1.2 The proposed budget is described in this report, subject to any amendments the City Mayor may wish to recommend when he makes a firm proposal to the Council.

### 2. Summary

- 2.1 The medium term financial outlook is the most severe we have known, in our twenty six years as a unitary authority. We are facing restricted Government funding at a time of increasing costs, which will inevitably lead to painful spending cuts.
- 2.2 The background to this severe outlook is:
  - (a) a "decade of austerity" between 2010 and 2020 in which services other than social care had to be reduced by 50% in real terms. This has substantially reduced the scope to make further cuts;
  - (b) the covid-19 pandemic where we set "stop gap" budgets whilst we dealt with the immediate emergency. Budgets in 2021/22 and 2022/23 were supported by reserves of £17m and £24m respectively;
  - (c) the recent spike in inflation, which has led to significant pressures particularly in respect of pay, energy and packages of social care;
  - (d) the Autumn Statement in November, which provided no new money for inflation. Whilst some additional money has been made available for social care, it is insufficient to meet our forecast cost growth. This money has in large part been recycled, from savings arising from delayed reforms limiting the costs of care to individuals;
  - (e) a new round of austerity (also announced in the Autumn Statement) which will lead to further cuts to local authority funding from 2025/26.
- 2.3 As yet, we only have national information, and have had to prepare a draft budget without the benefit of our own local funding settlement. This has required us to make assumptions based on a share of national amounts. We have also had to make more contingencies than usual reflecting uncertain costs (e.g. the direction of energy prices) and paucity of information (e.g. any residual costs arising from the deferral of adult social care reforms). At the time of writing, we do not know whether our finance settlement will cover one or two years.

- 2.4 The “fair funding” review of local government finance has been continuously delayed, meaning that most of the data on which our funding is based is now at least 10 years old (and disregards, for instance, increases in the city’s population).
- 2.5 The Council’s approach to achieving budget reductions is to make savings in a planned way, using our reserves to avoid the crisis cuts which many authorities have (and are) facing. This is our “managed reserves” strategy. Our approach leaves us in the fortunate position of starting 2023/24 with an estimated £55m of reserves which will help us plan the reductions we need.
- 2.6 The budget you are asked to approve will exceed our income in both 2023/24 and 2024/25, and will therefore be supported by reserves for a further two years. The precise sums shown in this draft report are provisional (we do not have the finance settlement) but the gap between income and expenditure will be substantial – current estimates are included in the report. The reserves required to balance the budget would exceed those required in the last two years. However, we do not have enough money – we estimate reserves will run out part way through 2024/25. Thus, the achievement of significant savings is essential to live within our means. Furthermore, without savings we will have nothing to shield us from the immediate impact of government cuts in 2025/26.
- 2.7 The budget reflects savings of £6m per year across all departments, which will already have been reported by the time Council considers the budget in February (the most recent tranche is being reported to Overview Select Committee in December). Nonetheless, delivery of savings is a continuous process, which does not start or stop at budget setting. The City Mayor will continue to approve savings during the next 12 months, which will reduce the budget gap in 2024/25 (and the level of reserves required in 2023/24, which then become available to offset the gap in 2024/25). Decisions to make savings will be taken in the normal manner and published on the Council’s website. There is no doubt that painful cuts will be required over the coming years.
- 2.8 Increases to budgets for growth pressures have been made only where absolutely essential to maintain service provision. In practice, this amounts to £27m in 2023/24, of which the largest amount is for adult social care. Provisions have also been made for key inflationary pressures such as energy costs.
- 2.9 Like social care authorities up and down the country, our costs of providing care are increasing faster than government support. Unfunded social care pressures present a severe threat to the financial sustainability of the Council and are the key risk described in this report.
- 2.10 The budget proposes a tax increase of just under 5%, which is the maximum we believe we will be allowed to set without a referendum.
- 2.11 The medium term outlook is attached as Appendix Four and shows the escalating scale of the financial pressures facing the council.

### 3. **Recommendations**

3.1 At its meeting in February, the Council will be asked to:

- (a) approve the budget strategy described in this report;
- (b) approve a formal budget resolution, which sets the council tax level for 2023/24 and the council tax premia for 2023/24 and 2024/25;
- (c) approve the budget ceilings for each service, as shown at Appendix One to this report;
- (d) approve the scheme of virement described in Appendix Two to this report;
- (e) note my view on the adequacy of reserves and the estimates used in preparing the budget;
- (f) note the equality implications arising from the proposed tax increase, as described in paragraph 11 and Appendix Three;
- (g) note the medium-term financial strategy and forecasts presented at Appendix Four, and the significant financial challenges ahead.

#### 4. **Budget Overview**

- 4.1 The table below summarises the proposed budget for 2023/24 (summary projections for a three-year period are included in the medium term strategy at Appendix Four):

	<b>2023/24 £m</b>
<b>Service budget ceilings</b>	<b>359.9</b>
<b>Corporate Budgets</b>	
Energy costs provision	9.7
Capital Financing	2.5
Miscellaneous Corporate Budgets	1.9
Contingency	4.0
<b>Total forecast spending</b>	<b>378.0</b>
<b>Rates retention scheme:</b>	
Business rates income	73.6
Top-up payment	55.7
Revenue Support Grant	29.9
<b>Other resources:</b>	
Council Tax	143.4
Collection Fund surplus	3.3
Social Care grants	30.4
Other grants	8.6
<b>Total forecast resources</b>	<b>344.9</b>
<b>Underlying gap in resources</b>	<b>33.1</b>
Proposed funding from reserves	(33.1)
<b>Gap in resources</b>	<b>NIL</b>

- 4.2 The draft budget forecasts are more uncertain than usual, because we have had to prepare them before getting details of funding from the government. However, it is clear that the future financial position is very serious.

## 5. **Construction of the Budget and Council Tax**

5.1 By law, the Council's role in budget setting is to determine:

- (a) The level of council tax;
- (b) The limits on the amount the City Mayor is entitled to spend on any service ("budget ceilings") - proposed budget ceilings are shown at Appendix One;

5.2 In line with Finance Procedure Rules, Council must also approve the scheme of virement that controls subsequent changes to these ceilings. The proposed scheme is shown at Appendix Two.

5.3 The draft budget is based on a proposed Band D tax for 2023/24 of £1,833.00, an increase of just under 5% compared to 2022/23.

5.4 The tax levied by the City Council constitutes only part of the tax Leicester citizens have to pay (albeit the major part – 84% in 2022/23). Separate taxes are raised by the Police and Crime Commissioner and the Combined Fire Authority. These are added to the Council's tax, to constitute the total tax charged.

5.5 The actual amounts people will be paying, however, depend upon the valuation band their property is in and their entitlement to any discounts, exemptions or benefit. Almost 80% of properties in the city are in band A or band B, so the tax will be lower than the Band D figure quoted above. The Council also has schemes for mitigating hardship.

5.6 The Police and Crime Commissioner and Combined Fire Authority will set their precepts in February 2023. The formal resolution will set out the precepts issued for 2023/24, together with the total tax payable in the city.

## 6. **Departmental Budget Ceilings**

6.1 Budget ceilings have been prepared for each service, calculated as follows:

- (a) The starting point is last year's budget, subject to any changes made since then which are permitted by the constitution (e.g. virement);
- (b) An allowance is made for non-pay inflation on a restricted number of budgets. Our general rule is that no allowance is made, and departments are expected to manage with the same cash sum that they had in the previous year. Given the recent surge in inflation, this is now going to prove very challenging, but due to the overall budget outlook the usual position has been maintained. In practice, we believe over £5m of inflationary pressures will need to be absorbed. Exceptions are made for the budgets for independent sector adult social care (2%) and foster care (2%) but as these areas of service are receiving growth funding, an inflation allowance is merely academic (we pay from one pot rather than another). Budgets for the waste PFI contract have been increased by RPI, in line with contract terms;
- (c) Unavoidable growth has been built into the budget, as described in the sections below;

- (d) As discussed in the summary, action is being taken to reduce budgeted spend, and where decisions have already been taken budget ceilings have been reduced (this process will continue up to approval of the final budget).
- 6.2 The proposed budget ceilings are set out in Appendix One.
- 6.3 The local government pay award for 2022/23 has recently been finalised, averaging 6.4%. A provision is held centrally to fund this (and is shown within the “service budgets” line in the table above, as it will be transferred to the relevant budget ceilings for the final budget). The draft budget assumes a 5% pay award in 2023/24, also held centrally.
- 6.4 Additionally, and unusually, £9.7m has been set aside in a central contingency for increased energy costs, but has not yet been allocated to budget ceilings pending greater certainty over the final amounts
- 6.5 The role of the Council is to determine the financial envelopes within which the City Mayor has authority to act. Notwithstanding the way the budget has been constructed, the law does not enable the Council to determine how the City Mayor provides services within these envelopes: this is within his discretion.

#### **Adult Social Care**

- 6.6 Adult social care services nationally have been facing severe cost pressures for some years, and these are expected to continue.
- 6.7 The budget for 2022/23 reflected a level of uncertainty caused by the pandemic (which dampened demand for services without providing any indication whether future demand would remain dampened, return to normal or catch up for previous under-demand). As a consequence, the budget report for 2022/23 indicated that the figures would be reviewed in-year: after this was completed the budget was reduced by £9m. We now anticipate cost growth of £19m in 2023/24 (compared to the revised budget for 2022/23), accelerating in future years, as a consequence of rising numbers of older and younger adults requiring care, increases in the level of need of the average care recipient, and pressure on providers due to National Living Wage increases.
- 6.8 The government has generally responded to growth pressures on an ad-hoc basis, making one-off resources available year by year. This has made planning extremely difficult.
- 6.9 In the Autumn Statement, the government announced that planned reforms to the way social care is funded (chiefly limiting the amount individuals would have to contribute) will be delayed for at least two years. At the time of writing, it is not clear whether there will be any residual costs from deferral of the plans, and a provision of £5m per year is held centrally until more clarity is available.
- 6.10 The Autumn Statement announced additional funding for pressures in adult social care, in a combination of the Better Care Fund paid via the NHS, and additional social care grant paid directly to local authorities. While the distribution of this funding is not yet known, we estimate that our share could be some £12.7m in 2023/24, rising to over £19m in 2024/25. [In the draft budget, these amounts are

held as corporate resources, and are not shown in service budget lines]. The Government has funded these grants chiefly from the savings arising from deferring the reforms.

- 6.11 The proposed budget includes growth of £18.8m in 2023/24 for increased packages of support, estimated to rise to £32.4m by 2024/25 (considerably in excess of the increased support). These increases were calculated as 6% of the estimated net ASC budget in 2023/24, falling to 4% in 2024/25 (the latter being consistent with national estimates made by the Local Government Association). These increases are less than suggested by past experience, and spending within them will prove challenging. The director is taking action to change and improve support designed to reduce people's need for formal care, social work assessment, and commissioning practice to ensure we can live within these allowances, but it remains a risk. The risk is compounded by the fact that we have a backlog of reviews of clients' needs, due to difficulty in recruiting staff to carry them out.
- 6.12 The above estimates of growth are based on a national living wage of £10.42 in 2023/24, as announced on 17<sup>th</sup> November.

### **Education and Children's Services**

- 6.13 In common with authorities across the country, increased demand for children's social care services has created substantial budget pressure for many years.
- 6.14 A forecast of placement costs in 2023/24 and 2024/25 has been made, and £3.0m added to the budget for 2023/24. The forecast builds on a budget that is already under pressure (it is expected to overspend in 2022/23). It assumes a net 10 children per year enter the care system from 2023/24 (against the backdrop of a worsening economic situation), with each new entrant costing an average £39,000 per year and leavers reducing cost by an average £50,000 per year.
- 6.15 Work is continuing to take place to reduce placement costs:
- (a) Regular review of long-term, emergency and high cost placements;
  - (b) Work with partners to agree joint funding solutions for complex, high-need children;
  - (c) Development of additional internal residential homes to mitigate against independent sector price increases;
  - (d) Development of an advanced foster carer scheme for children with more complex needs.
- 6.16 The cost of placements will continue to be monitored through routine budgetary control reports.
- 6.17 The department continues to experience cost pressures from growth in demand for education, health and care plans (EHCPs), which then also lead to increased demand for personal transport. The most significant aspect of cost is the use of taxis by some 800 to 900 children with special needs, which are costing over £10m per year (2022/23). Taxi costs have been increasing due to fuel cost increases, a limit in the number of firms which are prepared to undertake this work and their pricing. An additional £1.5m is included in the 2023/24 budget, but this will still leave a shortfall against spend on current trends. The department is seeking to



tackle this by promoting personal budgets as a default option: both to promote the independence of children and to demonstrate value for money (taxi cost on average 5 times the amount of a personal budget). The department is also seeking to review in-house fleet options.

- 6.18 In addition to the General Fund budget, Dedicated Schools Grant (High Needs Block) budgets for children and young people with special educational needs and disabilities continue to be under severe pressure. In common with most authorities, the Council has a deficit on its DSG reserve estimated to stand at £9m by the end of 2022/23 resulting from unavoidable overspends (in fact, most authorities are in a significantly worse position). The budget is prepared on the assumption that we will continue to run such a deficit by virtue of a “statutory override”, which was originally planned to end in March 2023. If this is not extended, the deficit will reduce our general fund reserves, and hence our ability to balance this and future budgets. Indications are, however, that it will be extended. We are preparing a deficit recovery plan, which all authorities with deficits are required to do but it is unclear how the situation is retrievable without further Government support, given the relentless increase in the number of children with EHCPs, a pattern seen across the country.

#### **City Development and Neighbourhoods**

- 6.19 The department’s costs are reasonably predictable, when compared to social care. The pandemic made a dent in the department’s income budgets, and there continue to be some limited shortfalls. £1.1m was set aside for further temporary shortfalls in 2023/24 when we set the budget for 2022/23, although it is hoped it will not all be required.
- 6.20 Growth of £1m has been added to the budget to meet costs of accommodation for increasing numbers of families presenting as homeless (a pressure of £0.8m in 2022/23), and for shortfalls in planning income. There is a plan to address the needs of homeless families through the Housing Revenue Account, which will provide partial relief.

#### **Health and Wellbeing**

- 6.21 The Health and Wellbeing Division has been at the centre of the authority’s response to Covid 19, and the pandemic is expected to have a lasting impact on mental and other aspects of the population’s health. The cost of living crisis is also likely to increase the need for services.
- 6.22 The division, together with a number of services provided by other departments, is paid for from the public health grant. This grant is ring-fenced for defined public health purposes wherever they are provided in the Council. General Fund monies have also been spent on public health services, both before and after 2013/14 when the function transferred from the NHS.
- 6.23 The future of public health grant is unclear. It is not known whether it will remain as a separate grant when local government funding reforms are eventually introduced; previous proposals have suggested it will be included in general funding arrangements.

- 6.24 The department is able to live within its resources in 2023/24, and no budget growth is proposed.

#### **Corporate Resources Department**

- 6.25 The department primarily provides internal support services together with leading on good corporate governance, but also some public facing services such as benefits, collection of council tax and customer contact. Since 2022/23, it has also been responsible for sports services (although given the clear links with public health, we continue to include these services with Health and Wellbeing in Appendix One). The department has made considerable savings in recent years in order to contribute to the Council's overall savings targets. It has nonetheless achieved a balanced budget each year.
- 6.26 Whilst the budget is broadly balanced, a number of factors may lead to budget pressures in the department, most notably in respect of Revenue and Customer Services (where the cost-of-living crisis is expected to generate significant increases in customer contact from people struggling financially). Sports Services is continuing to suffer reduced income in the aftermath of the pandemic: whilst membership subscriptions now exceed pre-pandemic levels, casual income has failed to recover. However, the department will manage within its budget and no growth is required in 2023/24.

#### **7. Corporately held Budgets and Provisions**

- 7.1 In addition to the services' budget ceilings, some budgets are held corporately. These are described below.
- 7.2 The budget for **capital financing** represents the cost of interest and debt repayment on past years' capital spending, less interest received on balances held by the council. The net cost has reduced recently due to increasing interest rates leading to better returns on balances (while the majority of our borrowing is on fixed rates and is not immediately affected by interest rate variations). As we spend our reserves, however, interest received will fall.
- 7.3 A **contingency** of £4m has been included in the budget to manage significant pressures that arise during the year. These are further described in paragraph 12 below.
- 7.4 **Miscellaneous central budgets** include external audit fees, pension costs of some former staff, levy payments to the Environment Agency, bank charges, general insurance costs, money set aside to assist council tax payers suffering hardship and other sums it is not appropriate to include in service budgets. These budgets are offset by the effect of recharges from the general fund into other statutory accounts of the Council.
- 7.5 For this draft budget, central provisions are also held for the costs of pay awards, increasing energy costs, any residual costs from adult social care reforms, and for the costs of additional waste to be disposed of. These will be allocated to departmental budget lines when there is more clarity about the costs. Growth of

£1m has been added for the costs of repurchase when the current waste contract ends in 2028. This is a substantial planning exercise.

## 8. **Resources**

8.1 At the time of writing, the local government finance settlement for 2023/24 has not been published, and is expected just before Christmas 2022 (as late as it has ever been). Current estimates of government funding we will receive are therefore based on information included in the government's fiscal statements, and are liable to change.

8.2 The majority of the council's core funding comes from business rates; government grant funding; and council tax. Service-specific sources of funding, such as fees & charges and specific grants, are credited to the relevant budget ceilings, and are part of departmental budgets.

### Business rates and core grant funding

8.3 Local government retains 50% of business rates collected locally, with the balance being paid to central government. In recognition of the fact that different authorities' ability to raise rates do not correspond to needs, there are additional elements of the business rates retention scheme: a top-up to local business rates, paid to authorities with lower taxbases, and Revenue Support Grant (RSG).

8.4 Forecasts for business rates are particularly sensitive to assumptions about the current economic downturn. In addition, a rates revaluation will take effect from April 2023, which will redistribute funding between areas of the country. In the Autumn Statement, the Government announced new reliefs in addition to the usual transitional relief which follows a revaluation: these include a new small business scheme; and improved relief for retail, hospitality and leisure businesses.

8.5 In addition to new relief schemes, Government decisions in recent years have reduced the amount of rates collected from businesses, by limiting annual increases in the multiplier used to calculate rates. It has done so again in 2023/24 by freezing the multiplier at 2022/23 levels (in practice, at current rates of inflation, this represents a significant real terms reduction for businesses).

8.6 The government's practice is to compensate authorities for lost income due to changes to the scheme. So many changes have been made in recent years that by 2022/23 compensation made up around a third of the "rates" income received by the Council. This proportion will rise further in 2023/24: given the multiplicity of changes this year (and the fact that any one ratepayer can be affected by more than one of them), and the unknown impact of revaluation, calculating our likely income is a particularly hazardous enterprise. The estimates in this draft report are the best we can make at present. In practice, we believe that the system of business rates is becoming unsustainable in its current form.

8.7 The figures in the draft budget assume no significant growth or decline in "rates" from the current position, apart from inflationary increases. In effect, we are assuming we will get £ for £ compensation for all changes the Government is

making which affect payable rates. These figures will be revised for the final budget to be approved in February.

- 8.8 Other funding streams in 2022/23, including the £7m Services Grant, were introduced as one-off grants that are not included in funding baselines, allowing the Government more scope to reallocate the funding in future years. While we do not know the future of these funding streams, the draft budget assumes that any changes will have a neutral overall effect, apart from an expected reduction to reflect the cancellation of the recent increase in employers' National Insurance Contribution rates.

#### Council tax

- 8.9 Council tax income is estimated at £143.4m in 2023/24, based on an assumed tax increase of just below 5% (the maximum allowed without a referendum). The proposed tax increase includes an additional "social care levy" of 2%, designed to help social care authorities mitigate the growing costs of social care. Since our tax base is relatively low for the size of population, the levy raises just £2.7m per year.
- 8.10 The estimated council tax base has increased since last year's budget; this is largely the result of reducing costs of the local council tax support scheme, as employment and the economy recover after the pandemic.
- 8.11 Since 2013, we have been able to charge additional council tax as a premium on some empty properties. This was introduced to provide an incentive to get empty homes back into use. The scheme has changed several times since its introduction, and further changes are planned from April 2024, subject to legislation in Parliament:
- Authorities will be able to charge the premium on properties empty for over 1 year (instead of 2 years as at present)
  - For the first time, empty homes' premium can be charged on furnished empty properties (often referred to as second homes) as well as unfurnished properties.
- 8.12 In February, the Council will be asked to approve the premia to be charged on empty properties for the next two years. The exact wording will set out the terms of any exemptions to the general policy (we will, in particular, consider members of the armed forces who may have particular accommodation needs):

	Premium 2023/24	Premium 2024/25
Unfurnished properties empty for:		
Over 1 year	NIL	100%
Over 2 years	100%	100%
Over 5 years	200%	200%
Over 10 years	300%	300%
Furnished empty properties (second homes)	NIL	100%

### Other grants

- 8.13 The majority of grant funding is treated as income to the relevant service departments and is not shown separately in the table at paragraph 4.1. Grants held corporately include:
- **New Homes Bonus**, which provides additional funding where new homes are built or long-term empty properties return to use. It has become less generous in recent years, and is expected to be phased out entirely. The draft budget assumes that any replacement will have a neutral effect on our budget.
  - **Social Care Grant**, which has been provided each year since 2016/17 to reflect national cost and demographic pressures. In 2022/23, our share of this funding was £17.7m. In the Autumn Statement on 17<sup>th</sup> November, additional social care grant funding was announced, totalling £1.9bn nationally in 2023/24 and rising to £2.8bn in 2024/25. We do not yet know how this will be allocated to authorities; the budget assumes a share similar to previous social care funding allocations.

### Collection Fund surplus / deficit

- 8.14 Collection fund surpluses arise when more tax is collected than assumed in previous budgets. Deficits arise when the converse is true.
- 8.15 The Council has an estimated **council tax collection fund surplus** of £1.3m, after allowing for shares to be paid by the police and fire authorities. This largely relates to reductions in the cost of the council tax support scheme: employment rates remain high since the pandemic.
- 8.16 The Council has an estimated **business rates collection fund surplus** of £4.4m. Because of changes to reliefs in recent years that were funded by government grants, the actual collection fund position is distorted and various technical accounting adjustments (that will balance out over the years) are required. For clarity, this budget presents the net underlying figure. The net balance is largely the result of lower than expected appeals against property valuations at the last revaluation in 2017.
- 8.17 For both council tax and business rates, there is a further adjustment relating to deficits from the pandemic period in 2020/21, when collection across the country was severely affected.

## **9. Managed Reserves Strategy**

- 9.1 Since 2013, the Council has employed a managed reserves strategy, contributing money to reserves when savings are realised and drawing down reserves when needed. This policy has bought time to more fully consider how to make the recurrent cuts which have been necessary in nearly every budget year.
- 9.2 As at April 2022, resources available for the strategy totalled £79.2m. Of this, £24.1m is likely to be required to balance the 2022/23 budget, taking account of expected pressures since the start of the year (and described in budget monitoring

reports to Overview Select Committee). This will leave an estimated £55m for future years.

- 9.3 Unless further savings are found, the draft budget will require £33.1m of support from reserves in 2023/24, leaving just £22m to offset pressures in 2024/25. This indicates that substantial cuts will be required to balance the budget in that year:

	£m
Available to support budget as at 1/4/2022	79.2
Required in 2022/23	(24.1)
Estimated amount required for 2023/24 budget	(33.1)
<b>Balance Remaining for 2024/25</b>	<b>22.0</b>

## 10. Earmarked Reserves

- 10.1 In addition to our general reserves, the Council also holds earmarked reserves which are set aside for specific purposes. These include ringfenced funds which are held by the Council but for which we have obligations to other partners or organisations; departmental reserves, which are held for specific services; and corporate reserves, which are held for purposes applicable to the organisation as a whole.
- 10.2 Appendix 5 gives a summary of earmarked reserves as at 31<sup>st</sup> March 2022.
- 10.3 The planned use of earmarked reserves will be monitored through the regular revenue budget monitoring process, and reported to members throughout the 2023/24 financial year.

## 11. Budget and Equalities

- 11.1 The Council is committed to promoting equality of opportunity for its residents; both through its policies aimed at reducing inequality of outcomes, and through its practices aimed at ensuring fair treatment for all and the provision of appropriate and culturally sensitive services that meet local people's needs.
- 11.2 In accordance with section 149 of the Equality Act 2010, the Council must "have due regard", when making decisions, to the need to meet the following aims of our Public Sector Equality Duty :-
- (a) eliminate unlawful discrimination;
  - (b) advance equality of opportunity between those who share a protected characteristic and those who do not;
  - (c) foster good relations between those who share a protected characteristic and those who do not.
- 11.3 Protected groups under the public sector equality duty are characterised by age, disability, gender reassignment, pregnancy/maternity, race, religion or belief, sex and sexual orientation.

- 11.4 When making decisions, the Council (or decision maker, such as the City Mayor) must be clear about any equalities implications of the course of action proposed. In doing so, it must consider the likely impact on those likely to be affected by the recommendation; their protected characteristics; and (where negative impacts are anticipated) mitigating actions that can be taken to reduce or remove that negative impact.
- 11.5 The budget does not propose any service changes which will have an impact on residents. Where appropriate, an individual Equalities Impact Assessment for any service changes will be undertaken when these decisions are developed.
- 11.6 The budget does recommend a proposed council tax increase for the city's residents. The City Council's proposed tax for 2023/24 is £1,833.00, an increase of just below 5% compared to 2022/23. As the recommended increase could have an impact on those required to pay it, an assessment has been carried out to inform decision makers of the potential equalities implications. This includes the potential impact of alternative options.
- 11.7 A number of risks to the budget are addressed within this report (section 12 below). If these risks are not mitigated effectively, there could be a disproportionate impact on people with particular protected characteristics and therefore ongoing consideration of the risks and any potential disproportionate equalities impacts, as well as mitigations to address disproportionate impacts for those with particular protected characteristics, is required.

## **12. Risk Assessment and Estimates**

- 12.1 Best practice requires me to identify any risks associated with the budget, and Section 25 of the Local Government Act 2003 requires me to report on the adequacy of reserves and the robustness of estimates.
- 12.2 In the current climate it is inevitable that the budget carries significant risk. In my view, although very difficult, the budget for 2023/24 is achievable subject to the risks and issues described below.
- 12.3 The most significant risks in the 2023/24 budget include:
- (a) Inflation, which has risen sharply and at the time of writing is over 10% per year, and has put extreme pressure on pay and other costs. In addition, inflationary pressures on household budgets are likely to increase demand for a range of services across the Council. Economic forecasts expect inflation to reduce during 2023, although it is likely to remain higher than in recent years. If inflation remains higher than forecast, it will further increase costs in 2023/24 and in subsequent years;
  - (b) Energy costs are a particular inflationary pressure - they have increased sharply recently and remain difficult to predict;
  - (c) Adult Social Care spending pressures, specifically the risk of further growth in the cost of care packages. Growth provided in the budget is less than previous practice suggests is needed, and management action will be required to prevent overspending;

- (d) The costs of looked after children, which have seen growth nationally;
- (e) The costs of special needs transport, where the forecasts also require management action to avoid overspending.

12.4 The budget seeks to manage these risks as follows:

- (a) A minimum balance of £15m of reserves will be maintained;
- (b) Provisions have been made in the budget for likely pressures on pay and energy costs, and will be kept under review during the year. Provisions of £5m per year have also been made for any residual costs from the deferral of adult social care reform;
- (c) A contingency of £4m has been included in the budget for 2023/24;
- (d) As a last resort, managed reserves could be used, but this increases pressure in 2024/25.

12.5 Subject to the above comments, I believe the Council's general and earmarked reserves to be adequate. I also believe estimates made in preparing the budget are robust. (Whilst no inflation is provided for the generality of running costs in 2023/24, more exceptions than usual have been made, and it is believed that services will be able to manage without an allocation).

### 13. **Financial, Legal and Other Implications**

#### 13.1 **Financial Implications**

This report is exclusively concerned with financial issues.

#### 13.2 **Legal Implications**

13.2.1 The budget preparations have been in accordance with the Council's Budget and Policy Framework Procedure Rules – Council's Constitution – Part 4C. The decision with regard to the setting of the Council's budget is a function under the constitution which is the responsibility of the full Council.

13.2.2 At the budget-setting stage, Council is estimating, not determining, what will happen as a means to the end of setting the budget and therefore the council tax. Setting a budget is not the same as deciding what expenditure will be incurred. The Local Government Finance Act, 1992, requires an authority, through the full Council, to calculate the aggregate of various estimated amounts, in order to find the shortfall to which its council tax base has to be applied. The Council can allocate greater or fewer funds than are requested by the Mayor in his proposed budget.

13.2.3 As well as detailing the recommended council tax increase for 2023/24, the report also complies with the following statutory requirements:-

- (a) Robustness of the estimates made for the purposes of the calculations;
- (b) Adequacy of reserves;
- (c) The requirement to set a balanced budget.



13.2.4 Section 65 of the Local Government Finance Act, 1992, places upon local authorities a duty to consult representatives of non-domestic ratepayers before setting a budget. There are no specific statutory requirements to consult residents, although in the preparation of this budget the Council will undertake tailored consultation exercises with wider stakeholders in addition to representatives of ratepayers.

13.2.5 The discharge of the ‘function’ of setting a budget triggers the duty in s.149 of the Equality Act, 2010, for the Council to have “due regard” to its public sector equality duties. These are set out in paragraph 11. There are considered to be no specific proposals within this year’s budget that could result in new changes of provision that could affect different groups of people sharing protected characteristics. Where savings are anticipated, equality assessments will be prepared as necessary. Directors and the City Mayor have freedom to vary or abort proposals under the scheme of virement where there are unacceptable equality consequences. As a consequence, there are no service-specific ‘impact assessments’ that accompany the budget. There is no requirement in law to undertake equality impact assessments as the only means to discharge the s.149 duty to have “due regard”. The discharge of the duty is not achieved by pointing to one document looking at a snapshot in time, and the report evidences that the Council treats the duty as a live and enduring one. Indeed case law is clear that undertaking an EIA on an ‘envelope-setting’ budget is of limited value, and that it is at the point in time when policies are developed which reconfigure services to live within the budgetary constraint when impact is best assessed. However, an analysis of equality impacts has been prepared in respect of the proposed increase in council tax, and this is set out in Appendix Three.

13.2.6 Judicial review is the mechanism by which the lawfulness of Council budget-setting exercises are most likely to be challenged. There is no sensible way to provide an assurance that a process of budget setting has been undertaken in a manner which is immune from challenge. Nevertheless the approach taken with regard to due process and equality impacts is regarded by the City Barrister to be robust in law.

**Provided by: Kamal Adatia, City Barrister**

**Catherine Taylor / Mark Noble**  
**13<sup>th</sup> December 2022**

**Budget Ceilings (provisional)**

	<b>Latest budget restated</b>	<b>Savings agreed</b>	<b>Growth planned in budget</b>	<b>National Insurance adjustments</b>	<b>Non pay inflation</b>	<b>Budget ceiling 23/24</b>
<b><u>1. City Development &amp; Neighbourhoods</u></b>						
<b><u>1.1 Neighbourhood &amp; Environmental Services</u></b>						
Divisional Management	239.3			(0.6)		238.7
Regulatory Services	2,033.7			(14.4)		2,019.3
Waste Management	18,148.5	(30.0)		(1.8)	3,317.5	21,434.2
Parks & Open Spaces	4,218.7	(65.0)		(35.9)		4,117.8
Neighbourhood Services	5,508.4	(26.0)		(11.6)		5,470.8
Standards & Development	1,680.1	(59.0)		(9.4)		1,611.7
<b><i>Divisional sub-total</i></b>	<b>31,828.7</b>	<b>(180.0)</b>	<b>0.0</b>	<b>(73.7)</b>	<b>3,317.5</b>	<b>34,892.5</b>
<b><u>1.2 Tourism, Culture &amp; Inward Investment</u></b>						
Arts & Museums	4,242.3	(182.2)		(7.2)		4,052.9
De Montfort Hall	433.0	(40.0)		(6.3)		386.7
City Centre	171.1			(0.7)		170.4
Place Marketing Organisation	369.3			(1.0)		368.3
Economic Development	14.7	(56.0)		(3.8)		(45.1)
Markets	(216.4)	(20.0)		(1.7)		(238.1)
Adult Skills	(870.4)					(870.4)
Divisional Management	184.7			(1.0)		183.7
<b><i>Divisional sub-total</i></b>	<b>4,328.3</b>	<b>(298.2)</b>	<b>0.0</b>	<b>(21.7)</b>	<b>0.0</b>	<b>4,008.4</b>
<b><u>1.3 Planning, Transportation &amp; Economic Development</u></b>						
Transport Strategy	9,778.3	(45.0)		(14.3)		9,719.0
Highways	2,809.6	(305.0)		(28.5)		2,476.1
Planning	985.6			(10.5)		975.1
Divisional Management	138.2			(0.8)		137.4
<b><i>Divisional sub-total</i></b>	<b>13,711.7</b>	<b>(350.0)</b>	<b>0.0</b>	<b>(54.1)</b>	<b>0.0</b>	<b>13,307.6</b>
<b><u>1.4 Estates &amp; Building Services</u></b>	5,419.2	(1,046.2)		(29.3)		4,343.7
<b><u>1.5 Housing Services</u></b>	3,308.9	(174.0)	1,000.0	(25.8)		4,109.1
<b><u>1.6 Departmental Overheads</u></b>	827.6	(256.0)		(2.0)		569.6
<b>DEPARTMENTAL TOTAL</b>	<b>59,424.4</b>	<b>(2,304.4)</b>	<b>1,000.0</b>	<b>(206.6)</b>	<b>3,317.5</b>	<b>61,230.9</b>

**Budget Ceilings (provisional)**

	<b>Latest budget restated</b>	<b>Savings agreed</b>	<b>Growth planned in budget</b>	<b>National Insurance adjustments</b>	<b>Non pay inflation</b>	<b>Budget ceiling 23/24</b>
<b><u>2.Adults</u></b>						
<b><u>2.1 Adult Social Care &amp; Safeguarding</u></b>						
Other Management & support	744.8			(2.6)		<b>742.2</b>
Safeguarding	228.6			(0.9)		<b>227.7</b>
Preventative Services	6,910.0			(16.6)		<b>6,893.4</b>
Independent Sector Care Package Costs	130,634.6		18,743.0		2,723.1	<b>152,100.7</b>
Care Management (Localities)	7,874.0			(24.7)		<b>7,849.3</b>
<b>Divisional sub-total</b>	<b>146,392.0</b>	<b>0.0</b>	<b>18,743.0</b>	<b>(44.8)</b>	<b>2,723.1</b>	<b>167,813.3</b>
<b><u>2.2 Adult Social Care &amp; Commissioning</u></b>						
Enablement & Day Care	3,091.6			(13.3)		<b>3,078.3</b>
Care Management (LD & AMH)	5,252.1			(20.3)		<b>5,231.8</b>
Preventative Services	1,024.1			(0.3)		<b>1,023.8</b>
Contracts, Commissioning & Other Support	6,298.3			(18.4)		<b>6,279.9</b>
Departmental	(33,696.3)	(339.0)		(2.8)		<b>(34,038.1)</b>
<b>Divisional sub-total</b>	<b>(18,030.2)</b>	<b>(339.0)</b>		<b>(55.1)</b>		<b>(18,424.3)</b>
<b>DEPARTMENT TOTAL</b>	<b>128,361.8</b>	<b>(339.0)</b>	<b>18,743.0</b>	<b>(99.9)</b>	<b>2,723.1</b>	<b>149,389.0</b>
<b><u>3. Education &amp; Children's Services</u></b>						
<b><u>3.1 Strategic Commissioning &amp; Business Support</u></b>						
	2,315.6	(114.0)		(10.5)		<b>2,191.1</b>
<b><u>3.2 Learning Quality &amp; Performance</u></b>						
Raising Achievement	373.0			(3.1)		<b>369.9</b>
Learning & Inclusion	1,285.4	(29.1)		(6.0)		<b>1,250.3</b>
Special Education Needs and Disabilities	16,009.6		1,500.0	(29.1)		<b>17,480.5</b>
<b>Divisional sub-total</b>	<b>17,668.0</b>	<b>(29.1)</b>	<b>1,500.0</b>	<b>(38.2)</b>	<b>0.0</b>	<b>19,100.7</b>
<b><u>3.3 Children, Young People and Families</u></b>						
Children In Need	14,363.6	(456.4)		(34.9)		<b>13,872.3</b>
Looked After Children	40,569.0	(15.0)	3,000.0	(29.3)	210.3	<b>43,735.0</b>
Safeguarding & QA	2,513.8	(26.7)		(7.7)		<b>2,479.4</b>
Community Safety	877.6			(2.2)		<b>875.4</b>
Early Help Targeted Services	5,723.7	(1.5)		(17.4)		<b>5,704.8</b>
Early Help Specialist Services	3,192.8	(8.9)		(13.6)		<b>3,170.3</b>
<b>Divisional sub-total</b>	<b>67,240.5</b>	<b>(508.5)</b>	<b>3,000.0</b>	<b>(105.1)</b>	<b>210.3</b>	<b>69,837.2</b>
<b>3.4 Departmental Resources</b>	<b>1,455.1</b>	<b>(61.0)</b>		<b>(2.4)</b>		<b>1,391.7</b>
<b>DEPARTMENTAL TOTAL</b>	<b>88,679.2</b>	<b>(712.6)</b>	<b>4,500.0</b>	<b>(156.2)</b>	<b>210.3</b>	<b>92,520.7</b>

**Budget Ceilings (provisional)**

	<b>Latest budget restated</b>	<b>Savings agreed</b>	<b>Growth planned in budget</b>	<b>National Insurance adjustments</b>	<b>Non pay inflation</b>	<b>Budget ceiling 23/24</b>
<b><u>4. Health and Wellbeing</u></b>						
Adults' Services	8,985.7					<b>8,985.7</b>
Children's 0-19 Services	8,819.3					<b>8,819.3</b>
Lifestyle Services	1,216.5	(140.0)		(3.3)		<b>1,073.2</b>
Staffing & Infrastructure & Other	2,508.5	(100.0)		(10.0)		<b>2,398.5</b>
Sports Services	1,915.0			(15.5)		<b>1,899.5</b>
<b>DEPARTMENT TOTAL</b>	<b>23,445.0</b>	<b>(240.0)</b>		<b>(28.8)</b>		<b>23,176.2</b>
<b><u>5. Corporate Resources Department</u></b>						
<b><u>5.1 Delivery, Communications &amp; Political Gover</u></b>	5,557.2	(133.5)		(19.2)		<b>5,404.5</b>
<b><u>5.2 Financial Services</u></b>						
Financial Support	4,843.7			(23.5)		<b>4,820.2</b>
Revenues & Benefits	6,640.5	(172.0)		(29.1)		<b>6,439.4</b>
<b>Divisional sub-total</b>	<b>11,484.2</b>	<b>(172.0)</b>	<b>0.0</b>	<b>(52.6)</b>	<b>0.0</b>	<b>11,259.6</b>
<b><u>5.3 Human Resources</u></b>	3,794.3			(15.4)		<b>3,778.9</b>
<b><u>5.4 Information Services</u></b>	10,522.1	13.0		(29.2)		<b>10,505.9</b>
<b><u>5.5 Legal Services</u></b>	3,456.7			(21.5)		<b>3,435.2</b>
<b>DEPARTMENTAL TOTAL</b>	<b>34,814.5</b>	<b>(292.5)</b>		<b>(137.9)</b>		<b>34,384.1</b>
<b>TOTAL -Service Budget Ceilings</b>	<b>334,724.9</b>	<b>(3,888.5)</b>	<b>24,243.0</b>	<b>(629.4)</b>	<b>6,250.9</b>	<b>360,700.9</b>
Public Health grant						(28,384.2)
Provision for waste costs						2,000.0
Provision for residual care reform costs						5,000.0
Provision for pay awards						20,600.0
<b>Total forecast service spending</b>						<b>359,916.7</b>

**Scheme of Virement**

1. This appendix explains the scheme of virement which will apply to the budget, if it is approved by the Council.

**Budget Ceilings**

2. Directors are authorised to vire sums within budget ceilings without limit, providing such virement does not give rise to a change of Council policy.
3. Directors are authorised to vire money between any two budget ceilings within their departmental budgets, provided such virement does not give rise to a change of Council policy. The maximum amount by which any budget ceiling can be increased or reduced during the course of a year is £500,000. This money can be vired on a one-off or permanent basis.
4. Directors are responsible, in consultation with the appropriate Assistant Mayor if necessary, for determining whether a proposed virement would give rise to a change of Council policy.
5. Movement of money between budget ceilings is not virement to the extent that it reflects changes in management responsibility for the delivery of services.
6. The City Mayor is authorised to increase or reduce any budget ceiling. The maximum amount by which any budget ceiling can be increased during the course of a year is £5m. Increases or reductions can be carried out on a one-off or permanent basis.
7. The Director of Finance may vire money between budget ceilings where such movements represent changes in accounting policy, or other changes which do not affect the amounts available for service provision.
8. Nothing above requires the City Mayor or any director to spend up to the budget ceiling for any service.

**Corporate Budgets**

9. The following authorities are granted in respect of corporate budgets:
  - (a) the Director of Finance may incur costs for which there is provision in miscellaneous corporate budgets, except that any policy decision requires the approval of the City Mayor;
  - (b) the Director of Finance may allocate the provisions for pay awards, additional waste and energy cost pressures;
  - (c) The City Mayor may determine how the contingency can be applied and the provision for residual ASC reforms.

**Earmarked Reserves**

10. Earmarked reserves may be created or dissolved by the City Mayor. In creating a reserve, the purpose of the reserve must be clear.
11. Directors may add sums to an earmarked reserve, from:

- (a) a budget ceiling, if the purposes of the reserve are within the scope of the service budget;
  - (b) year-end budget underspends, subject to the approval of the City Mayor.
- 12. Directors may spend earmarked reserves on the purpose for which they have been created.
- 13. When an earmarked reserve is dissolved, the City Mayor shall determine the use of any remaining balance.

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**Equality Impact Assessment**

**1. Purpose**

- 1.1 This appendix presents the equalities impact of a proposed 4.99% council tax increase. This includes a precept of 2% for Adult Social Care, as permitted by the Government without requiring a referendum.
- 1.2 The alternative option for comparison is a freeze on council tax at 2022/23 levels. It would of course be possible to set a council tax increase between these two levels, or indeed to *reduce* the Band D tax.

**2. Who is affected by the proposal?**

- 2.1 As at October 2022, there were 133,370 properties liable for Council Tax in the city<sup>1</sup> (excluding those registered as exempt, such as student households).
- 2.2 All non-exempt working age households in Leicester are required to contribute towards their council tax bill. Our current council tax support scheme (CTSS) requires working age households to pay at least 20% of their council tax bill and sets out to ensure that the most vulnerable householders are given some relief in response to financial hardship they may experience.
- 2.3 Council tax support for pensioner households follows different rules. Low-income pensioners are eligible for up to 100% relief through the CTSS scheme.

**3. How are they affected?**

- 3.1 The table below sets out the financial impact of the proposed council tax increase on different properties, before any discounts or reliefs are applied. It shows the weekly increase in each band, and the minimum weekly increase for those in receipt of a reduction under the CTSS for working-age households.

<b>Band</b>	<b>No. of Properties</b>	<b>Weekly increase</b>	<b>Minimum Weekly Increase under CTSS</b>
A-	305	£0.93	£0.19
A	78,707	£1.12	£0.22
B	26,640	£1.31	£0.26
C	15,547	£1.49	£0.45
D	6,636	£1.68	£0.63
E	3,377	£2.05	£1.01
F	1,522	£2.42	£1.38
G	600	£2.80	£1.75
H	36	£3.36	£2.31
<b>Total</b>	<b>133,370</b>		

<sup>1</sup> This number is expected to reduce in the final budget for 2023/24 as more student exemptions will be registered

- 3.2 In most cases, the change in council tax (around £1.31 per week for a band B property with no discounts; and just 26p per week if eligible for the full 80% reduction under the CTSS) is a small proportion of disposable income, and a small contributor to any squeeze on household budgets. A council tax increase would be applicable to all properties - the increase would not target any one protected group, rather it would be an increase that is applied across the board. However, it is recognised that this may have a more significant impact among households with a low disposable income.
- 3.3 Households at all levels of income have seen their real-terms income decline due to cost of living increases, and wages that have failed to keep up with inflation. These pressures are not limited to any protected group; however, there is evidence that low-income families spend a greater proportion of their income on food and fuel (where price rises have been highest), and are therefore more affected by current price increases.
- 3.4 The government has confirmed that pensions and most benefit rates will increase by inflation in April. However, this does not apply to Local Housing Allowance (LHA) rates for those renting in the private sector. This will put further pressure on lower-income renters if their rents increase. [NB council and housing association tenants are not affected by this as their rent support is calculated differently and their full rent can be compensated from benefits].

#### 4. **Alternative options**

- 4.1 The realistic alternative to a 5% council tax increase would be a lower (or no) increase. It should be noted that the proposed increase is significantly below inflation, and therefore represents a real-terms cut in council tax payable and therefore our income. A reduced tax increase would represent a permanent diminution of our income unless we hold a council tax referendum in a future year. In my view, such a referendum is unlikely to support a higher tax rise. It would therefore require a greater use of reserves and/or more cuts to services in 2024/25.
- 4.2 The budget situation is already extremely difficult, and it seems inevitable that further cuts will have severe effects on front-line services. It is not possible to say precisely where these future cuts would fall; however, certain protected groups (e.g. older people; families with children; and people with disabilities) could face disproportionate impacts from reductions to services.

#### 5. **Mitigating actions**

- 5.1 The Council has a range of mitigating actions for residents. These include: funding through Discretionary Housing Payments, Council Tax Discretionary Relief and Community Support Grant awards; the council's work with voluntary and community sector organisations to provide food to local people where it is required – through the network of food banks in the city; through schemes which support people getting into work (and include cost reducing initiatives that address high transport costs such as providing recycled bicycles); and through support to social welfare advice services. The "BetterOff Leicester" online tool includes a calculator to help residents ensure they are receiving all relevant benefits.



5.2 The Household Support Fund has been extended to March 2024 and will continue to provide food vouchers, water and energy bill support and white goods to vulnerable households.

6. **What protected characteristics are affected?**

6.1 The table below describes how each protected characteristic is likely to be affected by the proposed council tax increase. The table sets out anticipated impacts, along with mitigating actions available to reduce negative impacts.

6.2 Some protected characteristics are not, as far as we can tell, disproportionately affected (as will be seen from the table) because there is no evidence to suggest they are affected differently from the population at large. They may, of course, be disadvantaged if they also have other protected characteristics that are likely to be affected, as indicated in the following analysis of impact based on protected characteristic.

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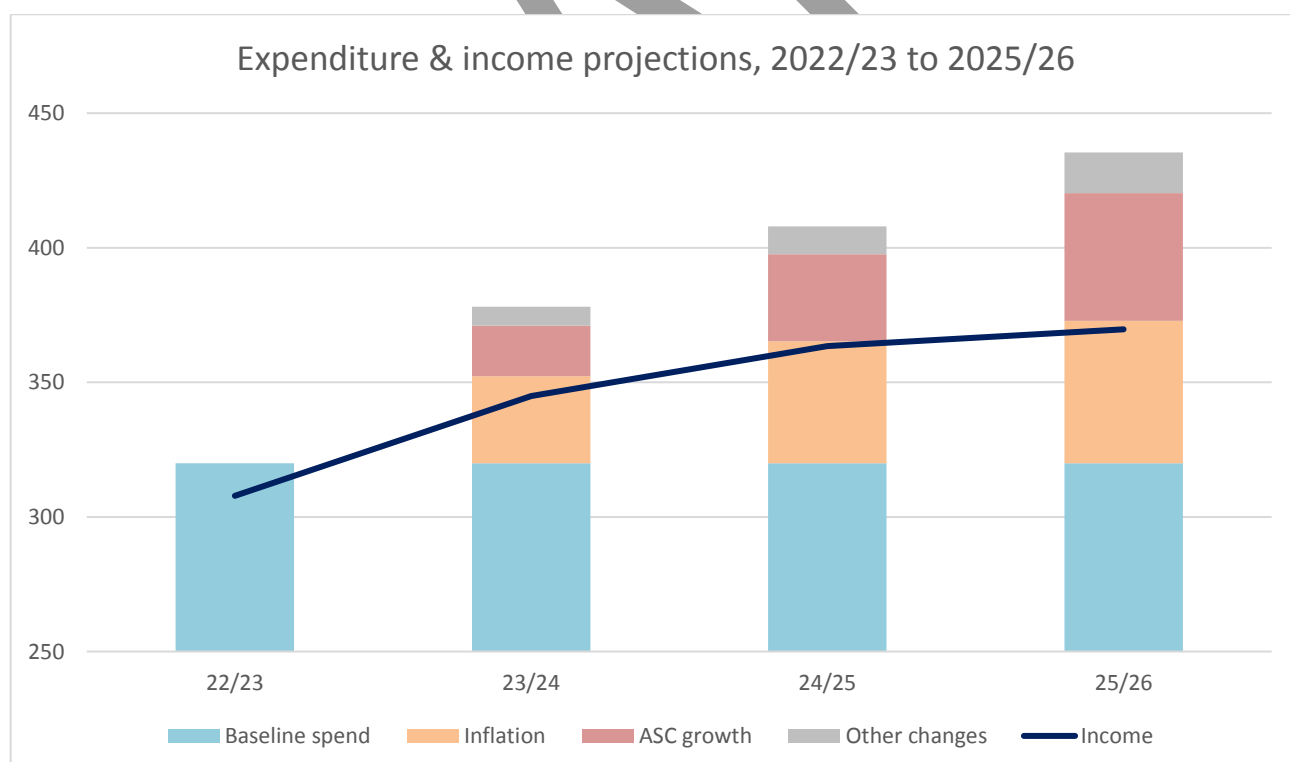
## Analysis of impact based on protected characteristic

Protected characteristic	Impact of proposal:	Risk of negative impact:	Mitigating actions:
<b>Age</b>	<p>Older people (pension age and older) are least affected by a potential increase in council tax and can access more generous (up to 100%) council tax relief. However, in the current financial climate, a lower council tax increase would require even greater cuts to services in due course. While it is not possible to say where these cuts would fall exactly, there are potential negative impacts for this group as older people are the primary service users of Adult Social Care.</p> <p>While employment rates remain high, earnings have not kept up with inflation in recent months so working families are likely to already be facing pressures on household budgets. Younger people, and particularly children, were more likely to be in poverty before the current cost-of-living crisis and this is likely to have continued.</p>	Working age households and families with children – incomes squeezed through reducing real-terms wages.	Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on managing household budgets.
<b>Disability</b>	<p>Disabled people are more likely to be in poverty. In addition, many disabled people are disproportionately affected by household fuel costs and may have limited opportunities to reduce usage.</p> <p>The tax increase could have an impact on such household incomes. However, in the current financial climate, a lower council tax increase would require even greater cuts to services in due course. While it is not possible to say where these cuts would fall exactly, there are potential negative impacts for this group as disabled people are more likely to be service users of Adult Social Care.</p>	Further erode quality of life being experienced by disabled people.	Disability benefits are disregarded in the assessment of need for CTSS purposes. Access to council discretionary funds for individual financial crises; access to council and partner support for food; and advice on better managing budgets.
<b>Gender Reassignment</b>	No disproportionate impact is attributable specifically to this characteristic.		
<b>Pregnancy &amp; Maternity</b>	No disproportionate impact is attributable specifically to this characteristic (although see below for childcare costs; and the impacts on lone parents).		

Protected characteristic	Impact of proposal:	Risk of negative impact:	Mitigating actions:
<b>Race</b>	Those with white backgrounds are disproportionately on low incomes (indices of multiple deprivation) and in receipt of social security benefits. Some ethnic minority people are also low income and on benefits.	Household income being further squeezed through low wages and reducing levels of benefit income.	Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Where required, interpretation and translation will be provided to remove barriers in accessing support.
<b>Religion or Belief</b>	No disproportionate impact is attributable specifically to this characteristic.		
<b>Sex</b>	Disproportionate impact on women who tend to manage household budgets and are responsible for childcare costs. Women are disproportionately lone parents, who are more likely to experience poverty.	Incomes squeezed through low wages and reducing levels of benefit income. Increased risk for women as they are more likely to be lone parents.	If in receipt of Universal Credit or tax credits, a significant proportion of childcare costs are met by these sources.  Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets.
<b>Sexual Orientation</b>	Gay men and Lesbian women are more likely to be in poverty than heterosexual people and Trans people even more likely to be in poverty and unemployed. This would mean they are more likely to be on benefits and there could be a disproportionate impact.	Household income being further squeezed through low wages and reducing levels of benefit income.	Access to council discretionary funds for individual financial crises, access to council and partner support for food and advice on managing household budgets. Local support organisations such as the LGBT Centre can signpost individuals to advice and support services.

**Medium Term Financial Outlook 2023/24 – 2025/26**

1. The purpose of this medium term financial outlook is to provide members with details of the forecast financial position of the Council for the next 3 years, and to set the context within which the budget process will need to work to achieve a balanced position. The figures are indicative and volatile, and depend heavily on government decisions about future funding of services.
2. Our central forecasts for the period up to 2025/26 are set out in the table at paragraph 5, and show that:
  - **Expenditure pressures are increasing at a faster rate than income.** Over the period we expect expenditure to increase by over 35% (in cash terms) while income projections rise by only 20% assuming there is no change in Government policy.
  - **In recent years, the biggest factor in these increases has been the rising cost of adult social care, as illustrated in the chart below.** These increases have been seen nationally for several years, and now present a substantial challenge to the authority's future sustainability. These pressures arise from factors largely outside the authority's control (e.g. increases in the minimum wage, demographic pressures and pressures on fee levels). The rate of growth is likely to accelerate.



NB scale does not start at zero

- **We have already invested significant amounts in social care.** Since 2016 we have seen the cost of adults' social care packages increase by over £50m, or 70%, due to a combination of increasing need and higher

wage costs. Over the same period we have invested over £20m in children's social care.

- **Since the 2022/23 budget was set, sharp increases in inflation have added over £25m to our costs.** In particular, energy costs and pay awards have been far higher than predicted.
  - **Other budget areas have already seen significant cuts in the last decade.** Expenditure on services other than adults' and children's social care fell from £192m in 2010 to £106m in 2020.
3. The 2022/23 budget was balanced by using £24m of reserves. On current projections, sufficient reserves remain to balance the 2023/24 budget and provide partial support to the 2024/25 budget. Ongoing savings will need to be found to ensure the longer-term financial stability of the Council.
  4. Departments are working on achieving savings where possible. This is a continuous process and identified savings will be made throughout the course of the year.
  5. A summary of the central budget projections for the next three years is set out below:

	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>
Net service budget (including inflation)	369.6	394.9	417.6
Corporate and other centrally held budgets	4.4	5.0	5.8
Contingency	4.0		
Planning provision		8.0	12.0
<b>Expenditure total</b>	<b>378.0</b>	<b>407.9</b>	<b>435.4</b>
Business rates income	73.6	76.4	77.6
Top-up payment	55.7	57.9	58.9
Revenue Support Grant	29.9	29.9	29.9
Council Tax	143.4	153.5	157.5
Collection Fund surplus	3.3		
Social Care grants	30.4	37.1	37.1
Other grants	8.6	8.6	8.6
<b>Income Total</b>	<b>344.9</b>	<b>363.4</b>	<b>369.6</b>
<b>Indicative Budget gap</b>	<b>33.1</b>	<b>44.5</b>	<b>65.8</b>

6. The largest area of uncertainty in the forecasts surrounds the amount of government funding that will be available in 2025/26 which falls into a new government planning period. We have been warned to expect a new period of austerity.

7. The planned review of local government funding allocations (the "Fair Funding Review") is now likely to be delayed until 2025. We do not know what the outcome of any review will be, but the delay means that authorities are still funded on a formula

that is at least a decade out of date; and lower income areas (including Leicester) are still disproportionately affected by the way funding cuts were implemented from 2013 to 2016. In particular, no recognition is given to the city's increase in population and this is to some extent still driven by the **2001** census figures. The independent Institute for Fiscal Studies has commented that "Indeed, the issues with police, local government and public health funding allocations are so significant that the amounts allocated to different places are essentially arbitrary."

8. Key assumptions and risks in the forecast are set out below:

	Assumptions – central scenario	Risks & alternative options modelled
<b>Expenditure</b>		
Pay costs	We assume a pay award averaging 5% in 2023/24, 3% in 2024/25 and 2.5% in 2025/26, as general inflation is expected to reduce.	Inflation has been rising in recent months, reaching 11.1% (CPI) in October 2022. Forecasts suggest it is likely to begin to reduce later in 2023; if it remains high, there will be additional pressures on pay awards and non-pay inflation, partially offset by an increase in interest on investments.
Energy costs	Assumed that gas prices we pay will increase by <b>300%</b> in April 2023, whilst electricity prices will rise by <b>40%</b> in October 2023.  Costs for 2024/25 are highly uncertain. An indicative increase of 30% has been included.	
Non-pay inflation	In line with the policy in past years, departments are expected to absorb the costs of non-pay inflation in most cases. The exceptions are independent sector care package costs, fostering allowances, energy and the waste management contract; an allowance is built in for these increases. An allowance has also been made from 2023/24 for SEN transport.	
Adult social care costs	Demographic pressures and increasing need lead to cost pressures of 6% of the ASC budget in 2023/24 and 4% in 2024/25.  This will require action in the Department to remain within these spending totals  Increases in the National Living Wage will also add to costs.  Forecasts for 2025/26 are particularly volatile; an indicative £15m additional budget has been included for the year.	
Other service cost pressures	Departments are expected to find savings to manage cost pressures within their own areas. From 2024/25 onwards, an £8m planning provision has been included (twice the normal amount) to meet unavoidable costs that cannot be managed within departments. This subsequently increases by £4m in 2025/26.	Costs relating to children who are looked after have been increasing nationally, and are a particular risk for future years.  Home-to-school transport costs are also an area of significant pressure, and will require action to remain within budgets.

<b>Income</b>		
Council Tax	<p>Band D Council Tax will increase by 4.99% per year (3% base increase plus 2% for the Adult Social Care precept), for 2023/24 and 2024/25; and then revert to 2.99% for 2025/26.</p> <p>Council tax baseline increases by 500 Band D properties per year.</p>	<p>Further economic downturn leading to increased costs of council tax support to residents on a low income.</p>
Business rates	<p>The multiplier freeze for 2023/24, and new reliefs announced in November 2022, are fully funded.</p> <p>Authorities are fully compensated for the effect of the 2023 rates revaluation.</p> <p>No significant movements in the underlying baseline for business rates.</p>	<p>Business rates are particularly sensitive to economic conditions.</p> <p>We believe that the national business rates system in its current form is becoming unsustainable. The local government business rates retention system is being “patched up” considerably as a result. Long term stability seems unlikely.</p>
Government grant	<p>Government funding for 2023/24 and 2024/25 follows the plans set out in the CSR as adjusted by the Autumn Statement in November 2017, with no significant distributional changes.</p> <p>We assume (in line with government statements) that existing RSG and top-up payments continue; but the Services Grant and New Homes Bonus may be redistributed. We have assumed our share of this based on previous funding allocations; this implicitly assumes a broadly neutral effect of any funding changes.</p> <p>We have assumed that new social care grant funding is allocated on the same basis as in Government social care formulae.</p> <p>For 2025/26, we assume a cash flat settlement for centrally-funded elements including social care funding and RSG (with no allowance for inflation). The Autumn Statement implied real terms cuts of 0.7% for unprotected departments, which would include local government.</p>	<p>We do not yet have the details of local government funding for 2023/24 and 2024/25.</p> <p>Local government may be treated less favourably than other unprotected departments. The 2025/26 settlement may lead to grant cuts in cash terms.</p>

**Earmarked Reserves**

	Balance at 31st March 2022
	£000
<b>Ring-fenced Reserves</b>	
DSG not delegated to schools	-
School Balances	30,095
School Capital Fund	2,491
Education & Skills Funding Agency Learning Programme	971
Arts Council National Portfolio Organisation Funding	319
NHS Joint Working Projects	25,013
Schools Buy Back	1,915
Covid-19 Collection Fund Compensation Grants*	13,397
<b>Total Ring-fenced Reserves</b>	<b>74,201</b>
<b>Corporate Reserves</b>	
Capital Programme Reserve	98,834
Managed Reserves Strategy	83,270
BSF Financing	9,034
Insurance Fund	11,495
Severance Fund	4,827
Service Transformation Fund	5,195
Welfare Reserve	2,551
Anti- Poverty Reserve	3,000
<b>Total Corporate Reserves</b>	<b>218,206</b>
<b>Earmarked Reserves Departmental</b>	
Financial Services Reserve	5,119
ICT Development Fund	10,480
Delivery, Communications & Political Governance	2,440
Housing	2,802
City Development (Excl Housing)	12,672
Social Care Reserve	9,998
Health & Wellbeing Division	5,631
Other Departmental Reserves	464
<b>Total Other Reserves</b>	<b>49,606</b>
<b>Total Earmarked Reserves</b>	<b>342,013</b>



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# **Draft Capital Programme 2023/24**

Decision to be taken by: Council

Date of meeting: 22 February 2023

Lead director: Amy Oliver, Director of Finance

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## Useful information

- Ward(s) affected: All
- Report author: Ben Matthews
- Author contact details: Ben.Matthews@leicester.gov.uk
- Report version number: 1.0

## 1. Summary

- 1.1 The purpose of this report is to ask the Council to approve a capital programme for 2023/24.
- 1.2 Capital expenditure is incurred on works of lasting benefit and is principally paid for by grant, tenants' rents, and the proceeds of asset sales (capital receipts). Money can also be borrowed for capital purposes, but the scope for this is limited as borrowing affects the revenue budget.
- 1.3 For the past three years the Council has set a one year capital programme, due to uncertainty over future resources. This uncertainty remains, and currently includes:
  - The revenue budget outlook, which requires significant savings
  - Volatility and inflationary pressures in the construction industry
  - The Council's technical capacity to support a large programme

We are therefore presenting another one year programme, of limited scale. This will enable capacity to be focussed on key schemes and allow time to see the long-term impact of inflation.

Schemes already approved and in the current programme will continue.

- 1.4 The report seeks approval to the "General Fund" element of the capital programme, at a cost of £46m. In addition to this, the HRA capital programme (which is elsewhere on your agenda) includes works estimated at £29m, £15m of which relates to the affordable homes programme.

- 1.5 The table below summarises the proposed spending for capital schemes starting in 2023/24, as described in this report:-

	<u>£m</u>
<b><u>Proposed Programme</u></b>	
<b><u>Schemes – Summarised by Theme</u></b>	
Grant Funded Schemes	23.7
Highways & Infrastructure	5.3
Libraries	1.0
Own buildings	4.7
Parks & Play Areas	2.6
Routine Works	5.7
Feasibility and Contingencies	3.0
<b>Total New Schemes</b>	<b>46.0</b>
<b><u>Funding</u></b>	
Monies ringfenced to Schemes	44.1
Unringfenced Resources	2.1
<b>Total Resources</b>	<b>46.2</b>

- 1.6 The table below presents the total spend on General Fund and Housing Revenue Account schemes:

	<u>£m</u>
General Fund	46.0
Housing Revenue Account	29.0
<b>Total</b>	<b>75.0</b>

- 1.7 The Council's total capital expenditure now forecast for 2023/24 and beyond is expected to be around £400m, including the HRA and schemes approved prior to 2023/24.

- 1.8 The capital programme is split into two parts:-

- (a) Schemes which are “**immediate starts**”, being schemes which directors have authority to commence once the council has approved the programme. These are fully described in this report;
- (b) Schemes which are “**policy provisions**”, where the purpose of the funding is described but money will not be released

until specific spending proposals have been approved by the Executive.

1.9 Immediate starts have been split into three categories:-

- (a) **Projects** – these are discrete, individual schemes such as a road scheme or a new building. These schemes will be monitored with reference to physical delivery rather than an annual profile of spending. (We will, of course, still want to make sure that the overall budget is not going to be exceeded);
- (b) **Work Programmes** – these consist of minor works or similar schemes where there is an allocation of money to be spent in a particular year;
- (c) **Provisions** – these are sums of money set aside in case they are needed, but where low spend is a favourable outcome rather than indicative of a problem.

## 2. Recommendations

2.1 The Council is asked to:-

- (a) Approve the capital programme described in this report and summarised at Appendices Two to Five, subject to any amendments proposed by the City Mayor;
- (b) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules, rules concerning land acquisition and finance procedure rules;
- (c) Delegate authority to the City Mayor to determine a plan of spending for each policy provision, and to commit expenditure up to the maximum available;
- (d) For the purposes of finance procedure rules:
  - Determine that service resources shall consist of service revenue contributions; HRA revenue contributions; and government grants/third party contributions ringfenced for specific purposes (but see below for LLEP investment programmes);
  - Designate the operational estate & children's capital maintenance programme, highways maintenance programme and transport improvement programme as programme areas, within which the director can

reallocate resources to meet operational requirements.

(e) As in previous years, delegate to the City Mayor:

- Authority to increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources in each instance;
- Authority to reduce or delete any capital scheme, subject to a maximum reduction of 20% of scheme value for “immediate starts”; and
- Authority to transfer any “policy provision” to the “immediate starts” category.

(f) In respect of Government investment programmes for which the Council receives grant as the accountable body to the Leicester and Leicestershire Enterprise Partnership (LLEP):-

- Delegate to the City Mayor approval to accept Government offers of funding, and to add this to the capital programme;
- Delegate to the Strategic Director, City Development and Neighbourhoods, in consultation with the Director of Finance, authority to allocate the funding to individual schemes (in effect, implementing decisions of the LLEP);
- Agree that City Council schemes funded by the programme can only commence after the City Mayor has given approval;
- Delegate to the Director of Finance authority to reallocate programme funding between schemes, if permissible, to ensure the programme as a whole can be delivered; and
- Note that City Council contributions to schemes will follow the normal rules described above (i.e. nothing in this paragraph permits the City Mayor to supplement the programme with City Council resources outside of normal rules).

(g) Delegate to directors, in consultation with the relevant deputy/assistant mayor, authority to incur expenditure up to a maximum of £250k per scheme in respect of policy provisions on design and other professional fees and preparatory studies, but not any other type of expenditure;

(h) Approve the capital strategy at Appendix 6.

### 3. Proposed Programme

#### Key Policy Issues

- 3.1 The key focus of the 2023/24 capital programme is to deliver strategic objectives as far as possible. It is a limited one year programme, but nonetheless complements the existing programme and aims to support the City Mayor's delivery plan.
- 3.2 The programme is based on key themes, shown at paragraph 1.5 above.
- 3.3 The programme supports the Council's commitment to tackling the climate emergency, most obviously but not exclusively within the Transport Improvement Works, Operational Estate and Children's capital maintenance programmes.
- 3.4 Similarly, our commitment to invest in the whole city cuts right across our capital programme. Capital investment will benefit the entire city from our outer estates to the city centre.

#### Resources

- 3.5 Resources available to the programme consist primarily of Government grant and capital receipts (the HRA programme is also supported by tenants' rent monies). Most grant is unringfenced, and the Council can spend it on any purpose it sees fit.
- 3.6 Appendix One presents the resources available to fund the proposed programme, which total some £46.2m. The key unringfenced funding sources are detailed below.
  - (a) £2.1m of general capital receipts and £0.7m of Right to Buy Receipts;
  - (b) £21.7m of unringfenced grant funding. Some of these figures are estimated in the absence of actual allocations from the Government (the figure for 2024/25 represents a first call on that year to enable school schemes to be planned);
  - (c) £19.6m of resources brought forward, consisting of money set aside in previous years for covid recovery schemes which has been reprioritised, money for schemes which have now been funded from section 106 contributions, savings from completed programmes and previous years' underspends.
- 3.7 The Council has a policy of not committing capital receipts until they are received. This increases the resilience of the capital programme at a time when revenue budgets are under severe pressure. £2.1m of general capital receipts are available for 2023/24 based on receipts received or

due at the time of writing. Subsequent receipts will be available to fund the 2024/25 programme.

- 3.8 The exception to not committing receipts in advance is the expected receipts from the sale of council housing. Where tenants exercise their “Right to Buy” the RTB receipts are layered, with different layers being available for different purposes. A sum of £0.7m will be available for general purposes: this is predictable. Further tranches are available to us but must be used for new affordable housing or returned to the government.
- 3.9 For some schemes the amount of unringfenced resources required is less than the gross cost of the scheme. This is because resources are ringfenced directly to individual schemes. Ringfenced resources are shown throughout Appendix Two and include the following:
- (a) Government grant and contributions made to support the delivery of specific schemes;
  - (b) Borrowing. Because borrowing has an impact on the revenue budget, it is only used for reasons detailed in capital strategy at Appendix 6 of this report;
  - (c) Earmarked reserves, such as the Transformation Fund
- 3.10 Finance Procedure Rules enable directors to make limited changes to the programme after it has been approved. For these purposes, the Council has split resources into corporate and service resources. These are similar to, but not quite the same as, ringfenced and unringfenced resources. Whilst all unringfenced resources are corporate, not all ringfenced monies are service resources. Borrowing, for instance, is treated as a corporate resource requiring a higher level of approval.
- 3.11 Directors have authority to add schemes to the programme, provided they are funded by service resources, up to an amount of £250,000. This provides flexibility for small schemes to be added to the programme without a report to the Executive.

## Proposed Programme

3.12 The whole programme is summarised at Appendix 2. Responsibility for the majority of projects rests with the Strategic Director of City Development and Neighbourhoods.

3.13 £23.7m is provided for grant funded schemes. These schemes are funded either from unringfenced grant (where we have discretion) and ringfenced resources.

(a) £15.9m has been provided to continue with the **Schools Capital Improvements Programme**. The programme will include routine maintenance and spending is prioritised to reflect asset condition and risk. This will be a 2 year programme to allow for better forward planning. The proposed programme is shown at Appendix 5: detailed schemes will be developed following consultation with schools.

(b) £3.3m is provided as part of the continued **Highway Capital Maintenance Programme**. This is a rolling annual programme and spending is prioritised to reflect asset condition, risk and local neighbourhood priorities. The proposed programme is shown at Appendix 4.

(c) £2.6m is provided in 2023/24 to continue the rolling programme of works constituting the **Transport Improvement Programme**.

Some of the priority areas include:

- Delivering cross cutting cycling, walking and public transport benefits.
- Local safety schemes
- 20mph schemes in Neighbourhoods
- Delivery of the Local Transport Plan

(d) £1.9m has been provided for **Disabled Facilities Grants** to private sector householders. This is an annual programme which has existed for many years. These grants provide funding to eligible disabled people for adaption work to their homes, and help them maintain their independence

(e) £150,000 is provided for **Grounds Maintenance Equipment** to replace ageing machinery with up to date, energy efficient models. The replacement of this equipment is met from borrowing, and a revenue budget exists for this purpose.

3.14 £5.3m is provided for Highways & Infrastructure.

(a) £3m has been set aside for **St Margaret's Gateway**. The Council was successful in bidding for levelling up funds in 2021, and further money has now been made available to improve this gateway into the city.



- (a) £1.8m is provided for additional **Highways Transport and Infrastructure** works. This money will enhance the city centre and local centres through improvements to public realm, and improve accessibility by modes other than use of private cars.
- (b) £460,000 has been provided to replace the existing **St Nicholas Wall** due to its current condition. The works will be undertaken following engagement and agreement with Historic England.

3.15 £1m is provided for Libraries.

- (a) £1m is provided for **Library Investment**, to transform local libraries into facilities capable of delivering multiple customer facing services.

3.16 £4.7m is provided for the Council's own buildings.

- (a) £4m has been provided to support the annual **Operational Estate Capital Maintenance Programme** of works to properties that the Council occupies for its own use. This is a rolling annual programme and spending is prioritised to reflect asset condition and risk. The proposed programme is shown at Appendix 3, but may vary to meet emerging operational requirements.
- (b) £400,000 has been provided for **Decarbonisation of Malcolm Arcade**. Carbon reduction measures such as improvements to natural ventilation, solar panels and natural light improvements will be undertaken.
- (c) £195,000 is provided to complete the final phase of the district heating programme, **connecting Aikman Avenue** to the existing district heating network.
- (d) £100,000 has been provided for additional car parking spaces at **Phoenix Arts** following the expansion of the cinema and arts centre.

3.17 £2.6m is provided for Parks & Play Areas.

- (a) £2.5m has been provided to support the improvement of the Councils **Multi Use Games Areas (MUGA's)**. This will help increase physical activity and participation in recreational sport across the city.
- (b) £150,000 has been provided for **Spinney Hill Park Play Area Refurbishment**. The works will include resurfacing and the replacement of play equipment.

3.18 £5.7m is provided for Routine Works.

- (a) £3.8m has been made available for the annual **Fleet Replacement Programme**. Wherever possible, ultra low emission vehicles (ULEVs) will be sought to support the Council's climate emergency response. In previous years, this programme has been funded by borrowing, but in 2023/24 it will be funded from corporate resources to reduce revenue budget pressures.
- (b) £400,000 has been provided for **Local Environmental Works** in wards. This scheme will focus on local neighbourhood issues including residential parking, local safety concerns, pedestrian routes, cycle ways and community lighting to be delivered after consultation with ward members.
- (c) £400,000 has been provided for the compulsory purchase and statutory works at **St Paul's Church**, as part of the Council's obligation to prevent irreparable damage to listed buildings. Whilst these works will initially need to be funded by the Council, on completion the Council will be able to sell the building to recoup these costs.
- (d) £300,000 is provided to continue the **Flood Risk Prevention** scheme into 2023/24. The programme supports the local flood risk management strategy and action plan, and the delivery of our statutory role to manage and reduce flood risk in collaboration with the Environment Agency & Severn Trent Water.
- (e) £200,000 has been provided for the **Front Walls Enveloping Scheme** and is a continuation of previous schemes. It involves the enclosure of small spaces in front of housing. Enveloping schemes can make a significant improvement to local neighbourhoods and enable occupiers to tend house fronts more effectively.
- (f) £200,000 is provided in 2023/24 to continue the programme of **Repayable Home Repair Loans**. These grants aid vulnerable, low income home owners to carry out repairs or improvements to their homes, to bring properties up to decent home standards. Any loan will remain in place until a change of ownership or sale of the property, after which repayment of the loan is required.
- (g) Following the success of the current scheme, £185,000 has been put aside for the extension of the **Heritage Interpretation Panels Programme**. This scheme uses digital technology to interpret heritage stories in new ways, e.g. via mobile devices.

- (h) £130,000 will pay for specialist equipment to fell trees affected by **Ash Die Back** that pose a risk to the public.
- (i) £50,000 has been provided for a **Historic Building Grant Programme**. This will provide match funding to city residents and organisations to support the repair of historic buildings and the reinstatement of lost original historic features.
- (j) £50,000 continues to be made available for **Acquisition of Long Term Empty Homes**. The Empty Homes Team gives advice and assistance to owners, helping them bring homes back into occupation. As a last resort, when all avenues have been exhausted, we have to use compulsory purchase. £50,000 covers the incidental costs associated with acquisition where CPO or negotiated purchase is required, where such costs cannot be recouped from the sale proceeds.

3.19 £3m is provided for feasibility and contingencies:.

- (a) £1.5m is provided for **Feasibility Studies**. This will enable studies to be done, typically for potential developments not included elsewhere in the programme or which might attract grant support, without requiring further decisions.
- (b) A **Programme Contingency** of £1.5m has been set aside for cost pressures arising from construction inflation, or (if not needed for this purpose) for any emerging capital needs such as match funding for new government programmes.

#### Proposed Programme – Policy Provisions

3.20 Policy provisions are sums of money which are included in the programme for a stated purpose, but for which a further report to the Executive (and decision notice) is required before they can be spent. Schemes are usually treated as policy provisions because the Executive needs to see more detailed spending plans before full approval can be given.

3.21 Executive reports seeking approval to spend policy provisions must state whether schemes, once approved, will constitute projects, work programmes or provisions; and, in the case of projects, identify project outcomes and physical milestones against which progress can be monitored.

3.22 Some of the schemes described above will be treated as policy provisions. These are denoted as such in Appendix Two.

### Capital Strategy

3.23 Local authorities are required to prepare a capital strategy each year, which sets out our approach for capital expenditure and financing at high level.

3.24 The proposed capital strategy is set out at Appendix 6.

### Consultation

3.25 To be added later following consultation.

## **4. Financial, legal, equalities, climate emergency and other implications**

### 4.1 Financial implications

- 4.1.1 This report is exclusively concerned with financial matters.
- 4.1.2 There is proposed prudential borrowing in the programme for replacement grounds maintenance machinery for £150k. The anticipated revenue costs arising will be £13k per year, for which revenue budget exists. This borrowing is affordable, sustainable and prudent (this is further described in the Treasury Strategy on your agenda).

### 4.2 Legal implications

- 4.2.1 As the report is exclusively concerned with financial matters, there are no direct legal implications arising from the report. In accordance with the constitution, the capital programme is a matter that requires approval of full Council. The subsequent letting of contracts, acquisition and/or disposal of land etc all remain matters that are executive functions and therefore there will be the need to ensure such next steps have the correct authority in place prior to proceeding. There will be procurement and legal implications in respect of individual schemes and client officers should take early legal advice.

Kamal Adatia, City Barrister & Head of Standards

### 4.3 Equalities implications

- 4.3.1 Under the Equality Act 2010, public authorities have statutory duties, including the Public Sector Equality Duty (PSED) which means that, in carrying out their functions they have to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.
- 4.3.2 Protected characteristics under the Equality Act 2010 are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
- 4.3.3 People from across all protected characteristics will benefit from the improved public realm arising from the proposed capital programme. However, as the proposals are developed and implemented, consideration should continue to be given to the equality impacts of the schemes in question, and how they can help the Council to meet the three aims of the Public Sector Equality Duty.
- 4.3.4 The capital programme includes schemes which improve the city's infrastructure and contribute to overall improvement of quality of life for

people across all protected characteristics. By doing so, the capital programme promotes the PSED aim of fostering good relations between different groups of people by ensuring that no area is disadvantaged compared to other areas as many services rely on such infrastructure to continue to operate.

- 4.3.5 Some of the schemes focus on meeting specific areas of need for a protected characteristic: Disabled Facilities Grants (disability), home repair grants which are most likely to be accessed by elderly, disabled people (age and disability), and the Children's Capital Improvement Programme (age).
- 4.3.6 Other schemes target much larger groups of people who have a range of protected characteristics reflective of the diverse population within the city. Some schemes are place specific and address environmental issues that also benefit diverse groups of people. The delivery of the capital programme contributes to the Council fulfilling our Public Sector Equality Duty (PSED). For example, schemes which support people in being able to stay in their homes, to continue to lead independent lives, and to participate in community life help promote equality of opportunity, another one of the aims of the PSED.
- 4.3.7 Where there are any improvement works to buildings or public spaces, considerations around accessibility (across a range of protected characteristics) must influence design and decision making. This will ensure that people are not excluded (directly or indirectly) from accessing a building, public space, or service, based on a protected characteristic. All schemes should consider the PSED and conducting Equality Impact Assessments where relevant to inform the process.

Kalvaran Sandhu, Equalities Manager

#### 4.4 Climate Emergency implications

- 4.4.1 The city council declared a climate emergency in February 2019 and is delivering its Climate Emergency Strategy & Action Plan, which sets an ambition for the council and city to achieve net zero carbon emissions. The council is one of the largest employers and landowners in the city, with a carbon footprint of 16,852 tCO<sub>2</sub>e from its own operations. The council therefore has a vital role to play in reducing emissions from its operations, working with its partners and leading by example on tackling the climate emergency in Leicester. The report notes the importance of tackling the climate emergency through the capital programme, with a number of the projects outlined directly playing a positive role in reducing carbon emissions in the city.
- 4.4.2 There is not sufficient information within this report to provide specific details of climate change implications for individual projects, which may have significant implications and opportunities. Detailed implications should therefore be produced for individual projects as and when plans

are finalised. At a high level, there are some general principles that should be followed during the planning, design and implementation of capital projects, as detailed below. A toolkit is also being developed to support the achievement of reduced carbon emissions in council capital construction and renovation projects.

- 4.4.3 New buildings should be constructed to a high standard of energy efficiency, and incorporate renewable energy sources where possible, with projects aiming to achieve carbon neutral development or as close as possible to this. Maintenance and refurbishment works, including replacement of systems or equipment, should also seek to improve energy efficiency wherever possible. This will reduce energy use and therefore bills, delivering further benefits. Major projects will also need to meet Climate Change policy CS2 in the Leicester City Core Strategy planning document, which requires best practice in terms of minimising energy demand for heating, ventilation and lighting, achieving a high level of fabric efficiency, and the use of low carbon or renewable sources of energy
- 4.4.4 Projects involving procurement, including for construction works, should follow the Council's sustainable procurement guidelines. This includes the use of low carbon and sustainable materials, low carbon equipment and vehicles and reducing waste in procurement processes. Transport projects should seek to enable a greater share of journeys to be safely and conveniently undertaken by walking, cycling or public transport wherever possible, and many of the planned works will directly contribute to this. Flood risk and environmental works are also a key part of increasing resilience to a changing climate in the city.

Aidan Davis, Sustainability Officer

4.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

Equal Opportunities	Yes	Paragraph 4.3
Policy	Yes	The capital programme is part of the Council's overall budget and policy framework, and makes a substantial contribution to the delivery of Council policy.
Sustainable and Environmental	Yes	Paragraph 4.4
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	Yes	A number of schemes will benefit elderly people and those on low income.

## **5. Background information and other papers:**

## **6. Summary of appendices:**

Appendix 1 – Corporate & Unringfenced Capital Resources.

Appendix 2a - A City to Enjoy

Appendix 2b – A Fair City

Appendix 2c – Health and Care

Appendix 2d – Lifelong Learning

Appendix 2e – Sustainable Leicester

Appendix 2f – Operational Estate

Appendix 2g – Routine Works

Appendix 2h – Other

Appendix 3 – Operational Estate Maintenance Capital Programme

Appendix 4 – Highways Maintenance Capital Programme

Appendix 5 – Children's Capital Improvement Programme

Appendix 6 – Capital Strategy 2023/24



**7. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?** No

**8. Is this a “key decision”? If so, why?** No – it is a proposal to the Council.

**Report Author:** Ben Matthews

DRAFT

## Appendix One

### Capital Resources

	23/24 {£000}	24/25 {£000}	Total {£000}
<b><u>Resources Brought Forward</u></b>			
Previous years' savings	19,630	-	19,630
<b>Total One Off Resources</b>	<b>19,630</b>	<b>-</b>	<b>19,630</b>
<b><u>Capital Receipts</u></b>			
General Capital Receipts	2,082	-	2,082
Council Housing - Right to Buy Receipts	700	-	700
<b>Total Receipts</b>	<b>2,782</b>	<b>-</b>	<b>2,782</b>
<b><u>Unringfenced Capital Grant</u></b>			
Education maintenance	9,855	6,000	15,855
Integrated Transport	2,576	-	2,576
Transport maintenance	3,262	-	3,262
<b>Total Unringfenced Grant</b>	<b>15,693</b>	<b>6,000</b>	<b>21,693</b>
<b>TOTAL UNRINGFENCED RESOURCES</b>	<b>38,105</b>	<b>6,000</b>	<b>44,105</b>
<b>Ringfenced resources</b>	<b>2,131</b>	<b>-</b>	<b>2,131</b>
<b>TOTAL CAPITAL RESOURCES</b>	<b>40,236</b>	<b>6,000</b>	<b>46,236</b>

**Grant Funded Schemes**

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<b><u>Grant Funded Schemes</u></b>					
Children's Capital Maintenance Programme	CDN (EBS)	WP	15,857	-	15,857
Highway Capital Maintenance	CDN (PDT)	WP	3,262	-	3,262
Transport Improvement Works	CDN (PDT)	WP	2,576	-	2,576
Disabled Facilities Grants	CDN (HGF)	WP	-	1,861	1,861
Grounds Maintenance Equipment	CDN (NES)	WP	-	150	150
<b>TOTAL</b>			<b>21,695</b>	<b>2,011</b>	<b>23,706</b>

*Key to Scheme Types : PJ = Project; WP = Work Programme*

**Summary of Ringfenced Funding**

	{£000}
Disabled Facilities Grant	1,861
Prudential Borrowing	150
<b>TOTAL RINGENCED FUNDING</b>	<b>2,011</b>

**Highways, Transport & Infrastructure**

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<b><u>Highways, Transport &amp; Infrastructure</u></b>					
St Margaret's Gateway	CDN (PDT)	PP	3,000	-	3,000
Highways, Transport & Infrastructure	CDN (PDT)	PP	1,800	-	1,800
St Nicholas Wall	CDN (EBS)	PJ	460	-	460
<b>TOTAL</b>			<b>5,260</b>	<b>-</b>	<b>5,260</b>

*Key to Scheme Types : PJ = Project ; PP = Policy Provision*

**Libraries**

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<b><u>Libraries</u></b>					
Library Investment	CDN (NES)	PP	1,000	-	1,000
<b>TOTAL</b>			<b>1,000</b>	<b>-</b>	<b>1,000</b>

*Key to Scheme Types : PP = Policy Provision ; WP = Work Programme*

**Own Buildings**

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<b><u>Own Buildings</u></b>					
Operational Estate Maintenance	CDN (EBS)	WP	4,000	-	<b>4,000</b>
Malcolm Arcade - Decarbonisation	CDN (EBS)	PJ	400	-	<b>400</b>
Aikman Avenue District Heating	CDN (EBS)	PJ	195	-	<b>195</b>
Phoenix Arts Car Park	CDN (EBS)	PJ	100	-	<b>100</b>
<b>TOTAL</b>			<b>4,695</b>	<b>-</b>	<b>4,695</b>

*Key to Scheme Types : PJ = Project ; WP = Work Programme*

**Parks & Play Areas**

	<b>Division</b>	<b>Scheme Type</b>	<b>Corporate Programme Funding</b> {£000}	<b>Ringfenced Funding</b> {£000}	<b>Total Approval</b> {£000}
<b><u>Parks &amp; Play Areas</u></b>					
Multi Use Games Areas (MUGAs)	CDN (NES)	PJ	2,500	-	<b>2,500</b>
Spinney Hill Park Play Area Refurbishment	CDN (NES)	PJ	150	-	<b>150</b>
<b>TOTAL</b>			<b>2,650</b>	<b>-</b>	<b>2,650</b>

*Key to Scheme Types : PJ = Project ; WP = Work Programme ; PV = Provision*

**Routine Works**

	<b>Division</b>	<b>Scheme Type</b>	<b>Corporate Programme Funding</b>	<b>Ringfenced Funding</b>	<b>Total Approval</b>
			<i>{£000}</i>	<i>{£000}</i>	<i>{£000}</i>
<b><u>Routine Works</u></b>					
Fleet Replacement Programme	CDN (HGF)	WP	3,795	-	<b>3,795</b>
Local Environmental Works	CDN (PDT)	WP	400	-	<b>400</b>
St Paul's Church	CDN (EBS)	PJ	400	-	<b>400</b>
Flood Risk Prevention	CDN (PDT)	WP	300	-	<b>300</b>
Front Walls Enveloping	CDN (PDT)	WP	200	-	<b>200</b>
Repayable Home Repair Loans	CDN (HGF)	WP	200	-	<b>200</b>
Heritage Panels	CDN (TCI)	WP	185	-	<b>185</b>
Ash Die Back Equipment	CDN (NES)	PJ	130	-	<b>130</b>
Historic Building Grant Fund	CDN (PDT)	WP	50	-	<b>50</b>
Empty Homes Acquisition Programme	CDN (HGF)	PV	50	-	<b>50</b>
<b>TOTAL</b>			<b>5,710</b>	<b>-</b>	<b>5,710</b>

*Key to Scheme Types : PJ = Project ; WP = Work Programme ; PV = Provision*



**Feasibilities and Contingencies**

	Division	Scheme Type	Corporate Programme Funding {£000}	Ringfenced Funding {£000}	Total Approval {£000}
<b><u>Feasibilities and Contingencies</u></b>					
Programme Contingency	All Divisions	PP	1,500	-	1,500
Feasibility Studies	CDN (Various)	WP	1,345	120	1,465
<b>TOTAL</b>			<b>2,845</b>	<b>120</b>	<b>2,965</b>

*Key to Scheme Types : PP = Policy Provision ; WP = Work Programme*

**Summary of Ringfenced Funding**

	{£000}
Transformation Fund (Earmarked Reserves)	120
<b>TOTAL RINGENCED FUNDING</b>	<b>120</b>

**GRAND TOTAL – ALL SCHEMES**

<b>43,855</b>	<b>2,131</b>	<b>45,986</b>
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**Appendix 3****Operational Estate Maintenance Capital Programme**

<b>Description</b>	<b>Amount £000's</b>
Accessibility Works - To review the accessibility of complex sites in line with the Equalities Act.	55
Building Works - Essential maintenance at the Council's operational and investment buildings. Key works include a roof replacement and lifecycle replacements in line with lease agreements.	818
Compliance Works - Generally consisting of surveys to gain condition data across the estate and works arising from the various risk assessments that are undertaken.	440
Electrical Works - Replacement fuse boards, fire alarms, mains distribution panels and lighting works.	345
Mechanical Works - Ventilation and plumbing works required at the Council's neighbourhood centres and open spaces.	99
Sustainability Works - to carry out works to aid the decarbonisation of the Council's estate. Including works to support the energy efficiency technology programme that is in the current capital programme.	1,969
Emergency Provision – Provision for emergency reactive works that could be required across the Council's estate	274
<b>TOTAL</b>	<b>4,000</b>

**Proposed Highways Maintenance Capital Programme**

<b>Description</b>	<b>Amount £000's</b>
Major Public Realm & Transport Improvement Schemes - Public realm and transport maintenance works associated with transforming cities and active travel fund	100
Principal Roads – Broad Avenue (The Langhill to Gwendolen Road), Victoria Road East (Gipsy Lane to Hastings Road)	500
Classified Non-Principal Roads – Saffron Lane continuation (Burnaston Road to Pork Pie Island), University Road (Welford Road to Regent Road)	365
Unclassified Neighbourhood Roads – Regent Road (Welford Road to Waterloo Way)	135
LEAN Carriageway & Pothole Repairs – Target large carriageway pothole repairs to provide longer term repairs in readiness for surface dressing.	410
Footway Relays and Reconstructions – Focus on local neighbourhood priorities; Narborough Road continuation, Melton Road footway improvements, Outer estate footway improvement schemes and cycleway resurfacing schemes.	627
Strategic Bridge Deck Maintenance & Replacement Works Friday Street bridge and Burleys Way feasibility study.	185
Bridge Improvement & Maintenance Works – Parapet replacements, structural maintenance works and technical assessment review project.	200
Traffic Signal Installations Renewals and Lighting Column Replacements – Signalling Upgrades, Lamp Column Replacements, Illuminated Bollards and Sign Replacements.	240
DfT / Whole Government Accounting Lifecycle Asset Management Development Project – Strategic asset management development, data analysis, lifecycle planning and reporting in support of DfT Challenge Funding bidding linked to asset management performance.	500
<b>TOTAL</b>	<b>3,262</b>

**Children's Capital Improvement Programme**

<b>Description</b>	<b>Amount £000's</b>
Building Works - Typical works include roof replacements, sports hall floor replacements, playground resurfacing and window replacements.	5,060
Compliance Works - This work stream will mainly be used to ensure the playing fields and pavilions used by schools are fully compliant with current regulations and to conduct health and safety works.	2,165
Mechanical Works - schemes being undertaken within the programme typically consist of re-piping heating systems and end of life ventilation replacements	1,185
Safeguarding Works - building works to ensure sites are secure.	400
Sustainability Works - to carry out works to aid the decarbonisation of the Council's estate. Including works to support the energy efficiency technology programme that is in the current capital programme.	6,407
Individual Access Needs Works - This is a provision to allow works to be carried out to enable children with additional needs to access mainstream school.	195
Emergency Provision - This is provision within the programme to allow for emergency unforeseen works to be carried out.	445
<b>TOTAL</b>	<b>15,857</b>

**Capital Strategy 2023/24**

**1. Introduction**

- 1.1 It is a requirement on local authorities to prepare a capital strategy each year, which sets out our approach to capital expenditure and financing at a high level. The requirement to prepare a strategy arises from Government concerns about certain authorities borrowing substantial sums to invest in commercial property, often primarily for yield and outside the vicinity of the Council concerned (something the Council has never done).
- 1.2 There is also a requirement on local authorities to prepare an investment strategy, which specifies our approach to making investments other than day to day treasury management investments (the latter is included in our treasury management strategy, as in previous years). The investment strategy is presented as a separate report on your agenda.
- 1.3 This appendix sets out the proposed capital strategy for the Council's approval.

**2. Capital Expenditure**

- 2.1 The Council's capital expenditure plans are approved by the full Council, on the basis of two reports:-
  - (a) The corporate capital programme – this covers periods of one or more years, and is always approved in advance of the period to which it relates. It is often, but need not be, revisited annually (it need not be revisited if plans for the subsequent year have already been approved);
  - (b) The Housing Revenue Account (HRA) capital programme – this is considered as part of the HRA budget strategy which is submitted each year for approval.
- 2.2 The capital programme is split into:-
  - (a) Immediate starts – being schemes which are approved by the Council and can start as soon as practical after the council has approved the programme. Such schemes are specifically described in the relevant report;
  - (b) Policy provisions, which are subsequently committed by the City Mayor (and may be less fully described in the report). The principle here is that further consideration is required before the scheme can start.
- 2.3 The corporate capital programme report sets out authorities delegated to the City Mayor. Decisions by the City Mayor are subject to normal requirements in the constitution (e.g. as to prior notice and call-in).

- 2.4 Monitoring of capital expenditure is carried out by the Executive and the Overview Select Committee. Reports are presented on 3 occasions during the years, and at outturn. For this purpose, immediate starts have been split into three categories:-
- (a) **Projects** – these are discrete, individual schemes such as a road scheme or a new building. These schemes are monitored with reference to physical delivery rather than an annual profile of spending. (We will, of course, still want to make sure that the overall budget is not going to be exceeded);
  - (b) **Work Programmes** – these will consist of minor works or similar schemes where is an allocation of money to be spent in a particular year.
  - (c) **Provisions** – these are sums of monies set aside in case they are needed, but where low spend is a favourable outcome rather than indicative of a problem.
- 2.5 When, during the year, proposals to spend policy provisions are approved, a decision on classification is taken at that time (i.e. a sum will be added to projects, work programmes or provisions as the case may be).
- 2.6 The authority does not capitalise expenditure, except where it can do so in compliance with proper practices: it has never applied for directions to capitalise revenue expenditure.
- 2.7 The table below forecasts the past and forecast capital expenditure for the current year and 2023/24. It therefore, includes latest estimates of expenditure from the 2022/23 programme that will be rolled forward.

<b>Department / Division</b>	<b>2022/23 Estimate £m</b>	<b>2023/24 &amp; Beyond Estimate £m</b>
All Departments	-	7.7
Corporate Resources	0.2	3.0
Planning, Development & Transportation	59.2	106.1
Tourism, Culture & Inward Investment	12.7	39.0
Neighbourhood & Environmental Services	1.8	3.9
Estates & Building Services	20.8	24.6
Adult Social Care	0.6	6.4
Children's Services	15.8	29.0
Public Health	2.1	2.5
Housing General Fund	5.5	13.2
<b>Total General Fund</b>	<b>118.7</b>	<b>235.4</b>
Housing Revenue Account	34.3	172.4
<b>Total</b>	<b>153.0</b>	<b>407.8</b>

- 2.8 The Council's Estates and Building Services Division provides professional management of non-housing property assets. This includes maintaining the properties, collecting any income, rent reviews, ensuring that lease conditions are complied with and that valuations are regularly updated at least every 5 years. A capital programme scheme is approved each year for significant improvements or renovation.
- 2.9 The Housing Division provides management of tenanted dwellings. Apart from new build and acquisitions, the HRA capital programme is almost entirely funded from tenants' rents. The criteria used to plan major works are in the table below:-

<b>Component for Replacement</b>	<b>Leicester's Replacement Condition Criteria</b>	<b>Decent Homes Standard: Maximum Age</b>
Bathroom	All properties to have a bathroom for life by 2036	30 - 40 years
Central Heating Boiler	Based on assessed condition	15 years (future life span of new boilers is expected to be on average 12 years)
Chimney	Based on assessed condition	50 years
Windows & Doors	Based on assessed condition	40 years
Electrics	Every 30 years	30 years
Kitchen	All properties to have an upgraded kitchen by 2036	20 - 30 years
Roof	Based on assessed condition	50 years (20 years for flat roofs)
Wall finish (external)	Based on assessed condition	80 years
Wall structure	Based on assessed condition	60 years

### 3. **Financing Capital Expenditure**

- 3.1 Most capital expenditure of the Council is financed as soon as it is spent (by using grants, capital receipts, revenue budgets or the capital fund). The Council will only incur spending which cannot be financed in this way in strictly limited circumstances. Such spending is termed "prudential borrowing" as we are able to borrow money to pay for it. (The treasury management strategy explains why in practice we don't need to borrow on the external market: we must still, however, account for it as borrowing and make "repayments" from revenue each year). Circumstances in which the Council will use "prudential borrowing" are:-
- (a) Where spending facilitates a future disposal, and it is estimated that the proceeds will be sufficient to fully cover the initial costs;
  - (b) Where spending can be justified with reference to an investment appraisal (this is further described in the separate investment strategy).

This also includes social housing, where repayment costs can be met from rents;

- (c) Other “spend to save” schemes where the initial cost is paid back from revenue savings or additional income;
- (d) Where, historically, the Council has used leasing for vehicles or equipment, and revenue budgets already exist to meet the cost;
- (e) “Once in a generation” opportunities to secure significant strategic investment that will benefit the city for decades to come.

3.2 The Council measures its capital financing requirement, which shows how much we would need to borrow if we borrowed for all un-financed capital spending (and no other purpose). This is shown in the table below:-

	<b>2022/23 Estimate £m</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
HRA	265	301	316	336
General Fund	266	262	259	254

*(The table above excludes PFI schemes).*

3.3 Projections of actual external debt are included in the treasury management strategy, which is elsewhere on your agenda.

#### 4. **Debt Repayment**

- 4.1 As stated above, the Council usually pays for capital spending as it is incurred. However, this has not always been the case. In the past, the Government encouraged borrowing and money was made available in Revenue Support Grant each year to pay off the debt (much like someone paying someone else’s mortgage payments).
- 4.2 The Council makes charges to the general fund budget each year to repay debt incurred for previous years’ capital spending. (In accordance with Government rules, no charge needs to be made to the Housing Revenue Account: we do, however, make charges for newly built and acquired property).
- 4.3 The general underlying principle is that the Council seeks to repay debt over the period for which taxpayers enjoy the benefit of the spending it financed.
- 4.4 Where borrowing pays for an asset, debt is repaid over the life of the asset.
- 4.5 Where borrowing pays for an investment, debt is repaid over the life of the Council’s interest in the asset which has been financed (this may be the asset life, or may be lower if the Council’s interest is subject to time limits). Where borrowing funds a loan to a third party, repayment will never exceed the period of the loan.
- 4.6 Charges to revenue will be based on an equal instalment of principal, or set on an annuity basis, as the Director of Finance deems appropriate.



- 4.7 Debt repayment will normally commence in the year following the year in which the expenditure was incurred. However, in the case of expenditure relating to the construction of an asset, the charge will commence in the year after the asset becomes operational or the year after total expenditure on the scheme has been completed.
- 4.8 The following are the maximum asset lives which can be used:-
- (a) Land – 50 years;
  - (b) Buildings – 50 years;
  - (c) Infrastructure – 40 years;
  - (d) Plant and equipment – 20 years;
  - (e) Vehicles – 12 years.
- 4.9 Some investments governed by the treasury strategy may be accounted for as capital transactions. Should this require debt repayment charges, an appropriate time period will be employed.
- 4.10 Authority is given to the Director of Finance to voluntarily set aside sums for debt repayment, over and above the amounts determined in accordance with the above rules, where he/she believes the standard charge to be insufficient, or in order to reduce the future debt burden to the authority.
- 4.11 In circumstances where the investment strategy permits use of borrowing to support projects which achieve a return, the Director of Finance may adopt a different approach to debt repayment to reflect the financing costs of such schemes. The rules governing this are included in the investment strategy.
- 4.12 The ratio of financing costs to net revenue budget is estimated to be:-

	<b>2022/23</b> %	<b>2023/24</b> %	<b>2024/25</b> %
General Fund	1.1	0.5	0.5
HRA	11.4	13.6	14.9

## 5. **Commercial Activity**

- 5.1 The Council has for many decades held commercial property through the corporate estate. It may decide to make further commercial investments in property, or give loans to others to support commercial investment. Our approach is described in the investment strategy, which sets the following limitations:-
- (a) The Council will not make such investments purely to generate income. Each investment will also benefit the Council's service objectives (most probably, in respect of economic regeneration and jobs). It will, however, invest to improve the financial performance of the corporate estate;
  - (b) The Council will not make investments outside of the LLEP area (or just beyond its periphery) except as described below. We would not, for instance, borrow money to buy a shopping centre 100 miles from Leicester;

- (c) There is one exception to (b) above, which is where the investment meets a service need other than economic regeneration. An example might be a joint investment in a solar farm, in collaboration with other local authorities; or investment in a consortium serving local government as a whole. In these cases, the location of the asset is not necessarily relevant.
- 5.2 Such investments will only take place (if they are of significant scale) after undertaking a formal appraisal, using external advisors if needs be. Nonetheless, as such investments also usually achieve social objectives, the Council is prepared to accept a lower return than a commercial funder might, and greater risk than it would in respect of its treasury management investments. Such risk will always be clearly described in decision reports (and decisions to make such investments will follow the normal rules in the Council's constitution).
- 5.3 Although the Council accepts that an element of risk is inevitable from commercial activity, it will not invest in schemes whereby (individually or collectively) it would not be able to afford the borrowing costs if they went wrong. As well as undertaking a formal appraisal of schemes of a significant scale, the Council will take into account what "headroom" it may have between the projected income and projected borrowing costs.
- 5.4 In addition to the above, the Council's treasury strategy may permit investments in property or commercial enterprises. Such investments may be to support environmental and socially responsible aims, and are usually pooled with other bodies. For the purposes of the capital strategy, these are not regarded as commercial activities under this paragraph as the activity is carried out under the treasury strategy.
6. **Knowledge and Skills**
- 6.1 The Council employs a number of qualified surveyors and accountants as well as a specialist team for economic development who can collectively consider investment proposals. It also retains external treasury management consultants (currently Arlingclose). For proposed investments of a significant scale, the Council may employ external specialist consultants to assist its decision making.



# Leicester Waterside Regeneration

Economic Development, Transport  
and Climate Emergency Scrutiny  
Commission  
January 2023





## Presentation to cover:

- The regeneration challenge
- The development opportunity
- Progress to date



# Waterside area 50 years ago



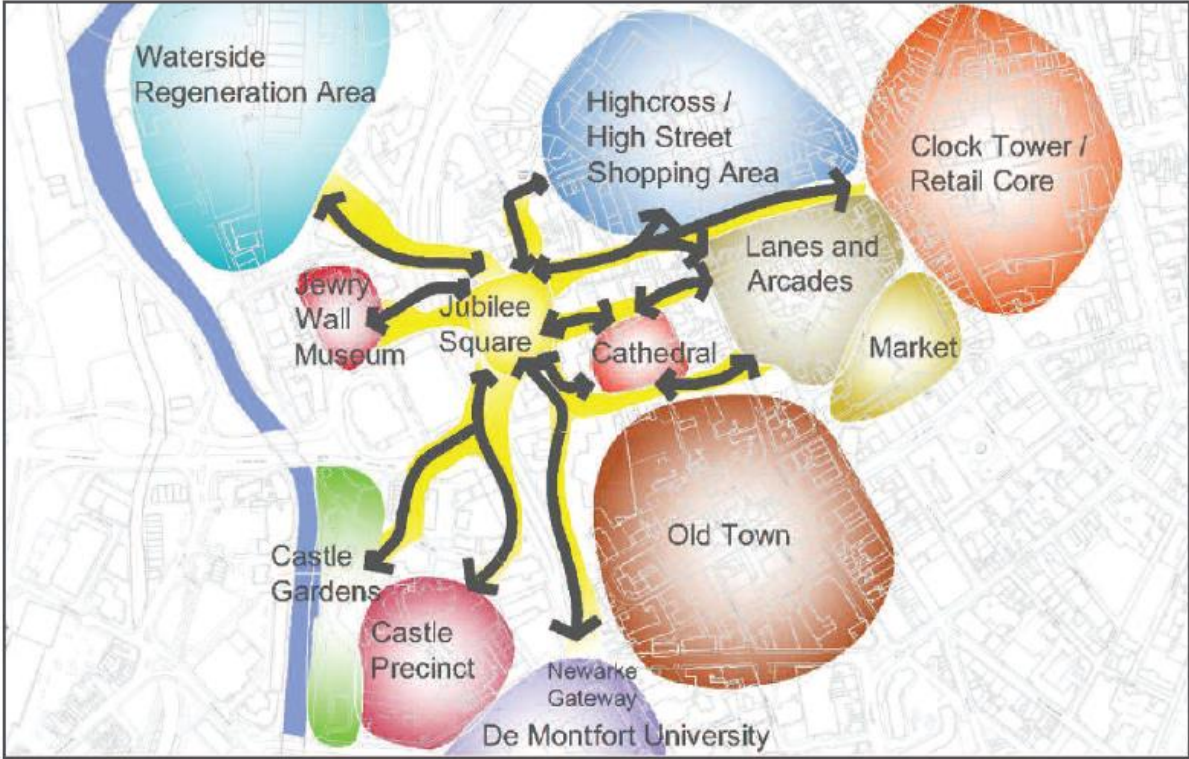


# Waterside area 10 years ago





# Illustrative masterplan for Waterside/Connecting Leicester Vision









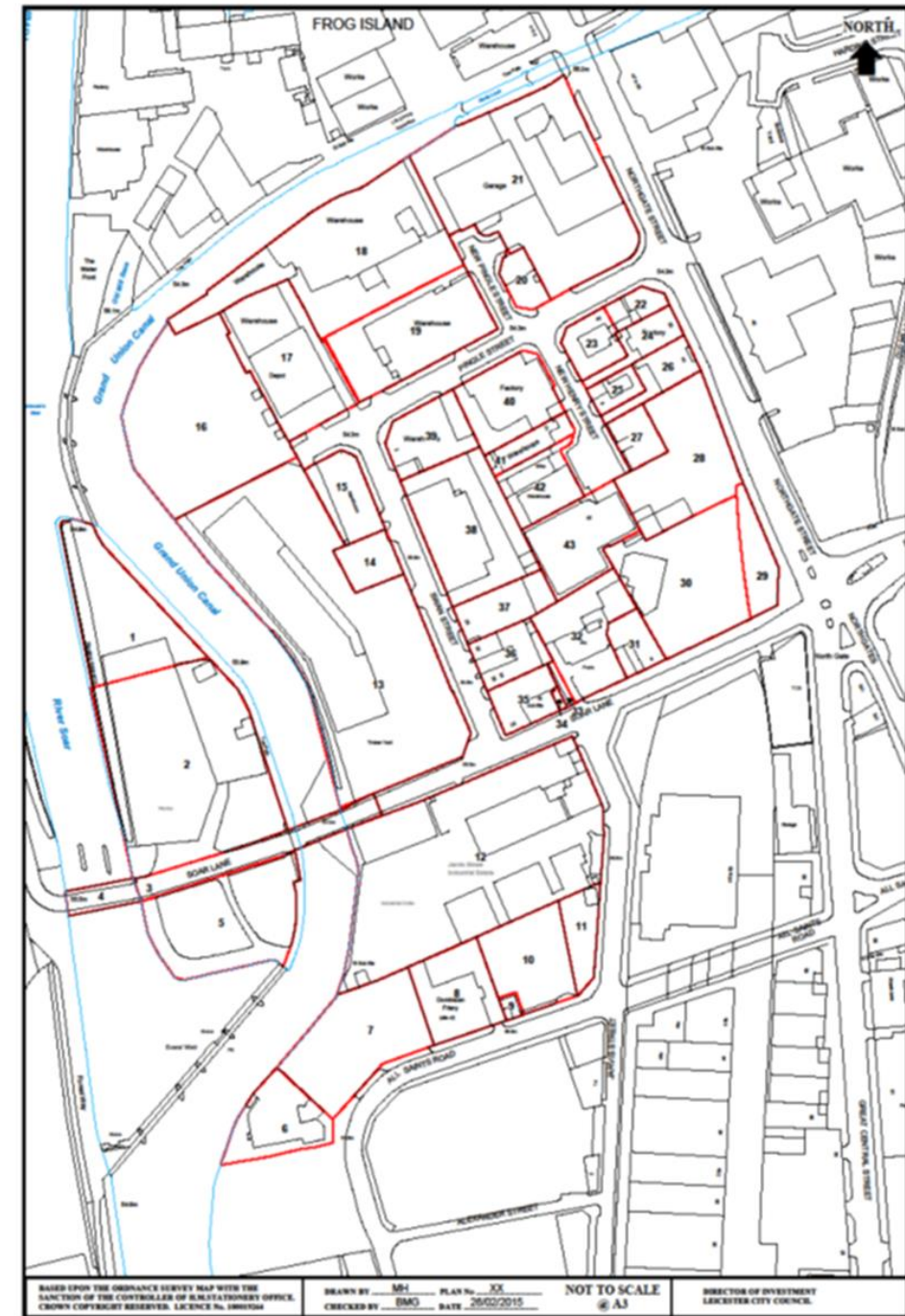






# Waterside CPO

- 17-acres
- 80-interests in all
- Majority of affected businesses who wished to move successfully relocated.
- Partnered with Keepmoat Homes
- Predominantly housing and apartments for sale, to complement market apartments for rent
- Offices own-front-door, for-sale, to complement multi-tenure rented offices





# Waterside area 2 years ago





# Waterside CPO site today

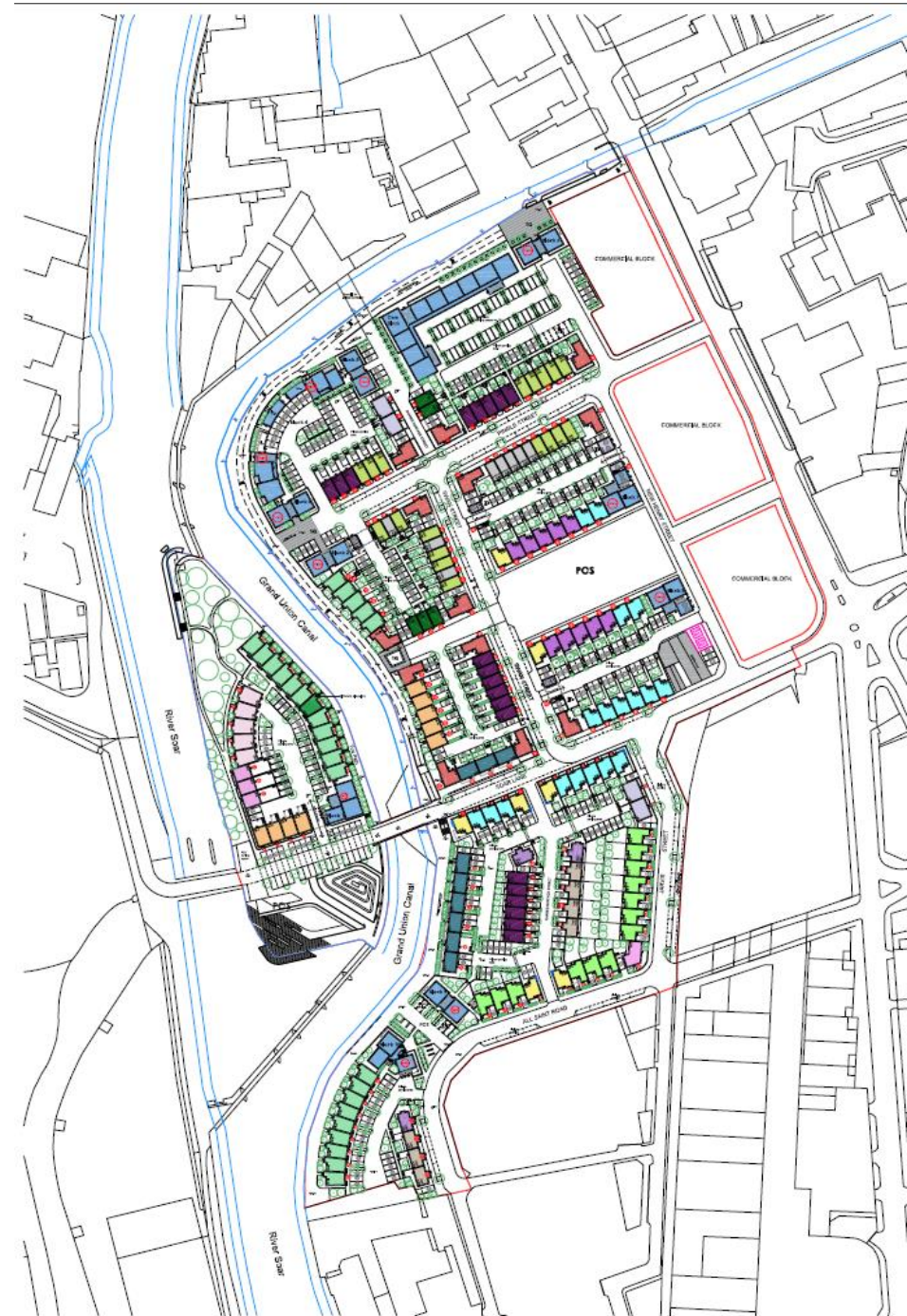
83





# LCC/Keepmoat Investment and Outcomes

- 363 homes in total comprised of:
  - 288 market-for-sale houses and apartments
  - 75 affordable supported living apartments (20%)
- 55,000sqft of office space (400+ jobs)
- ~~o~~ Public Open Space
- All to be complete by 2027. To date, first 100 homes and first phase of three office blocks complete and occupied.
- Public funding of:
  - £5M LCC capital programme (land and infrastructure)
  - £20M Local Growth Fund (land and infrastructure)
  - £4.9M Right to Buy (affordable homes provision)
  - Potential further contribution to affordable homes from Homes England























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NOVOTEL  
HOTELS & RESORTS







# Castle Mead Academy

Opened Sept  
2019

1,200 students  
years 7-11

140 Staff





# Planned Transport Improvements

- £10M Improvements to A50 through Waterside (Transforming Cities Programme)
- Through-road to become neighbourhood scale route
- Reduce carriageway width, widen footways
- Improved provision for cyclists/pedestrians
- Street trees and landscaping
- Works to start imminently

92





# Delivered to Date

- **Homes for sale:** Keepmoat, 100
- **Homes for rent:** Wulcombe (301); Tannery (179); Merlin Wharf (354); Kubeck (69) – Total 1,003
- **Student Accommodation** – Merlin Heights & Tannery c.1,000-beds
- **Office Space:** Friars Mill; YU (Keepmoat); No 1 Great Central Square. Total c. 7,000sqm or 500+jobs
- **Hotel and Leisure** – Novotel/Adagio (200-beds); Lane 7 leisure

(Total Private investment value c.£300M)

- **1,200 student and 140 staff school**







# Appendix D



## Economic Development, Transport and Climate Emergency Commission

Date of Commission Meeting: 26<sup>th</sup> January 2023

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### **Community Renewal Fund**

Report of the Director of Tourism, Culture and Investment

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## Useful information

- Ward(s) affected: All
- Report authors: Joanne Ives
- Author contact details: 0116 454 2934, [joanne.ives@leicester.gov.uk](mailto:joanne.ives@leicester.gov.uk)

## Suggested content

### 1. Purpose of report

- 1.1 This report updates on the £3m Community Renewal Fund (CRF) programme which has now completed. This has delivered five Leicester projects to help build skills, support local businesses and communities and provide employment support. At the commission meeting there will be a short presentation from two of the projects illustrating the impacts they have been able to make using CRF resources.

### 2. Recommendations

- 2.1 To note the contents and comment on this report.

### 3. Report

#### Background

- 3.1 The Community Renewal Fund is a short term, largely revenue programme which was described as a pre cursor to the UK Shared Prosperity fund that was expected to be the replacement for EU structural funds. Leicester was identified as one of the 100 priority areas for the fund and was invited to submit up to £3m worth of applications to government to deliver activities that invest in skills, local business, communities and place, and support people into employment.
- 3.2 Following a call by Leicester City Council, 29 applications were received in response to the opportunity. It must be stressed that the council was not able to issue any sort of local prospectus as this was a national programme. Of these, 5 projects were shortlisted for inclusion in Leicester's proposal, forming a £2.9m package, though each project was assessed separately by government. All of the projects put forward were awarded funding in November 2021.
- 3.3 It is notable that all of the approved projects have involved collaborative working with a series of partner organisations. None have been delivered solely by the lead organisation, so there has been considerable emphasis on joint working and shared responsibility. This is inevitable given the short time each project had to deliver a great deal of activity and has created some challenges regarding accountability and risk. An inherent difficulty for all projects was also the extremely short time allowed for activity which was little more than 6 months.

- 3.4 Details of the successful projects are as follows:
- 3.5 Positive Communities – a voluntary and community sector partnership of 12 local organisations led by the Highfields-based Bangladesh Youth and Cultural Shomiti, working to support people into employment and develop new skills. Awarded £584,230.
- 3.6 A community ESOL (English for Speakers of Other Languages) scheme – aimed at improving language skills to help people into employment, led by Leicester-based Twin Employment and Training. Awarded £500,000.
- 3.7 The ‘She Inspired Business Playbox’ project – comprising five local voluntary and community sector organisations, which works to support women into employment and business. The project is led by Zinithiya Ganeshpanchan Trust, a local organisation helping women to escape from poverty and abuse. It was awarded £349,588.
- 3.8 Leicester Accelerator – a partnership of seven business support organisations led by East Midlands Chamber also successfully bid for £1million of CRF funds, to fund a range of support programmes including use of digital technology, mentoring for businesses and grants.
- 3.9 Leicester Textiles Renewal – an integrated support programme delivering garment skills/ training, support for innovation and encouraging best practice within the city’s textiles and garment industry. The bid, led by Leicester City Council, was awarded £500,000 of CRF funding.
- 3.10 Total funding of £2,933,818 was secured for the 5 projects, plus a management fee of £58,677, creating a total programme value of £2,992,495.

#### Project Delivery

- 3.11 The projects ran from 1<sup>st</sup> November 2021 to 30<sup>th</sup> September 2022. The programme had been due to end at 30 June 2022 but it was extended by government due to the delays with the contracts and approval from Department for Levelling Up, Housing and Communities (DLUHC).
- 3.12 All projects have performed well and 99% of the total spend has been verified and achieved. The final claim has been submitted to government and the council is currently awaiting final payment of £1,142,638.22.

Project Name	Area of activity	Contract Value	Achieved	%
Leicester Community ESOL Project	Supporting people into employment	£500,000	£494,127.52	98.82%
She Inspired Business Playbox	Supporting people into employment	£356,580	£339,239.95	95.14%
East Midlands Accelerator - Leicester City	Investment for local business	£1,000,000	£1,000,000	100%
Leicester Textiles Renewal	Investment in skills	£500,000	£500,000	100%

Positive Communities	Supporting people into employment	£584,230	£584,230	100%
<b>Management Fee</b>		£58,677	£58,677	
<b>Total</b>		£2,992,495	£2,976,274.40	99.46%

3.13 The total number of beneficiaries engaged were 1,786 individuals and 426 businesses. These are categorised as follows:

<b>Individuals</b>	<b>Target</b>	<b>Achieved</b>
Economically Inactive	485	553
Unemployed	642	567
Employed	555	666
Total Individuals	1,682	1,786
<b>Businesses</b>	<b>Target</b>	<b>Achieved</b>
Small	208	391
Medium	153	32
Large	0	3
Total Businesses	361	426

3.14 The total number of individuals and businesses engaged have been exceeded across the whole programme, though the type of individuals or business varied against the original expectations . This was down to:

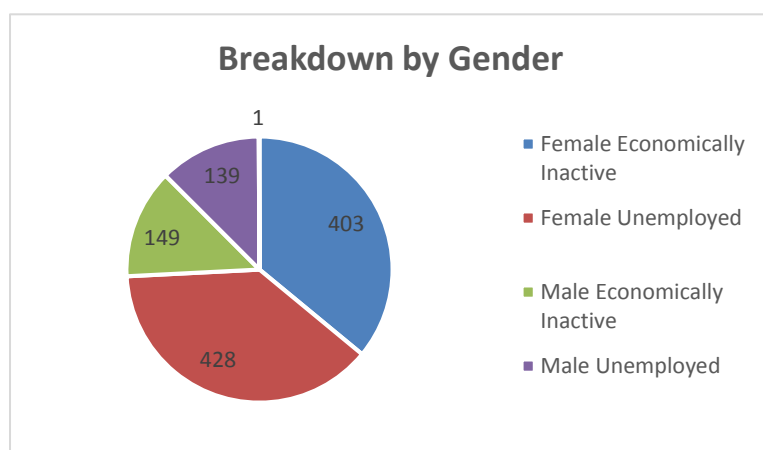
- More smaller businesses under 5 employees were seeking support but the offer was disseminated to all businesses
- There was a change to the definitions of how individuals were categorised: individuals were defined as employed *if they were working at all* even if they were claiming UC or other benefits.

3.15 The following outcomes have been achieved. The outcomes that were underachieved primarily related to individuals engaging with the benefits system. This was because i) many individuals engaged were already registered and ii) those that weren't linked it proved difficult to obtain the necessary evidence to show they were now registered with DWP and therefore they could not be counted. We suspect many more people were actually supported by the projects even though this could not easily be evidenced using the programme criteria.

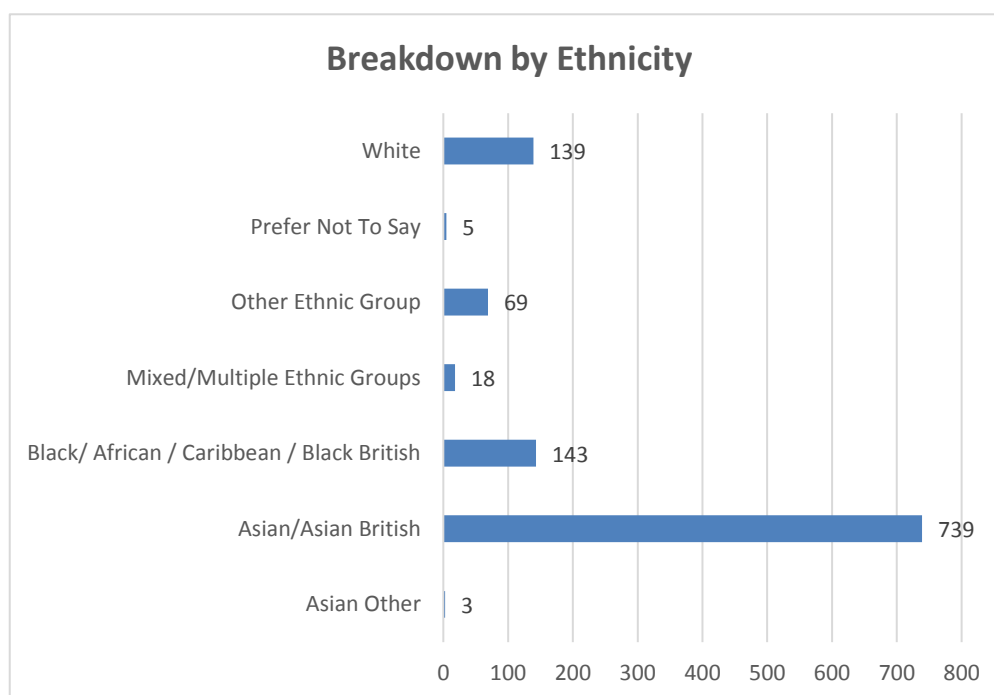
<b>Outcome</b>	<b>Target</b>	<b>Achieved</b>
People engaged in job-searching	311	204
People engaged in life skills support	357	533
People gaining a qualification (maths, ESOL, textile etc)	435	477
People in education/training (moving into further esol or education)	378	331
People in employment, including self-employment	139	64
Economically inactive individuals engaging with benefits system	147	10
Businesses introducing new products to the firm	8	36
Businesses introducing new products to the market	2	0
Number of new businesses created	20	13
Employment increase in supported businesses	40	80.3

Jobs safeguarded	280	199
Decarbonisation plans developed	40	52
Feasibility studies developed	1	1
Innovation plans developed	16	21
Organisations engaged in knowledge transfer activity	10	18

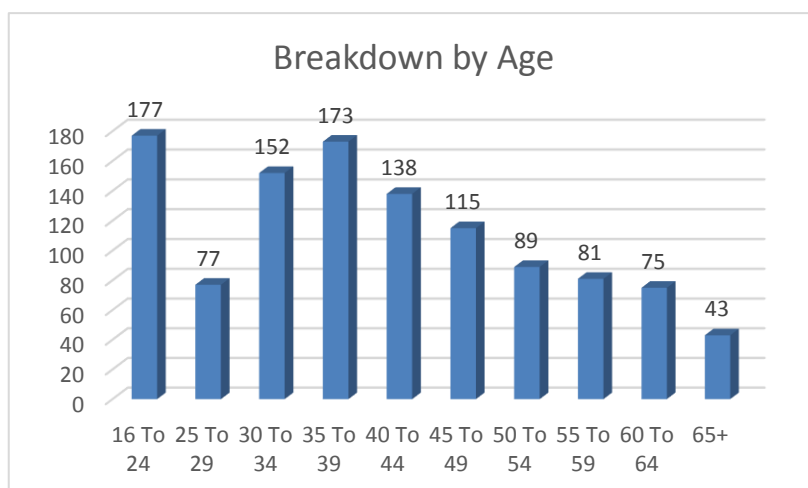
3.16 The breakdown of unemployed and economically inactive individuals supported is as follows. Note that the majority of unemployed or economic inactive individuals were female, with 403 being economically inactive and 428 being unemployed. Many projects were trying to engage the economically inactive population and since women are much more likely to be in this category than men, the gender imbalance of beneficiaries was anticipated.



3.17 Breakdown by ethnicity for unemployed and economic inactive individuals ethnicity shows a very large proportion of individuals supported were categorised as Asian/ Asian British. Given the nature of the projects and their target groups this was also anticipated.

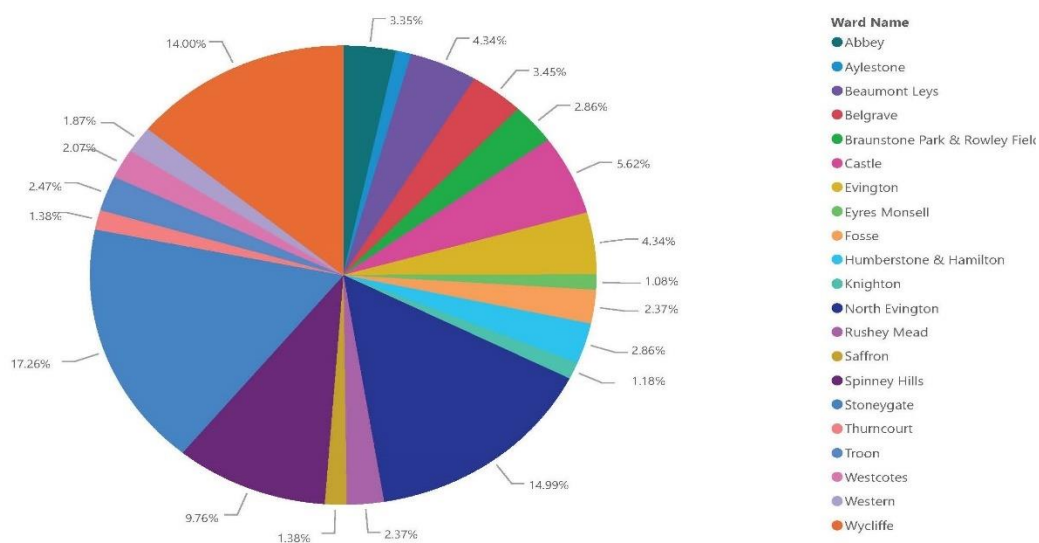


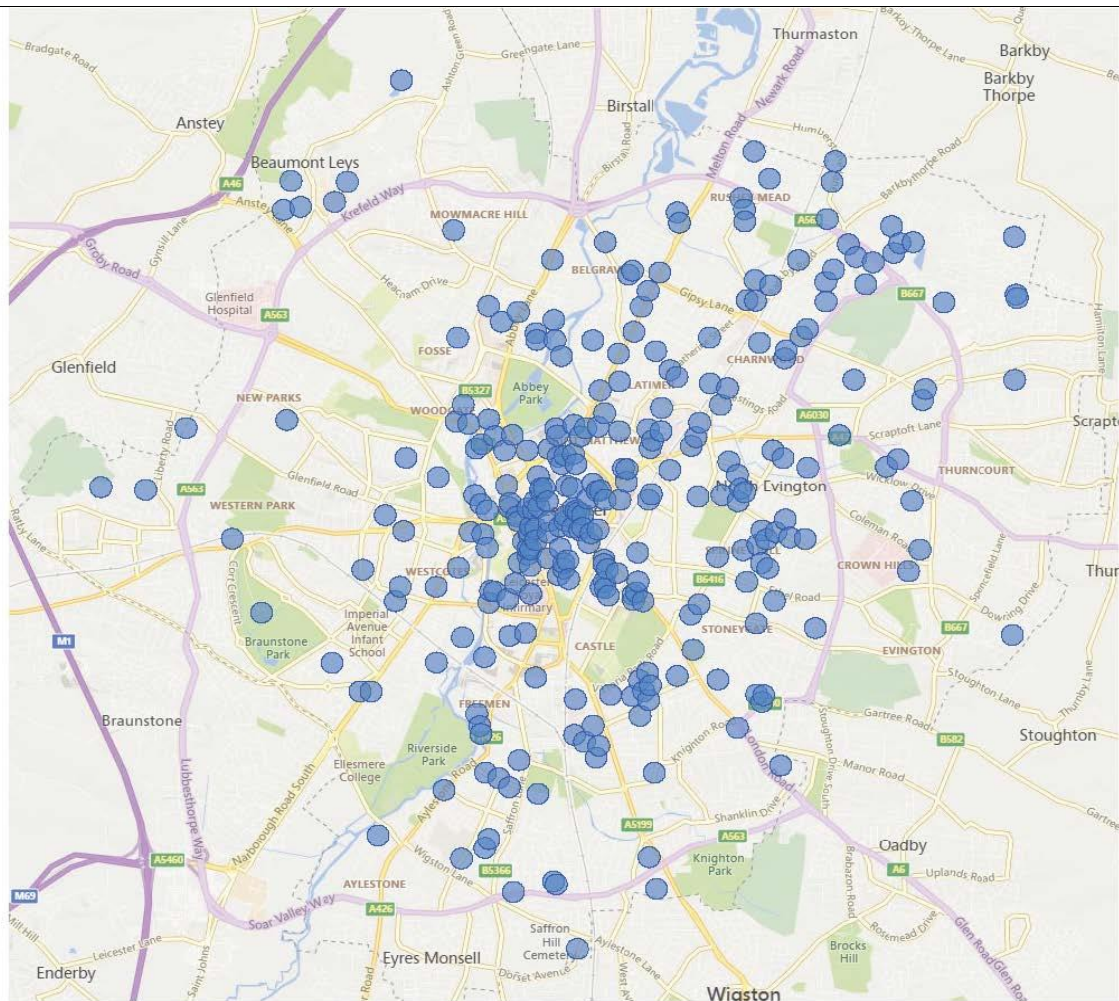
3.18 A broad range of ages were supported as shown below.



3.20 The following pie chart below tracks individuals supported by ward and shows that the greatest number of individuals were supported in Stoneygate, Spinney Hills, North Evington and Wycliffe wards. A good cross section of businesses were also supported across Leicester as shown in the map of the city.

**Individuals Supported by CRF**





### 3.21 Some lessons to be learnt that the projects found were:

- The projects did encounter some challenges during the delivery, which was expected due to the nature of the programme and the type of beneficiaries targeted. The partners together, through their proven track record were able to work dynamically to respond to these challenges and deliver the project.
- The delay with the original timescale of the project impacted certain elements of individual partner capacity and availability. This was mainly due to the start dates being amended following a delayed funding decision from government.
- Due to the nature of the new partnerships, individual partner expectations sometimes differed. Some partners felt that the overall engagement of participants and communication between partners could have been improved in certain areas.
- Dynamics of working as part of a new partnership over a very short period of time caused some issues. For some of the project partners this was the biggest project and partnership they had been involved with to date.
- A particular challenge was the need for ongoing engagement of participants after they had participated in the programme. Although some of the individuals



continued to communicate and interact, others had not seen the need so communication with them proved difficult.

- Detailed evaluations have been completed for each of the projects. This work is still being reviewed and will help inform future UKSPF priorities.

3.22 The following are examples of some of the comments received from individuals and businesses.

"I am now much more confident about speaking English and looking for employment. The course greatly helped my self-confidence and skills in this area."

"The outcome achieved from the support was that I successfully gained employment and found a secure job after being unemployed for months."

"I have gained confidence in myself which has contributed to a positive mind-set and self-belief which has helped improve my quality of life, and which I can now build on."

"Made job application on 29/06/2022 and with the support from adviser, I started my new job as of 02/07/2022. What a great result!"

"benefits of participating in the courses include improving their skills, new aspirations for working in textiles, new motivations gaining experience, gaining confidence, and improving their employability. Socially, the courses have learners more confidence as well as mixing with and respecting other cultures, enabling them to learn to adapt to different religions, creating an open community"

"The project had a demonstrable impact of learners' future entrepreneurship. 80% of learners said that their involvement with the project had improved their employability or job prospects, whilst 90% even said that the course had improved their likelihood that they will start their own business. 81.% also that the courses at the Textile Technology Academy have improved their awareness of workers rights.

3.24 Alongside the core outcomes, the following additional benefits were reported by beneficiaries. This is particularly welcomed bearing in mind that support was delivered following Leicester coming out of covid.

Non-core outcome achievements
Improved levels of mental health
Improved levels of physical health
Feeling less isolated
Feeling safer
Improved self-confidence
An improved sense of career progression
Feeling more motivated

3.25 A celebration event is scheduled for 10<sup>th</sup> February 2023 where each project will be highlighting their achievements, showcasing project delivery and discussing any lessons learnt. This also provides an opportunity to celebrate the impact of the overall CRF programme.

## 5. Financial, legal, and other implications

### 5.1 Financial implications



As outlined in the report, the total grant funding approved was £2,992k. Of this, £500k was used by the Council to finance the Textile Sector Support project, with a further £59k to cover the cost of acting as accountable body for the four other organisations running projects.

Stuart McAvoy – Head of Finance

## 5.2 Legal implications

The report is an update report on the projects which had been funded by the Authority using external Community Renewal Funding ('CRF').

Previous legal advice on subsidy and funding agreements had been provided and therefore there are no direct legal implications save for the Authority will need to continue to ensure that it complies with any obligations attached to the CRF by central government and continue to monitor progress/milestones etc under any funding agreements.

*Mannah Begum, Principal Solicitor (Commercial and Contracts) ext 423*

## 5.3 Climate Change and Carbon Reduction implications

Businesses are responsible for around 34% of Leicester's carbon emissions, not including their share of transport emissions. Following the council's declaration of a Climate Emergency and it's goal to achieve carbon neutrality within the city, tackling these emissions is vitally important. As noted within this report, one of the funded projects aimed address this through supporting 40 organisations to develop decarbonisation plans, and this target was exceeded, with 52 receiving this support. Where follow-up monitoring of project outcomes occurs, this could include a review of the impacts of this work, and potential lessons for future business support work.

Aidan Davis, Sustainability Officer, Ext 37 2284

## 5.4 Equalities Implications

Under the Equality Act 2010, public authorities have statutory duties, including the Public Sector Equality Duty (PSED) which means that, in carrying out their functions they have to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't. In doing so, the council must consider the possible impact on those who are likely to be affected by the recommendation and their protected characteristics.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The report provides an update on the 5 Community Renewal Fund (CRF) projects within the city of Leicester and highlights the groups that have benefitted from these including a range of protected characteristics. At the celebration event which is scheduled for 10 February 2023 it would be useful to look at the achievements of the projects and lessons learnt to see what equality considerations have been taken into account and if there are any issues that need to be addressed.

Sukhi Biring, Equalities Officer, 0116 454 4175

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

Not applicable

**6. Background information and other papers:**

None

**7. Summary of appendices:**

None

**8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?**

No

**9. Is this a “key decision”?**

No

**10. If a key decision please explain reason**

N/A



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# **Learning and Skills for Economic Recovery**

Decision to be taken by: Economic Development,  
Transport and Climate Emergency Scrutiny Commission

Decision to be taken on: 26<sup>th</sup> January 2023

Lead director: Mike Dalzell

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## Useful information

- Ward(s) affected: All
- Report author: Kerry Gray
- Author contact details: Kerry.gray@leicester.gov.uk
- Report version number plus Code No from Report Tracking Database:

## ***Suggested content***

### **1. Purpose of report**

Economic Development, Transport and Climate Emergency Scrutiny Commission members previously requested discussion of a paper, '**Learning and skills for economic recovery, social cohesion and a more equal Britain**' created by The Labour Party's Council of Skills Advisors. The paper is attached with some summary from officers to guide a discussion.

### **2. Summary**

The Labour Party Council of Skills Advisors was formed in Autumn 2021, chaired by Lord David Blunkett, with the ambition to 'reach out to the network of those involved in the development of skills and lifelong learning- in business, the trade unions, public service and academia – in order to put together an ambitious but practical set of proposals which would provide coherence across a range of policy areas and meet both the short-term skills gap and the longer-term challenges of major innovative change in the workplace.'

### **3. Recommendations**

Economic Development, Transport and Climate Emergency Scrutiny Commission (EDTCE) are invited to:

- Consider and comment on the policy paper.

### **4. Report/Supporting information including options considered:**

The Labour Party Council of Skills Advisors was formed in Autumn 2021, chaired by Lord David Blunkett, with the ambition to 'reach out to the network of those involved in the development of skills and lifelong learning- in business, the trade unions, public service and academia – in order to put together an ambitious but practical set of proposals which would provide coherence across a range of policy areas and meet both the short-term skills gap and the longer-term challenges of major innovative change in the workplace.'

The paper identifies three key challenges:

1. Rapidly restore a sustainable upward trajectory in growth and productivity.
2. Deliver quality jobs and provide the incentive and necessary skills to fill largescale vacancies in order to accelerate growth without long-term inflationary pressures
3. Prepare for the ongoing impact of the Fourth Industrial Revolution, the transition towards net-zero and the rapidly changing profile of the workplace.

There are 21 key recommendations which include:

- Establish a National Skills Taskforce
- Decision making and spending should be decentralised and devolved to regional and sub regional level wherever possible.
- Restoration of the Sure Start programme
- A National Curriculum Authority free from Party Political interference.
- Raise the standards of digital skills teaching
- A complete shake up of the careers service from school through to adult careers guidance.
- An enhanced role for further education
- Re-introduction of the Educational Maintenance Allowance
- Development of Individual Learning Accounts for Adult Learning
- Apprenticeship and Learning Levy
- Right to Retrain – free courses for adults to progress to higher level skills.
- Disability passport scheme to streamline Education, Health and care Plans, Disabled Students Allowance and Access to Work.
- National Occupational Health programme

The paper concludes with a series of case studies illustrating existing good practice.

The meeting on the 23<sup>rd</sup> January offers an opportunity for members to consider these issues further and to suggest how and if the council should respond to this policy paper.

As this is primarily a discussion paper we have not engaged other officer comment around equalities, finance and legal implications etc as the combined subject areas are too broad and there isn't a Leicester specific proposition against which we could make such assessments.

## 5. Financial, legal and other implications

### 5.1 Financial implications

No implications

### 5.2 Legal implications

No implications

### 5.3 Climate Change and Carbon Reduction implications

No implications

### 5.4 Equalities Implications

No implications

### 5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

No implications

## 6. Background information and other papers:

[WR-16813 22-Labour-Skills-Council-report-Edit-19-10-22.pdf](#)

## 7. Summary of appendices:

Appendix 1 : 'Learning and Skills for economic recovery, social cohesions and a more equal Britain' . The Labour Party Skills Council, October 2022

## 8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

**9. Is this a “key decision”?**

No

**10. If a key decision please explain reason**

**In determining whether it is a key decision you will need consider if it is likely:**

- to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.
- to be significant in terms of its effects on communities living or working *in two or more wards in the City*.

Expenditure or savings will be regarded as significant if:

- (a) In the case of additional recurrent revenue expenditure, it is not included in the approved revenue budget, and would cost in excess of £0.5m p.a.;
- (b) In the case of reductions in recurrent revenue expenditure, the provision is not included in the approved revenue budget, and savings of over £0.5m p.a. would be achieved;
- (c) In the case of one off or capital expenditure, spending of over £1m is to be committed on a scheme that has not been specifically authorised by Council.

In deciding whether a decision is significant you need to take into account:

- Whether the decision may incur a significant social, economic or environmental risk.
- The likely extent of the impact of the decision both within and outside of the City.
- The extent to which the decision is likely to result in substantial public interest
- The existence of significant communities of interest that cannot be defined spatially.





*Learning and  
skills for economic  
recovery, social  
cohesion and a  
more equal Britain*

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## Foreword

In the autumn of 2021, the leader of the Labour Party, Sir Keir Starmer, asked me to draw together a group of individuals with very different experiences under the umbrella of the Council of Skills Advisers.

This was envisaged as a short-term project to reach out to the network of those involved in the development of skills and lifelong learning - in business, the trade unions, public service and academia - in order to put together an ambitious but practical set of proposals which would provide coherence across a range of policy areas and meet both the short-term skills gap and the longer-term challenges of major innovative change in the workplace.

In demonstrating the deeply regrettable fall of investment in skills both in respect of government spending and business commitment over the last decade, we recognise the enormous task facing an incoming government, not only in reversing the failure of the recent past, but also the scale of the challenge in the years ahead.

It is intended that this independent report should inform the Labour Party's immediate policy development ahead of the production of the next General Election manifesto. To that end, the recommendations will be submitted for consideration as part of the upcoming, final year of Labour's National Policy Forum (NPF) cycle in 2022-23.

In addition, we hope this paper will also contribute to the wider public debate about the priorities that should be given to learning, skills, progression within work and, critically, a lifelong trajectory to meet the economic and social challenges of the future.

This document is about practical policies to address the needs of the individual and the country. It is, however, designed to reflect the values of mutuality and reciprocity, of self-help and interdependence. In order for the recommended policies to succeed, it requires an enabling government which matches the obligation and endeavour of the individual to the duty that we owe to each other.

Given the 1.3 million vacancies in August 2022, it is self-evident that restoring growth and dramatically reducing inflation cannot be achieved without a transformation in the availability of a skilled workforce, with the adaptability and creativity to embrace technological change and innovative working practices.

This must, surely, be seen not as a "nice to have", but an imperative and therefore an investment in our future. The country has lacked a strategy in this area and Labour must provide one. This is as much a return on carefully targeted investment, as any capital infrastructure programme, and should be treated as such.

The proposals in this paper together constitute a radical overhaul of skills provision in this country. We have not costed individual proposals on their own, as we have set out an approach that can be phased in over time.

This is also about investment by business and individuals, as well as government at national and devolved level.

Current “clawback” by the Treasury of underspend of the apprenticeship levy as well as that on Kickstart and Restart, should be released for immediate investment in advance of the comprehensive implementation of the reforms set out below.

Productivity gains should be fully recognised in cost benefit analysis in the allocation of resources.

My very grateful thanks go to my own personal assistant, Joanna Firth, who worked on this in her own time and without whom this document would not have been possible; the key skills advisers Kevin Rowan, Rachel Sandby-Thomas and Praful Nargund. Also to all those organisations and individuals who have been sufficiently interested in the agenda for the future to have made contact and provided us with invaluable information and advice.

My personal thanks are also due to all the relevant shadow ministerial teams, and to Vicky Salt and Tim Waters in the office of the Shadow Secretary of State for Education, Bridget Philipson.

My thanks to them all.  
David Blunkett

# *Labour's Council of Skills Advisors:*

**Chair:**

**David Blunkett** is a former Secretary of State for Education and Employment, Work and Pensions, as well as Home Secretary and now sits in the House of Lords.

**Kevin Rowan** is the Head of Organisation, Services and Skills at the TUC leading on public services, trade union renewal, health and wellbeing, learning, skills and trade union education, regional policy and devolution, and plays a key role in TUC's leadership and broader campaign work.

**Praful Nargund** is an award-winning innovator and entrepreneur, with an expertise in technology and healthcare.

**Rachel Sandby-Thomas** is currently the Registrar at the University of Warwick, previously having been Director General for Skills at the Department of Business, Innovation and Skills, and shadow CEO of the IfA.

## Introduction

If there is one thing that would transform the British economy, generating growth and accelerating productivity, it would be a transformational change in the investment - public and private - in the skills of the British people.

Skills are the currency with which future opportunity will be bought by British companies. The speed and scope of change is greater than at any point in our history and an effective response requires wide ranging changes in the way we think about, plan and deliver skills training and education on a national, regional and local level. Not only are we presented with immediate challenges in meeting shifting skills requirements we are also faced with the need to decide the much broader question of the economic, social and cultural direction of our country.

Education and skills delivery at all levels needs to be reformed to make it more relevant, agile and capable of coping with constant and rapid change. As a priority we must create an environment where skilled and ambitious people can drive British business to be global leaders in their field, but we must not lose sight of the value of learning for learning's sake and protect the arts, social sciences and humanities courses in order to maintain a civilised culture of which we can be proud.

To meet these needs, we need a curriculum that can adapt and evolve as needs change. We need education institutions that collaborate to establish barrier free development opportunities for people from all corners of society so that they can build meaningful careers and be more resilient to the ever more rapidly shifting tides of technology.

We need universities and colleges that produce work ready graduates that are equipped with the latest knowledge and skills to make an immediate and meaningful impact.

We need apprenticeships that can flex to meet the needs of small and medium sized enterprises (SMEs) who are the critical agents of change.

We need genuine lifelong learning that recognises experience and capability and provides opportunity to promote successful personal development.

Our future education and skills agenda must focus on the long-term opportunity that rapid change brings, rather than lamenting the short-term challenges that may present. Crucially our future skills agenda must raise aspiration and show young people that they can grow, and thrive, as part of a vibrant and highly skilled Great Britain.

To achieve this, we must address the existing and ongoing challenges facing the UK economy: slow growth, inequality between people and places and the need to adapt for jobs of the future. To overcome these challenges, an incoming Labour government must:

1. Rapidly restore a sustainable upward trajectory in growth and productivity.
2. Deliver quality jobs and provide the incentive and necessary skills to fill large-scale vacancies in order to accelerate growth without long-term inflationary pressures
3. Prepare for the ongoing impact of the Fourth Industrial Revolution, the transition towards net-zero and the rapidly changing profile of the workplace.

**We are aiming for a forward looking, modern, competitive Britain. Labour's programme of modernisation and vision for the next 40 years must contrast with the backward-looking bygone era of 40 years ago. We want to build a Britain fit for the 21<sup>st</sup> century and beyond.**

**Market forces left to themselves inevitably revert to short-term solutions for short-term gains. Instead, through sensible cooperation and an enabling government, working with business at every level, we should be aiming at nothing less than fundamental change.**



## Key Recommendations

Much of what we have recommended throughout this report requires a cultural and attitudinal shift by employers and managers at every level. This must be acknowledged as the key government priority for both our economic and social wellbeing.

The Council of Skills Advisors recommends...

- Establishing a National Skills Taskforce, which would mirror the initiative, from 25 years ago, to pull together employers from large and small companies alike; representatives of trade unions; central and local government; further and higher education, and a range of key stakeholders with a commitment to developing and delivering on the agenda set out in this paper. Partnership and collaboration will be at the forefront of the plan for change, with greater interdepartmental coordination between the Department of Work and Pensions, the Department for Business, Energy and Industrial Strategy, and the Department for Education to work closely together to maximise efficacy of skills policy.
- Decision making and spending should be decentralised and devolved to regional and sub-regional level wherever possible.
- A substantially enhanced role for further education, reinforcing collaboration and a seamless link with higher education, apprenticeships and progression within work. This is a key journey which should unite, rather than divide elements of the education service, but also the role of employers in their links with lifelong learning.
- Collaboration between state and private sectors to raise the standards of digital skills teaching; provide the workforce with the advanced digital skills necessary for the individual and society to thrive in a digital present and future, starting with provision in schools and embedded in post-16 learning.
- A complete shakeup of the career service, from school through to adult careers guidance, which should ensure that:
  - A trained Careers Leader is embedded in every school, with responsibility for the career guidance programme and supported by, and accountable to, the school leadership team.
  - A requirement is introduced for all educational institutions to become part of a regional or subregional Careers Hub.

- Via Career Hubs, each student is provided with access to a mentor or role model support, engaging further and higher education, and local employers.
  - A high-quality national all-age career and Information and Guidance (IAG) service is implemented, available in partnership with Job Centre Plus, that provides all young people and adults with opportunities for face-to-face contact with qualified guidance professionals as well as access to online resources.
- A reform of public procurement guidance to ensure contracts include mandatory clauses relating to upskilling.
  - Transformation of employers' investment in skills by reforming the apprenticeship levy into an "Apprenticeship and Learning Levy" which will maximise the use of this resource and rebalance the current direction of spend; in particular towards support for 16-25 year olds and innovative, modern technological demands.
  - Improve support and incentives to SMEs to take up apprentices, including the acceleration of "shared apprenticeships" with larger employers, and consideration of a skills tax credit.
  - The development of Individual Learning Accounts, which would share the cost of learning between the individual, the employer and the state – and, where appropriate, the devolved budgets to Combined Authorities and elected Mayors.
  - A Learning and Skills "passport" based on appropriate assessment and/or examination in order to build, incrementally, a profile that could be added to at any time and in a variety of ways, throughout working life.
  - *Access to Work* from the DWP should be made much more flexible and person-centred. For those eligible, it should be available for those undertaking training, substantial volunteering, trialling work placements, and must be planned before the individual takes up the offered work opportunity.
  - For those with a declared disability, introduce a "passport" scheme for all key training and learning opportunities which would begin with Education Health and Care Plans (or future equivalent) whilst in school, then providing for automatic entitlement to the Disabled Students Allowance, and then Access to Work once they are seeking, or enter into, formal employment.

- The restoration of the original objectives of the Sure Start programme and the development of a comprehensive system - from the end of maternity leave through to the end of primary school - which enables parents, especially women, to work the jobs and hours they choose, and ensures children are engaged in enriching, high quality education and development.
- Bringing together tax-free childcare accounts, free education provision, and other initiatives into a much more coherent programme, recognising support for parents and development priorities for children;
- A broad-based National Curriculum Authority, or Agency, should be established which draws in broad expertise for reshaping the curriculum and providing a modernised syllabus which is free from Party Political interference.
- Introducing multimodal assessments so that young people's progress is no longer measured solely through written exams.
- Providing teachers with ongoing support in order to improve retention, build the quality of leadership and teaching for staff in the education sector, and invest in their continuing professional development. This should include the gradual introduction of sabbaticals for teachers for every five years of service.
- A reformed National Tutoring Programme should be embedded as a permanent feature to allow all young people to access private tutoring services on equal terms.
- The reintroduction of the Education Maintenance Allowance for 16-19 year olds, including support for those undertaking apprenticeships in the same age group.

A new *Right to Retrain* which would expand, and make more flexible, entitlements for adults for free access to courses from an approved provider, opening-up progression pathways for many adults to higher level qualifications.

- The establishment of a National Occupational Health Programme, delivered locally as well as nationally, which could save billions of pounds for employers and to the economy more generally in the avoidance of shortages, recruitment costs and loss of experience.

All recommendations are highlighted throughout the report, and the full list of recommendations is captured in Appendix 1.

## Setting the Scene

After the neglect of the Conservative government over the last 12 and a half years, the UK jobs market and economy are in dire straits. Compounded by years of austerity, the impacts of Brexit, the Covid pandemic and, most recently, the Russia – Ukraine war, the UK is facing a cost-of-living crisis and inflation levels not seen since the 1980s. All this at a time when jobs are readily available but with poor prospects, low earnings and a lack of career progression, as well as stagnant productivity – which grew an abysmal 0.4 % in the 12 years following the financial crisis.

As the world seeks to recover from these seismic shocks, technology provides a central contribution to achieving greater productivity and growth. However, there are significant skills challenges arising out of such transformative trends, including the impacts of Brexit, automation/AI and the transition to a greener economy. For example, the Green Jobs Taskforce<sup>1</sup> highlights that one in five jobs in the UK (approximately 6.3 million workers) will require skills for new green occupations and to upskill and retrain those in high-carbon jobs.

Yet critical skills challenges also exist *now*. 61% of businesses in the UK currently believe they have a skills shortage in their organisation and they spend an estimated £6.1 billion annually on inflated salaries, recruitment fees and temporary staff in order to address these shortages.<sup>2</sup> The latest annual analysis undertaken by Lloyds Bank shows that well over a third of working adults (36% or 11.8 million) still lack the essential digital skills deemed necessary in the workplace.<sup>3</sup>

Critical as skills are to accelerating and sustaining growth, they are just as vital in planning for, and providing investment in recovery from a downturn. An increasing number of highly respected economists now predict recession in a number of countries, including our own, within the next two years – triggered by measures taken to reduce inflation and the failures leading up to, and during, Covid.

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<sup>1</sup> UK Government Department for Business, Energy & Industrial Strategy, *Green Jobs Taskforce Report* (London: Department for Business, Energy & Industrial Strategy, 2021)

<sup>2</sup> The Edge Foundation, *Skills Shortages in the UK Economy: Evidence Summary 2022* (London: The Edge Foundation, 2022)

<sup>3</sup> Lloyds Bank, 'Essential Digital Skills 2021', *Lloyds Bank*, 2021

## Regional disparities

The UK is unique amongst OECD economies in the extent to which there are large regional, as opposed to sectoral, disparities in labour productivity growth<sup>4</sup>, and these regional differences are now the highest in Europe.<sup>5</sup> New data from the Office for National Statistics shows, since 2004, labour productivity has grown by over 20% in the subregion of Berkshire, Buckinghamshire and Oxfordshire, but has declined by 2.8% in North Yorkshire.<sup>6</sup>

Skills deficits appear to be at the heart of these imbalances. This is further reflected in the government's recent Levelling-up White Paper, which cites the correlation between the skill level, pay and productivity, and highlights that pay in London is 1.5 times higher than in the North East, and that the "difference in the proportion of the adult population with a level 3 qualification or equivalent between these two regions is almost 16 percentage points".<sup>7</sup> According to the OECD, the UK could "improve its productivity by 5% or more if it reduced the level of skills mismatch to that of best-practice peer nations".<sup>8</sup> Skills strategy therefore needs to be considered alongside local growth strategies to achieve better matching of local demand and supply of skills.<sup>9</sup>

To attract the kind of global investment needed for our country to grow, and to stay internationally competitive, the skills offer is also a key factor in the foreign investor decision-making process. This is especially important in internationally mobile sectors such as advanced manufacturing, life sciences and digital which create high value jobs. There is international evidence that countries with "higher-skilled and better educated workforces tend to attract more greenfield foreign direct investment (FDI) projects".<sup>10</sup>

Currently, the benefits of investment are not uniformly spread across the country but concentrated more in London and the South East. Between 2015 to 2019, London had the highest inward FDI of any region in the UK in every year and London and the South East accounted for over half of all FDI, with the North West claiming just 4.7 % of the

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<sup>4</sup> Philip McCann, *The UK Regional-National Economic Problem: Geography, Globalisation and Governance*, (Abingdon: Routledge, 2016)

<sup>5</sup> Ben Gardiner, 'The UK, an imbalanced economy' *Cambridge Econometrics blog* (11 March 2019)

<sup>6</sup> Office for National Statistics, 'Subregional Productivity in the UK: July 2022', *Office for National Statistics*, 2022

<sup>7</sup> UK Government Department for Levelling Up, Housing and Communities, *Levelling up the United Kingdom* (London: Department for Levelling Up, Housing and Communities, 2019) p. 17

<sup>8</sup> Müge Adalet McGowan and Dan Andrews, *Labour Market Mismatch and Labour Productivity: Evidence from PIAAC Data* (OECD 2015)

<sup>9</sup> Ken Mayhew, *Left behind localities and levelling up: Skills and productivity* (Skills and Productivity Board, May 2022)

<sup>10</sup> Investment Monitor, 'FDI drivers and the quest for talent', *Investment Monitor* (2022)



total.<sup>11</sup> Yet, even in areas where FDI represents a significant amount of employment outside London and the South East, the jobs are often lower skilled and therefore do not command higher wages or contribute to levelling up in the way that higher skilled jobs do.

This highlights not only the need for a local, place-based approach to addressing skills shortages but the extent to which addressing these regional disparities is a contributor to the solution to “levelling up” the country.

There has long been a narrative that we need to use our own, internally generated investment potential much more effectively. Pension funds, in both the public and private sector, were enjoined by the former Chancellor, George Osborne to contribute towards what was, then, described as the Northern Powerhouse. This “call to action” was clearly unsuccessful. Time now, for a Labour government to bring together all those who can match global, inward investment, with the public and private investment revolution this country needs.

## Inequality

A number one priority must be to address the inequalities in our learning and skills system - there is extensive evidence showing the scale of disadvantage facing different groups when it comes to accessing learning opportunities and skills focused training **with** employers and through state provision.

There are longstanding concerns about the barriers facing certain groups from being recruited to the best apprenticeships. Firstly, there is gender inequality in access: many more male apprentices are under 25, whilst female apprentices are much more likely to be older workers, indicating that a much higher proportion of apprenticeship spend for women is directed to existing workers, rather than young people specifically recruited as apprentices.<sup>12</sup>

There are also differences in access between white and minority ethnic groups: although a higher proportion of apprenticeship applicants are BME, white applicants are more than twice as likely to secure an apprenticeship position.<sup>13</sup> Recent data from Department for Education (DfE) shows that 32 % of white apprentices were under 19,

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<sup>11</sup> Office for National Statistics, ‘Foreign direct investment, experimental UK subnational statistics: July 2021’, *Office for National Statistics* (2021)

<sup>12</sup> UnionLearn, *Tackling Apprenticeship Gender Inequality*, (London: TUC, 2018)

<sup>13</sup> Learning and Work Institute Employer Toolkit, ‘Ethnicity’, *Learning and Work Institute*

21% of BME apprentices were under 19.<sup>14, 15</sup> Whilst some progress has been made in supporting those with a declared disability onto apprenticeships, as of 2018-2019 this group represented 12.3% of those starting apprenticeships, even though they constitute nearly a fifth of the working-age population.<sup>16</sup>

Other groups that face significant barriers in accessing learning and skills from their employer and/or the state include older workers and people who have had a poor experience in the formal education system and have few, if any, qualifications. In 2020, the Learning and Work Institute reported that 3.8 million fewer adults had taken part in learning since 2010, with adults in lower socio-economic groups half as likely to take part in learning as those in higher socio-economic groups.<sup>17</sup>

This is just a snapshot of the inequality that exist across sectors and at each level of the workforce, and we touch later on other challenges faced by different groups seeking to join and progress at work. The figures show how much more must be done to address these inequities.

The long-term impact of the pandemic has served to intensify many of the skills barriers facing all these groups (and others with protected characteristics) and this has further reduced their prospects of decent employment.

If as a nation we wish to take seriously equality, diversity and inclusion, then it is crucial to identify the barriers which economically, socially and culturally currently prevent a genuine and lasting change.

### **Falling investment in skills and adult learning**

Artificial intelligence, and the development of robotics, only pose a threat to full employment if we fail to skill the workforce to take on very different jobs which will ensure full command of the technology available and the capability to use new innovative possibilities effectively, and by so doing create further employment.

Training and upskilling the workforce is crucial to improved productivity. This is not simply anecdotal. Over many years, research from the across the world, and across different sectors, demonstrates a clear link between formalised training and

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<sup>14</sup> Department for Education, 'Apprenticeships and Traineeships Data', *GOV.UK* (2020)

<sup>15</sup> UnionLearn, *Supporting Black and minority ethnic apprentices*, (London: TUC, 2018)

<sup>16</sup> Laura Burley, 'Access to Apprenticeships: People with Disabilities Need a Better Deal', *FE Week* (28 September 2019)

<sup>17</sup> Learning and Work Institute, 'Decade of decline in lost learning with four million 'lost learners' since 2010', *Learning and Work Institute* (2020)

productivity gains.<sup>18 19</sup> Yet, as we demonstrate in this report, failure to invest and to have appropriate workforce planning, applies to both the public and private sectors in the UK. It therefore unsurprising that the adult workforce is ill-equipped to cope with current challenges as both sectors have seen long term decline in investment in skills.

### ***Decline in state investment***

According to a recent analysis by the Institute for Fiscal Studies (IFS) government funding for adults attending college courses was cut by a half in the last decade to £1.5 billion per annum and take-up has nearly halved. In this study the IFS also calculated that the promised new spending on adult skills from the National Skills Fund will only reverse one third of this reduction.<sup>20</sup>

Furthermore, adult participation in learning has been in sharp decline for a number of years. In their 2020 report, ***A plan for an adult skills and lifelong learning revolution***, the House of Commons Education Select Committee found that: “during 2018–19, 490,300 learners participated in Adult Education Budget funded community learning in England. This is a decline of 25% since 2011–12... It is also the fifth year of consecutive decline.”<sup>21</sup>

There are similar trends of concern affecting young people in post-16 education and training, with IFS predicting that an extra £570m per annum will be required in the current financial year just to maintain spending per student in real terms for 16-18-year-olds in colleges and sixth forms.<sup>22</sup>

Summing up the overall picture, the IFS Director said: “Spending per student in FE and sixth form colleges will remain well below 2010 levels. This is not a set of priorities which looks consistent with a long-term growth strategy. Or indeed levelling up.”

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<sup>18</sup> Lorraine Dearden, Howard Reed and John Van Reenen, ‘The Impact of Training on Productivity and Wages: Evidence from British Panel Data’, *Oxford Bulletin of Economics and Statistics*, 68,4 (2006), 397 - 421

<sup>19</sup> Giulio Padrini and Giuseppe Cappiellio, ‘The impact of training on labour productivity in the European utilities sector: An empirical analysis’ *Utilities Policy*, 74 (2022), 1 - 9

<sup>20</sup> Institute for Fiscal Studies, *Big Changes Ahead for Adult Education Funding? Definitely maybe* (London: IFS, 2021)

<sup>21</sup> House of Commons Education Select Committee, Third Report of Session 2019-21: A plan for an adult skills and lifelong learning revolution (HC 812, (London: House of Commons, 2020)

<sup>22</sup> Institute for Fiscal Studies, *Further education and sixth form spending in England* (London: IFS, 2021)

***Decline in employer investment***

A wide range of research by academics has charted a decline in employer investment in training and skills that goes back over an even longer time period than the fall in state funding. A number of other concerning trends include:

- The two groups experiencing the largest cuts in training in this latest period (2011-18) were workers with qualifications below GCSEs/vocational equivalent, which were down by 20%; and workers aged 16-34 down by 15%
- Fewer people were accessing off-the-job training, longer courses, and nationally recognised qualifications than in the past, as highlighted by the following trends:
  - o the proportion of training that was off-the-job was 53%, compared to 58% in 2011
  - o the proportion of training involving shorter training durations (less than a week), was 56%, compared to 49% in 2011
  - o the proportion of workplace training certified to nationally recognised qualifications was 18%, compared to 22% in 2011.

Further investigations by the Learning & Work Institute (L&WI)<sup>23</sup> has revealed more recent declines in employer investment and that this has been compounded by the impact of the pandemic. It also shows that certain groups are being hit much harder. Some of the key findings include:

- Employer investment in training fell sharply during the pandemic, with low wage workers and young people most likely to be adversely affected (e.g. young workers aged 16-24 working in the private sector saw the largest falls in training)
- Graduates are four times more likely to have undertaken training compared to workers with no qualifications. An extra 1.2 million people would receive training each year if workers with lower-level qualifications were as likely to access workplace training as graduates
- The total number of days spent training at work is at its lowest level since 2011. There would be an additional 20 million training days delivered if employer-led training had remained at 2011 levels

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<sup>23</sup> Naomi Clayton and Stephen Evans, *Learning at Work: employer investment in skills* (Leicester: Learning & Work Institute, 2021)

- Employer investment is relatively thinly spread with the annual amount invested per employee - £1,530 - half the EU average. There would be an additional £6.5 billion spent by employers per annum if investment per employee rose to the EU average
- The analysis also contends that the skills funding policy approach by government reinforces many of these inequalities in access to learning and training at work.

The statistics are stark, and reality on the ground for individual earnings and opportunity, and the growth and success of SMEs is why complete transformation is necessary. This is a truly national challenge in which government must take the lead, but all sectors and individuals have a stake in future success, and must play their part.

## Digital – the future of the economy

The digital sector is not only one of the most productive and innovative parts of the British economy in its own right, but it has also propelled technological change in every other industry in some shape or form. In many jobs, basic digital literacy is now a necessity, and for those with more advanced skills, the transformative opportunities exist not only within the technology sector itself, but in other innovative industries, such as life sciences and advanced manufacturing. The digital sector therefore plays an essential role in solving the growth and productivity problem.

The UK is also one of Europe's leading countries in digital innovation. These include long-established companies like Arm, who design the plumbing of the world's smartphones, to a range of firms creating entirely new types of activity in fintech, healthtech, and edtech.

The data back up the economic importance of digital. While average output per hour (a measure of productivity) across the entire economy was £40 per hour in 2021, this rose to £48 per hour in information and communications. In addition, there is the impact of digital technology and skills on improving productivity in other parts of the economy.<sup>24</sup>

Yet there is a stark digital divide. Too many people are cut out of the new digital economy due to their background. Although digital literacy has improved, basic digital skills including familiarity with the process and possibilities of software creation are lacking.

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<sup>24</sup> Office for National Statistics, *Output Per Hours Worked, UK, 1971 – 2021, 2022*



Inequality and deprivation in modern Britain deprive the digital economy of talent, blunt the adoption of digital technology across the rest of the economy, and weaken the UK's competitive strengths against other highly digitalized economies.

If working in digital seems out of reach at present for many workers and communities, that's because for now, it is. The Sutton Trust and Bridge Group found in a survey that 87% of tech workers have degrees; two thirds have come from professional family backgrounds; and two thirds are male.<sup>25</sup>

As demonstrated elsewhere in this paper, these barriers aren't natural or inevitable – they emerge from unequal access to skills, training, and awareness of the range of career opportunities available. Although Computer Science became a mandatory part of the National Curriculum until age 16 back in 2013, in 2018 only 80% of schools in England offered Computer Science as a GCSE, and only 12% of all students took it,<sup>26</sup> with only 21% of all Computer Science GCSEs that were taken in 2021 taken by girls.<sup>27</sup>

**We need a new digital strategy that prepares Britain for now and the future.**

Overcoming the digital divide depends on achieving basic digital skills for all young people and across the entire workforce, and improving opportunities to gain advanced digital skills, especially for those currently in work who do not realise they could succeed in innovative sectors.

It is clearly not appropriate for all students to seek to take a full computer science qualification, but it is essential that all people become not only digitally literate, but also have the ability to engage with advanced digital skills through school, higher and further education. **A syllabus should be designed to ensure all students have accessible and practical, hands-on applicability of digital skills, so that they are able to engage with the transformative approach to problem solving that is rapidly changing the economy.**

Whilst some progress has been made in recent years, there is the need to revisit, along with other changes recommended in this report, the curriculum and the development of syllabus and tech and teaching materials, so that they address the requirements of the modern British workplace.

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<sup>25</sup> The Bridge Group, 'Socio Economic Diversity in the Tech Sector', *The Bridge Group* (10<sup>th</sup> February 2021)

<sup>26</sup> Peter Kemp and Miles Berry, *The Roehampton Annual Computing Education Report: pre-release snapshot from 2018* (London: University of Roehampton, 2019)

<sup>27</sup> Lynsey Hope, 'Why aren't more girls in the UK choosing to study computing and technology?' *The Guardian*, 28 June 2021

## From the cradle to the grave – creating a culture of lifelong learning

To address the challenges, Labour must build a future where the UK is a beacon of inclusive opportunity and innovation. Where our young people, regardless of background, will be inspired to progress into the world of work, and where those already working can continue to develop and succeed.

Nothing is very new over the last 30 years when it comes to the emphasis and necessity of skilling the nation.

As the then-Secretary of State for Education and Employment, Lord Blunkett, placed on record in a written answer in December 1997:

“Schools, colleges, TECs, careers services and the Youth Service all have a part to play in achieving our goals. But the involvement of employers is also essential. We want all employers to commit themselves to the training needs of all their young employees. If all our employers emulate the performance of the best, we will have the best-trained workforce in Europe.”<sup>28</sup>

Almost a quarter of a century later, the breadth and ambition of the challenge which was then laid out in the Learning-Age Policy Paper in 1998, must now be renewed.<sup>29</sup>

As part of a radical approach to improving the skillset of the nation and meeting the Labour government's ambition to engage employers in this endeavour, the Learning and Skills Council (LSC) was established in early 2001. It provided for the devolution of both decision-making and resources (a bottom-up approach) by establishing sub-regional LSCs, which fed into the national body. This was accompanied by the drive to establish Sector Skills Councils, mirroring the previous success of this approach through the engineering and construction training organisations. Subsequently, under pressure from the Treasury, the sub-regional LSCs were centralised, with some powers transferred to Regional Development Agencies, whilst others lay with the renamed Department for Education. The same mistakes should not be repeated by the incoming Labour government.

<sup>28</sup>David Blunkett, 'Written Answer HC vol 302 cc522-3W', *Hansard*, 9<sup>th</sup> December 1997

<sup>29</sup> HM Government Department for Education and Employment, *Command Paper: The Learning Age: A Renaissance for a New Britain* (London: Department for Education and Employment, 2001)

## National Skills Taskforce

### The Council Recommends:

- 1. Establishing a National Skills Taskforce, which would mirror the initiative, from 25 years ago, to pull together employers from large and small companies alike; representatives of trade unions; central and local government; further and higher education, and a range of key stakeholders with a commitment to developing and delivering on the agenda set out in this paper. Partnership and collaboration will be at the forefront of the plan for change, with greater interdepartmental coordination between the Department of Work and Pensions, the Department for Business, Energy and Industrial Strategy, and the Department for Education to work closely together to maximise efficacy of skills policy.**
- 2. Decision making and spending should be decentralised and devolved to regional and sub regional level wherever possible.**

The Conservative government abolished the Commission on Employment and Skills, which itself had mirrored the initiative taken by the Labour government from 1997. Remarkably, they also started to establish a partnership for re-training and then dropped the initiative before it had got off the ground. Now, we need to return to an era of facilitating joint working between all those who have an interest in delivering the radical agenda for change which this paper endeavours to foster. What is needed now is a commitment to long-term solutions rather than short-term fixes, and sustained partnership arrangements rather than “stop-start”, which leads to disillusionment and disengagement.

Delivery of a radical skills approach to skilling the nation requires interdepartmental collaboration across the whole of government. Historically, co-ordination between and cross-governmental departments has not been done well,<sup>30</sup> but it will be vital for the Department of Work and Pensions (DWP), the Department for Business, Energy and Industrial Strategy (BEIS), and the Department for Education (DfE) to work closely together to maximise efficacy of skills policy. There is a need to break the departmental compartmentalisation of the broader agenda relating to skills and lifelong learning, with much greater clarity as to which part of the machinery of government is responsible for being in the driving seat, whilst working nationally and through decentralised and devolved institutions, in a collaborative and joined-up approach.

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<sup>30</sup> Emma Norris and Robert Adam, *All Change – Why Britain is so prone to policy reinvention and what can be done about it* (London: Institute for Government, 2017)

Integral to this will be the establishment of a National Skills Taskforce (NST), engaging all key stakeholders and partners in the process. The NST would ensure a match between decentralised decision-making, engaging democratic institutions, employers and trade unions with central government initiatives designed to facilitate, innovate and accelerate rather than constrain, the highest level of learning and skills commensurate with the capability of the individual.

The NST will work alongside Labour's proposed Industrial Strategy Council, in order to dovetail broader economic and industrial policy with the skills agenda, which will be central, and therefore crucial to, delivery.

The little-known *Unit for Future Skills*, based in the DfE should be reshaped to provide the secretariat to the NST. Their current remit is to:

- “build up the data infrastructure to create new links between datasets to identify how skills are used in the economy
- conduct analysis and present data in new ways to address data gaps and improve our evidence-base
- become a centre of expertise on future skills, developing robust methodology and insights on current and future skills needs”<sup>31</sup>

In May 2022, this replaced the Skills and Productivity Board. What is clearly needed is the ability to transform data analysis into practical concrete steps to meet identified need and to combine resources and expertise, to achieve clearly defined goals.

**In advance of Labour's victory at the next general election, it is recommended that the Shadow Cabinet should begin preparation for building a National Skills Taskforce, and undertake crosscutting work, sponsored by forward-looking businesses, foundations and academic institutions.**

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<sup>31</sup> HM Government Department for Education, 'Unit for Future Skills', *Department for Education*, 2022.

### ***Devolved skills plans***

The benefits of devolution are significant: recent analysis published by the Local Government Association argues that a “Work Local” model – driven by local leaders, local opportunities and needs, underpinned by a national devolution framework - could result in a 15 % increase in the number of people improving their skills or finding work, thereby delivering a range economic and social benefits.<sup>32</sup>

Currently, and particularly in areas of low growth and low skills, there is a perverse incentive for those who gain skills to move away. If the jobs are not available with salary levels to match the skills or qualification levels that have been obtained, individuals are faced with establishing their own businesses, or leaving the area.

**A National Skills Taskforce will help to simplify the patchwork of local bodies with responsibilities for skills (combined authorities, LEPs, opportunity areas, local authorities, employers) and will assist central government in formulating the necessary criteria and power to give local decision-makers the means to tailor training for the needs of their local economy and within a key national framework that offers minimum entitlements wherever an individual lives and works.**

As well as Local Skills Improvement Plans (LSIPs) being used to meet current, local demands, they should facilitate the identification of which sectors could be attracted to the locality, or a critical mass created from existing initiatives. **LSIPs should be an ongoing “process” and not a one-off exercise.**

The challenge often seen with digital skills and specialisations is that every area wants to go for similar skills, rather than developing local strengths. **The NST should have a key role in setting minimum digital skills requirements, while also support LSIPs to identify specialisms where they can build capacity and advantage.**

**Mayoral and combined authorities should be able to take the lead in a revamped, more collaborative and co-operative approach at local level than is possible through the current Conservative proposals for Employer Representative Bodies (ERBs).**

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<sup>32</sup> Local Government Association, *Work Local: Unlocking Talent to Level Up* (Local Government Association, 2022)



It is hoped that by the time a Labour government takes office, the “deeper devolution” pilots of Greater Manchester and the West Midlands, detailed in the Levelling Up White Paper will have been evaluated.

Labour would also need to sort out the overlapping and often confused distribution of funding to focus on the rational delegation of resources to local level, where appropriate, and strategic investment at national level. This would include funding distributed by the Education and Skills Funding Agency (ESFA – the body responsible for funding the adult education and training sector); funding from the reformulated Apprenticeship and Learning Levy (as explored in detail later in this paper), and a range of other funding streams, including from the DWP.

**The NST would direct the ESFA or successor body to key national priorities, whilst devolving those elements of the budget deployed at sub-regional level.**

Businesses have indicated that the plethora of different funding streams and bidding processes is unhelpful both to employers requiring skills, and to providers preparing to deliver them. **We recommend disparate funding streams should be drawn together under the control of Metro Mayors or local authorities to reduce complexity and bureaucracy.**

The current government launched the Strategic Development Fund (SDF), which provides grant funding aimed at developing the capacity for collaboration between further education providers, local employers, and representative bodies with the goal of better meeting local skills priorities. This very limited funding is designed to take forward the embryo LSIPs, but consists of just £21 million over three years.

**The expansion and development of the SDF will be needed if proper forward planning is to be meaningful, together with collaboration rather than competition in the bidding process for funds, so that one college or provider in each locality will be able to take on the necessary work, in the knowledge that they will have secure funding and a market on which to draw.**

### ***Migration Advisory Committee***

Existing immigration policy is flawed. A particularly poignant example is within the social care sector, which is perilously understaffed and has a high number of vacancies. The government's current rules allow people who are managers or above in the care sector to be recruited from abroad, but not those taking on the difficult challenge of physically caring for residents. These frontline workers can only be taken from the existing UK workforce. In all sectors, it is crucial that those joining at entry level are able to progress through the gaining of further skills – which is central to both an individual's own

wellbeing and improved delivery. Everyone should have prospects available to them which incentivises their willingness to continue employment in that sector, anticipating improvement in earnings and opportunity over time.

It is a great pity that in 2022 the present government reduced the cap on the number of entrants into medical and dental training. Whilst the cost of such initial training is inevitably very high, failure to do so results in substantial shortages, and necessitates the recruitment of trained clinicians and primary care practitioners from overseas (see the workforce planning arrangements in the Netherlands, for an example of how the National Skills Taskforce would be expected to work). This, once again, is an example of contradictory policies with perverse outcomes.

**It would be essential for an incoming Labour government to be able to draw together the work of the Migration Advisory Committee with the work already taking place in business and academia to map a forward look at skills shortages so that there is a collaborative approach to meeting these challenges.** This will give further education and independent training providers certainty so that they can prepare their own workforce and recruit lecturers and instructors in advance of investment in students to take up opportunities.

**The Migration Advisory Committee would feed into the National Skills Taskforce, which could then in turn advise employers, training providers and government; map anticipated shortages and advise government on how to plan ahead and take immediate action to prepare the UK workforce to meet those challenges.**

Putting together a range of inputs and initiatives is crucial in avoiding compartmentalising what is happening in the lives of families and learners of all ages. This is much more a jigsaw where the pieces have to fit. Understanding the overall, big picture is what enables you to get the delivery in the right order, and the pieces in the right place.

## Early Years

### The Council Recommends:

- 3. The restoration of the original objectives of the Sure Start programme and the development of a comprehensive system - from the end of maternity leave through to the end of primary school- which enables parents, especially women, to work the jobs and hours they choose, and ensures**

**children are engaged in enriching, high quality education and development.**

**4. Bringing together tax-free childcare accounts, free education provision, and other initiatives into a much more coherent programme, recognising support for parents and development priorities for children.**

Giving every child the best chance for success in life and preparing every young person for the world of work, at the same time as fulfilling the future skills needs of the country, begins from the very early stages of a child's life. A great deal is spoken and written about workforce planning, but little joined up thinking takes place in respect of how, in delivering vital social and educational policy such as Early Years, we also substantially benefit the economy.

Many years of research shows that quality early years support has a positive impact on behavioural, cognitive, social and educational development – both long and short term.<sup>33</sup> Children who attend high-quality childcare settings for 2–3 years are almost 8 months ahead of children who attend none.<sup>34</sup>

Moreover, for disadvantaged parents, being able to work improves their chances of moving out of poverty (for example, according to one DWP study, 74% of previously jobless families who gain full-time employment move out of poverty).<sup>35</sup>

Not only this, but crucially, it allows women to return to the workplace, raising household income and contributing the workforce. However, as the Early Years Alliance has pointed out, this sector is in crisis, with nearly 200 nurseries closing between August 2021 and March 2022.<sup>36</sup>

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<sup>33</sup> HM Government Department for Education, *Study of Early Education and Development (SEED): Impact Study on Early Education Use and Child Outcomes up to age four years: Research report* (London: Department for Education 2018 (updated November 2021))

<sup>34</sup> House of Commons Education Select Committee, *Tackling Disadvantage in the Early Years* (London: UK Parliament, 2019)

<sup>35</sup> HM Government Department of Work and Pensions, *Child poverty transitions: Exploring the routes into and out of child poverty, 2009–2012* (London: Department for Work and Pensions, 2015)

<sup>36</sup> Becky Morton, 'Nursery closures: Parents left without childcare as providers shut', *BBC News* (15<sup>th</sup> August 2022)

The current cost and limited availability of provision, along with the rising cost of living, makes childcare increasingly inaccessible to families, and consequently more women are staying out of the workforce to look after children. 2022 figures show that the number of women aged 16-64 staying home to look after the family/home is on the rise, at 1.7 million in the first quarter of 2022 compared to 1.6 million in the first quarter of 2021.<sup>37</sup>

This is further reflected in a gender divide between those not currently looking for employment –25% of the female workforce, versus the much lower figure of 17.7% of men.<sup>38</sup> Yet this isn't for a lack of interest in working. A recent DfE study found that 60% of non-working mothers said they would prefer to work if they could arrange good quality, affordable childcare.<sup>39</sup>

### *Proposal*

The complexity of services available, funding offers and difficulty of accessing support by parents, has to be sorted out as a matter of urgency. All early years settings should have an education content, but it is vital to distinguish between time spent in dedicated nursery education provision for three and four-year-olds, and the wider "wraparound" support needed by parents in full-time work. The "free" 30 hour offer for three and four-year-olds for parents who are working currently lacks coherence.

The different funding streams offer 15 hours of support for low-income households with a child aged two, up to a top up creating 30 hours of available education and childcare for youngsters aged three and four, for parents in work.<sup>40</sup> The childcare voucher scheme is not working. The salary cut off provides a disincentive to go back to work, and some early years settings will not take the voucher because the amount is considered to be insufficient.

The plethora of different and limited offers of financial support create confusion, as did the cliff edge withdrawal of the necessary tax relief related to childcare costs in October 2018 – whilst those who accessed it prior to the cut-off are still eligible, this is no longer available to new parents.

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<sup>37</sup> Office for National Statistics, LFS: Econ. inactivity reasons: Time Series: Looking after family/home: UK: female, 2022

<sup>38</sup> Tom Calver, 'Held Back: The Mothers Who Can't Afford to work', *The Times* (5<sup>th</sup> June 2022)

<sup>39</sup> HM Government Department for Education, *Official Statistics: Childcare and early years survey of parents: 2019, 2019*

<sup>40</sup> '30 Hours of Free Childcare', *GOV.UK*, 2022

Taken together with rules surrounding working tax credits, universal credit and entitlement, it is no wonder that parents are confused about what assistance is available and whether it works for them.

Easy access to flexible support with education at its core, particularly for three and four-year-olds, would make absolute sense in both the nurturing of children and in freeing parents to be able to pursue a career.

Clearly, providing both enables parents to be able to access the labour market, but it is also clear that a mix of formal and informal support, educational input and appropriately stimulating and developmental support is equally important.

### **BOX 1: Early Years in Québec**

In Québec, Canada the government put a major investment into childcare and to professional development for workers, which raised the number of women in the workforce from 64 % at the start of the programme to 85% as of 2018 – the highest rate in the world. They did this by reducing, massively, the cost of childcare, but separately, it became clear that continuing professional development of all childcare workers was crucial - firstly to ensure that they could contribute added value; secondly, guaranteeing that the children were not only being cared for but were assisted with their development and readiness for formal schooling; and thirdly, it helped with continuity and retention.

**Molly McCluskey, 'The Global Legacy of Quebec's Subsidised Daycare', *Bloomberg* (31<sup>st</sup> December 2018)**

Learning from the Québec experience, it is important to determine the stage at which a child's early years development is about childcare – either part-time, or in some cases, full-time – and what is “early years education”, which is determined by the level of professional support available and the outcome objectives. Sorting out what is educational and what is childcare is the first imperative. We must ensure that we are clear on what element is developing the intellectual, emotional and physical skills of the youngster, and what is about releasing parents to be able to work.

This clear conception of development and childcare provision is also needed for older children. Childcare needs and the costs they bring for families do not stop when children start school, when parents face the challenge of fitting work around morning drop-offs and 3pm pick-ups. Children's development and learning is supported by



breakfast clubs, which can boost educational attainment, and afterschool activities such as music, sport or drama. **We need a comprehensive system, from the end of maternity leave through to the end of primary school which enables parents, especially women, to work the jobs and hours they choose, and ensures children are engaged in enriching, high quality education and development.**

**We recommend that the incoming Labour government restores the original objectives of the local Sure Start Programme, which was as much about the development of parenting and social capital as it was about the physical and emotional nurturing of the baby.** This can be achieved by building on and extending the programme recommended by the Rt Hon Andrea Leadsom, following a government funded review into Early Years Development,<sup>41</sup> and which has not yet been implemented by the present government.

**Tax-free childcare accounts, free education provision, and other initiatives should all be brought together into a much more coherent programme** that recognises that we are talking about both support to parents who wish to continue or to take up work, and the development of children from Sure Start through to Reception and therefore preparation for entry into full-time schooling.

## Primary and Secondary School

### The Council Recommends:

5. **A broad-based National Curriculum Authority, or Agency, should be established which draws in broad expertise for reshaping the curriculum and providing a modernised syllabus which is free from Party Political interference;**
6. **Collaboration between state and private sectors to raise the standards of digital skills teaching; provide the workforce with the advanced digital skills necessary for the individual and society to thrive in a digital present and future, starting with provision in schools and embedded in post-16 learning**

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<sup>41</sup> HM Government, The Best Start for Life: A Vision for the 1001 Critical Days. Early Years Healthy Development Review (London: Department for Health, 2021)

- 7. Introducing multimodal assessments so that young people's progress is no longer measured solely through written exams**
- 8. Providing teachers with ongoing support in order to improve retention, build the quality of leadership and teaching for staff in the education sector, and invest in their continuing professional development. This should include the gradual introduction of sabbaticals for teachers for every five years of service**
- 9. A reformed National Tutoring Programme should be embedded as a permanent feature to allow all young people to access private tutoring services on equal terms**

### ***Curriculum, assessment and teaching***

Far from preparing for Britain's future, for modernisation and recognition of the vast changes that face us, the Conservatives have done the exact opposite. The Conservative curriculum reforms have substantially narrowed what, and how, pupils learn. The national curriculum is now highly prescriptive and supports a traditional notion of education that focuses on subject-specific, knowledge-rich learning delivered in a very passive way. Nor are these curriculum reforms limited to a small number of schools. While ostensibly, the national curriculum only applies to non-academies, in practice most state-funded schools adhere to the national curriculum.

Currently, the majority of employers feel that the education system does not prepare young people for the world of work.<sup>42</sup> Many note that young people do not have the essential, often called 'soft', skills such as team-working, creativity or problem solving – which are rated in the top recruiting priorities by 60% of employers.<sup>43</sup> Over a third say their workforce lacks basic literacy and numeracy skills,<sup>45</sup> which is also reflected in the fact that our current systems leaves a staggering 33% of 16-year-olds (often called the "Forgotten Third") without at least a grade 4 (pass) in GCSE English and Maths.<sup>46</sup>

Alongside the problem of preparing young people for the workplace is the future challenge of rapidly changing labour markets and evolution of sectors including tech and green to accommodate our transition to net zero. The World Economic Forum, in

<sup>42</sup> Emma Yeomans, 'A Third of Firms Say Workers Lack Basic Skills', *The Times* (10<sup>th</sup> May 2022),

<sup>43</sup> House of Lords Youth Unemployment Committee, *Report of Session 2021-22: Skills for every young person* (London: UK Parliament, 2021)

<sup>44</sup> CBI, *Getting young people 'work ready'* (CBI, 2019)

<sup>45</sup> Emma Yeomans, 'A Third of Firms Say Workers Lack Basic Skills', *The Times* (10<sup>th</sup> May 2022)

<sup>46</sup> Association of School and College Leaders, 'The Forgotten Third', *Association of School and College Leaders*, 2019

2018, estimated that 65% of primary aged children will, as adults, have jobs that do not currently exist.<sup>47</sup>

As well as the need to meet future technological demands, as of 2021, a report by World Skills UK reported that 92% of businesses in the UK now require a basic level of digital skills.<sup>48</sup> Yet there are glaring gaps in schools' provision of digital literacy, with a clear divide between disadvantaged and more affluent students.

This was fully laid to bare during the pandemic, when, at the peak of lockdowns in January 2021, 32% of teachers from the most deprived schools reported that one in five of their students did not have access to a device to support their learning compared to just 5% of those from the most affluent state schools, and 3% of private schools.<sup>49</sup> Similarly, 21% of teachers in the most deprived schools report that a fifth of students did not have an internet connection, compared to 1% in private schools.<sup>50</sup>

This means there is an urgent need to adapt curriculum and assessment to keep up with this pace of change, and which not only provides children and young people with the necessary knowledge and qualifications, but with life skills and confidence to allow them to thrive in the workplace – wherever that maybe.

### *Proposal*

For primary and secondary school, Labour should design an inclusive, inspiring, creative and future broadening curriculum which will liberate talent, promote the enquiring mind of every young person, and prepare young adults for the ever-changing world, designed to ensure that no child is left behind. Not only are we preparing students for their contributions as employees, but unlocking their potential as entrepreneurs, and therefore the innovators and job-creators of the future.

The new curriculum should incorporate the body of knowledge developed over many years and embrace the reality of today and the demands of the future - recognising that the scholarship and wisdom of previous generations existed because of the creative talent of those who came before. There should be no conflict between a knowledge rich curriculum, and a broad and innovative framework which develops the analytical, creative, and therefore entrepreneurial mindset of the employees of the future.

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<sup>47</sup> World Economic Forum, 'To succeed in a changing job market, we must embrace lifelong learning', *World Economic Forum* (6<sup>th</sup> July 2018)

<sup>48</sup> World Skills UK, *Disconnected: Exploring the Digital Skills Gap* (London: World Skills UK, 2021) p.8

<sup>49</sup> Sutton Trust, *Remote Learning* (London: Sutton Trust, 2021) p, 3

<sup>50</sup> Ibid.

Critically, it should draw upon excellence from within and outside the country, including employers, academia and the creative talent of teachers, learning from what works best and applying the most up-to-date, informed thinking to the learning experience and professional teaching development.

**Reintroducing a broad-based National Curriculum Authority, or Agency, which draws in broad expertise for reshaping the curriculum and providing a modernised syllabus which is free from Party Political interference, is an obvious way of engaging the wider education profession, business and employers.** This would take a forward-looking perspective on the outlook for economic, social and cultural change, beyond that possible with a small group of self-reinforcing individuals, currently engaged in the task.

**We recommend that *all* schools should follow a reformed, creative and forward-looking curriculum, which, in essence, would mean an entitlement, to that curriculum, for all pupils in publicly funded schools and colleges.**

***Basic and essential skills – preparing for work and life***

A priority must be to give students the basic and essential skills needed both at formal education level through to success in work. This begins with ensuring that every young person has the ability to read, write and express themselves clearly, and is numerate as well as literate. This includes the spoken word, or “oracy”, and vocabulary to be able to communicate effectively. A 2022 report by Ofsted states that there is a clear correlation between grasp of language and socio-economic outcomes, in other words: “the word-rich get richer and the word-poor get poorer”.<sup>51</sup>

**We recommend that there should be a renewed emphasis on vocabulary, particularly in early years and key stage 1, which can dramatically improve personal outcomes in adult life and employability.**

In addition to communication, teaching other broader, or ‘essential’ skills such as teamwork, problem-solving and resilience should be a key element of a new curriculum using proven, leading frameworks such as the Skills Builder Partnership.<sup>52</sup> [See Appendix 2]

**We also recommend that innovative solutions such as the Skills Builder Partnership should be evaluated, and then promoted, throughout the education system.**

<sup>51</sup> Ofsted, ‘Research Review Series: English’ *Ofsted*, 2022

<sup>52</sup> Skills Builder Partnership, *Skills Builder*, 2022

**Central to building essential skills is ensuring that art and design, drama, music subjects, as well as cultural experiences are available to all students, and can be built on into adult life and creative work opportunities.** Culture, arts and design subjects have taken a hit in recent years, particularly in secondary schools,<sup>53</sup> but there is a wide body of evidence which suggests that engagement with these creative subjects can build confidence, creativity and self-discipline as well as collaboration and team working.<sup>54</sup>

Furthermore, for those who struggle with the academic subjects, these can offer an alternative route to success. The skills and qualities to be gained from the arts subjects are not only desirable for employers, but are at the heart of entrepreneurship, both social and economic, and fundamental to new ways of working, areas of growth for our economy and competitiveness internationally.

The all-party House of Lords Committee on Citizenship and Civic Engagement in their 2018 report, *The Ties that Bind*, explored citizenship education in schools and found the benefits to be wide-ranging.<sup>55</sup> It enables young people to understand how they can take control of their own lives - asserting their independence, self-determination and counter exploitation from wherever it emerges.

Engaging students in citizenship education can inform and nurture an interest in the world around them, including globalisation, the environment, sustainability, society and community. It can empower them to be actively involved in democratic processes, have an appreciation of where power lies, and therefore understand how to bring about change through peaceful means, the implications of action to protect the climate, and to contribute to maintaining the heritage that all of us inherit and seek to hold in trust for future generations.

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<sup>53</sup> House of Lords Library, 'Arts Education in Secondary Schools', *UK Parliament*, 2021

<sup>54</sup> Cambridge Assessment Network and Research, 'Celebrating the arts – 5 reasons to study creative subjects', *Cambridge Assessment*, 2022

<sup>55</sup> House of Lords Committee on Citizenship and Civic Engagement, *The Ties that Bind* (London: UK Parliament 2018) p. 27



**We recommend that citizenship education, which is vital for preparing young people for adult life and should be reinvested in and expanded upon.**

Citizenship education and Political literacy should never be seen as teaching a particular ideology, and should therefore always avoid Party-Political bias. Essential values, however, are the glue which helps hold society together, as the all-party Select Committee understood and affirmed. Opening up the minds of young people to ideas, and importance of respectful dialogue, is vital to avoiding further disintegration of democratic procedures and practices, and the undermining of our constitution.

**Ofsted should draw a clear distinction between Citizenship Education and Personal, Social and Health Education, treating them as equally important, and related subject areas, but as addressing different elements of preparation for growth into adulthood.**

**New investment should be applied to expanding teacher training and continuing professional development in Citizenship Education; and into materials and work plans currently under development by the Association for Citizenship Teaching.**

### ***Community Leadership***

Building upon citizenship education in schools, it will be important to nurture leadership within the community. We cannot have a functioning and effective civil society, nor can we make devolution and decentralisation work, unless we support those who are crucial to its success. That means ensuring that courses are available (evening and weekend) for developing leadership skills, nurturing those with a natural talent within communities, and ensuring that those who take formal roles including councillor or elected mayor, are equipped to make the most of new powers and responsibilities.

From the Ulster People's College through to the Northern Adult College in South Yorkshire, examples have existed, over the last 20 years, of effective courses designed to provide both the wherewithal and the confidence to take on the duties and responsibilities at local level. **We recommend that the government should provide the modest funding needed to ensure that community and social action courses can be developed and flourish.**

#### **BOX 2: Community and Social Action Course Providers – Northern College and Ulster People's College**

##### **Northern College**

*The Northern College offers a range of different courses with a focus on community and social action. Their short courses, ranging from Introduction Level to Level 2, aim to teach students how they can tackle social issues, improve their local area and support communities, covering areas such as community wellbeing and project management.*

**Northern College, 'Community and Social Action', Northern College, 2022**

##### **Ulster People's College**

*"The Ulster People's College is a community organisation concentrating on education and training for development. It was established in 1982 as a charitable limited company to involve people in tackling social and economic problems and in overcoming cultural and political divisions.*

*UPC programmes focus on community development to enable social and economic regeneration and on political development to enable real democracy and expression of citizenship.*

*The majority of the College's education provision is delivered off-site in local communities across Northern Ireland."*

**Ulster People's College, 'About Us', Ulster Peoples College, 2022**

#### **Building digital skills in the classroom**

A new curriculum must build an interdisciplinary approach across STEM, Digital, Creative and Entrepreneurial, connecting learning to problem-solving. As indicated at the start of this paper, it **should develop competence in technology and coding to provide young people with tools to be used within and across disciplines, prepare all for a future of universal digital access and enable understanding of the evolution of AI and Robotics and working in balance with machines.**

**An innovative syllabus would incorporate digital literacy across subjects and, starting from an appropriate point in primary education, teaching basic digital skills should be mandatory across all levels.** Crucially, we must raise aspirations so that every child, no matter their background, has access to the possibilities of software creation. **Primary schools should be supported to move beyond the teaching of high-level block building programming, such as Scratch, to move to engagement with genuine programming, whether that is simplistic CSS/Html coding or even more advanced languages such as Python.**

It would help students to develop critical thinking skills to enable them to view digital skills as an applicable problem solving tool, enjoy and challenge what they read both online and offline, and build an understanding of the potential, and dangers, of technological and scientific developments currently unforeseen and unknown to the present generation. Most importantly, young people from all backgrounds should see themselves as active participants in the changing digital world.

Having returned to the physical classroom, there is now, more than ever, a need to ensure that there is equal access, for all students, to the necessary technology to support their learning. Labour is supportive of the government's commitment for all schools to have high-speed internet by 2025, but should go further, **when in government, to guarantee access for all students to internet enabled devices, and to up-to-date classroom technology to underpin learning. To continue delivering education in a world where digital skills are of ever growing importance, Labour should ensure that every school can offer devices, such as Raspberry Pis, and suitable, supported spaces where they can use their device to build up their skills.**

Having access to the latest technology is beneficial for teachers as well as for pupils - both for imaginative, creative and multimedia and hybrid learning, but also for reducing bureaucratic burdens and pressures on all those involved in the system. Greater understanding and training in this area could have major beneficial effects.

In addition to their plans to introduce a “Device Renewal Fund” out of which Local Authorities would “fund renewing the 1.3million devices delivered during the pandemic as a permanent scheme for children without adequate access to a device”<sup>56</sup>, **a Labour government should work with local and national businesses - including technology providers to facilitate both equipment and practical guidance to schools where needed.** This would build upon the collaborative, cross-sector efforts to provide disadvantaged young people with the necessary equipment to continue their education during the pandemic.

### **BOX 3: Laptop for Kids Campaign, Sheffield**

Laptops for Kids was launched during the Covid pandemic by data software company WANdisco; the Sheffield Newspaper, *The Star*; and not-for-profit Learn Sheffield (and supported by Sheffield City Council) to ensure that disadvantaged students in Sheffield had access to both the internet and devices they needed to continue learning remotely during the Covid lockdowns - working together to provide computers or laptops to those who did not already have access to one.

Laptops were donated via individuals and organisations, and Learn Sheffield helped to identify the young people most in need.

Now children have returned to classroom learning, the Laptops for Kids campaign has not ended – instead it has evolved:

“Laptops for Kids is expanding its scope to address challenges around access to learning in the North of England and help ensure education is fit for purpose in the post-Covid digital economy. The campaign is developing and sharing models and policies to ensure every child has access to the technology and connectivity they need to fulfil their potential”- *Laptops for Kids*

**Lisa Wong, ‘Join The Star’s campaign to give back to Sheffield’s young people’, *The Star* (17<sup>th</sup> September 2020)**

**Laptops for Kids, *Laptops for Kids*, 2022**

### **Assessment**

A revamped curriculum also requires a refreshed assessment and qualification system, designed to be fair and get the very best out of every student. This will mean a complete step-change: a new system would implement integrated forms of assessment and a measure of continued learning, taking on board the work of Rethinking Assessment (RA) on these challenges which takes us beyond the sterile arguments around transitions

<sup>56</sup> The Labour Party, ‘Labour would make sure every child leaves school job-ready and life-ready’, *The Labour Party* (26<sup>th</sup> September 2021)

into post-16 learning.<sup>57</sup> **Labour should introduce multimodal assessment so that young people's progress is no longer just measured through written exams, and develop and make full use of destination measures<sup>58</sup> based on existing underused data to help schools and colleges understand the long-term destinations of their students.** This will assist in the process of removing the anachronism of grade-boundaries and norm- referencing, which has little to do with the achievement of individual student, and everything to do with a historic belief in proportioning levels of qualifications attained.

The contrast could not be sharper between Labour's desire to ensure that the whole of the population have the opportunity to succeed, and the Conservatives' breath-taking and retro reversion to the promotion of Grammar schools, which, by their very nature, are for the few not the many, for a backward-looking Britain with a failed economy, where the few succeed and the many get by as best they can. A modern, futuristic and confident Britain versus the nostalgia, the divisions and the failure of the past.

### **Teaching**

Underpinning a new curriculum must be high quality teaching and supported learning – in and outside of school. **Labour has already announced its National Excellence Programme for schools, and this paper's recommendations should form part of this initiative.**

At present, we have an overworked teaching workforce, with the numbers of mid-career and experienced teachers leaving the profession well before retirement on the rise, and the uptake of new teacher trainees not currently enough to make up for the rate of attrition.<sup>59</sup>

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<sup>57</sup> Rethinking Assessment, 'Action Research', *Rethinking Assessment*, 2022

<sup>58</sup> Julius, Jenna; Hillary, Jude; Faulkner-Ellis, Henry, *Investigating the potential use of long-term school and college destination measures*, (London: The Edge Foundation, 2022)

<sup>59</sup> Teaching And Leadership: Supply and Quality Blog, 'The teaching workforce after the pandemic', *Education Policy Institute*, 2022



Therefore, more needs to be done to make teaching both an attractive career choice for those just starting out their careers, and to retain experienced teaching staff. We welcome the government announcement that, this academic year, new National Professional Qualifications (NPQ) will be available. **Labour should seek to build on these, providing teachers with ongoing support to build the quality of leadership and teaching for staff in the education sector, and investing in their continuing professional development.** This will include, beginning from initial teacher education, being trained in a wider range of methods than the traditional 'chalk and talk', including high quality team-based learning which will lead students to understand how to approach the delivery of projects in the workplace.

Labour's net zero climate change pledge would be a good example of where thinking ahead would allow for crucial investment in the training of teaching staff who will then teach the technicians, electronic engineers, and those engaged in retro-fitting for the future. This can be provided for by enhancing teachers' own experiences and opportunities for development, including time off to train. **Starting with those teaching key stage 4 and above, phasing in as necessary, and learning from early experience, a sabbatical of up to one academic term should be offered every five years of service in order to link teachers with the opportunity of other work placements, research opportunities or overseas exchange programmes - once workforce planning allows for sufficient capacity within the school and college system.** Funding for travel and temporary residence outside the immediate area would also be available.

Recognising the changing economic landscape, with an increased need for advanced digital skills across sectors, **Labour should seek to increase the number of computer science teachers and to ensure that all teacher training includes increased awareness of advanced digital skills and careers.**

Teaching quality and education can be further enhanced through the facilitation of collaboration within, across and beyond schools, to share best practice and resources to ensure the highest quality of learning is available to all. The benefits of collaboration and resource sharing can already be seen from the creation of the Oak National Academy – an extensive online resource for teachers (see BOX 4) – which was an innovation arising out of the Covid pandemic and was only intended to be temporary whilst teachers delivered online lessons.

#### **BOX 4: Oak National Academy**

“Oak National Academy was created in April 2020 as a rapid response to the coronavirus outbreak. Teachers and colleagues from leading education organisations came together to support schools’ efforts to keep children learning.”

**Oak Academy, ‘About Oak Academy’, *Oak Academy*, 2022**

Such was its impact and success, in March 2022, the Secretary of State for Education announced that it was to be transformed into a new, independent government body which would continue to support teachers long-term to deliver lessons.

**Department for Education, ‘Education Secretary Promises to Harness Energy and Expertise of Teachers’, *Department for Education* (11 March 2022)**

So effective has it been in supporting learning that it has now become a long-term resource. A recent report conducted by ImpactED into Oak Academy found that a higher proportion of pupils taught using Oak Academy resources were exceeding expectations compared to those who were not (22% vs 16%); and teachers reported improved wellbeing due to time-saved and workload reduced.<sup>60</sup>

This initiative reflects the innovation commenced under the Labour government, over 20 years ago, which established a platform, including Teachers TV,<sup>61</sup> which was designed to share teaching plans, spread best practice, and support newly qualified teachers. Modern technology facilitates this sharing of materials in a very positive manner. **A Labour government should support the continued expansion of resource platforms such as Oak Academy as a means of providing more pupils with access to quality lessons, with the added benefit of reduced pressure on staff.**

<sup>60</sup> Matt Hood, ‘What Impact did Oak have in 2020/21?’, *Oak National Academy*, (22<sup>nd</sup> October 2021)

<sup>61</sup> BBC News, ‘Teachers TV Takes to the Air’, *BBC News* (8<sup>th</sup> February 2005)

***Technology, tutoring and liberating family learning***

The use of technology and the internet to bring classroom teaching into the home was a particularly valuable lesson from the pandemic, and in addition to online lessons and resources, can be used for tutoring online as a means of recovery from the loss of teaching. It allows further flexibility, availability and accessibility of support, adapting to what works for young people, and further support and guidance can be provided to families where previous educational attainment, digital skills, technological capacity are not present.

Currently, and as tracked by the Sutton Trust for a number of years, children from richer households are much more likely to access private tuition than their less affluent peers – 34% of children from higher income households versus 20% from low-income families – and whose attainment tends to lag behind.<sup>62</sup>

All students should have access to extracurricular support and out-of-school tutoring to aid progress. Therefore, **Labour should develop links between family and adult learning which supports parents and children on the learning journey, together with the promotion of long-term tutoring programmes to narrow the gap between those without the means to pay for extracurricular support, and those who access it extensively.**

The National Tutoring Programme (NTP), introduced to help children catch up with lost learning as a result of the pandemic, could be means of closing this gap. **We recommend that Labour should take on board the recommendations of the Impetus/Education Endowment Foundation Report to reform the NTP, and embed it as a permanent feature to allow all young people to access private tutoring services on equal terms and which would otherwise only be available to the better off.**<sup>63</sup>

No matter how good online tutoring may be, it is always preferable to ensure that support is localised wherever possible, with face-to-face provision - either individually or in small groups – such as the tutoring first piloted in 1999/2000, with the development of Learning Mentors.<sup>64</sup> Local businesses have a key part to play, as support from trained teachers can be supplemented by appropriately supervised volunteers, to bring very specific expertise when needed.

<sup>62</sup> Sutton Trust, 'Sutton Trust Private Tuition 2019', *Sutton Trust*, 2019

<sup>63</sup> Impetus, NTP tuition partners :Transformational not transactional, (London: Impetus, 2022)

<sup>64</sup> Sean Coughlan, 'How Mentors Make a Difference', *BBC News* (24<sup>th</sup> January 2001)

## Careers Guidance and Support

### The Council Recommends:

#### **10. A complete shakeup of the career service, from school through to adult careers guidance, which should ensure that:**

- **A trained Careers Leader is embedded in every school, with responsibility for the career guidance programme and supported by, and accountable to, the school leadership team.**
- **A requirement is introduced for all educational institutions to become part of a regional or subregional Careers Hub.**
- **Via Career Hubs, each student is provided with access to a mentor or role model support, engaging further and higher education, and local employers.**
- **A high-quality national all-age career and Information and Guidance (IAG) service is implemented, available in partnership with Job Centre Plus, that provides all young people and adults with opportunities for face-to-face contact with qualified guidance professionals as well as access to online resources.**

Careers support and mentorship in schools and colleges is integral to raising aspirations and enabling young people, in particular those from less affluent backgrounds, to realise their potential and explore careers in high-value occupations. As we demonstrate in this section, building aspiration, and therefore expectation, is a challenge for life, and not just the foundation provided in formal compulsory education.

Ofsted has recorded some level of improvement in careers advice in recent years, driven largely by the adoption of the Gatsby Benchmarks as part of the government's Careers Strategy and framework for improving careers provision in schools and colleges.<sup>65</sup> More recently, the Baker Clause amendment to the Skills and Post-16 Education Bill enforced entitlement for young people in key stage levels 3 and 4. However, staff with limited experience, together with a lack of availability of outside expertise, still leaves a yawning gap.

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<sup>65</sup> Gatsby, 'Good Career Guidance', *Gatsby*, 2022

*Proposal*

The implementation of the Gatsby Benchmarks and the careers infrastructure rolled out by the Careers and Enterprise Company (CEC) has already shown how a properly organised and structured programme can work,<sup>66</sup> and in the spirit of our commitment to partnership working, it makes sense for all schools and colleges to learn from each other and to be part of what works. **Labour should ensure that the critical drivers of the Benchmarks' success are embedded in all schools, and guarantee that flexible, workplace experience begins as early as possible in a young person's secondary school life.**

**Firstly, it is essential to have a trained Careers Leader embedded in every school, responsible for the career guidance programme and supported by, and accountable to, the school leadership team.**<sup>67</sup>

**Labour should commit to the acceleration of the rollout of a national training programme for Career Leaders, and then to an ongoing programme of Continued Professional Development.** This will ensure that, in the same way that many occupations need to keep up with the pace of change in their respective professions, Careers Leaders will have up-to-date knowledge on education, career pathways, evolving industries (including where there are skills-crossovers) and labour market information to provide the best possible guidance to young people.

The entire education workforce has responsibility to raise aspirations and provide careers guidance to their students, and therefore it is essential there is awareness of careers education at every level within an education institution. **We recommend that career awareness training is made available to all subject teachers.**

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<sup>66</sup> Percy, C. & Tanner, E., *The benefits of Gatsby Benchmark achievement for post-16 destinations* (London: The Careers & Enterprise Company, 2021)

<sup>67</sup> The Careers & Enterprise Company and Gatsby Charitable Foundation, *Understanding The Role Of The Careers Leader* (London: The Careers & Enterprise Company, 2018)



**Experiences of the workplace should allow students to have first-hand experience through online or in person visits, work shadowing or work experience.**

**Experiences of the workplace should:**

- **Be embedded within the school or colleges careers programme and be sequenced to build on prior careers learning**
- **Be based on the needs of the individual student**
- **Be mapped against clear learning outcomes**
- **Be linked to the curriculum and real-life examples and local context**
- **Reflect the opportunities within the local labour market**
- **Provide opportunities in innovative and growing sectors**

This should be embedded into a whole school or college career programme, whereby a child can engage with a variety of experiences over a period of time. As we've noted, lessons from the change in the learning offer during Covid must be carried forward imaginatively. This involves hybrid working and the use of technology to be able to link learners to a whole range of employment opportunities which would otherwise be outside the experience of their family, community, teachers or learning mentors.

Starting early, and offering opportunities for work experience throughout school, will allow young people to explore wider career possibilities whilst they decide what career path they want to follow. **This will include developing Future Life Plans for every 16-year-old to help them be “ready for work and for life”.**

In addition to quality careers guidance and work experience, **Labour should reinstate and develop a Young Person's Taster Apprenticeships programme to offer meaningful and engaging vocational opportunities at age 14-16, and publish – and make readily available and accessible – apprenticeship outcome data so that young people can find their passion.** As indicated later, this will require substantial support both within and between businesses, as well as from government at every level, to assist with the additional time and financial commitment that such opportunities inevitably entail.

Increased engagement between employers and schools and colleges is an essential part of the careers guidance and workplace experience delivery.

A recent survey conducted by the Careers and Enterprise Company found that employers engaging in education is mutually beneficial. According to those taking part in their research: “by working with schools and colleges they are strengthening their talent pipeline, increasing the diversity of their workforce and addressing skills gaps.”<sup>68</sup> In return, they are sharing information about careers and entry requirements to roles within their organisations with schools and colleges, and: “for six in ten employers, this included talking to students about the significance of advanced and further and higher education qualifications and over a third reported increasing teacher knowledge of vocational routes including higher and degree level apprenticeships.”<sup>69</sup>

Careers Hubs [See Appendix 3] are an essential element of facilitating this kind of engagement and collaboration between local schools, colleges, employers and other key stakeholders, and **we recommend that there is a requirement for all educational institutions to become part of a regional or subregional hub.**

The success of Careers Hubs is dependent on engagement from all key stakeholders – which includes local employers, such as CEC’s network of Cornerstone employers targeted in areas of disadvantage. **To enhance such engagement, local businesses should encourage their employees to become volunteer Enterprise Advisers<sup>70</sup>, school governors and trustees of multi-academy trusts.** Multi-Academy trusts have a much more impactful part to play than would currently appear to be the case. Clearly, sharing expertise, good practice and experience would act in parallel with local education forums and the continuing role of local government.

Careers Hubs can also provide the means and access to mentors/role models from within the world of work and this should become a specified part of their remit. Mentors engage with young people, providing work experience and virtual (online) support, to open up their thinking about what career possibilities exist, and support work to raise aspiration, and therefore the expectation, of youngsters whose family experience may have been confined by the immediate job opportunities available. As noted in the introduction of this report, with the need to level up access to high-level sectors such as digital, the Careers Hub infrastructure can open up the way for schools and colleges to work with tech companies to improve parents and young people’s understanding of advanced digital skills and their career potential and requirements in the tech sector, especially for girls and young people from deprived communities.

<sup>68</sup> The Careers & Enterprise Company, *Employer engagement in careers education: Insights 2020/21* (London: The Careers & Enterprise Company, 2021)

<sup>69</sup> Ibid

<sup>70</sup> The Careers & Enterprise Company, ‘Volunteer with a school or college’, *The Careers & Enterprise Company*, 2022

The experience and learning from established schemes, (such as RISE projects in Haringey,<sup>71</sup> the CEC's Mentoring Fund<sup>72</sup>), will inform the training models. Once recruited, mentors will be offered a development and support package. The recruitment of mentors will reflect the structure of the scheme. Support could include networking, mentor community forums, topic-based workshops, resource materials and guidance. All the schemes will include monitoring and evaluation, with outcomes shared within and across sectors. A preparation process will enable mentees to gain maximum benefit from the mentoring relationship.

**To give young people the best chance of understanding the career options available to them, we recommend that an incoming Labour government, via Career Hubs, should provide each student with access to a mentor or role model support, engaging further and higher education, and local employers.**

Parents are also critical in providing support for children in finding their career path, as family can have as much influence over a young person's career as school does. The Gatsby Foundation has recently launched "Talking Futures" which provides: "a suite of resources to help parents have constructive careers and education conversations with their children."<sup>73</sup> **We recommend that the Gatsby "Talking Futures" project should be expanded nationally as it is crucial family members have the right tools to be able to guide their children in education and job prospects.**

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<sup>71</sup> Rise Projects, *Rise Projects*, 2022

<sup>72</sup> SQW, *The Mentoring Fund: Evaluation of the Careers and Enterprise Company Mentoring Fund. Summary Report* (London: SQW, 2020)

<sup>73</sup> Talking Futures, 'A parents' toolkit for careers conversations', *Talking Futures*, 2022

### **BOX 5 Boosting skills and releasing talent into left behind communities**

Research by the Centre for Social Justice for the Christopher Nieper Foundation has identified 205 left behind communities in England. These represent approx. 5 million people, many in the midlands/north and in swing seats or former red wall. Christopher Nieper Foundation takes the view that talent is not a privilege of postcode. In left behind areas talent is often underdeveloped due to poor aspiration, poor education and poor employability skills. Talented young people often leave in search of higher quality jobs elsewhere depriving the town of the very ingredient it needs most for its recovery.

Textiles is an example of a near extinct sector in Britain where 97% of its jobs nationally have been lost in the last 30 years. Offshore manufacturing has depleted Britain of its skills in many sectors taking the heart out of communities and offshoring textiles has become one of the most polluting sectors, creating more greenhouse gasses than all of worldwide aviation and maritime shipping combined.

Alfreton is a typical forgotten town with lower average income, lower life expectancy and until 2015 a failing secondary school, the worst in Derbyshire and in the bottom 2% nationally for its attainment. In 2016 Christopher Nieper formed an education trust and by 2019 the school's intake had tripled and became oversubscribed for its first time in 25 years. Today it's the 6<sup>th</sup> most oversubscribed secondary school in Derbyshire.

The Trust has focused both on academic standards and employability skills whilst involving multiple local employers, both private and public sector. Those not in education, employment or training (NEETs) have reduced each year and in the last 3 years have been less than half the national average. This has the potential to reduce youth unemployment by half and drive economic growth from within this "left behind" town. Local talent driving local growth in a sustainable way.

### **Adult Careers Advice**

When recommending the acceleration of progress in schools and colleges, the same must be done for adult careers advice and guidance needs to be lifelong, relevant and localised. Especially given the current low levels of unemployment, more should be done to support people in navigating the options, and help working adults into better jobs through education and training and, ideally, a focus on building longer-term careers.

Many people who have not had dealings with Job Centre Plus believe that the Job Coaches are there to provide careers advice. Sadly, the service has devolved into "finding a job" rather than guiding the individual into a route which will provide them with long-term prospects. This is understandable at a time of a very tight labour market, but in the long term it is crucial that individuals are provided with the advice and

support needed to be able to progress from getting a job (crucial as that is ) into a long-term plan for improvement.

As we mention later in the section dealing with “Welfare to Work”, there should be greater clarity regarding the roles of the DWP and the DfE in providing adult careers advice. **The DWP (through Job Centre Plus) should be responsible for coordinating careers guidance for adults with whom the department already has a relationship (primarily those unemployed or in low-paid work receiving Universal Credit), while the focus of the DfE (through the National Careers Service) should be helping adults in work move to successful long-term careers by supporting them to access training and gain better skills.** This delineation of roles between the two departments would be extremely sensible, and allow for more effective synergies when building an overarching all-age careers guidance strategy.

**Labour should develop a high-quality national all-age careers and IAG service, available in partnership with Job Centre Plus, that provides all young people and adults with opportunities for face-to-face contact with qualified guidance professionals as well as access to online resources.**

All colleges already provide careers guidance, but for many this is focused mainly on their existing and prospective students. However, some colleges are working in partnership with the NCS by providing access to NCS advisors on their campus.<sup>74,75</sup> **These partnerships should be established with more colleges, as this would substantially enhance the role and reach of the National Careers Service,** which has been under funded, and substantially under supported.

**The role of the Careers and Enterprise Company should be enhanced, and specifically in outreach into the most challenging parts of the country.**

As with young people in school, **developing a well-organised mentoring programme, which links employees with those in the same field willing to provide advice and support would be advantageous.** This would link into the development of a comprehensive adult tutoring programme as part of the reinvigoration of adult learning, organised with local government, the Workers Education Association (WEA), social and not-for-profit enterprises, as well as private providers and further education colleges.

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<sup>74</sup> Leicester College, ‘Careers Service’, *Leicester College*, 2022

<sup>75</sup> Learning & Enterprise College Bexley, ‘Career Advice and Guidance’, *Learning & Enterprise College Bexley*, 2022

Consideration should be given to testing out a new entitlement to be offered a mid-life skills review for all workers, with an initial focus on those who are not offered annual reviews by their employer.

**Funding should be reinstated to support the crucial role of Union Learning Reps in providing advice and guidance, especially to workers facing the greatest barriers.**

In businesses which are not unionised, it would be beneficial to the employer as well as employees to develop this programme.

Funding for employment initiatives, including job coaches and other elements of Job Centre Plus's work, can be dove-tailed – at local and sub-regional level – with the broader preparation for and entry into meaningful and rewarding work. The Flexible Support Fund is currently available for distribution at the direction of Job Centre Advisors, but it is not well publicised, and so integrating this with broader initiatives at local level would, self-evidently, be advantageous.

**Labour must put in place a robust audit function that could assess the efficacy of careers guidance and job support.**

Year of Service

Career development is as much about gaining experience, and personal and social skills. For many younger adults, demonstrating their work experience, or work readiness, proves challenging.

For some young people emerging from school or college, the world of work is daunting, and their social and people skills are often not sufficiently well honed to enable them to move easily into work and remain in the job.

A pilot programme has been put in place offering over 400 young people the opportunity of a Year of Service.<sup>76</sup> This has provided between 9 and 12 months of work experience paid at the rate of the living wage, and with appropriate training built into the scheme.

Funded by the Community Interest Company which was formed when the main National Citizen Service was created as a Royal Charter Body, time-limited funds were available specifically to give work experience and enhance the life chances of young people in the appropriate age bracket.

Additionally, the Institute for Community Studies (Young Foundation) has set in train

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<sup>76</sup> National Citizen Service Trust, 'UK Year of Service', *National Citizen Service Trust*, 2022



research to develop what is described as a “Civic Journey” to take young people from school days through to adult life, with an appreciation of how the world works, how democracy works, the development of life skills and how this can best be coordinated with existing programmes such as citizenship education in schools, National Citizen Service and opportunities for both engagement through volunteering and participative democracy in later life.<sup>77</sup> **The Labour Party is recommended to use the evaluation of Year of Service and related initiatives to formulate a programme which promotes active citizenship and social engagement as a key element of the skills required to maintain a functioning civil society, as well as a democracy that works for all.**

We must seriously evaluate the benefits of such a programme, and the potential of scaling up to avoid the revolving door of young people who never have the chance of moving out of short-term placements, and therefore the readiness for work, which is crucial to their successful future.

Other countries, notably US, France, Germany and Italy have had longstanding schemes to provide their young people with opportunities to perform a variety of civic roles. A national year of civic duty, which harnesses the strength of the next generation to find, face and take on the country's toughest challenges, with paid employment to serve local communities where the needs are greatest would fulfil multiple needs: they would help boost employability, encourage young people to build careers of community service, and build delivery capacity in everything from mental health to disaster response. Programmes such as those run by the Prince's Trust, Groundwork, and the former Millennium Volunteers programme – as well as many others – have shown the value of raising confidence, building self-esteem and the social skills which are crucial to the world of work.

## Further and Higher Education

### The Council Recommends:

- 11. A substantially enhanced role for further education, reinforcing collaboration and a seamless link with higher education, apprenticeships and progression within work. This is a key journey which should unite, rather than divide elements of the education service, but also the role of employers in their links with lifelong learning.**

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<sup>77</sup> Institute for Community Studies, 'Civic Journey', *Institute for Community Studies*, 2022

## **12. The reintroduction of the Education Maintenance Allowance for 16-19 year olds, including support for those undertaking apprenticeships in the same age group**

Out of the 231 and post-16 colleges under the general umbrella of further education, over 160 provide higher education options, many in collaboration with an appropriate university, with 150 FE colleges on the Office for Students (OfS) Register, and 10 with degree awarding powers.<sup>78</sup>

The Further Education (FE) Sector has, for many years, been the unloved 'Cinderella' of the English education landscape, with FE colleges seeing the largest falls in per-pupil funding of any sector of the education system since 2010–11. Funding per student aged 16–18 in further education colleges fell by 14% in real terms between 2010–11 and 2019–20. Although funding is now rising, spending per pupil in 2024–25 will still be close to 10% below 2010–11 levels.<sup>79</sup>

Yet the problem goes beyond simply funding – it's organisational. Although large, with over 200 colleges, the FE sector is incredibly stretched. It has to deliver formal education and vocational training for 16-19-year-olds; a wide range of adult learning (such as Higher National Certificates, Higher National Diplomas and foundation degrees); 'second-chance' learning (for instance, basic literacy, numeracy and digital skills); teaching English as a second language; programmes for unemployed individuals; off-the-job apprenticeship training; as well as the bulk of teaching on the new T-Levels qualifications.

The way FE is financed (supply-led/government-led rather than demand-led, like universities) creates incentives for colleges to respond to short term funding streams, and less expensive modes of delivery. In addition to this, the funding rules that underpin adult FE tend to incentivise providers to offer what is expedient rather than what might be needed locally. The complex web of courses, standards and funding bodies also confuses students and firms alike and leads to an under-provision of high-quality training courses. As a result, the potential of the sector and its critical significance to both the local and national economy is little understood and grossly underappreciated.

Universities and colleges – partnering with each other and with other organisations in their locality, nationally, and internationally – can be hubs for innovation and ideas and

<sup>78</sup> Office for Students, 'The OfS Register', *Office for Students*, 2022

<sup>79</sup> Christine Farquharson, Luke Sibieta, Imran Tahir and Ben Waltmann, *Annual report on education spending in England* (London: Institute for Fiscal Studies, 2021)

therefore have an integral role to play in local and regional economic growth, acting as anchor institutions driving jobs and regeneration of local communities.<sup>80</sup> Therefore, better collaboration between the sectors is central to their role in upskilling the nation.

#### *Proposal*

Post-16 learning, both vocational and academic, must be seen as a seamless pathway through apprenticeship, further and higher education - which instead of being juxtaposed as competitors, should instead be seen as partners in delivering a high-skill, high-productivity, technologically enabled workforce of the future.

FE could, and should, play a central role in national and local skills provision. But it needs a coherent vision and proper plan for putting this into effect, not the construction of an artificial divide between 'academic' HE and 'practical' FE, which is often the mantra of present government spokespeople and their apologists. This includes the very important role of sixth-form colleges, where they combine vocational and academic offers (rather than post-16 institutions established only to meet purely academic outcomes).

Much academic learning takes place in FE colleges, whilst a great deal of vocational study and research is undertaken in HE. As we demonstrate elsewhere in this paper, this is true of the apprenticeship route, but is also an essential contributor to the delivery of high-level courses in the STEM subjects, as well as critical management and business education.

**The two sectors – FE and HE – should be working together much more, and one form of collaboration which could be replicated is to form local area “clusters”, as exemplified by Lambeth College and London South Bank University.**

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<sup>80</sup> Civic University Commission, Truly Civic: Strengthening the connection between universities and their places (UPP Foundation, 2019)

**BOX 6: Lambeth College and London South Bank University (LSBU) Merger**

Lambeth College merged with London South Bank University (LSBU)'s partnership in 2019. The college became a wholly owned subsidiary of LSBU, and joined a network of other providers, including a 11-19 engineering academy and a university technical college. Each entity is a distinct body, but they all share common governance arrangements and back-office functions. The college and university have built more seamless pathways between their respective courses, including in relation to the transfer of qualifications. They also reduce costs by sharing administration and procurement, and they share student facilities. Lambeth College benefits from the financial stability offered by a larger player, and LSBU can expand its outreach work into the community.

**London South Bank University, 'London South Bank University and Lambeth College Unite To Transform Educational Opportunities In South London', *London South Bank University*, 2019**

This is just one example of collaboration, which is mirrored in very different ways across the country, and if linked to wider forums for joint working, including sixth form colleges and school sixth forms, greater coherence will develop improved outcomes.

**Innovation UK has a key part to play in fostering collaboration at local level, which can in turn link further and higher education providers together, and crucially, with local businesses, scale up small and medium-size enterprises and attract inward investment.**

Improving the performance of SMEs will have a positive impact on productivity, and they should be supported to build innovative workplace practices, updating their equipment and processes, and ensuring that their workforce is equipped to take on technological innovation and efficient working methods. The role of FE colleges and universities in supporting this agenda is key, as they provide both the knowledge base and access to the state-of-the art facilities.

**Business innovation account managers, employed by further education colleges, makes sense both in terms of developing collaboration with SMEs, but in turn, ensuring that modern business practice and new opportunities become available which foster the use of new technology and the virtuous circle of consequent demand for higher skills. That is why we recommend that a Labour government should incentivise colleges to embrace the adoption of business innovation account managers.**

#### **BOX 7 Fareham College**

Fareham College, a partner in the South Coast Institute of Technology, has built a state-of-the-art training facility for a range of engineering disciplines which is co-located within the Fareham Innovation Centre. Companies are happy to offer the college expert presentations and placement opportunities and, in return, they have access to equipment such as industry-grade 3D printing that they can use for prototyping.

**Elaine Baxter, *Further Education Colleges and Education*, (London: Gatsby Charitable Foundation, 2020)**

### **Qualifications**

In terms of the formal qualifications delivered by FE providers, building upon the proposed innovative programmes taught in schools, it will be necessary to ensure that, in addition to regularly updated and refined A-level and T-level qualifications, there are clear routes from Level 2 for those unsure of the direction of travel for their adult life, and where a broader mix of academic and vocational learning would be appropriate – updating and ensuring high quality courses such as BTEC National diploma, rather than removing this choice and ladder of learning.

Whilst we understand the decision to go ahead with the Institute for Apprenticeships and Technical Education (IfATE) and Ofqual examining all post-16 qualifications, there has to be a very clear assessment of what the “cull” is supposed to be about. Many employers do like bespoke qualifications and the question is not whether they should exist, but the quality, assessment and outcome of such learning. **Labour should look to resolve the current confusion about the role of the office for qualifications, Ofqual, and other regulatory agencies such as the IFATE.**

High quality further and higher education is fundamental both to individual opportunity and to the economy of the future. For those providers delivering these qualifications, supporting institutions in planned improvement, rather than denying them crucial funding at a time when they are seeking to move out of “needs improvement”, makes no sense. In fact, it can often leave key areas of the country without an Institute of technology and the associated cluster, which is crucial to making this initiative work.

### **Ofsted Review**

To ensure the quality of our schools, colleges and private providers and the role of Ofsted, **Labour should launch a national review of the inspectorate to ensure that the inspection and accountability regime makes the most positive and constructive contribution possible to the education system as a whole.**<sup>81</sup> A recent Teacher Tapp survey (for The Times Education Commission) of 5000 teachers found that the majority do not have confidence in Ofsted, with 59% stating that they disagreed or strongly disagreed that the regulator improved performance in schools.<sup>82</sup>

<sup>81</sup> Bernie Munoz-Chereau, Melanie Ehren, *Inspection Across the UK: how the four nations intend to contribute to school improvement* (London: The Edge Foundation, 2021)

<sup>82</sup> Nicola Woolcock, ‘Teachers rate Ofsted ‘inadequate’, report finds’, *The Times* (14<sup>th</sup> June 2022)



This is as true of post-16 providers as it is of schools, and whilst respecting the independence of the university sector, **a Labour government should urgently examine the decision to place quality assurance with the Office for Students, in relation to higher education providers, rather than a separate Quality Assurance Agency.** The objective of a review would be to ensure that Ofsted works with colleges and providers to turn round any identified failures as quickly as possible.

### ***Devolution with National Oversight***

Minimum standards to underpin devolving of responsibility and budgets will be vital, along with benchmarking to ensure high quality, whenever and wherever a student learns. **Building on the devolving of adult education budgets to metro mayors/combined authorities, pilot programmes should be undertaken to devolve both the powers and the budget for 16-19 provision and beyond, to ensure that they can coordinate the necessary approaches to deliver real choice, including digital training, options appropriate to the challenge highlighted through Local Skills Improvement Plans/Processes, and develop plans appropriate for emerging needs as well as building on existing strengths.**

The role of central government in overseeing the FE and HE sectors is two-fold. Firstly, government must ensure that common national standards for technical qualifications exist and are maintained, so that someone choosing a qualification in, for example, cyber security, can be confident that it is of high-quality, regardless of where they study. Secondly, government must make sufficient funding available to enable and encourage training to take place. At a local level, solutions focusing solely on the supply side (i.e. just making higher-level training available) are unlikely to work. Rather, a demand side focus is also required – concentrating on driving employer demand for, and utilisation of, skilled labour.

### ***Entrepreneurship, creativity and tomorrow's world***

**Higher education institutions (and, where relevant, further education colleges) should develop a module in every undergraduate course specifically designed to look at the world of work, enterprise and future trends.** This could include programmes around entrepreneurship, advanced digital skills and creativity; social enterprise and frontline work experience, including the further development of volunteering opportunities which play an important part in the development of citizenship, self-reliance and reciprocity.

**As digital skills are so integral to our current and future economy, higher and further education (in addition to in-work provision) will also need to play their part in improving digital skills in adults for people who are already in, or about to join, the labour market.**

**Labour should bring advanced digital skills to all communities through expanded provision in FE colleges.**

Universities will continue to provide the most advanced digital skills, with degrees such as Computer Science and Electronics Engineering. But advanced digital skills do not have to be provided in this way at the academic level. Joint degrees and digital modules taken as part of other degrees are and will be how most graduates gain advanced digital skills. Models such as the Q-Step programme are already delivering huge improvements in advanced digital skills in the social sciences, and its success should be expanded and replicated in other courses and institutions. Such cross-over application of digital skills will enhance access to a wider breadth of innovative sectors.

Now hybrid learning is commonplace, the same approach can be used to link students with a range of experiences related to the world of work, as well as links to the critical research and innovation programmes in their own, or appropriate linked institution. Study and experience for those on sandwich courses, experience on placements abroad, and similar, could, with the judicious use of technological links, open up wholly new opportunities.

In a world where greater flexibility is now needed to adapt to both changing market demands and personal responsibilities, **it should be made possible to transfer credits between different providers and courses – a recommendation already made by the Augur Review, and a model already used by the Open University on its own courses. Furthermore, Labour must ensure that any policy change on university tuition fees in England supports and incentivises flexible, part-time study – we urge learning the lessons of the 2012 tuition fee debacle.**

In this vein, more should be done to provide young people with the means to fund their further education. **Labour should reinstate the Education Maintenance Allowance in England.** Scrapped by the coalition government in England in 2011. A study done by the institute for fiscal studies, following the announcement in 2010 to end the support, found that the EMA was, in fact, an efficient use of money. Crucially, it found that the EMA:

"Increased the proportion of eligible 16-year-olds staying in education from 65% to 69%, and increased the proportion of eligible 17-year-olds in education from 54% to 61%. Based on these impacts, and on estimates of the financial benefits of additional education taken from elsewhere in the economics literature, the study concluded that the costs of providing EMA were likely to be exceeded in the long run by the higher wages that its recipients would go on to enjoy in future."<sup>83</sup>

We return to this issue later in the report, in respect of entitlement for those on entry-level apprenticeships.

## Adult and Lifelong Learning

### The Council Recommends:

- 13. The development of Individual Learning Accounts, which would share the cost of learning between the individual, the employer and the state – and, where appropriate, the devolved budgets to Combined Authorities and elected Mayors**
- 14. A Learning and Skills “passport” based on appropriate assessment and/or examination in order to build, incrementally, a profile that could be added to at any time and in a variety of ways, throughout working life**
- 15. A reform of public procurement guidance to ensure contracts include mandatory clauses relating to upskilling**
- 16. Transformation of employers’ investment in skills by reforming the apprenticeship levy into an “Apprenticeship and Learning Levy” which will maximise the use of this resource and rebalance the current direction of spend; in particular towards support for 16-25 year olds and innovative, modern technological demands**
- 17. Improve support and incentives to SMEs to take up apprentices, including the acceleration of “shared apprenticeships” with larger employers, and a skills tax credit**
- 18. A new *Right to Retrain* which would expand, and make more flexible, entitlements for adults for free access to courses from an approved provider, opening-up progression pathways for many adults to higher level qualifications.**

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<sup>83</sup> Haroon Chowdry and Carl Emmerson, ‘An Efficient Maintenance Allowance?’, *Institute for Fiscal Studies* (14<sup>th</sup> December 2010)

- 19. Access to Work from the DWP should be made much more flexible and person-centred. For those eligible, it should be available for those undertaking training, substantial volunteering, trialling work placements, and must be planned before the individual takes up the offered work opportunity**
- 20. For those with a declared disability, introduce a “passport” scheme for all key training and learning opportunities which would begin with Education Health and Care Plans (or future equivalent) whilst in school, then providing for automatic entitlement to the Disabled Students Allowance, and then Access to Work once they are seeking, or enter into, formal employment**
- 21. The establishment of a National Occupational Health Programme, delivered locally as well as nationally, which could save billions of pounds for employers and to the economy more generally in the avoidance of shortages, recruitment costs and loss of experience.**

As demonstrated by the core theme of this paper, the critical need to skill and up skill continues once people have left the formal education system – inside and outside the work place – and therefore the support of employers, and collaboration between public, private and voluntary sectors is vital to achieve this goal.

As noted by the content in this section, the learning and training support for adults, post-formal education, is multifaceted. This is why our policy proposal begins with a call for **Individual Learning Accounts and Learning and Skills Passports** to enable all, regardless of background, to maintain the means to continue to train and keep records of their progress.

There are a number of distinct issues to address in relation to the skills within our adult workforce, and the provision and learning available them.

### ***Apprenticeships***

UK's notorious 'failure to train' is longstanding and requires urgent attention. One major problem is that SMEs in particular do not want to pay for training for fear of poaching, lack of resources, and an inability to plan far enough ahead.

The government tried to resolve this with its 2017 reform package that included introducing an Apprenticeship Levy on employers – at a rate of 0.5% of the payroll of employers with total wage payments exceeding £3 million. 25 % of this levy can be transferred to smaller businesses that do not pay this levy, and anything not used within a two-year period is kept by the Treasury.

However, many employers consider the funding restrictions on the apprenticeship levy to lack the flexibility required, and SMEs and non-levy paying employers report the process to apply for apprenticeship funds is overly bureaucratic and confusing. In fact, the number of apprenticeships starts in SMEs fell by over a third immediately following the introduction of the levy.<sup>84</sup> The Financial Times has reported in the summer of 2022 that due to the fall in apprenticeship starts, a massive £3.3 billion has been clawed back by the Treasury in unspent levy funds since 2019.<sup>85</sup> Consequently the introduction of the levy largely failed in its purpose of increasing training numbers, improving the quality of training, and fostering social mobility.

New starts in apprenticeships have plunged from 521,000 in 2011/12 to 321,000 in 2020/21.<sup>86</sup> There has also been shifts in the numbers of people doing entry-level and intermediate apprenticeships. Since 2011/12 the proportion of starts that are advanced level or higher has steadily been increasing, from 37% in 2011/12 to 63% in 2018/19.<sup>87</sup> The drop in entry level starts removes an important route into the labour market for trainees who may have few other options.

Even though the pass rate for those who complete their apprenticeships is very high, the percentage of dropouts is concerning: 41.3% in 2019/20 and 41.2% in 2020/21.<sup>88</sup> Whilst the government attributes this increase to Covid and the move to a higher quality, “standards” model of apprenticeships, this is too often used to excuse poor practice and failure of appropriate structures to maintain quality outcomes.

Analysis by Professor Green of various studies on apprenticeships in England, including those undertaken by the OECD and parliamentary select committees, concluded that the findings from these studies indicated weak oversight and regulation of both the quality and duration of training in our apprenticeship system.<sup>89</sup> Whilst there was clearly disruption caused by the pandemic, it is the underlying challenges which need to be addressed for the future.

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<sup>84</sup> FE News ‘72% fall in entry-level apprenticeship uptake since 2014 – Sector Response’, *FE News* (9<sup>th</sup> February 2022)

<sup>85</sup> Jonathan Moules, ‘Employers in England lose more than £3.3bn in unspent apprenticeship levy funds’, *The Financial Times*, (26<sup>th</sup> July 2022)

<sup>86</sup> Education Statistics, Academic Year 2021/22: Apprenticeships and traineeships, 2022

<sup>87</sup> Niamh Foley, Apprenticeship Statistics: House of Commons Briefing Paper. Number 06113 (London: House of Commons, 2021)

<sup>88</sup> Billy Camden, ‘Shock as half of apprentices drop out’, *FE Week* (1<sup>st</sup> April 2022)

<sup>89</sup> Francis Green, and Golo Henseke, *Training Trends in Britain, Research Paper No. 22*, (London: Unionlearn by the TUC, 2019)

There were also slight shifts towards the public and services sectors and away from construction and manufacturing (two economic sectors noted for their skills shortages); and regional changes, with the more deprived regions of the North East, North West and Midlands seeing the largest percentage drops in starts, and London and the South East seeing the smallest falls.<sup>90</sup>

The levy has also seen a significant growth in the amount of apprenticeship funding being allocated towards Level 7 managerial training, which whilst it does have value, is not what the apprenticeship levy was intended to fund.

### ***Adult Skills and adults not in the work force***

England, as outlined earlier in this paper, is already experiencing significant skills shortages. Shockingly, there are six million adults who do not hold a level 2 qualification.

Adding to this concern is the rapidity of changing labour market demands, and according to research conducted by the Confederation of British Industry in 2020, nine out of ten adults will need upskilling by 2030.<sup>91</sup>

Recent analysis by PWC estimates that 30% of jobs are vulnerable to automation.<sup>92</sup> Data from the ONS shows that a worker's vulnerability to automation varies significantly by skill level. Of the 1.5 million people who are at immediate risk of automation, 59.8% are not qualified to level 2 and 39% are only qualified to levels 2 or 3. Conversely, 87% of low-risk jobs were held by people with degrees.<sup>93</sup> This makes the current skills deficits a profound problem for the future. Therefore, we will need to place emphasis on progression and the acquisition of higher-level skills, wherever and whenever that is necessary whilst offering appropriate retraining and readjustment for those who, by the very nature of the economy, will continue to carry out essential jobs that do not require upskilling, which is appropriate to the particular sectors most affected.

Workers in the newer, so called "gig" economy (workers for takeaway delivery service, Just Eat; private hire vehicle service, Uber; and Amazon delivery, for example) are less likely to get training, which will harm productivity as this sector expands.

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<sup>90</sup> Niamh Foley, Apprenticeship Statistics: House of Commons Briefing Paper. Number 06113 (London: House of Commons, 2021)

<sup>91</sup> CBI, 'A radical new strategy for lifetime reskilling must be the bedrock of UK economic recovery', *CBI* (19 October 2020)

<sup>92</sup> John Hawksworth, Richard Berriman and Saloni Goel, Will robots really steal our jobs? An international analysis of the potential long term impact of automation (London: PWC, 2018)

<sup>93</sup> Office for National Statistics, The probability of automation in England: 2011 and 2017, 2019



In addition to the limits on training and skills we are currently experiencing, England faces other unique workforce challenges. Firstly, there is the impact of those returning to their home country in Europe, with both Brexit and the pandemic being contributing factors, which has added to widespread vacancies.<sup>94</sup>

Secondly, there has been a significant rise in inactivity compared to pre-pandemic trends.<sup>95</sup> As mentioned earlier, some of this is a rise amongst working age women as they leave the workforce to take up critical caring responsibilities. Yet there has also been a significant rise in economic inactivity in 50- and 60-year-olds. The most recent ONS data suggests that inactivity rate amongst 50- to 64-year-olds was 26.9 % in the three months February to April 2022. This compares to 25.2% in December 2019 to February 2020, immediately prior to the pandemic. Over that period the inactivity rate for 50-64-year old men rose from 20.6% to 22.9%, and for 50-64-year-old women from 29.6% to 30.7%.<sup>96</sup> The largest proportion of leavers is from the lower-middle income bracket, from declining sectors and those which were hardest-hit by the pandemic.<sup>97</sup> Consequently it appears that people in this group are choosing to retire early, either because they feel it is unlikely they will be re-employed, or due to health fears.<sup>98</sup>

Population-wide health issues are a factor: there are a million fewer people in the UK workforce than there would have been based on the pre-pandemic trend, and some estimates indicate that 400,000 of those were due to “health factors, such as long Covid, disruption to health care and declining mental health”.<sup>99</sup> This health-related fall could cost the economy £8bn in 2022.<sup>100</sup>

The Resolution Foundation has highlighted in a recent report that “demographic change will also foster change in the composition, and mobility, of the UK’s labour force”, finding that “lifecycle flows in and out of the labour market could reach record highs in the coming decades: the number of people reaching state pension age is expected to surpass 800,000 in 2028 for the first time ever, while the number of people turning 22 will exceed 900,000 in 2032 for the first time this century.”<sup>101</sup>

<sup>94</sup> Richard Partington, ‘UK ‘faces labour shortage’ as Covid and Brexit fuel exodus of overseas workers’, *The Guardian* (17<sup>th</sup> May 2021)

<sup>95</sup> Robin Harvey, ‘Revealed: £8bn hit to UK prosperity as long-Covid and illness drives 400,000 more people from the workforce’, *Institute for Public Policy Research* (27<sup>th</sup> April 2022)

<sup>96</sup> Office for National Statistics, A05 NSA: Employment, unemployment and economic inactivity by age group (not seasonally adjusted), 2022

<sup>97</sup> Carlos Carrillo-Tudela, Alex Clymo, David Zentler-Munro, ‘Over-50s are resigning en masse – new research explains who and why’, *The Conversation* (28<sup>th</sup> April 2022)

<sup>98</sup> *Ibid.*

<sup>99</sup> Robin Harvey, ‘Revealed: £8bn hit to UK prosperity as long-Covid and illness drives 400,000 more people from the workforce’, *Institute for Public Policy Research* (27<sup>th</sup> April 2022)

<sup>100</sup> *Ibid.*

<sup>101</sup> Molly Broome, *Big welcomes and long goodbyes: The impact of demographic change in the 2020s*, (The Resolution Foundation, 2022)

It is self-evident, particularly post-Brexit and consequent changes in immigration status of European citizens, that that if, as a nation we are to reduce the number of unfilled vacancies in the existing workforce and increase productivity, we should be reaching out to, and engaging all those, full or part-time, who can play a part in increased personal independence, and economic growth. Those of working age who have a disability, are a key example of the unnecessary exclusion of those with a contribution to make.

Lack of training, attitudinal barriers and practical support to the individual, as well as the employer, have all provided obstacles to entry into the workforce. Currently only just over half of the disabled working-age population are employed.<sup>102</sup> The government support programme available for disabled employees, Access to Work, and which is run by the DWP,<sup>103</sup> is, at the moment, tragically under-utilised. As a stark illustration, in 2021, only 2% of those with slight-loss, and therefore eligible for the scheme, accessed the support available to them via Access to Work.<sup>104</sup>

The existing government has made a number of attempts to address these workforce issues. Yet in recent analysis, the National Audit Office (NAO) warned that “despite government’s greater activity and good intent, its approach may be no more successful than previous interventions in supporting workforce skills development.”<sup>105</sup>

### ***Kickstart, Restart and Skills Bootcamps***

The government’s kickstart scheme, launched in September 2020, allocated £2 billion to create “hundreds of thousands of high quality 6-month work placements aimed at those aged 16–24 who are on Universal Credit and are deemed to be at risk of long-term unemployment”.<sup>106</sup>

Under the scheme, the government provided funding to cover the national minimum wage for 25 hours a week for six months for those who began kickstart jobs. It also provided £1,500 per job placement to cover set up costs and to support the jobholder to develop their employability skills.<sup>107</sup>

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<sup>102</sup> HM Government Department for Work and Pensions, ‘The employment of disabled people 2021’, *Department for Work and Pensions*, 2022

<sup>103</sup> HM Government Department for Work and Pensions, ‘Access to Work: factsheet for customers’, *Department for Work and Pensions*, 2022

<sup>104</sup> Vision Foundation, ‘Lord Blunkett calls on UK businesses to see the skills of blind and partially sighted people’, *The Vision Foundation*, 2021

<sup>105</sup> National Audit Office, *Developing workforce skills for a strong economy*, (London: National Audit Office 2022)

<sup>106</sup> HM Treasury, *Plan For Jobs* (London: HM Treasury 2020)

<sup>107</sup> London Councils, ‘Kickstart Scheme’, *London Councils*, 2021

However, the scheme landed 90,000 short of its target of 250,000 kickstart jobs, and the resulting underspend of £0.7 billion on the programme was returned to the Treasury.<sup>108,109</sup>

In a report on the kickstart scheme in November 2021, the NAO said that whilst there was a clear rationale for the scheme in the summer of 2020, as the economy recovered it may have funded jobs that employers may have funded themselves. Separately, the House of Commons Public Accounts Committee described the scheme as “chaotic”, and its review found that:

- Many young people who started to claim Universal Credit at the start of the pandemic have remained on the benefit and have not moved into kickstart jobs.
- Many employers experienced delays in filling Kickstart vacancies, with “many waiting months for vacancies to be filled”.
- It was “hard to see” how the Kickstart scheme was used alongside other employment schemes and whether maximum value was therefore achieved without duplicating spend.
- It will be difficult for the DWP to evaluate the scheme as there was not sufficient monitoring of it. The committee called on the DWP to publish performance data on its website on a regular basis, rather than on an ad hoc basis in response to parliamentary questions.<sup>110</sup>

The £2.9 billion Restart scheme, aimed at helping those who have been unemployed for 9 months or more find a job, with up to 12 months of support to do so, has also so far failed on its aims.<sup>111</sup> Launched in 2021, by the spring of 2022 enrolment was around 40 % lower than anticipated, resulting in an extension of the eligibility criteria to allow more people onto the programme; and as of June 2022 it had only found jobs for 7% of those enrolled.<sup>112</sup>

As with kickstart, it is expected that any underspend will be clawed back by the Treasury.<sup>113</sup>

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<sup>108</sup> Chaminda Jayanetti, ‘UK government’s £2.9bn job search scheme has put only 7% of participants in work to date’, *The Guardian* (5<sup>th</sup> June 2022)

<sup>109</sup> Philip Brien, Peter Brook, Alice Broughton, Alex Knight, Louise McNair, Lloyd Owen and Joe Robins, *Research Briefing: Revised Government spending plans for 2021/22* (London: House of Commons Library 2022)

<sup>110</sup> House of Commons Committee of Public Accounts, *DWP Employment Support: Kickstart Scheme. Thirty-Ninth Report of Session 2021–22* (London: House of Commons, 2022)

<sup>111</sup> Chaminda Jayanetti, ‘UK government’s £2.9bn job search scheme has put only 7% of participants in work to date’, *The Guardian* (5<sup>th</sup> June 2022)

<sup>112</sup> Ibid.

<sup>113</sup> Ibid

Skills bootcamps were first introduced in autumn 2020 and are described by the government as: “flexible courses of up to 16 weeks, giving people the opportunity to build up sector-specific skills and fast-track to an interview with a local employer.”<sup>114</sup>

An evaluation of wave 1 was completed in October 2021, and reported disappointing results.<sup>115</sup> Inconsistent data capture meant that result could not be seen as an “accurate picture of all bootcamp provision”, and a survey of participants reported that 81% of respondents were not offered an interview at the end of the course – which was meant to be guaranteed.<sup>116</sup> Wave 2 is yet to be evaluated, however funding for wave 3 has been announced.

**We recommend a complete review of the approach to equipping individuals for taking up job opportunities, short and long term, and the support provided to employers, particularly small and medium-sized enterprises, to sustain those hardest to place. Learning from the past (including listening to those affected in terms of the design of programmes), greater coordination of different funding streams and programmes, and decentralisation linked to flexibility, instead of one size fits all.**

*Proposal: Individual Learning Accounts; Learning and Skills Passports*

Ford Motors, at their Dagenham plant, historically led the way in reaching agreement with trade unions to upskill the workforce and provide them with learning – on and off the job. They were given substantial support for learning both within the working day and at the end of the relevant work shift – ranging from basic literacy and numeracy skills to training which enabled them to progress within Ford Motors and raise their expectations about options for the future.

Due to the decline of large manufacturing plants, many of the initiatives that emerged 50-60 years ago have been lost. Reshaping such initiatives to meet the modern employment landscape and the very different needs of employees, would not only be beneficial to the employer, but also build a collaborative approach to improving the efficiency, competitiveness and innovatory trajectory of the UK.

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<sup>114</sup> The Education Hub, ‘How a Skills Bootcamp could fast-track you to a better job’, *Department for Education*, (15<sup>th</sup> July 2021)

<sup>115</sup> Joy Williams, Becci Newton, Astrid Allen, Lorraine Lanceley, Olivia Garner, Joseph Cook, Vicky Clarke, Sara Suarez, Siobhan Neary, Hannah Blake and Lewis Clark, *Skills Bootcamps process evaluation: Research report* (London: Department for Education, 2021)

<sup>116</sup> Billy Camden, ‘Bootcamps evaluation rings spending review alarm bells’, *FE Week* (21<sup>st</sup> October 2021)

A package of measures to give a real boost to lifelong learning for adults would involve establishing a wider range of skills entitlements for adults and also a new “Right to Retrain” that would be much more expansive than the Conservative government’s “lifetime skills guarantee” (a guarantee for loans, not for investment and appropriate public funding).

Building on Labour’s already announced Employment Rights “Green Paper” in 2021, and the Fair Pay Agreement policy it outlined, this should incorporate **an entitlement for all workers to access to funding and time off to train.**<sup>117</sup>

**Employers should contribute to this entitlement to play their part in providing the means and opportunities for training and development of all employees. To incentivise this, the current levy that employers pay for apprenticeships should be repurposed into an Apprenticeship and Learning Levy.** This will be expanded on later in this report.

With a wide range of potential training and skills opportunities for people to access, both in and off-the-job, individuals should be able to track their progress, and a Learning and Skills “Passport” based on appropriate assessment and/or examination that would offer the opportunity to build, incrementally, a profile that could be added to at any time and in a variety of ways, throughout working life.

**We recommend that Learning and Skill Passports are created as part of an incremental and modular approach to allow people to build a record of achievement and progression.**

**Passports would work in conjunction with Individual Learning Accounts, which would share the cost of learning between the individual, the employer and the state – and, where appropriate, the devolved budgets to Combined Authorities and elected Mayors.** This would offer genuine flexibility, adaptability, and meet local need.

Individual Learning Accounts were recommended by Labour’s Lifelong Learning Commission in 2019, and the European Commission has recently advised its Member States to adopt a version of this policy.<sup>118119</sup> They would incorporate and supersede the Conservative government’s Lifelong Loan Entitlement scheduled to be available from 2025 – and will be substantially more ambitious, more equitable and therefore more

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<sup>117</sup> The Labour Party, Employment Rights Green Paper: A new deal for working people, (The Labour Party, 2021)

<sup>118</sup> Labour’s Lifelong Learning Commission, *The Future is Ours to Learn*, (The Labour Party, 2019)

<sup>119</sup> European Commission, ‘Commission takes action to improve lifelong learning and employability’, *European Commission* (10<sup>th</sup> December 2021)

successful in stimulating continuing learning. Whilst loans would remain available, bursaries and contributions from the Apprenticeship and Learning Levy would, over time, provide the student with funding that they could draw down on whenever and wherever this was appropriate to their progress within, and between, jobs.

These would be very different to the experiment, which in 2002, at the behest of the Treasury, led the original concept to be turned into a "voucher scheme". This was open to considerable misuse and had nothing to do with the creation of an account for individuals from which they could draw down at appropriate points in their life, and which would be a tripartite investment portfolio from employers, individuals and government at every level, as spelled out above.

The exact details of how this might be organised is inevitably one for government and not opposition. It would have been possible, had the Conservative-Lib Dem alliance not abolished Child Trust Funds, to have built on the nest egg that they were providing for youngsters through the age of 18, and could have then linked the entitlement to the drawdown on specific funding to a lifelong account, which would have then dovetailed with an income in retirement – given the need for people to work longer and the increasing mix between part-time work and pension drawdown.

Experience to date of engaging adults to access their employment entitlements - especially among those who been out of formal education for a long period of time - shows that take-up rates can be relatively low without additional incentives and support measures. The Individual Learning Accounts, in combination with improved information and guidance services, could do much to increase awareness and take-up of a new framework of upskilling and retraining entitlements well beyond what is currently available.

**These accounts should be designed with employer co-funding in mind and incentivise increased investment by them to further boost the range of training that can be made available to workers.** For example, with the increased flexibility of the newly formed Apprenticeship and Learning Levy, businesses could use their contributions to help fund employees to gain high-quality qualifications which are not currently funded by the levy, such as City and Guild qualifications which have been widely recognised by employers.

It would be worth developing a scheme for those in the "gig" economy, working for large-scale organisations such as Uber and Amazon, or who are on contracts which offer very little in terms of development or career prospects. **A small levy into the individual learning account – similar to the employer contribution to the auto enrolment programme for pensions, would give the individual working in the gig**



**economy a meaningful opportunity to consider training or upskilling.** Again, such a programme can only be worked out in detail when the administrative and professional advice systems are in place to produce a workable programme which is joined up with other initiatives.

### *Proposal: Procurement*

As noted throughout this paper, this wide array of workforce challenges can only be solved by a joined-up approach, engaging the individual, employers and government at every level. It is therefore crucial to work out the best way of incentivising small and large employers across key sectors to increase investment in skills training and to take on, where appropriate, apprentices. Given the amount spent by both public authorities and large employers on procurement, the specification of contracts could be key to achieving this goal.

Current Public Contract Regulations<sup>120</sup> provide guidance around incorporating social value into public contracts, but there are no obligations for this to include training and skills.

Labour has already committed, in the Employment Rights “Green Paper”, to using public procurement to “support good work” and “promote high standards”, strengthening the conditions attached to public spending.<sup>121</sup> We endorse this proposition.

To achieve this aim, **Labour should conduct a review of how procurement and supply chain initiatives can be reformed and extended to boost apprenticeship recruitment in these areas. Public procurement and contracts should include clauses relating to skills and expectation of training – this is vital alongside the importance of seeing this as part of the social value agenda.**

**In all new procurements where apprenticeships and skills development have been determined to be sufficiently linked to the subject matter of the contract<sup>122</sup>, contracting authorities should include, in the relevant procurement documentation, a requirement for the supplier to provide evidence of their commitment to the creation of apprenticeships and developing and investing in skills, in their fulfilment of the contract.**

<sup>120</sup> HM Government, Public Contract Regulations. UK Statutory Instruments 2015 No. 102, 2015

<sup>121</sup> The Labour Party, Employment Rights Green Paper: A new deal for working people, (The Labour Party, 2021)

<sup>122</sup> In-Scope Organisations should bear in mind that in principle, apprenticeships/skills should be capable of being linked to the subject matter of contracts covered by this Action Note in the majority of cases. Where In Scope organisations consider that skills/apprenticeships are not sufficiently relevant to be able to be linked, for example as a result of pre-procurement dialogue with industry, they should keep a written record of this.

**Labour should strengthen the procurement guidance to state that where Central Government Departments and their executive agencies and non-departmental public bodies are contracting, there must be a hard requirement that for every £1 of government spending awarded, a minimum 1p is spent on the creation of Level 2 and 3 training opportunities.**

The requirement would only apply to companies with more than 250 employees. Separately in this paper, we have made recommendations to assist smaller, and often niche, suppliers – which is crucial given that about 25-27% of central government buying is currently awarded to SMEs.<sup>123</sup>

Strengthening these requirements would therefore mean that 1% of the majority of the central government procurement budget would be focussed on delivering level 2 or 3 training: either apprenticeship creation, BTEC qualifications, NVQs or A-levels/T-Levels. A similar requirement would be mandated for devolved and decentralised commissioning and procurement processes; including combined authorities, local government and the health service.

**To support and facilitate the use of procurement to encourage greater investment in skills, all companies employing more than 250 people should have to put, in their annual report and accounts, what percentage of turnover they are spending on the skills of their workforce or contactors.**

There already examples of employers using procurement to drive skill training, as shown in the case-study box below:

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<sup>123</sup> Crown Commercial Service, 'Public Procurement Policy', *HM Government*, 2021

## **BOX 8: Procurement with HS2 and Heathrow**

### **HS2- Embedding HS2's People Legacy through procurement and contracts**

At peak construction HS2 will support over 34,000 jobs but the benefits for the labour market – and for training the infrastructure sector's next-generation workforce – are being realised today. Over the next few years until 2026, HS2 will generate a constant labour demand for up to 26,500 people and is acting as a catalyst to upskill Britain.

To drive forward their ambition for jobs and skills they use procurement levers to work proactively with the supply chain to deliver a range of skills, employment and education activities and to support those disadvantaged in the labour market. The use of procurement levers is key in setting expectations and driving the right behaviours to deliver outputs which will result in meaningful impacts for the communities. Skills, employment and education outputs for their supply chain includes:

- employing apprentices to deliver their aim of generating 2,000 apprenticeships as part of constructing the HS2 Programme.
- providing training and employment
- providing structured work placements; and
- schools engagement activity to stimulate interest in STEM subjects and transport infrastructure related careers.

Once contractual measures are put in place HS2 has committed to a robust approach to monitoring of legacy outputs and outcomes through established platforms and portals used consistently throughout the supply chain. This includes quarterly tracking of contractors' progress against targets, as well as developing and highlighting case studies.

### **Heathrow**

Prior to the pandemic and the postponement of proposals for an additional runway and expansion of Heathrow, a Steering Group of key stakeholders was established to map the employment and skills requirements arising from the project. As Covid took hold, this Steering Group was repurposed to focus on post-Covid recovery. As with HS2, there were both short term and long-term implications for the skills required, both on the site and the supply chain across the country.

Many of the recommendations made by HS2 were also made by the Steering Group and accepted by Heathrow Leadership Team, and subsequent on a return to something like normal working, have embraced a wide range of initiatives as part of the Heathrow recovery process.

The NST might play an important oversight role here, including the most practical way of monitoring performance throughout the public sector.

### *Proposal: Apprenticeships*

As touched on earlier, apprenticeships are not just about options immediately post-16, or after the acquisition of advanced qualifications, but throughout life. This is, therefore, a key option available outside the formal education system. However, historically the matching of on-the-job training with off the job learning, was always seen by employers as crucial to offering a rounded approach, and therefore an employee who could be both adaptable and innovative in not just simply filling a job vacancy, but contributing to the growth and well-being of the enterprise.

Labour regard apprenticeships as a key vehicle of social mobility, the opportunity to learn whilst you earn is particularly crucial to learners from deprived communities who do not have the means to support unpaid experience. As more professions offer apprenticeships, including law, marketing and banking, they should be viewed as an attractive option in their own right.

**Labour should ensure that high-quality apprenticeships, which offer progression to advanced apprenticeships, are available and properly funded. Together with a commitment that all learners in work should be entitled to fully paid day release or other mechanisms for ensuring learning, on and off the job, is blended appropriately to develop future talent.** Clearly the apprenticeship levy (as reshaped for the future) and other mechanisms for business contributions, as was historically the case with engineering and construction, will be crucial to achieving the necessary resources.

### *Reforming the apprenticeship Levy*

Reformation of the current Apprenticeships Levy will be central to improving availability of, and access to, high quality programmes and training at all levels. **We recommend, first and foremost, that the Levy should not just be limited to apprenticeships, but should become the “Apprenticeship and Learning Levy”, whereby it can contribute to specified training costs, in particular towards support for 16-25 year olds and innovative, modern technological demands**

As demonstrated earlier in this chapter, there is a desperate need to make the Levy, and the apprenticeship system as a whole, more accessible and maximise its use in SMEs.

The first step is to make it more user-friendly, taking away bureaucracy and ensuring that flexibility offers the chance to maximise the use of the levy. One barrier often

identified by employers is the lack of capacity and funds for staff to fill in for apprentices when they are out of work on training. This is a particular challenge for SMEs and the public sector. **Labour should consider allowing employers to use levy funds towards backfilling replacement workers for these scenarios.**

**The 25% limit on levy transfer to other businesses should be lifted to make it easier for large firms to transfer more funds they cannot currently utilise under the levy to start-ups, scale-ups, “intrapreneur” subsidiaries and to those in their supply chain who have limited resources to be able to fund their own training and apprenticeships.**

**It will be helpful to examine the use of intermediary entities to help with the levy transfer.** Direct transfers are often described as too transactional, and an intermediate entity (which can be comprised of a club of large and small companies) makes the SME more likely to engage. These can act as the 'hub' for the SMEs, taking care of bureaucracy, pastoral support, pooling resources. A good example is the Advanced Therapies Apprenticeship Community in the Cell and Gene Therapy sector:

#### **BOX 9: The Advanced Therapy Apprenticeship Community (ATAC) supporting SMEs**

The Advanced Therapies Manufacturing Taskforce identified a need for an end-to-end talent management plan for emerging manufacturing technologies in the Cell and Gene Therapy sector. The Advanced Therapy Apprenticeship Community (ATAC) was established to facilitate the attraction, recruitment, training, and employment of apprentices to the sector. To apprentices, ATAC provides support, such as complimentary site visits, networking events and webinars with industry leaders. In addition, ATAC provides support to employers and line managers in recruitment of apprentices, putting together training plans and organising industry specific cohort activities to the benefit of both SMEs and larger organisations. So far, ATAC has supported over 250 apprentices in research, development and manufacture of cell and gene therapies from 51 companies, over half of which were SMEs at the time of taking their first apprentice.

Encouragement should be given to retaining the Construction Industry Training Board and Engineering Industry Training Board levies, and to encourage other sectoral collaboration, by offsetting such contributions against the levy system.

**The levy fund should not miss out on contributions from global companies currently transferring profitability, and therefore liability, out of the UK. They would therefore be required to pay into the levy fund at an appropriate flat rate.**

More needs to be done to ensure that the levy is spent on level 2 and 3 apprenticeships. **We recommend that an incoming Labour government should examine the most appropriate means for ensuring that a higher proportion of the levy is used for entry-level apprenticeships.**

The right of centre think tank Onward, in their 2022 report, *Course Correction: why we need to reform apprenticeships* would like to see the DfE fund the full cost of training and end point assessment for those that are hiring apprentice under the age of 19.<sup>124</sup>

Whilst we do not believe that the top slicing of the Apprenticeship and Learning Levy should be replaced by the DfE's core budget, we do believe that there is an overwhelming case for fully funding entry-level apprenticeships for this age group and would recommend, as flagged earlier in this report, that **the Education Maintenance Allowance, once restored, should be available to this age group, in line with those in full-time education settings.** This would have the added advantage of directing funding to less affluent regions, given that this age group are more likely to take up an apprenticeship outside of London and the South East.

A Labour government should provide the means to facilitate distribution of levy funds where it is needed most. We agree with the recommendation from Onward that: "the government should publish datasets breaking down how much levy funding is raised, where it is spent, and where it is reallocated, alongside breakdowns by age, course type and level, and geography at the lowest possible level."<sup>125</sup> Capturing this level of apprenticeship data has additional benefits, such providing data on where there are skills gaps, and can complement IfATEs ongoing engagement with providers to review apprenticeship standards.

### **Support for SMEs**

The success and growth of SMEs is key to our ability to compete globally and therefore more needs to be done provide them with the opportunities and resources to accommodate and train apprentices. Most major associations, including the Confederation of British Industry, Federation of Small Businesses (FSB) and the Association of Employers and Learning Providers (AELP - whose members train 7 out of 10 apprenticeship starts)<sup>126</sup> all call for change to remove barriers to the take up and of apprenticeships for SMEs.

<sup>124</sup> Francesca Fraser and Adam Hawksbee *Course Correction: why we need to reform apprenticeships* (London: UK Onward, 2022) p. 41

<sup>125</sup> Francesca Fraser, Adam Hawksbee, *Course Correction: why we need to reform apprenticeships*, (London: UK Onward, 2022) p. 43.

<sup>126</sup> Association of Education and Learning Providers (AELP), 'Apprenticeship Starts Falling Off A Cliff', *AELP*, 2020



Firstly, and as recently recommended by the APPG for Apprenticeships, **the government should establish a well-publicised advice service and central portal of information for small businesses which support them to take on an apprentice and assist them in the process.**<sup>127</sup> This is necessary to improve access and knowledge about incentives and support available for small businesses for hiring apprentices. The FSB has found one striking example: in 2019 only 40% of small businesses had received the £1000 incentive they are eligible to for hiring a 16-18 year old apprentice, and 34% were not even aware it existed.<sup>128</sup> Improving knowledge of such incentives has the dual impact of both supporting SMEs whilst widening availability of apprenticeship starts for young people.

Labour should draw upon the experiences of successful initiatives from abroad used to boost employment and training opportunities. One such examples is the “Make it in Germany” campaign which has led to 82 % of apprentices in Germany now being employed by SMEs.<sup>129</sup>

#### **BOX 10: Germany: Embracing the Mittelstand (SMEs)**

The Federal Ministry for Economic Affairs and Climate Action has implemented economic policies to create a positive start-up and business environment for companies to thrive.

In November 2018, it presented its strategy for securing skilled labour that aimed to boost the labour force participation rate, encouraged the immigration of qualified professionals from abroad and helped companies to take advantage of the benefits of a diverse workforce.

Alongside their ‘Make it In Germany’ campaign, this has allowed the a growth in employment and training opportunities, with 82% of apprentices in Germany employed by SME’s and 58.5% of jobs in Germany created by SMEs.

**German Federal Ministry for Economic Affairs and Climate Action, ‘The German Mittelstand as a model for success’, *Federal Ministry for Economic Affairs and Climate Action*, 2022**

<sup>127</sup> APPG on Apprenticeships, *Report 2021-2022*, (London: Connect PA 2022)

<sup>128</sup> The Federation of Small Businesses, *Fit For The Future: Making The Apprenticeship System Work For Small Businesses*, (Federation of Small Businesses, 2019)

<sup>129</sup> German Federal Ministry for Economic Affairs and Climate Action, ‘The German Mittelstand as a model for success’, *Federal Ministry for Economic Affairs and Climate Action*, 2022

Many SMEs simply do not have the capacity to take on large numbers of apprentices. The days when large-scale industry was able to offer on-the-job, and off the job, training without dislocating the business process and therefore the business model, have substantially disappeared.

**It is therefore incumbent at local level, supported by government, to provide not just incubator approaches to helping small businesses to work together, but a positive programme that allows them to undertake "shared apprenticeships", which only exist, at the moment, in small numbers, but could be the answer to businesses that want to help, and have important innovations, but just simply do not have the wherewithal to do so.**

Utilising the substantial resource that is already being applied by government more effectively, is just common sense. Using the current investment in Job Coaches, funded through the DWP, and skilling them to be able to provide the necessary support, would help businesses to combine, and to take on many more apprentices, as well as contributing to the development of the T level programme which requires 45 days of on-the-job (in business and service) experience. This currently provides a major barrier both to the expansion of apprenticeships and the development of T levels alongside other high-quality, Advanced Qualifications, and A-levels. Clearly this would have to be undertaken with, rather than to, businesses; just as government should be alongside and delivering "with", not "to" the public.

Furthermore, SMEs should be given an additional incentive to provide training for their employees. **We recommend that the incoming Chancellor of the Exchequer, under a Labour government, should examine the introduction of a skills tax credit for SMEs.** As recommended by the Learning and Work Institute, this could be modelled on the R&D tax credit, and could allow employers to deduct 230% of the cost of apprenticeships and accredited training from their tax bills, with a higher Skills Credit, allowing 300% of training costs to be deducted, in priority, levelling up areas.<sup>130</sup>

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<sup>130</sup> Learning and Work Institute, *Raising the Bar: Increasing employer investment in skills*. (Leicester: Learning and Work Institute, 2022)

***Expanding scope and access***

**All apprentices engaged in a Level 2 apprenticeship should be given a right to progress to a Level 3 Advanced Apprenticeship with an existing or subsequent employer.** One option could be to include this entitlement in broader legislative reforms on strengthening workers' rights to paid time off for training.

**Labour should improve the breadth of level 4 apprenticeship qualifications available to increase the attractiveness of apprenticeships to A Level students as an alternative career path to university for top-performing students and to increase the public sector and technical opportunities available.** Public sector employers should develop more established routes from apprenticeships into the workplace.

**Labour should undertake regular reviews of barriers to the uptake of apprenticeships.** In this vein, the government should publish statistics, by educational establishment, of how many pupils go onto apprenticeship schemes and the achievement of a student to attain an apprenticeship placement should be viewed with equal pride to that of a student achieving a university offer. To facilitate this cultural and attitudinal change, UCAS should continue its expansion of its existing portal to service apprenticeships.

**BOX 11 Apprenticeships at the Open University**

The Open University (OU) provides an excellent example of flexibility and support which can broaden access to apprenticeships. One of the largest providers of apprenticeships, the OU's flexible, online teaching model opens up apprenticeships to learners with personal commitments and does not require them to move from their local area.

The OU's 'open entry' principle, meaning learners do not need a prior qualification, opens up access to people of all levels. For apprentices requiring Level 2 English and Maths, they provide additional support so that they can gain these qualifications alongside their apprenticeship. The OU is also an illustration of how modern technology can facilitate learning in a way that was never possible in the past.

**Open University, 'Apprenticeships', *Open University*, 2022**

Apprenticeship training should be broadened to offer a wider range of skills within their chosen sector, not just a single narrow occupation. This will help to ensure flexibility as the labour market changes. In the same way that college and university level courses can provide credit transfers, the same should be made available for apprenticeships – with a modular approach to training enabling apprentices to transfer to different programmes without needing to start from the beginning. Linked to the development of shared apprenticeships, this could broaden, dramatically, the opportunities available.

Degree apprenticeships will play a crucial part in facilitating the development of cutting-edge industries. **Degree apprenticeships should be significantly expanded, and higher education institutions should integrate more project-based learning and employer engagement into their provision.** Labour should build on the examples that already exist, drawing upon the experiences of the Advanced Manufacturing Research Centre (AMRC) at the University of Sheffield and the WMG Apprenticeship Programme at Warwick University [see boxes 12 and 13].

## BOX 12 Degree Apprenticeships at the AMRC

### *What is a degree apprenticeship?*

Developed in conjunction with industry, degree apprenticeships allow students to combine their studies with full time employment. A degree level qualification is achieved at the end of the programme.

### **The Advanced Manufacturing Research Centre (AMRC) Sheffield**

*The AMRC was established in 2001 as a £15 million collaboration between the University of Sheffield and aerospace giant Boeing, with support from the former Yorkshire Forward and the European Regional Development Funds.*

*With its base still in Sheffield, nowadays, the AMRC is a network of world-leading research and innovation centres working with advanced manufacturing companies around the globe. It transforms industrial and economic performance by making step changes in productivity, increasing competitiveness, developing new products and processes and training new talent and skills.*

*Their 120-plus industrial members range from global giants like Boeing, Rolls-Royce, McLaren Automotive, BAE Systems and Airbus to small companies.*

**Degree apprentices at the AMRC** receive a Bachelor's Degree in Engineering (BEng), and which are made up of a two-year foundation degree and a one-year top-up degree. Apprenticeship courses include: Mechanical Engineering Apprenticeship, Product Design and Development Apprenticeship and Control Technical Support Engineer Apprenticeship.

**AMRC 'Background', AMRC, 2022**

**AMRC, 'Degree Apprenticeships', AMRC Training, 2022**

**BOX 13 WMG at Warwick University**

WMG at Warwick University is a world leading research and innovation group which was first established over 40 years ago. It now provides a cooperative space for academia, private and public sectors, to drive innovation in applied science, technology and engineering.

**Degree Apprenticeships at WMG**

As with the AMRC, degree apprenticeships at WMG are created and delivered in collaboration with industry partners such as Dyson and Jaguar Land Rover.

WMG also has a purpose-built Degree Apprenticeship Centre which provides a learning and teaching environment with state-of-the art facilities and equipment.

**Degree programmes include:** a Bachelor of Engineering in Applied Professional Engineering; Bachelor of Science in Digital and Technology solutions; as well as Postgraduate courses in Engineering Business Management, Senior Leadership and Systems Engineering Technical Leadership.

**WMG at The University of Warwick 'Degree Apprenticeships', *University of Warwick*, 2022**

Given that degree apprenticeships are created and completed in partnership with industry, they can be used for assisting in the development of technology that does not yet exist, and could also be supported by the apprenticeship levy. One such example is Ford Motors recent commitment to investing £230 million in Halewood for building components for electric vehicles.<sup>131</sup> Given this is modern technology, apprenticeships do not yet exist for this purpose. However, a degree apprenticeship could meet requirements, and flexibility to use the levy for apprentices' involvement in the development and design stage of technology which would be beneficial.

*Proposal: Adult Skills*

Labour should ensure, through a programme of lifelong learning, that those wishing to take up new skills, switch between forms of employment or within their existing sector are not precluded from doing so because of financial constraints.

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<sup>131</sup> Ford, '£230 Million Investment To Build Our First EV Components In Europe', *Ford* (18<sup>th</sup> October 2021)



There is currently an incredibly confused landscape in relation to access and funding to gain new qualifications. It is no wonder learners are at a loss as to what options exist for them, which entitlements they can access and where funding might lie. Therefore, the whole system needs to be simplified and made more equitable.

The Conservative government's very limited "lifetime skills guarantee" for adults is much more restrictive than entitlements which have existed in the past and, with some exceptions, only grants fully funded access to a prescribed list of level 3 qualifications (many of which do not match current labour market needs<sup>132</sup>). Adults who have already achieved this level of attainment and earn above the national living wage are completely excluded from retraining using this "guarantee".

We acknowledge that for those who are unemployed, or on low wages, there is an entitlement to funding at level 2 and 3; and there continues to be a level 2 entitlement for adults who have not achieved a GCSE or equivalent qualification in English and maths. However, there should be a much broader range of adult skills entitlements that fund free courses. Many adults need access to free courses for foundation and level 2 qualifications in order to progress to take-up of a level 3 entitlement. It therefore is inequitable that adults should be barred from the "lifetime skills guarantee" on the basis that they have an old level 3 qualification, in some circumstances from decades ago.

Therefore, adult level 2 entitlements should be available irrespective of whether the person is currently unemployed, and level 3 fully funded where it has been identified that this will allow for progression in work, or agreed, with the employer, as a pathway to changing or upscaling employment within the same sector.

**A new *Right to Retrain* could be rolled out quickly by building on the existing skills entitlement framework. This would involve reinstating and expanding the entitlement to free courses for a first level 2 qualification and flexing the entitlements to allow adults free access to courses from an approved provider, leading to level 2 and level 3 qualifications even if they already had qualifications at these levels.** This would immediately open-up progression pathways for many adults to higher level qualifications.

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<sup>132</sup> House of Commons Education Select Committee, *A plan for an adult skills and lifelong learning revolution*, (London: House of Commons 2020)

**A Labour government could take this forward immediately, and simply change the ESFA funding regime to this effect in a relatively short period of time.**

**For the same reasons that the EMA should be reintroduced for 16-18 year olds, financial support for older students and adult learners should be expanded and revitalised, including by taking forward the recommendations of the Augar Review to restore maintenance grants (and extend eligibility) and boost financial support for adult learners studying for level 2 and 3 qualifications.**

In addition to enhanced access to level 2 and 3 qualifications for adults, there is a further need to provide support for the adult population to improve basic numeracy, literacy and digital skills.

The government funded initiative Multiply, aimed at raising, substantially competence, in numeracy amongst adults, is very welcome. But this, and other similar initiatives for adult learning, must be sustained, properly evaluated and tailored to reach those most in need of engaging with such programmes.

**UnionLearn should be recreated, so that substantial funding can be made available to facilitate joint approaches between trade union and employers to offer basic literacy and numeracy skills through to on-the-job advanced qualifications.**

In autumn 2020 the Conservative government introduced a new legal entitlement to fully funded specified digital qualifications at entry level and level 1 for adults with no or low digital skills. However, this excludes access to free digital skills courses for millions of adults who lack basic digital skills at level 2. Therefore, **the Digital Skills entitlement should also be reformed to grant access to free courses up to level 2 in line with the equivalent English and Maths entitlements for adults. This will also build a stronger foundation and support interest in more advanced digital skills training.**

The NST would have a key role in monitoring the landscape for digital skills to ensure that obsolete skills are not being provided, and providing trust in all advanced digital qualifications as demand and ways of teaching change.

**Where modes of digital upskilling for adults exist, such as Digital Skills Bootcamps, it is essential that they are integrated into the national framework for qualifications.** This addresses two distinct problems currently faced by alternative modes of training – the desire from employers and workers for certainty in the standard

of qualifications, and also sufficient responsiveness to changes in demand and definitions of advanced digital skills due to innovation.

As indicated earlier, there was no proper evaluation and outcome measure of the first wave of “Skills Bootcamps”. **We recommend that an incoming Labour government should use the substantial resource available for “Skills Bootcamps” to target, more effectively, short term skill shortages, to ensure that they form part of the modular approach to joined up progression, including providing certification for the Learning Passport.**

The revolving door of schemes which offer much but deliver less, demoralise and therefore undermine the confidence and motivation of participants. For many, it is not just a question of qualifications, but the right kind of careers guidance to understand the best options available to them.

The option of flexible, modular learning can also form part of the process of lifelong learning to address the skills needed to drive higher levels of productivity. As detailed by the work undertaken by Staffordshire University in this area<sup>133</sup> this can take the form of “micro-credentials”. To be developed based on local, regional and industry-wide needs, for both the busy individual wanting to upskill on their own terms, or as an employee of a business, microcredit courses can allow people to engage in bite-sized learning that is targeted on specific industry needs.

Their short, focused design could enable an agile response to current and future skills gaps. This is crucial not least in wind, solar, wave and other emerging energy technologies, as well as for those who have entered net zero jobs having left or been made redundant from their previous jobs and have skills which have become outdated.

**This fits with our Learning Passport concept, where a modular approach could build on experimental work with microcredits which allow learners to progress over time, and which should be of the highest possible standard.**

Quality of provision is key. Delivering services effectively – whether in the private or the public sector – whether in the charitable and social enterprise sphere - skilling people to be able to provide effective outcomes to the consumer, is often underestimated. In retail and hospitality, training to provide the consumer with an excellent, well-informed and appropriate service, requires both excellent initial training, and opportunities for progression.

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<sup>133</sup> The Lifelong Education Commission, *The Role Of Microcredentials In Modular Learning* (ResPublica, 2022)

Whilst only 70% of the adult population can be classified as “workers”, the whole of our population are consumers. Neglecting the interests of the consumer and failing to understand that high-level skills are an essential part of meeting need and providing both satisfaction and an attractive outcome for tourists as well as local visitors to hospitality and entertainment, should be recognised and given the prominence it deserves. Our tourist industry is a substantial economic benefit and earner for the UK. Building our reputation for high level, good quality and well-informed service, would enhance this still further.

**An incoming Labour government might consider re-establishing a Department for Consumer Affairs. Initially, combined authorities and local government will need to be re-engaged, with the critical task of consumer protection, which had been so badly eroded over the last decade. Reintroducing this function will be vital.**

*Proposal: In-Work Skills Development*

As demonstrated throughout this paper, as well as partnering with the government and providers to produce high quality qualifications, employers can also provide the support for, and the means, to develop basic skills in the workplace, as well as opportunities to progress and upskill.

**BOX 14 FutureDotNow Coalition.**

*“**FutureDotNow** is a coalition of industry leaders focused on closing the digital skills gap for working age adults. We’re coordinating industry action to equip people across the UK with the Essential Digital Skills (EDS) they need to thrive in work and prepare for our digital future.*

***Creating the impetus for change***

*We help businesses understand that a significant amount of the workforce do not have the digital basics they need for the workplace. We empower industry leaders to take action and drive change*

***Helping industry make it happen***

*Our coalition cuts across all UK industry sectors and business size. We help our members develop and share best practice, so every working-age adult can thrive in our increasingly digital world.*

***Building a movement***

*We bring together organisations that want to collaborate on digitally upskilling working age adults. Our members’ employees, customers and supply chains give us a reach of millions.”*

**Futuredotnow, Futuredotnow, 2022**

There are already many positive examples of employers contributing to the nation's skills needs, and these should be widely publicised and drawn upon to encourage more employers to contribute in the same way. We welcome the initiative of the **FutureDotNow coalition (see Box 14)** of employers developing ways, and sharing best practice, to provide the workforce with digital skills and improve digital literacy. The coalition's May 2022 report states: "The data shows the workplace is one of the best places for this intervention. In short, people need employers to help them find opportunities to acquire these essential digital skills, and it is in the businesses' interest to do so."<sup>134</sup> **A Labour government should be supportive of such coalitions, which should include public, private and third sector employers. Clearly, public sector employers should lead by example in terms of in work-training and progression.**

Major UK employers, John Lewis and BAE Systems, provide examples of best practice in terms of employer investment in skills and apprenticeships.

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<sup>134</sup> FutureDotNow, *Unpacking the hidden middle* (FutureDotNow,2022)

## **BOX 15 John Lewis and BAE Systems**

### **John Lewis**

John Lewis invests millions of pounds each year in vocational skills and training for their partners. The investment includes around 500 new apprenticeships each year, HGV and chef academies, recruitment and employability support for young people leaving the care system, and digital and data skills. The John Lewis Partnership Chairman's Retraining Fund for those leaving the business due to redundancy funds up to 70% of a recognised qualification or course for up to two years, up to a maximum value of £4,200. They will fund any course, as long as it is professionally accredited vocational training that will lead to employment.

### **BAE Systems**

BAE Systems spends more than £90m annually on training their people, and with schools, colleges and universities. They have both a nationwide and localised approach to education and development in skills in the first stages of careers – with a commitment to supporting young people in their local communities with skills development; and providing placements and employability skills. They are committed to supporting levelling up: more than 60% of their apprentice intake in 2022 is from the North of England, and in 2021 26% of their intake was from disadvantaged communities. They are a big employer of apprenticeships, and in 2021 they recruited 851 apprentices and 522 graduates in the UK. In 2022 they plan to recruit another 1075 apprentices and 779 graduates and undergraduates. They have invested in more than £50m on new Apprenticeship and Skills Academies in Salisbury, Barrow-in-Furness and Portsmouth

**Further details of each company's investment in skills and apprenticeships, as provided by John Lewis and BAE Systems, can be found in appendices 4 and 5.**

Training the voluntary sector has often been neglected. Organisations such as the Foundation for Social Improvement which reaches out to provide training to small and medium-sized voluntary sector organisations, is one example of what could be done to upskill the workforce in delivering crucial services.



### Progressing in the workplace

Education and training can impact skills and productivity with highly visible organisational change and development efforts that support and encourage leaders to emerge and improve.<sup>135</sup> **More emphasis should be put on the importance of managers and leaders in the workplace and greater assistance to encourage and support workers to move into these roles and enhance their skills.**

Management skills are of critical importance, and over generations the acquisition of such skills and transfer of best practice from elsewhere in the world has been lacking. It will be really important that, as well as a massive shift in low-level to medium-level skills and higher level skills, is a new concentration on developing a cohort of managers who can meet the challenge of the 21st-century.

As discussed in the chapter on Apprenticeships, the Apprenticeship and Learning Levy can contribute towards funding the time off to train, and for qualifications themselves.

#### *Proposal: Returners and Welfare to Work*

So often in the past, those who have been made redundant have been left either to look for jobs which do not use their talent, or simply to languish on benefits. The benefit system should always be a ladder or trampoline out of dependence, rather than creating a trap. That was the original intention of Universal Credit, and, suitably adapted, that objective could be met.

It is crucial that Labour thinks now, in opposition, and prepares for government on the basis that it might be necessary to invest in substantial and immediate expansion of reskilling using the benefit system – not as a fallback, but as a key maintenance of income and entitlement, whilst agreed and properly hallmarked training opportunities are put in place. Once again, mapping the landscape, the particular sectors most likely to be affected, and future needs rather than training for already redundant jobs, would allow for a targeted and therefore focused approach, enabling providers to plan their own upscaling of both staff and facilities.

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<sup>135</sup> Harvard Business Review, 'Why Leadership Training Fails – and What to Do About it', *Harvard Business Review*, 2016

The nature of the way in which the DWP currently operates, people are pressed into taking an immediate job available, even if it is one which provides them with no additional educational or added-value skills programme, and therefore could place them in the same vulnerable position in the future. In addition, those who are being requested to job search for 35 hours a week are self-evidently not able to access training, and therefore preparation for work, in a way that makes sense.

**The Department for Work and Pensions should allow people to study full or part-time, whilst on benefits, for an agreed course at an approved provider, and with appropriate conditionality requirements.**<sup>136</sup>

The benefit system should always facilitate entry into learning and skills where this is appropriate, job orientated and with the appropriate careers advice. "Welfare to work", should mean exactly what it says – the opportunity to gain the necessary competence, capacity and social skills to be able to take on the right job. Lessons, once again, can be learnt from elsewhere in Europe and the world, including from the Länder, in Germany, where those losing employment, are guaranteed a sufficient income to be able to hold onto key aspects of their lives, whilst gaining new skills.

This applies to those of working age who have left the workforce – either voluntarily or through redundancy – and who, after a long gap, may need further support in order to return to work. Two such groups, as seen earlier, are women with family and caring responsibilities, and the over 50s. With better access to advice and the options available, confidence could be built to reskill and/or return to the workplace.

It is clearly in the interests of employers not simply to attract older, experienced workers, but also to retain the commitment of staff - by embracing flexible, or part time, options which fit in with new patterns of working, including those which, by necessity, emerged during the worst period of the Covid pandemic; and adapting for those with family and caring responsibilities. As noted earlier, we would expect public employers to lead by example.

### ***Supporting those with illness, mental health challenges and disabilities***

We must liberate people with disabilities and special needs in terms of both neglect of individual talent and a crucial workforce to meet skills shortages and vacancies. Individuals who could work on a parttime, if not full-time, basis and where particular

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<sup>136</sup> Olivia Gable, *Room To Grow: Removing Barriers To Training For People On Universal Credit*, (Work Foundation, Lancaster University Management School, 2022)

emphasis could be placed on entitlement to initial interview where their past experience and skillset make this possible, and progression within employment.

The government support programme currently available for disabled employees, Access to Work, needs to be better publicised to increase the number of employers making the adjustments necessary to support disabled people in work and overcoming any practical barriers that might stand in the way of doing the job. **We recommend that Access to Work is made much more flexible and person-centred. It should be available for those undertaking substantial volunteering, trialling work placements, and must be planned before the individual takes up the offered work opportunity.**

Employer organisations and large companies are crucial in setting an example, and a Labour government should encourage participation in projects such as the Employers Network for Equality and Inclusion (ENEI) to spread best practice.

One way for a Labour government to change this dismal situation would be to **introduce a “passporting” scheme for all key, full time training and learning opportunities to those eligible. The passport would begin with Education Health and Care Plans (EHCP) (or future equivalent) in school, which would then provide for automatic entitlement to the disabled students allowance, and then to Access to Work once they enter formal employment.** In this way, previous entitlement would automatically be carried forward into the world of work, improving access and greatly reducing bureaucracy.

It will be critical for a Labour government to work with organisations such as the Society of Occupational Medicine (SOM) in identifying how those who incur a disability, or become ill whilst at work, should be supported and facilitated to remain in the workforce and, where necessary, transferring with the help of appropriate skills training, to employment commensurate with either their recovery or long-term capability. SOM have done a great deal of work on how best to improve through occupational health programs, the retention of workers who would otherwise drop out of employment permanently, or for at least a period of time, with the loss of both skill and experience, and the subsequent substantial cost to the economy.

**Labour should consider, with employer and trade union backing, the establishment of a National Occupational Health Programme, delivered locally well as nationally, which could save billions of pounds for employers and to the economy more generally in avoidance of shortages, recruitment costs and loss of experience.**

## Conclusion

The breadth of this document reflects the enormity of the challenge ahead. So much policy in this area has been piecemeal and even where the present government did attempt to raise the profile of providing skills for the future in the Skills and Post-16 Education Act, it amounted to tinkering at the edges, rather than a comprehensive approach to a complex, multifaceted and lifelong policy issue.

In this time of increased longevity and extended working life, as outlined throughout this document, Labour must build an education system that works for everyone. Whether in meeting the need for an ever-expanding workforce for health and social care, or adapting technological advances to facilitate human input and control, a Labour government should set aside a purely free-market approach, unplanned free-for-all and replace with a country prepared to share the fruits of increased productivity and prosperity with all its citizens.

The recommendations we have made in this document are designed to achieve just that. It will take time and determination; a radical re-prioritisation of policy reminiscent of "Education, Education, Education", a quarter of a century ago.

If there is not a step change which re-balances the economy, lifts the productivity and growth in regions across the nation to the levels seen in London and the South East, then the danger of stagflation will continue, the country will stagger on accepting mediocrity, gradually sliding further behind those countries who are determined to equip their nation for tomorrow's world.

The ambition outlined in this paper can only be achieved by setting aside the notion that government intervention is the problem. Instead we must emphasise the importance of devolving government and engaging business and individuals in common cause that places power and influence in the hands of those directly affected, thereby reestablishing the historic values of the Labour Party: espousing a bottom-up, rather than top-down, approach and reinforcing active citizenship in every aspect of our economic and social life.

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## Appendix 1 - Recommendations

### National Skills Taskforce (NST)

#### Key Recommendations

- 1. Establish a National Skills Taskforce, which would mirror the initiative, from 25 years ago, to pull together employers from large and small companies alike; representatives of trade unions; central and local government; further and higher education, and a range of key stakeholders with a commitment to developing and delivering on the agenda set out in this paper. Partnership and collaboration will be at the forefront of the plan for change, with greater interdepartmental coordination between the Department of Work and Pensions, the Department for Business, Energy and Industrial Strategy, and the Department for Education to work closely together to maximise efficacy of skills policy.**
- 2. Decision making and spending should be decentralised and devolved to regional and sub regional level wherever possible.**

#### *All Recommendations*

- In advance of Labour's victory at the next general election, it is recommended that the Shadow Cabinet should begin preparation for building a National Skills Taskforce, and undertake crosscutting work, sponsored by forward-looking businesses, foundations and academic institutions.

#### **Devolved Skills Plans**

- An NST will help to simplify the patchwork of local bodies with responsibilities for skills (combined authorities, LEPs, opportunity areas, local authorities, employers) and will assist central government in formulating the necessary criteria and power to give local decision-makers the means to tailor training for the needs of their local economy and within a key national framework that offers minimum entitlements wherever an individual lives and works.



- Local Skills Improvement Plans (LSIPs) should be an ongoing “process” and not a once-off exercise
- The NST should have a key role in setting minimum digital skills requirements, while also support LSIPs to identify specialisms where they can build capacity and advantage
- Mayoral and combined authorities should be able to take the lead in a revamped, more collaborative and co-operative approach at local level than is possible through the current Conservative proposals for Employer Representative Bodies (ERBs).
- Disparate funding streams should be drawn together under the control of Metro Mayors or local authorities to reduce complexity and bureaucracy.
- The NST would direct the ESFA or successor body to key national priorities, whilst devolving those elements of the budget deployed at sub-regional level.
- The expansion and development of the SDF will be needed if proper forward planning is to be meaningful, together with collaboration rather than competition in the bidding process for funds, so that one college or provider in each locality will be able to take on the necessary work, in the knowledge that they will have secure funding and a market on which to draw.

### **Migration Advisory Committee**

- It would be essential for an incoming Labour government to be able to draw together the work of the Migration Advisory Committee with the work already taking place in business and academia to map a forward look at skills shortages so that there is a collaborative approach to meeting these challenges.
- The Migration Advisory Committee would feed into the National Skills Taskforce, which could then in turn advise employers, training providers and government; map anticipated shortages and advise government on how to plan ahead and take immediate action to prepare the UK workforce to meet those challenges.

## Early Years

### Key Recommendations

3. The restoration of the original objectives of the Sure Start programme and the development of a comprehensive system - from the end of maternity leave through to the end of primary school- which enables parents, especially women, to work the jobs and hours they choose, and ensures children are engaged in enriching, high quality education and development.
4. Bringing together tax-free childcare accounts, free education provision, and other initiatives into a much more coherent programme, recognising support for parents and development priorities for children.

## Primary and Secondary School

### Key Recommendations

5. A broad-based National Curriculum Authority, or Agency, should be established which draws in broad expertise for reshaping the curriculum and providing a modernised syllabus which is free from Party Political interference;
6. Collaboration between state and private sectors to raise the standards of digital skills teaching; provide the workforce with the advanced digital skills necessary for the individual and society to thrive in a digital present and future, starting with provision in schools and embedded in post-16 learning
7. Introducing multimodal assessment so that young people's progress is no longer measured solely through written exams
8. Providing teachers with ongoing support in order to improve retention, build the quality of leadership and teaching for staff in the education sector, and invest in their continuing professional development. This should include the gradual introduction of sabbaticals for teachers for every five years of service
9. A reformed National Tutoring Programme should be embedded as a permanent feature to allow all young people to access private tutoring services on equal terms

*All Recommendations*

- All schools should follow a reformed, creative and forward-looking curriculum, which, in essence, would mean an entitlement, to that curriculum, for all pupils in publicly funded schools and colleges.

**Basic and essential skills – preparing for work and life**

- There should be a renewed emphasis on vocabulary, particularly in early years and key stage 1, which can dramatically improve personal outcomes in adult life and employability.
- In addition to communication, teaching other broader, or 'essential' skills such as teamwork, problem-solving and resilience should be a key element of a new curriculum using proven, leading frameworks such as the Skills Builder Partnership [See Appendix 2]
- Innovative solutions such as the Skills Builder Partnership should be evaluated, and then promoted, throughout the Education Service.
- Central to building essential skills is ensuring that art and design, drama, music subjects, as well as cultural experiences are available to all students, and can be built on into adult life and creative work opportunities.
- Citizenship education, which is vital for preparing young people for adult life and should be reinvested in and expanded upon.
- Ofsted should draw a clear distinction between Citizenship Education and Personal, Social and Health Education, treating them as equally important, and related subject areas, but as addressing different elements of preparation for growth into adulthood.
- New investment should be applied to expanding teacher training and continuing professional development in Citizenship Education; and into materials and work plans currently under development by the Association for Citizenship Teaching.

### **Community Leadership**

- the government should provide the modest funding needed to ensure that community and social action courses can be developed and flourish

### **Building digital skills in the classroom**

- A new curriculum should develop competence in technology and coding to provide young people with tools to be used within and across disciplines, prepare all for a future of universal digital access and enable understanding of the evolution of AI and Robotics and working in balance with machines.
- An innovative syllabus would incorporate digital literacy across all subjects and, starting from an appropriate point in primary education, teaching basic digital skills should be mandatory across all levels
- Primary schools should be supported to move beyond the teaching of high-level block building programming, such as Scratch, to move to engagement with genuine programming, whether that is simplistic CSS/Html coding or even more advanced languages such as Python.
- Access for all students to internet enabled devices should be guaranteed, and to up-to-date classroom technology to underpin learning.
- Ensure that every school can offer devices, such as Raspberry Pis, and suitable, supported spaces where they can use their device to build up their skills.
- A Labour government should work with local and national businesses - including technology providers to facilitate both equipment and practical guidance to schools where needed.

### **Assessment**

- Labour should introduce multimodal assessment so that young people's progress is no longer just measured through written exams and develop, and make full use of, destination measures<sup>137</sup> based on existing underused data to help schools and colleges understand the long-term destinations of their students.

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<sup>137</sup> The Edge Foundation, 'Investigating the potential use of long-term school and college destination measures', *The Edge Foundation*, 2022

### **Teaching**

- Labour should seek to build on the new National Professional Qualifications (NPQs) and provide teachers with ongoing support to build the quality of leadership and teaching for staff in the education sector, and invest in their continuing professional development.
- Starting with those teaching key stage 4 and above, phasing in as necessary, and learning from early experience, a sabbatical of up to one academic term should be offered every five years of service in order to link teachers with the opportunity of other work placements, research opportunities or overseas exchange programmes - once workforce planning allows for sufficient capacity within the school and college system.
- Labour should seek to increase the number of computer science teachers and to ensure that all teacher training includes increased awareness of advanced digital skills and careers.
- A Labour government should support the continued expansion of resource platforms such as Oak Academy as a means of providing more pupils with access to quality lessons, with the added benefit of reduced pressure on staff.

### **Technology, tutoring and liberating family learning**

- Labour should develop links between family and adult learning which supports parents and children on the learning journey, together with the promotion of long-term tutoring programmes to narrow the gap between those without the means to pay for extracurricular support, and those who access it extensively.
- A reformed National Tutoring Programme should be embedded as a permanent feature to allow all young people access to private tutoring services on equal terms and which would otherwise only be available to the better off

## Careers Guidance and Support

### Key Recommendations:

- 10. A complete shakeup of the careers service, from school through to adult careers guidance, which should ensure that:**
- **A trained Careers Leader is embedded in every school, with responsibility for the careers guidance programme and supported by, and accountable to, the school leadership team.**
  - **A requirement is introduced for all educational institutions to become part of a regional or subregional Careers Hub.**
  - **Via Careers Hubs, each student is provided with access to a mentor or role model support, engaging further and higher education, and local employers.**
  - **A high-quality national all-age careers and Information and Guidance (IAG) service is implemented, available in partnership with Job Centre Plus, that provides all young people and adults with opportunities for face-to-face contact with qualified guidance professionals as well as access to online resources.**

### *All Recommendations*

- Labour should ensure that the critical drivers of the Benchmarks' success are embedded in all schools, and guarantee that flexible, workplace experience begins as early as possible in a young person's secondary school life.
- It is essential to have a trained Careers Leader embedded in every school, responsible for the careers guidance programme and supported by, and accountable to, the school leadership team
- We recommend that careers awareness training is made available to all subject teachers.
- Experiences of the workplace should allow students to have first-hand experience through online or in person visits, work shadowing or work experience. Experiences of the workplace should:
  - Be embedded within the school or colleges careers programme and be sequenced to build on prior careers learning
  - Be based on the needs of the individual student
  - Be mapped against clear learning outcomes
  - Be linked to the curriculum and real-life examples and local context
  - Reflect the opportunities within the local labour market



- Provide opportunities in innovative and growing sectors
- Future Life Plans should be developed for every 16-year-old to help them to be “ready for work and for life”
- Labour should reinstate and develop a Young Person’s Taster Apprenticeships programme to offer meaningful and engaging vocational opportunities at age 14-16, and publish – and make readily available and accessible – apprenticeship outcome data so that young people can find their passion
- There should be a requirement for all educational institutions to become part of a regional or subregional hub.
- Local businesses should encourage their employees to become volunteer Enterprise Advisers, school governors and trustees of multi-academy trusts.
- To give young people the best chance of understanding the career options available to them, we recommend that an incoming Labour government, via Careers Hubs, should provide each student with access to a mentor or role model support, engaging further and higher education, and local employers.
- The Gatsby “Talking Futures” project should be expanded nationally as it is crucial family members have the right tools to be able to guide their children in education and job prospects.

### **Adult Careers Advice**

- The DWP (through Job Centre Plus) should be responsible for coordinating careers guidance for adults with whom the department already has a relationship (primarily those unemployed or in low-paid work receiving Universal Credit), while the focus of the DfE (through the National Careers Service) should be helping adults in work move to successful long-term careers by supporting them to access training and gain better skills.
- Labour should develop a high-quality national all-age careers and IAG service, available in partnership with Job Centre Plus, that provides all young people and adults with opportunities for face-to-face contact with qualified guidance professionals as well as access to online resources.

- The National Careers Service (NCS) should establish partnerships with more colleges, as this would substantially enhance its role and reach.
- The role of the Careers and Enterprise company should be enhanced, and specifically in outreach into the most challenging parts of the country.
- A well-organised mentoring programme should be developed which connects employees with those in the same field willing to provide advice and support, and links into the development of a comprehensive adult tutoring programme as part of the reinvigoration of adult learning, organised with local government, the Workers Education Association (WEA), social and not-for-profit enterprises, as well as private providers and further education colleges.
- Funding should be reinstated to support the crucial role of Union Learning Reps in providing advice and guidance, especially to workers facing the greatest barriers.
- Labour must put in place a robust audit function that could assess the efficacy of careers guidance and job support.

### **Year of Service**

- The Year of Service and related initiatives should be evaluated to formulate a programme which promotes active citizenship and social engagement as a key element of the skills required to maintain a functioning civil society, as well as a democracy that works for all.

## **Further and Higher Education**

### **Key Recommendations:**

- 11. A substantially enhanced role for further education, reinforcing collaboration and a seamless link with higher education, apprenticeships and progression within work. This is a key journey which should unite, rather than divide elements of the education service, but also the role of employers in their links with lifelong learning.**

## **12. The reintroduction of the Education Maintenance Allowance for 16-19 year olds, including support for those undertaking apprenticeships in the same age group**

### ***All Recommendations***

- Collaborations at local level between FE, HE and local businesses - examples of which already exist across the country - should be replicated more widely, linking to wider forums for joint working. Innovation UK has a key part to play in fostering collaboration.
- FE and HE have a key role to play in supporting SMEs to innovate, improve their performance and adopt of modern practices. A Labour government should incentivise colleges to embrace the adoption of business innovation account managers

### **Qualifications**

- Labour should look to resolve the current confusion about the role of the office for qualifications, Ofqual, and other regulatory agencies such as the IFATE.

### **Ofsted**

- Labour should launch a national review of the inspectorate to ensure that the inspection and accountability regime makes the most positive and constructive contribution possible to the education system as a whole
- A Labour government should urgently examine the decision to place quality assurance with the Office for Students, in relation to higher education providers, rather than a separate Quality Assurance Agency.

### **Devolution with National Oversight**

- Building on the devolving of adult education budgets to metro mayors/combined authorities, pilot programmes should be undertaken to devolve both the powers and the budget for 16-19 provision and beyond, to ensure that they can coordinate the necessary approaches to deliver real choice, including digital training, options appropriate to the challenge highlighted through Local Skills Improvement Plans/Processes, and develop

plans appropriate for emerging needs as well as building on existing strengths

### **Entrepreneurship, creativity and tomorrow's world**

- Higher education institutions (and, where relevant, further education colleges) should develop a module in every undergraduate course specifically designed to look at the world of work, enterprise and future trends
- Labour should bring advanced digital skills to all communities through expanded provision in FE colleges.
- It should be made possible to transfer credits between different providers and courses – a recommendation already made by the Augur Review, and a model already used by the Open University on its own courses.
- Labour must ensure that any policy change on university tuition fees in England supports and incentivises flexible, part-time study – we urge learning the lessons of the 2012 tuition fee debacle.
- Labour should reinstate the Education Maintenance Allowance in England.

## **Adult and Lifelong Learning**

### **Key Recommendations:**

- 13. The development of Individual Learning Accounts, which would share the cost of learning between the individual, the employer and the state – and, where appropriate, the devolved budgets to Combined Authorities and elected Mayors**
- 14. A Learning and Skills “passport” based on appropriate assessment and/or examination in order to build, incrementally, a profile that could be added to at any time and in a variety of ways, throughout working life**
- 15. A reform of public procurement guidance to ensure contracts include mandatory clauses relating to upskilling**

- 16. Transformation of employers' investment in skills by reforming the apprenticeship levy into an "Apprenticeship and Learning Levy" which will maximise the use of this resource and rebalance the current direction of spend; in particular towards support for 16-25 year olds and innovative, modern technological demands**
- 17. Improve support and incentives to SMEs to take up apprentices, including the acceleration of "shared apprenticeships" with larger employers, and a skills tax credit**
- 18. A new *Right to Retrain* which would expand, and make more flexible, entitlements for adults for free access to courses from an approved provider, opening-up progression pathways for many adults to higher level qualifications.**
- 19. *Access to Work* from the DWP should be made much more flexible and person-centred. For those eligible, it should be available for those undertaking training, substantial volunteering, trialling work placements, and must be planned before the individual takes up the offered work opportunity**
- 20. For those with a declared disability, introduce a "passport" scheme for all key training and learning opportunities which would begin with Education Health and Care Plans (or future equivalent) whilst in school, then providing for automatic entitlement to the Disabled Students Allowance, and then Access to Work once they are seeking, or enter into, formal employment**
- 21. The establishment of a National Occupational Health Programme, delivered locally as well as nationally, which could save billions of pounds for employers and to the economy more generally in the avoidance of shortages, recruitment costs and loss of experience.**

### ***All Recommendations***

- The Council recommends a complete review of the approach to equipping individuals for taking up job opportunities, short and long term, and the support provided to employers, particularly small and medium-sized enterprises, to sustain those hardest to place. Learning from the past (including listening to those affected in terms of the design of programmes), greater coordination of different funding streams and programmes, and decentralisation linked to flexibility, instead of one size fits all.

*Individual Learning Accounts; Learning and Skills Passports*

- A new “Right to Retrain” would incorporate an entitlement for all workers to access funding and time off to train
- Employers should contribute to this entitlement to play their part in providing the means and opportunities for training and development of all employees. To incentivise this, the current levy that employers pay for apprenticeships should be repurposed into an Apprenticeship and Learning Levy.
- Learning and Skill Passports should be created as part of an incremental and modular approach to allow people to build a record of achievement and progression.
- Passports would work in conjunction with Individual Learning Accounts, which would share the cost of learning between the individual, the employer and the state – and, where appropriate, the devolved budgets to Combined Authorities and elected Mayors.
- Individual Learning Accounts should be designed with employer co-funding in mind and incentivise increased investment by them to further boost the range of training that can be made available to workers.
- “Gig” economy employers should pay a small levy into the individual learning account, similar to the employer contribution to the auto enrolment programme for pensions, would give the individual working in the gig economy a meaningful opportunity to consider training or upskilling

*Procurement*

- Labour should conduct a review of how procurement and supply chain initiatives can be reformed and extended to boost apprenticeship recruitment in these areas. Public procurement and contracts should include clauses relating to skills and expectation of training – this is vital alongside the importance of seeing this as part of the social value agenda.



- In all new procurements where apprenticeships and skills development have been determined to be sufficiently linked to the subject matter of the contract<sup>139</sup>, contracting authorities should include, in the relevant procurement documentation, a requirement for the supplier to provide evidence of their commitment to the creation of apprenticeships and developing and investing in skills, in their fulfilment of the contract.
- Labour should strengthen the procurement guidance to state that where Central Government Departments and their executive agencies and non-departmental public bodies are contracting, there must be a hard requirement that for every £1 of government spending awarded, a minimum 1p is spent on the creation of Level 2 and 3 training opportunities.
- To support and facilitate the use of procurement to encourage greater investment in skills, all companies employing more than 250 people should have to put, in their annual report and accounts, what percentage of turnover they are spending on the skills of their workforce or contactors.

### *Apprenticeships*

- Labour should ensure that high-quality apprenticeships, which offer progression to advanced apprenticeships, are available and properly funded. Together with a commitment that all learners in work should be entitled to fully paid day release or other mechanisms for ensuring learning, on and off the job, is blended appropriately to develop future talent.

### **Reforming the apprenticeship Levy**

- The Levy should not just be limited to apprenticeships, but should become the “Apprenticeship and Learning Levy”, whereby it can contribute to specified training costs, in particular towards support for 16-25 year olds and innovative, modern technological demands
- Labour should consider allowing employers to use levy funds towards backfilling replacement workers when apprentices out of work on training

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<sup>139</sup> In-Scope Organisations should bear in mind that in principle, apprenticeships/skills should be capable of being linked to the subject matter of contracts covered by this Action Note in the majority of cases. Where In Scope organisations consider that skills/apprenticeships are not sufficiently relevant to be able to be linked, for example as a result of pre-procurement dialogue with industry, they should keep a written record of this.

- The 25% limit on levy transfer to other businesses should be lifted to make it easier for large firms to transfer more funds they cannot currently utilise under the levy to start-ups, scale-ups, “intrapreneur” subsidiaries and to those in their supply chain who have limited resources to be able to fund their own training and apprenticeships.
- Labour should examine the use of intermediary entities to help with the levy transfer.
- The levy fund should not miss out on contributions from global companies currently transferring profitability, and therefore liability, out of the UK. They would therefore be required to pay into the levy fund at an appropriate flat rate.
- An incoming Labour government should examine the most appropriate means for ensuring that a higher proportion of the levy is used for entry-level apprenticeships.
- The Education Maintenance Allowance, once restored, should also be made available to 16-19 year old apprentices, in line with those in full-time education settings

### **Support for SMEs**

- The government should establish a well-publicised advice service and central portal of information for small businesses which support them to take on an apprentice and assist them in the process
- A programme should be established which would expand the availability of “shared apprenticeships” between SMEs and larger employers who have greater resources.
- An incoming Chancellor of the Exchequer, under a Labour government, should examine the introduction of a skills tax credit for SMEs.

### **Expanding scope and access**

- All apprentices engaged in a Level 2 apprenticeship should be given a right to progress to a Level 3 Advanced Apprenticeship with an existing or subsequent employer.

- Labour should improve the breadth of level 4 apprenticeship qualifications available to increase the attractiveness of apprenticeships to A Level students as an alternative career path to university for top-performing students and to increase the public sector and technical opportunities available.
- Labour should undertake regular reviews of barriers to the uptake of apprenticeships.
- Degree apprenticeships should be significantly expanded, and higher education institutions should integrate more project-based learning and employer engagement into their provision.

### *Adult Skills*

- A new *Right to Retrain* could be rolled out quickly by building on the existing skills entitlement framework. This would involve reinstating and expanding the entitlement to free courses for a first level 2 qualification and flexing the entitlements to allow adults free access to courses from an approved provider, leading to level 2 and level 3 qualifications even if they already had qualifications at these levels.
- A Labour government could take this forward immediately, and simply change the ESFA funding regime to this effect in a relatively short period of time.
- Financial support for older students and adult learners should be expanded and revitalised, including by taking forward the recommendations of the Augar Review to restore maintenance grants (and extend eligibility) and boost financial support for adult learners studying for level 2 and 3 qualifications
- UnionLearn should be recreated, so that substantial funding can be made available to facilitate joint approaches between trade union and employers to offer basic literacy and numeracy skills through to on-the-job advanced qualifications.

- The Digital Skills entitlement should be reformed to grant access to free courses up to Level 2 in line with the equivalent English and Maths entitlements for adults. This will also build a stronger foundation and support interest in more advanced digital skills training.
- Where modes of digital upskilling for adults exist, such as Digital Skills Bootcamps, it is essential that they are integrated into the national framework for qualifications.
- An incoming Labour government should use the substantial resource available for “skills bootcamps” to target, more effectively, short term skill shortages, to ensure that they form part of the modular approach to joined up progression, including providing certification for the Learning Passport. This could build on experimental work with microcredits which allow learners to progress over time, and which should be of the highest possible standard.
- An incoming Labour government might consider re-establishing a Department for Consumer Affairs. Initially, combined authorities and local government will need to be re-engaged, with the critical task of consumer protection, which had been so badly eroded over the last decade. Reintroducing this function will be vital.

### *In-Work Skills Development*

- A Labour government should encourage and support coalitions of public and private employers, such as the Futuredotnow Coalition, which share best practice for upskilling the workforce

### **Progressing in the workplace**

- More emphasis should be put on the importance of managers and leaders in the workplace and greater assistance to encourage and support workers to move into these roles and enhance their skills.

### *Returners and Welfare to Work*

- The Department for Work and Pensions should allow people to study full or part-time, whilst on benefits, for an agreed course at an approved provider, and with appropriate conditionality requirements.

- Access to Work should be made much more flexible and person-centred. It should be available for those undertaking substantial training, volunteering, trialling work placements, and must be planned before the individual takes up the offered work opportunity.
- Labour should introduce a “passporting” scheme for all key, full time training and learning opportunities to those eligible. The passport would begin with Education Health and Care Plans (EHCP) (or future equivalent) in school, which would then provide for automatic entitlement to the disabled students allowance, and then to Access to Work once they are seeking, or enter into, formal employment.
- Labour should consider, with employer and trade union backing, the establishment of a National Occupational Health Programme, delivered locally well as nationally, which could save billions of pounds for employers and to the economy more generally in avoidance of shortages, recruitment costs and loss of experience.

## Appendix 2 – Skills Builder

### Skills Builder Partnership Overview



[www.skillsbuilder.org](http://www.skillsbuilder.org)

The Skills Builder Partnership brings together more than 800 businesses, education institutions, and impact organisations around a common mission: ensuring that one day, everyone builds the essential skills to succeed.

### What essential skills are

Essential skills are those highly transferable skills that everyone needs to do almost any job, and which make knowledge and technical skills fully productive.

Across the Partnership, the focus is on eight skills:

Listening	Speaking	Creativity	Problem Solving
Leadership	Teamwork	Aiming High	Staying Positive

All partners use the [Skills Builder Universal Framework](#) to break these skills down into teachable, measurable steps, going from expectations of an absolute beginner through to mastery in the skills. The Framework was developed over five years in collaboration with leading organisations including the CBI, CIPD, Gatsby Foundation, Careers & Enterprise Company, and wide input from educators and employers.

### Why essential skills matter

This new [Essential Skills Tracker](#) takes a view of the essential skills levels of the whole UK working age population. This research shows that essential skills are correlated with life outcomes. Moving from the lowest to third quartile in essential skill score is linked with:

- An increase in annual earnings of £3,800 - £5,800, even after controlling for education levels and socio-economic background
- An increase in wellbeing scores, from 6.0 to 6.5
- A 42% reduction in likelihood of being not in education, employment or training (NEET)

### Our model of best practice in schools and colleges

The Skills Builder approach has been used with thousands of primary, secondary, and special schools, as well as colleges. There are six key principles we have found effective



in accelerating students' progress in essential skills acquisition, [up to 2.1x the rate of their peers](#):

- **Keep it simple:** They focus on a simple, consistent set of essential skills as defined in the [Skills Builder Framework](#).
- **Start early and keep going:** They see these skills as supporting learning and students' wider development throughout their entire education.
- **Measure it:** They measure existing strengths and development needs of their students against the Framework, allowing quantifiable tracking of progress.
- **Focus tightly:** They use their prior understanding of students' essential skills to focus on the next steps, using explicit instruction in skills to accelerate progress.
- **Keep practising:** They reinforce these essential skills in other parts of the curriculum and beyond it.
- **Bring it to life:** They make the essential skills real by bringing the working world into the classroom, and showing learners how these skills are useful across their lives.

## Appendix 3 – Careers Hubs

### 1. About Careers Hubs – policy context, delivery principles and impact:

#### *The rationale for intervention:*<sup>141142</sup>

- Careers education patchy, inconsistent and of varying quality
- A proliferation of careers support, but no coordination or guidance
- Insufficient and disparate employer engagement especially in hard-to-reach areas (e.g., rural, coastal, and social mobility cold spots)
- Careers not developed or delivered in conjunction with economic growth priorities including sector priorities

#### *Creation of Careers Hubs:*

- The Careers & Enterprise Company (CEC) has, since 2016, developed a nationally driven, locally delivered careers ecosystem to provide a coherent structure for schools, colleges, employers, and careers support providers to engage. It aligns to the local labour market and strategic priorities, supported by Mayoral Combined Authorities (MCAs), and supporting LEP and LA structures.
- Evolved into a Careers Hubs model in 2018 as a way to create integrated local partnerships and enable the sharing of best practice to enhance careers provision.
- Based on the North East Gatsby Pilot (2015-17), which led to increases in [career readiness scores](#) across the 3 years of data collection, to which [The Social Mobility Commission](#) partly attributed a fall in NEET rates.
- Careers Hubs initially focused in areas of disadvantage are now rolling out nationally as a universal response to careers system change. Over 3,300 secondary schools and colleges (over 65%) are part of a Careers Hub. The goal is that by 2024, 100% of eligible schools and colleges will have the opportunity to join a Careers Hub.

#### *How they work:*

Careers Hubs bring together partnerships of educators, employers, and business agglomerates (e.g., Midlands Engine), providers and local economic leadership (e.g., MCAs and LEPs) at the local level and target support. They are virtual centres of excellence, helping schools and colleges to develop careers programmes, and have become incubators for innovation and best practice. They operate by:

- **Convening and supporting schools and colleges, through:** (a) Careers Leaders, providing opportunities for them to collaborate, develop and deepen expertise; (b) coordinated access to employers, providers and ITPs including opportunities to amplify apprenticeship and technical routes

<sup>141</sup> Ofsted, *Going in the right direction? Careers guidance in schools from September 2012* (Manchester: Ofsted 2013)

<[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/413171/Going\\_in\\_the\\_right\\_direction.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/413171/Going_in_the_right_direction.pdf)>

<sup>142</sup> House of Commons Education Select Committee, *Careers Guidance for Young People: The Impact of the New Duty On Schools* (London: House of Commons 2013) <<https://publications.parliament.uk/pa/cm201213/cmselect/cmeduc/632/632.pdf>>

- **Syncing with sector skills** through Hub alignment to local LMI and regional growth strategies, including the emergence of Local Skills Improvement Plans, and deeper relationships with national and local employers.
- **Targeted support**, by (a) using data through CEC's digital infrastructure to identify pupils and cohorts that require additional support; and (b) institution provision via the inclusion of Special Schools and PRUs.
- Every Hub institution receives **professional** and **peer-to-peer support, access to funding and coordinated activity**, through:
  - Oversight and operational leadership through Strategic and Operational Hub Leads, supported by an Enterprise Coordinator who works directly with c15-20 schools and colleges
  - Guidance and challenge from an Enterprise Adviser, a business volunteer, who adds an employer lens to their school's careers planning
  - Priority access to funded Careers Leader training and opportunities to participate in funded pilot activity
  - Access to a group of Cornerstone Employers who are on hand to support further activity and promote cross-school collaboration within the Hub.
  - [Compass +](#), a career management tool for tracking careers provision, with links to the school management information systems (MIS) allowing Careers Leaders to identify gaps and target support.

***Principles of Careers Hubs – why they work:***

- **Strong local leadership at LEP/CA/Local Authority level** to ensure connection to local economic development plans and other skills strategies, supported by a trained strategic Hub Lead.
- **Rooted in local economic strategy**, with connection to local employers, economic initiatives, and key stakeholders (Chambers of Commerce, Growth Hubs etc).
- **Integrated and embedded model built on impartiality** and collaborating with key stakeholder groups including national bodies, careers providers, ERBs and employers. All underpinned by peer learning and national training.
- **National oversight to secure higher standards, consistency and share what works.**

**Impact:**

- **Careers Hubs have been shown to improve careers provision.**<sup>143 144</sup> They outperform schools that are not engaged and have been recognised as effective by a wide range of stakeholders and reports (e.g., the Times Education Commission<sup>145</sup> and House of Lord's Youth Unemployment Committee<sup>146</sup>).
  - The longer schools and colleges have been in a Careers Hub, the higher their Gatsby performance, which is positively associated with higher sustained EET rates for students after leaving school.<sup>147</sup>
  - Those in Careers Hubs for three years achieved an average of 4.8 Gatsby Benchmarks in 2020/21 and stronger provision across every benchmark.
  - Careers Hubs also drive greater uptake of Careers Leader training and have more schools upgraded to Compass+.

## 2. Case Study: Black Country Careers Hub

**Background:**

- The Black Country Careers Hub is run in partnership with the LEP ('The Black Country Consortium').
- The Wave 1 Black Country Careers Hub, consisted of 35 schools and 1 college, it was one of the first to be piloted by CEC in 2018. It soon **outperformed the national average against the Gatsby Framework**.
- Owing to its success, the Black Country secured additional Wave 2 funding from the CEC in 2019, which expanded it to 52 schools and colleges, before granting a further expansion in 2020, enabling 115 establishments to be supported through the model (including SEND and PRUs for the first time).

**Peer-to-peer support:**

- The Black Country Careers Hub meet at least once each term and comes together regularly for workshops, CPD and employer events, the members also all have access to an online portal of resources.
- The creation of a Steering Group has:
  - Enabled the development of a community of good practice.
  - Increased the engagement of school's senior leadership teams in the Careers Hub.
  - Delivered CPD for Careers Leaders.
  - Facilitated engagement with employers, stakeholders, and providers

<sup>143</sup> CBI and Pearson, Education and learning for the modern world: CBI/Pearson Education and Skills Survey report 2019, (CBI/Pearson 2019)

<sup>144</sup> SQW, *The Mentoring Fund: Evaluation of the Careers and Enterprise Company Mentoring Fund. Summary Report* (London: SQW, 2020)

<sup>145</sup> Times Education Commission, *Bringing out the best. How to transform education and unleash the potential of every child* (London: The Times 2022)

<sup>146</sup> House of Lords Youth Unemployment Committee, *Skills for Every Young Person: Report of Session 2021-2* London: House of Lords, 2022) >

<sup>147</sup> Percy, C. & Tanner, E., *The benefits of Gatsby Benchmark achievement for post-16 destinations* (London: The Careers & Enterprise Company, 2021)

- The Hub is supported by 15 Cornerstone Employers, who are focussed on working together to support increases in meaningful workplace experiences through their own organisations and their supply chains.

***Targeted support:***

- The Careers Hub model supports an area-based approach – acknowledging different contexts – but allowing successful approaches to be shared nationally, including via Hub Innovation Projects (HIPs):
  - HIPs are funded by DfE and delivered through Hubs. They target young people eligible for FSM, providing specific interventions for target cohorts. The Black Country Careers Hub are working with Alternative Provision institutions, creating a Community of Practice of Careers Leaders, supported by employers, to find out what works best for young people facing barriers.

***Focus on apprenticeships and technical/vocational education:***

- The Black Country Careers Hub has driven apprenticeship uptake by bringing together schools and colleges, upskilling them and improving their understanding of technical education pathways.
- Insight from the Hub showed teachers were not as confident understanding apprenticeship routes. The project de-mystified what teachers needed to know through resources, toolkits, and employer engagement. Schools and colleges hit the target for providing FE and HE encounters increased significantly.

***Innovation with employers:***

- Local Cornerstone Employer, Thomas Dudley, a 100-year-old family run SME manufacturing firm, have established a 'Careers in the Curriculum' pilot with four Dudley Academy Trust (DAT) schools targeted at Y7 to ensure careers is embedded early in their thinking.
- This involved creating lesson plans specifically relevant to Thomas Dudley spanning eight subjects (e.g., history, business, graphic design, English – creative writing and maths) and a visit to Thomas Dudley for all Y7 pupils. Over 900 Y7 students from DAT schools were involved. Five other Cornerstone Employers are now being supported to deliver their own programmes with 15 schools.

## Appendix 4 – John Lewis

This text was provided by John Lewis directly to the Council of Skills Advisers

### **Investing in skills and training**

The John Lewis Partnership wants to be an engine for social mobility and we are committed to finding and helping talented people, from all backgrounds and walks of life, to get into and progress in fulfilling careers in our business. We invest millions of pounds a year in vocational skills and training for our Partners, with a focus on:

- Supporting people to retrain in areas where there are national skills shortages, such as HGV drivers and chefs
- Supporting people to upskill in their current roles to increase their career opportunities and earning potential, in response to new technology and the changing world of work
- Supporting people to retrain into new roles both within our business but also for Partners leaving our business through the Chairman's Retraining Fund (please see case study below)
- Supporting young people who are care experienced into employment

This investment includes ~500 new apprenticeships each year, HGV and chef academies, pilots providing supported recruitment and employability support to young people leaving the care system and digital and data skills. Some of this training can be delivered through apprenticeships, however a large proportion of vocational training, such as the incremental skills which could support someone into employment, to upskill or retrain does not require or is not suited to a longer term apprenticeship. In addition, the fast-paced changes precipitated by technology and consumer spending habits mean that, in many cases, apprenticeship standards are continuously playing 'catch-up' and increasingly UK plc will need to invest in other forms of vocational training to ensure skills in the UK labour market keep pace.



**Case study: Chairman's Retraining Fund**

The John Lewis Partnership established the Chairman's Retraining Fund to support Partners leaving the business due to redundancy. The Partnership will fund up to 70% of a recognised qualification or course funded by the Partnership for up to 2 years, up to a maximum of (£4,200).

Partners can pick any course, as long as it is professionally accredited vocational training that will lead to employment e.g. CIPD. We have funded a range of courses either focused on upskilling or career transition. For example, a Partner who worked in distribution who retrained as a food technician and a Partner who left the business and worked with British Federation of Fish Fryers to run a fish and chip shop.

## Appendix 5 - BAE Systems

This text was provided by BAE Systems directly to the Council of Skills Advisers

### BAE Systems' Skills Strategy

How national employers can get involved and shape local skills provision  
A focus on Barrow-in-Furness, Cumbria and Lancashire

#### 1. About BAE Systems in the UK

At BAE Systems, our people develop technologies to help Governments, their armed forces and security services defend countries in the air, at sea, on land, in space and in the cyber domain. In the UK we build submarines, warships and some of the world's most advanced military aircraft. We integrate defence and physical and virtual security systems.

We make a significant economic and social contribution - delivering £10 billion to UK GDP and in the region of £4 billion in exports each year. In the UK we employ 35,300 people, and we support 143,000 full time jobs, investing £3.8 billion with 5,000 supplier companies. We are committed to levelling up regional communities by



transferring knowledge, skills and technology.\*

\*Data from 'BAE Systems' Contribution to the UK Economy' published 2022

We invest £1.1 billion in emerging and sustainable technologies in the UK every year, both directly and on behalf of the Government, and we are targeting net zero greenhouse gas emissions across all our operations by 2030. With 72% of our UK workforce in highly skilled engineering roles, we spend more than £90 million annually on training our people and with schools, colleges and universities.

This paper describes BAE Systems' nationwide and localised approach to education and the development of skills in the first stages of careers. It also focuses on specific education and skills activities at two of our key locations; at Barrow-in-Furness where we design and build submarines for the Royal Navy, and, at Warton and Samlesbury near to Preston in Lancashire which is home to our military aircraft design and advanced manufacturing capabilities.

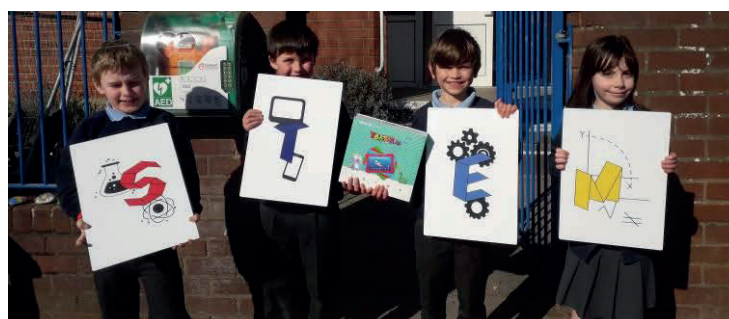
## 2. BAE Systems' approach to local education & skills engagement

Our education and skills strategy delivers against a number of key themes. The strategy drives the overall direction of a number of these initiatives, such as Movement to Work (MtW), at a national level, but delivers them and supplements them at a local site level. The national themes are:

### Education & STEM engagement

We are committed to supporting young people in our local communities and our national education programme helps underpin this commitment. It includes:

- our STEM Ambassador scheme where c1000 of our employees volunteer to support activities in local schools
- a Schools Roadshow which in partnership with the Royal Air Force (RAF) and Royal Navy (RN) engages over 400 schools and 100k young people each year
- the Coding Success programme which launched in 2021 as a virtual alternative to the Roadshow again in partnership with the RAF and RN. Coding Success provides Lego robots and coding skills to teachers and young people across 600 plus UK schools.

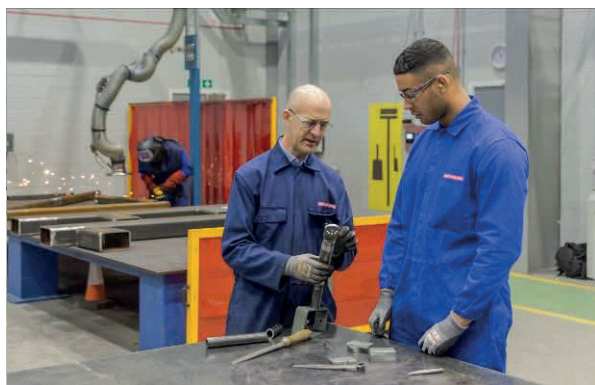


### Attraction & Recruitment

BAE Systems is a big employer of local talent through its apprentice and graduate programmes. Apprentice recruitment, especially at Level 3 (Advanced Apprentice level), is still very much local in nature. In 2021 we recruited 851 apprentices and 522 graduates in the UK. In 2022 we plan to recruit another record 1075 apprentices and 779 graduates and undergraduates. We have also invested more than £50m on new Apprenticeship & Skills Academies in Samlesbury, Barrow and Portsmouth. Work experience forms an important pipeline into apprenticeship opportunities in particular and in 2021 we provided over 700 placements.

### Youth Unemployment

We are a founder member of MtW, delivering 105 placements each year, with typically 30 joining our apprenticeship programme annually. The Prince's Trust delivers the employability skills training element to our MtW programme. We have supported 42 young people on the Department of Work and Pensions' (DWP) Kickstart programme.



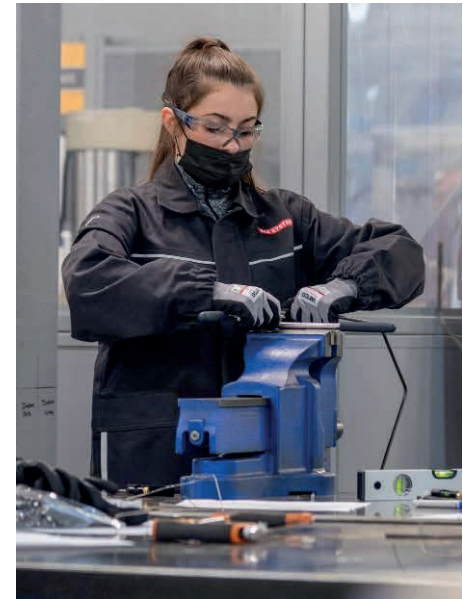
### New Skills – Digital, Green, Behavioural

In 2019 we published our [Future Skills White Paper](#). This helped us identify critical new digital skills that needed to form part of our apprenticeship standards, but also reinforced the need for underpinning behavioural and soft skills. Green Net Zero/Sustainability Skills are increasingly important and we are including these elements in our apprenticeship programmes. We also

began a Sustainability Business Specialist Apprenticeship in partnership with Cranfield University this year.

### Diversity & Inclusion (D&I)

BAE Systems has a UK-wide D&I strategy and in 2021 we published our ambition for more than 30% of our workforce to be women by 2030 at the latest. As part of our commitment to increase the numbers of women joining our apprenticeship programme, we launched a Women in Craft Engineering Work Experience pilot this year. In addition, 71% of those to whom we made apprentice offers were female.



### Levelling Up and Opportunity Areas

We are committed to supporting Levelling Up. More than 60% of our apprentice intake this year is in the north of England and this figure rises to nearly 80% when our Scottish apprentice intake is included. In 2021, 26% of our apprentice intake in England were from disadvantaged communities (Top 3 Indices of Multiple Deprivation). We have had discussions with the Department of Education (DfE) Opportunity Areas team around our support in Barrow in Cumbria, Blackpool and the wider Lancashire area, Portsmouth in Hampshire, as well as Humberside and Lincolnshire.

Cumbria was one of 8 areas selected to test an employer-led approach to skills planning to support DfE in determining how best to roll out Local Skills Improvement Plans (LSIPs) across the country. LSIPs are intended to provide a clear articulation of employees' needs and progress careers as well as delivering the changes required to help employers acquire the skills they need as well as boosting productivity. BAE Systems has been involved in the pilot trailblazer in Cumbria by inputting into the improvement plan through surveys, focus groups and 1 to 1 interviews. We are providing information about our future skills needs as part of the research undertaken by the Employee Representative Body. Additionally we are playing an active role on the LSIP Steering Group.

### 3. Barrow-in-Furness and Cumbria



#### Education & STEM engagement

Our Submarines business in Barrow-in-Furness is very active in local schools, taking a leadership role in Chairing the Furness Education Trust, with the aim of helping raise aspiration and attainment for local young people. We have been engaged with the Furness Academy, which is part of the Trust, from its start, as well as supporting other local schools. We have 239 STEM Ambassadors and 38 school governors locally, both providing support with school improvement plans. We are also a Cornerstone Employer in Cumbria and

co-chair the Cumbria LEP People, Employment and Skills Strategy Group responsible for producing the

Local Skills Report. We plan to pilot delivery of the industry placement for the Engineering T Level with Furness College.

#### Attraction & Recruitment

In 2022 we plan to recruit 323 apprentices and 138 undergraduate and graduate roles. BAE Systems is the biggest employer in the area, employing around 10,000 people, with a district population in Barrow-in-Furness of 67,000. Our investment in the skills of young people is critical to our business and the local community. We are involved with a range of events aimed at increasing interest in STEM subjects and careers including the Furness STEM Show (Formerly Furness Big Bang) which attracts over 1000 young people.

#### Youth Unemployment

We are a key member of the Cumbria LEP, playing an active role in ways to improve opportunities for local young people. We support both Kickstart and MtW, delivering typically 15 MtW placements each year for the young unemployed liaising with DWP/Job Centres on these schemes. Each of these programmes has provided a pipeline of diverse talent into our apprenticeship programmes.



## New Skills - Digital, Green & Behaviours

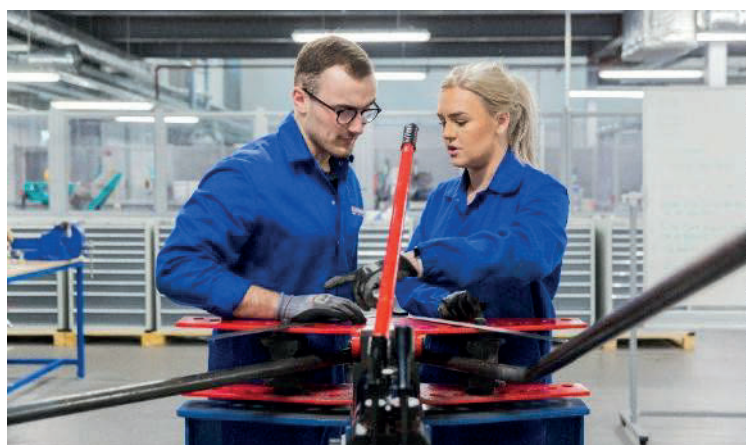
Barrow is a disadvantaged community and as the largest local employer, we have growing skills needs in areas of specialist and emerging technologies - hence our requirement to support the development of local skills. To this end we have played a key role

in supporting plans for a new £10.4m Learning Quarter and the development of a new University Campus, in partnership with the University of Cumbria and Furness College. Our own Submarines Academy of Skills & Knowledge, where we train our apprenticeships and upskill the workforce, is part of this Quarter. The aim is to provide integrated FE and HE, and to support progression to higher skills for local people, as well as to retain and attract more talent to the area. In addition to this we have worked with Barrow Borough Council to support the development of new Community Hubs, which will provide access to training and qualifications for those furthest from the jobs market.



## Diversity & Inclusion

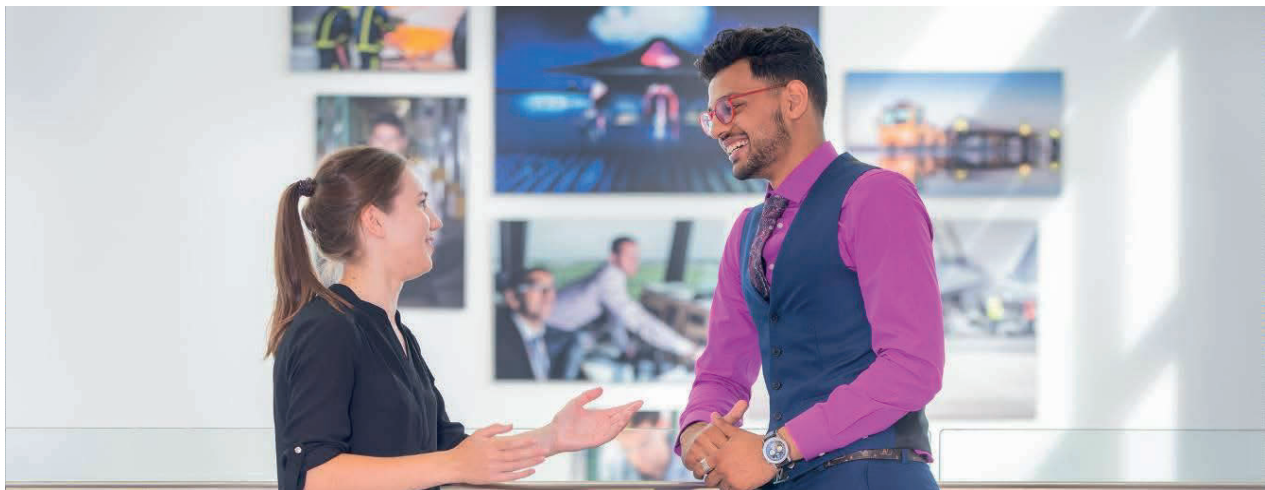
We have a range of programmes, including our new Women in Craft Engineering pilot work experience project, from which our Submarines business offered 13 apprenticeship roles to females.



## 4. Lancashire

### Education & STEM engagement

We Chair the Lancashire Cornerstone Employer Group, working closely with the Careers & Enterprise Company in particular to help raise educational opportunities for disadvantaged young people in Blackpool, using our young people such as apprentices as role models. We are also working with Blackpool & The Fylde College to pilot in 2022 the industry placement component to the Engineering T Level and have 336 STEM Ambassadors locally.



### Attraction & recruitment

In 2022 we plan to recruit 248 apprentice and 158 undergraduate and graduates and 34 Industrial Placements. Our total intake will be 440. We have a dedicated Education Zone within our own Academy of Skills & Knowledge (ASK) at Samlesbury to inspire school pupils in STEM subjects.

### Youth Unemployment

We are a member of the Lancashire LEP Skills Advisory Panel, have signed the LEP's Lancashire Skills Pledge and we take an active role in skills across the County. We support both Kickstart and Movement to Work, with typically c30 MtW placements each year for the young unemployed working with DWP/Job Centres on these schemes.

### New Skills – Digital, Green & Behaviours

We are sponsoring the Lancashire Digital Skills project – Innovate Her & Create Education – to benefit 7500 pupils in over 70 Schools, developed with the Lancashire LEP. Working with DXC, we have donated over 1000 laptops to school children in Lancashire to help give them access to learning while home schooling during the pandemic. We will engage too to ensure advantages for the local community from the decision to launch the National Cyber Force Campus at Samlesbury, adjacent to our site and ASK. The planned Institute of Technology at Blackpool & The Fylde College will also present new opportunities with which we will be involved.

### Diversity & Inclusion

We help to address gender stereotyping with involvement in the Primary Futures project in local primary schools. Through the Women in Craft Engineering pilot work experience project, our Air business offered 13 apprenticeship roles to females. We are also in the early stages of discussion with the LEP and other local stakeholders to set up a project encouraging more young people from under-represented ethnic minority backgrounds into apprenticeships with the company.







## Economic Development, Transport and Climate Emergency (EDTCE) Scrutiny Commission

### Work Programme 2022-23

Date	Meeting Items	Actions / Recommendations
23 Jun 22	<ol style="list-style-type: none"> <li>1. TROs – standing item (Beauville Drive)</li> <li>2. Construction Skills Hub update and Employment Hub Update</li> <li>3. Verbal update re: Workplace Parking Levy Consultation</li> </ol>	<p>Items 2 deferred from the previous civic year.</p> <p>Under Questions, Representations of case: from 'Climate Action Leicester' re: <i>will the new Beaumont Leys Park and Ride site include installation of solar panels for renewable energy generation?</i></p> <p>In response by officers: <i>the department was currently at the design stage and were looking at the inclusion of solar panels as part of the scheme.</i></p> <ol style="list-style-type: none"> <li>1. TRO – members comments to be taken into account by officers.</li> <li>2. Members welcomed the report, requested further updates on outcomes in the future and any information on obstacles for ethnic minority groups.</li> <li>3. Verbal summary of progress provided, still working on processing the results of the consultation, once available will report back to the commission.</li> </ol>
31 Aug 22	<ol style="list-style-type: none"> <li>1. TROs – standing item <ul style="list-style-type: none"> <li>• A50 FiveWays</li> </ul> </li> <li>2. Leicester Enhanced Bus Partnership (from 23<sup>rd</sup> June) presentation</li> <li>3. Carbon Neutral Road Map report</li> <li>4. Levelling Up Fund Round 2 – Connecting St. Margaret's submission presentation.</li> </ol>	<ol style="list-style-type: none"> <li>1. TRO Five Ways item: Officers to take into account the points raised by Cllrs Bhatia and Waddington e.g. impacts to increased traffic and pollution on narrow side streets like Duncan and Bonchurch Streets.</li> <li>2. Members praised and welcomed the report, esp the new green line hop free service. Comm to receive report back in 6 months.</li> <li>3. Members praised the detailed report. Comm to receive report back in 6 months.</li> <li>4. The report bid proposal to remove the underpass agreed by members.</li> </ol>



Date	Meeting Items	Actions / Recommendations
22 Sept 22	<p>Additional Special meeting: <b>Draft Local Plan item</b></p> <p><b>EDTCE comm members invited to the Housing Scrutiny Comm meeting for JOINT scrutiny of the local plan.</b></p>	<p><b>Key points raised by members on Draft Local Plan</b></p> <ul style="list-style-type: none"> <li>a) A key factor in the Plan was the need to provide enough development land to meet the social housing needs of the community over the coming decades.</li> <li>b) A more general point made related to the relationship between housing and employment. It was felt those provisions should be near each other to reduce travel time and costs and to curtail air pollution impacts.</li> <li>c) Members were also concerned that space standards for new buildings be clearly set out in the Local Plan.</li> <li>d) Another concern that had been raised was the planning for high-rise buildings. Members were concerned that isolated high-rise blocks were a worse option than high-rise development near existing similar schemes.</li> <li>e) Finally, there was discussion about brownfield sites. It was felt some could be developed, though members were warned that the Environment Agency had stopped the development of several sites because of the risk of flooding. Members had asked for a summary report on brownfield sites across the city and their status in terms of what obstacles there were in developing them.</li> </ul>
12 Oct 22	<ul style="list-style-type: none"> <li>1. TROs – standing item (if any)</li> <li>2. TCF Schemes: tbc (if any)</li> <li>3. Questions, Representation etc..(a question has come in - to be added to agenda)</li> <li>4. Leicester Labour Market Annual Report and Textiles CRF project</li> <li>5. Inward Investment &amp; Place Marketing Update</li> </ul>	<p><b>Questions, Representations etc..</b></p> <p>At this meeting two questions were submitted by Nicola Royale as a representation of Climate Action Leicester and Leicestershire.</p> <p><b>Workplace Parking Levy – verbal update item</b></p> <p>The Chair thanked the Deputy City Mayor for the update and requested that the report, once published come to the Commission.</p> <p><b>Labour Markey AR and Textiles CRF project</b></p> <ul style="list-style-type: none"> <li>1) The Chair thanked those involved in the extensive work carried out</li> <li>2) That the report be noted; and</li> <li>3) That a request for a follow up report come to the Commission for a future update.</li> </ul> <p><b>Inward Investment &amp; Place Marketing update</b></p> <ul style="list-style-type: none"> <li>1) That the report be noted and that the Director for Culture, Tourism and Inward Investment and team be thanked for the comprehensive report.</li> <li>2) That the team be congratulated on the recognition and major award.</li> </ul>

Date	Meeting Items	Actions / Recommendations
7 Dec 22	<ol style="list-style-type: none"> <li>1. TROs – one item: Lutterworth bus lane extension</li> <li>2. TCF Schemes: tbc (if any)</li> <li>3. LLEP Annual Report</li> <li>4. Levelling Up 1/2 Update</li> <li>5. Findings and Analysis of Workplace Parking Levy Consultation</li> </ol>	
26 Jan 23	<ol style="list-style-type: none"> <li>1. Draft General Fund Revenue Budget and Draft Capital Programme 2023-24</li> <li>2. Update on the Waterside Project</li> <li>3. Report on the Community Renewal Fund Programme</li> <li>4. Learning and Skills for Economic Recovery, Social Cohesion and a more equal Britain (Council of Skills Advisors Report)</li> </ol>	
22 Mar 23	<ol style="list-style-type: none"> <li>1. TROs – standing item (if any)</li> <li>2. TCF Schemes (if any)</li> <li>3. Adult Education Service – Update</li> <li>4. Connecting Leicester/TCF Programme Update</li> <li>5. Prosperity fund project report</li> <li>6. Cycle Plan?</li> </ol>	

## Draft Forward Plan / Suggested Items for 2022-23

Topic	Details	Proposed Date
<b>ONGOING</b> <b>City Mayor &amp; Executive Plan of Key Decisions</b>	Commission to keep a watching brief and receive regular reports / updates on executive key decisions planned to relate to this portfolio.	Ongoing
<b>Leicester Smart City Strategy – Richard Sword</b>	Adoption of a strategy that combines Leicester's digital, physical, and social environment to deliver an inclusive, thriving, and sustainable city for all.	tbc
<b>ONGOING</b> Spending Review Programmes linked to: a) <b>Councils General Fund Revenue Budget Report</b> b) <b>Capital Programme Projects</b>	Commission to keep a watching brief and receive regular updates on issues related to budgets with this portfolio. Decisions consequential to the monitoring of expenditure in 2023-24 (if any) – General Fund Budget Report, prior to OSC in Feb 2023	Ongoing  January 2023
<b>CONSULTATIONS</b>	Members to consider relevant items to this commission from planned or live consultations to provide scrutiny comments and views	Ongoing
<b>Connecting Leicester Projects</b>	Commission agreed to be involved at the early stages of development of plans	Ongoing updates
<b>Smart Cities</b>	Information on proposed strategy	Deferred from Dec 2019 meeting to 2022/23.
<b>Healthier Air for Leicester – Air Quality Action Plan 2015 – 2026</b>	Progress update on actions (joint with health & wellbeing scrutiny)	Tbc
<b>Cultural Quarter</b>	Update	Tbc
<b>Major Transport Projects (including NPIF projects)</b>	Report on progress	Ongoing

Topic	Details	Proposed Date
<b>N/hood Highway Safety schemes</b>	Report on progress	Tbc
<b>Emergency Active Travel Fund (EATF) Overview</b>	Report on government scheme to encourage walking or cycling. Informal sessions would be planned before this.	TBC where updates are available.
<b>Economic Recovery Dashboard</b>		TBC

