

HEY LEP Board

Thursday 28th September 2023

The Hull and East Yorkshire Strategic Skills Hub

Paper B

Report by Teresa Chalmers, COO

1. Summary

- 1.1 The HEY region consists of two Local Authorities and the HEY LEP which represents and convenes the private sector and acts as a liaison between the public and private sectors. For many years the LEPs, (both Humber and HEY,) have successfully delivered several vital economic regeneration support programmes and services on a regional scale, many in partnership with the public sector.
- 1.2 Of the key areas where the LEP currently provides expertise, convening capacity and business support, it is in the areas of skills, employment, and career advice where it excels the most. This has been well recognised by both central and local Government, practitioners, and the business community. This was highlighted in both LA papers to their respective Cabinets requesting funding support for a new Strategic Skills Hub. This paper sets out the rationale for the creation of such a Hub.

2. **Recommendations** - The board members to debate the proposal and agree the way forward.

2.1 Questions for the Board:

- Does the Board consider this proposal helpful in ensuring the Skills Team are retained, make use of their skills, and will add value to the region?
- How does the Board view the proposed governance arrangements?
- How do we ensure that the business voice is maintained in any new arrangements from 1st April 2024 and before a CA is set up?

3. **Report** - There is a desire by both Local Authorities and the private sector that a devolution deal is negotiated with Government and despite delays progress is now being made and it is hopeful that a devolution agreement in principle is achieved during 2023/24. Whatever form of devolution is eventually achieved, there will be a need to create a Combined Authority between the two existing Local Authorities, supported by a strong business voice and influence.

- 3.1 It is envisaged that in line with Government guidelines in the Levelling Up White Paper of April 2022, and the more recent funding announcement, that the HEY

LEP functions and responsibilities will integrate into either an LA or a Combined Authority.

- 3.2 Both Local Authorities are very conscious that the existing strengths, management expertise and capacity of the LEP team is not lost and is fully utilised, to take advantage of any additional funding and powers that may come from a devolution deal.
- 3.3 Significant extra funding and additional programme support (e.g., £9m of the reserve EU skills funding in closing stages of bidding processes), has previously been awarded to the LEP and the LEP team is recognised as being one of the best in the country for its skills, career and employment policy activities, evidence base, delivery and outcomes.
- 3.4 **The HEY Strategic Skills Hub*** - For the reasons above and the fact that devolved responsibility for the Adult Skills budget in the region will be a key element in any devolution deal, the setting up of a Strategic Skills Hub* for the whole HEY region has been proposed and supported in principle by both the LEP Chair and Deputy Chair and the two local authorities.
- 3.5 It is recognised that regional skills levels are the one international factor of competitiveness that can only be determined at a local level. The responsibility for skills provision and development appears to be both everyone's but no one individual organisation's responsibility and this had led to a complex and unsatisfactory situation which, if left in its current form, will further curtail economic growth and limit resident's opportunities.
- 3.6 The current economic situation and the development of new industries is further driving community and industry interest in skills and careers. The lack of access to a suitably skilled and qualified workforce is causing many employers to re-think their previous position as 'interested' but 'none-participative by-standers' who formerly believed that the responsibility for the outputs of the required workforce lay with education and skills providers alone.
- 3.7 This is coupled with dynamic and uncoordinated change to the way various government departments respond to and fund skills provision. For example, the Local Skills Improvement Plans, with the Chambers of Commerce leading the majority of those nationally awarded, will inevitably mean more employer confusion in a busy landscape, if left to work independently and not directly influenced by local authorities and other key stakeholders. The LEP has therefore worked in close partnership with the Chamber to develop the LSIP and to ensure alignment.
- 3.8 Of the stakeholders undertaking activity in this area, none have the capacity, knowledge, skills or are mandated to have oversight of the **overall** employment, and skills and careers system and instead focus only on their specific areas of interest. For genuine and sustained improvements to be made to the

employment and skills system, resources and a regional mandate must exist for a body to act as the fulcrum.

It is also essential that there is an independent body overseeing this activity at regional level as private, voluntary, and public sectors are all involved, vying for the same sector space and national and local funding.

- 3.9 The creation of a single Strategic Skills Hub* for the whole region, with its three key partners being the two Local Authorities and the LEP, will result in the creation of a 'single' skills voice for the region. This service will provide a 'go to' structure for the various government departments involved in the skills agenda, to consult, negotiate and fund a joined up regional policy and delivery plan, which will have been determined at local level using local evidence and assessment of need. The business community will also have the confidence that this regional skills policy reflects their needs, rather than that determined by commercial providers or central Government.
- 3.10 Whilst it is recognised that Government remains under pressure to reduce funding across various departments, skills may be amongst the least constrained as outlined in the announcements by Government on spending post Brexit and Covid. The proposed development of a HEY Strategic Skills Hub* as a central voice for the region will also provide capacity to bid for additional funding, using the proven knowledge and expertise of the team and recognising that these bidding opportunities often have very short deadlines.
- 3.11 The core competencies of many of the HEY LEP's Executive Team and members of its Board(s) are in skills and employment. Their agendas and discussions focus on growth and therefore getting more people into work, retraining, and upskilling to drive productivity. Each of the LEP Boards have positively engaged with skills related activity with several members taking on additional responsibilities, such as developing an additional Apprenticeship Standard, seconding staff to improve their skills activities, contributing to bid development, sharing information, and working with other partners and agencies to provide routes into work.
- 3.12 A further benefit of creating the Hub is that the region will benefit from a service that can deliver both strategically and operationally, without the constraints of having to constantly deliver outcomes within fixed timetables with strict funding requirements and limits. The Hub will be able to differentiate between long term skills planning and short-term business demand, effectively using the additional capacity and funding available, as well as commissioning skills activity, which will be determined by local evidence and analysis that will be shared regionally to aid the content of providers' curricula and business talent development.
- 3.13 The Hub will utilise a 'skills accelerator' approach that will link skills provision, progression, and outputs directly into work to increase productivity, both short

and long term and, at the higher levels, will encourage and add value to innovation and research.

- 3.14 As previously outlined, the benefits to this new formal partnership will ensure the region is able to maximise its resources and prioritise its opportunities. The Hub will provide a 'horizon scanning' capacity to build a region with an appropriately qualified, experienced, and skilled workforce and a future talent pipeline, which will support and enable further investment into the region.
 - 3.15 The Hub will be the structure that houses the HEY Careers Hub, which is expanding and is match-funded by a number of partners including the Careers and Enterprise Company, the Humber Outreach Programme, two large employers, the ICS together with a small contribution from both local authorities (£12.5k each). With further growth in the future this latter financial contribution is likely not to be required. However, having both LAs involved is an essential part of the structure, presenting a strong regional approach.
 - 3.16 Consideration can be given to the work of the Local Digital Skills Partnership (currently programme funded until Sept 23,) as to where this will be anchored to the Hub.
 - 3.17 It is likely that a Humber wide structure will be created to develop and manage key Humber wide economic activity as part of the devolution arrangements both sides of the Estuary. By having a joined up, strategic and delivery skills structure in the HEY region will make it easier to influence and coordinate Humber wide skills activity and policy.
 - 3.18 **Progress to date** - Following ongoing LEP/LA conversations regarding the proposed HEY Strategic Skills Hub*, this paper includes details below of Hull City Council's proposed potential governance model. There is also an indicative timeline of actions, which can be flexed to meet board and democratic needs, working on a proposed budget of £250k. Members have also received the two LA proposals which are further attached in the COO report on this agenda.
 - 3.19 There is now general agreement on the direction of travel and the long-term skills ambitions for both the Local Authorities and the LEP. Parties now need to agree the detail by continuing to work in partnership.
4. **Governance** - The two local authorities have already established a joint Hull and East Riding Joint Leadership Board, which can provide the required democratic governance structure. This would include the monitoring of performance, the formal approval of any financial commitments and would also ensure alignment with both local authorities' priority skills needs. This is likely to change once the Combined Authority is in place with the Hub moving into the CA.

4.1 The Hub will work with a local overseeing Business Board that will consider strategic issues and work with LAs to set clear priorities that will then be managed appropriately. This Board may be drawn from a combination of the existing main LEP boards and will include, for example, VCSE membership, along with other relevant regional business board structures. The LAs will lead on this approach with advice from the private sector.

4.2 For further consideration and under this new joint Board, a Provider Partnership Board can be established, and this would be the vehicle to develop, for example, the future AEB operational devolution activity, including the development of the required Provider Partnership Agreements. It is proposed that the existing three** 'working groups'* will continue to manage the detailed activity across what is a very wide and far-reaching agenda. These would be:

- The HEY Talent Forum, which would provide real-time information on skills gaps and needs by senior HR stakeholders spanning several sectors.
- The Apprenticeship and Technical Education group, which will focus on maximising levy spend.
- The Career Aspirations Group, which would act as a convening forum for stakeholders involved in all age careers education, information, advice and guidance and employability skills and therefore be the operational group for the Careers Hub.

Note**: The Local Digital Skills Partnership is to be decided and conversations on this are underway. The Skills Network may also prove a valuable asset in terms of a wider consultation vehicle that helps to develop policy work.

4.3 Scrutiny arrangements could continue at present under both LA processes but will be better carried out by a joint scrutiny process, which will be eventually required in any future CA structure.

4.4 **Critical Path Analysis** - The timing for the launch of the Hub* is key to its success, given the LEP's financial position and the need to prepare for the future CA AEB responsibilities, which will take some time. Public clarity on these new arrangements will help stop the levels of duplication currently taking place. The sustainability of key LEP staff members is needed to help launch the new arrangements and an early announcement of the Hub* will assist in retaining the required delivery resource.

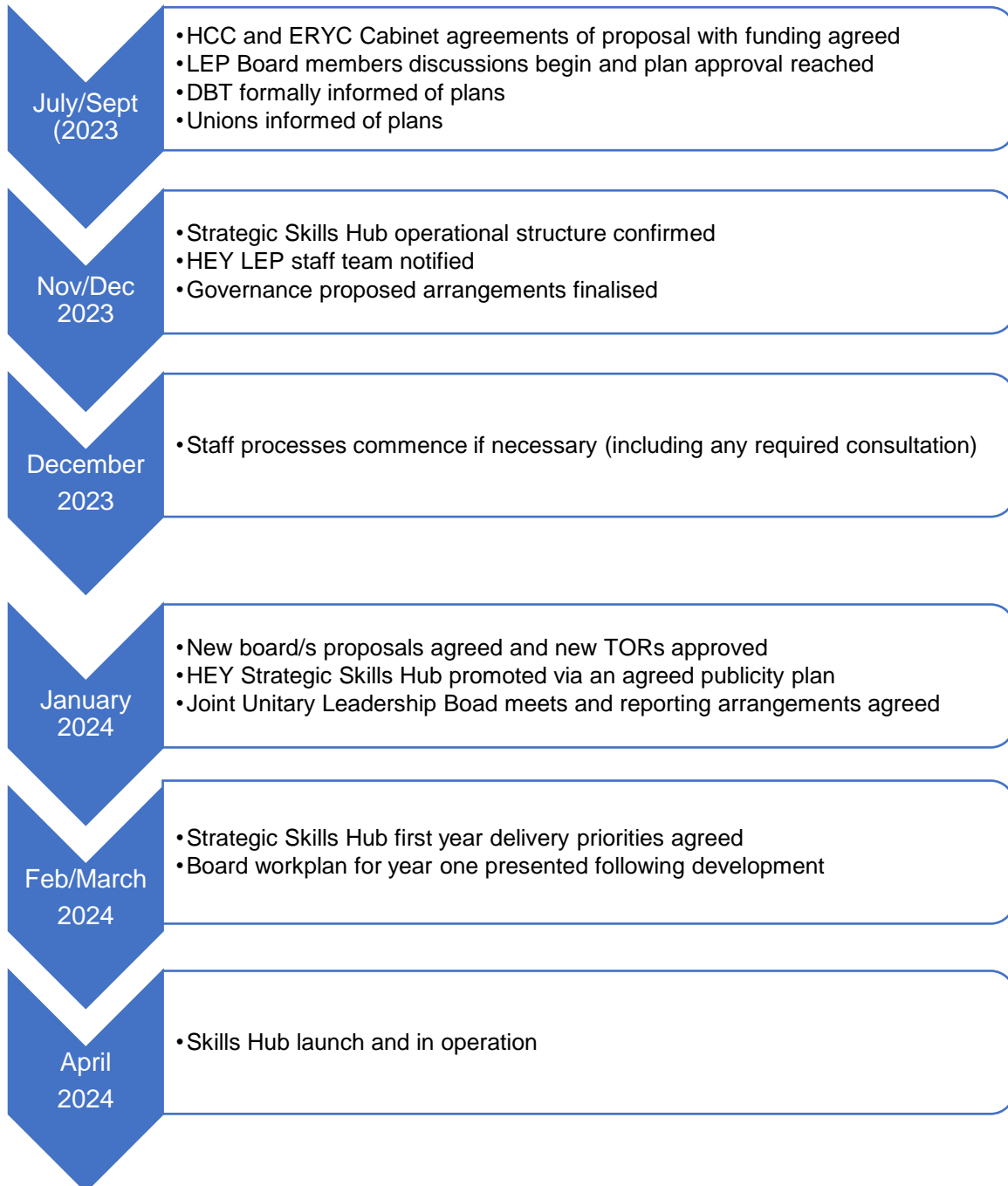
4.5 **Risks** - An organisational risk register will be formed to reflect the duties of the Hub in suitable time pre-launch, but immediate risks to be considered include the following:

- Devolution process is delayed (and places greater strain on the initial funding envelope).

- Insufficient resources (human or financial to fulfil functions).
 - Lack of funds secured.
 - Key staff team members leaving the LEP pre the Hub being in place.
 - HEY LEP board/s do not support the proposal.
 - Government does not support the proposal.
 - The requirements for the LEP overall delivery remain throughout 23/24.
 - Lack of interest/support and loss of engagement from local stakeholders, Particularly business and VCSE communities.
 - Post Hub - continued duplication of skills activities across the HEY region with others moving into this space.
 - Providers non-compliance with new arrangements.
 - Local Authority elections in May resulting in changes to political support.
 - Government withdraws AEB direct commissioning from policy and devolution deal.
 - Local Skills Improvement Plans are re-directed to deliver all statutory required skills work within a region.
 - Once AEB delivery is confirmed, future plans to grow the team to carry out MIS work are not realised, e.g., data analyst.
 - Humber-wide employment and skills issues are not addressed as part of a wider Humber devolution commitment on both sides of the Estuary.
5. **Financial Implications** – Both LAs have agreed via their Cabinet discussions to contribute to the setting up of the Skills Hub with a total of £250k confirmed. Additional resources, such as those match funded by employers, partners and organisations such as the Careers and Enterprise Company and the ICS will also help resource management as these funds are used to support staff roles.
- 5.1 With increased future responsibilities once the Combined Authority has been established further resources may be needed to deliver specific activities such as a data analyst for the Adult Education Budget work.

Appendix A

Indicative plan (can be flexed accordingly):



Note: Copy of Hull City Council’s Initial Proposal – since approved by Cabinet

**Appendix B
Governance Structure**

