Skills Investment Statement
2019 - 2020
Making sure that people have the skills to get a job and progress in work and employers have people with the right skills they need for growth remains a key task for the Liverpool City Region Combined Authority. Improving skills levels will help to improve the productivity and economic output of our employers, as well as ensuring that they can benefit from this growth.

The nature of work is changing quickly, and all of us need to continue to develop our skills. We all need to develop more flexibility and an understanding of how we learn if we are to be successful in this.

This Skills Investment Statement 2019/2020 builds upon our Skills Strategy and identifies a number of detailed actions for implementation; these might be programmes to deliver or from mainstream service delivery. These will be reflected in the Combined Authority’s work and commissioning approaches. It also shows the progress on the implementation of actions from last year’s Statement.

The devolution of the Adult Education Budget from Government to the Combined Authority in 2019/2020 marks the start of our journey as we begin to provide greater local direction over employment and skills provision. This new role will enable the Combined Authority to focus on meeting local area need and economic objectives. It will also lead to new ways of working together to deliver adult skills and learning with the provider base.

Our determination to make a difference is matched only by the depth of our collaboration; strengthening our determination and enhancing our collaboration further will give us an even surer foundation to build upon. Together, we can see our ambition and vision realised.

Steve Rotheram
Liverpool City Region Metro Mayor

Cllr Ian Maher
Liverpool City Region Portfolio Lead,
Skills and Apprenticeships
Purpose

This Skills Investment Statement 2019/2020 considers the key labour market evidence and wider strategic context for the Liverpool City Region impacting on the development and delivery of skills needed for sustainable and inclusive economic growth. It identifies the key actions from the Liverpool City Region Skills Strategy for focus in 2019/2020, reflecting the changes in the economic and labour market. It provides a policy context and strategic focus for the commissioning of the City Region’s Adult Education Budget in 2019/20: this will be the first time that the Combined Authority is able to commission this funding since devolution.

The purpose of the Skills Investment Statement is to:

• Bring clarity to the scale and nature of Liverpool City Region skills issues and to identify where local interventions are likely to have greatest impact;
• Create direction and bring focus to the response required from providers and employers to address identified skills priorities;
• Provide a framework for local public and private skills investments; and
• Stimulate and support partnership working to bring greater strategic alignment on skills priorities across stakeholders.

This is intended to cover all skills funding in the Liverpool City Region, with a particular focus on the deployment of the Adult Education Budget.

This Statement is scheduled to allow strategic priorities to be reflected in Adult Education Budget commissioning and for the provider base to reflect these actions priorities in their business planning approach for 2019/2020.
Background

Liverpool City Region Economy

Over the past two decades Liverpool City Region has undergone an economic renaissance, with a diversifying economy of internationally-oriented markets and businesses. A growing number of globally significant companies, including Unilever, Jaguar Land Rover, Dong Energy, IBM and Inovyn, are investing heavily in our economy. The economy generates £30.5bn of output. Productivity per resident and per hour worked have both improved in recent years, but there remains a gap to regional and national rates.

Since 2010 approximately 55,000 private sector jobs have been created. Currently the City Region has a stock of 51,580 business units, of which over 99% are SMEs. We have significant strengths and huge potential in innovative and globally-competitive sectors: Advanced Manufacturing, Digital and Creative, Financial and Professional Services, Health and Life Sciences, Low Carbon Energy, Maritime and Logistics, and the Visitor Economy.

More than 1.5 million people live within Liverpool City Region, of which 976,500 are of working age (16-64 years). Currently there are 613,700 jobs and over 81,000 self-employed people.

Liverpool City Region has seen significant growth in the number of people in employment over the last five years, and a commensurate fall in unemployment: wage rates remain low in comparison to other parts of the country. Employers are however reporting greater difficulties in recruiting skilled staff, demonstrating there is a tightening in the labour market.

The City Region is relatively well contained as a labour market with low levels of in commuting, as well as having low projections of population change. Future growth in the workforce will therefore need to come from supporting those who are economically inactive into work and the training of the existing labour force as retirement age increases. This is harder and costly to achieve given the multiple complex barriers that many residents face.

The skills levels of residents in the City Region have generally been increasing in recent years, there remains significant skills gaps at all levels, with progress earlier in life key to the progression into advanced technical and higher level skills. Apprenticeship starts were high in 2016/17 but have fallen significantly in 2017/18 to date, with the City Region having a greater fall than nationally.

Skills Strategy 2018-2023

The Combined Authority agreed the Liverpool City Region Skills Strategy 2018-2023 at its meeting in March 2018. Based on extensive stakeholder input and underpinned by the Skills Survey of over 1,800 employers, the Skills Strategy identifies a focused series of actions designed to improve the employment levels of individuals, improve the access of employers to skills and increase the productivity of employers across the City Region. These are shaped around six action areas:
These longer term actions are being implemented and where appropriate these will be reflected in the Skills Investment Statement for 2019/2020.
Policy Context

Adult Education Budget

Adult Education Budget is being devolved to the Combined Authority from 1 August 2019 for the academic year 2019/2020 following legislative changes and the Combined Authority successfully meeting a series of readiness conditions. This will enable local priorities for skills and training to be reflected as this provision is commissioned, as set out in this Investment Statement.

Technical Education

There are significant changes to technical education being implemented. This will see a simplification of classroom-based technical qualifications available and a reduction in awarding organisations with a focus on specific occupational routes to reflect where there are similar skills requirements. Routes will include:

- Agriculture, Environmental and Animal Care
- Business and Administrative
- Catering and Hospitality
- Childcare and Education
- Construction
- Creative and Design
- Digital
- Engineering and Manufacturing
- Hair and Beauty
- Health and Science
- Legal Finance and Accounting
- Protection Services *
- Sales, Marketing and Procurement *
- Social Care *
- Transport and Logistics *
* Primarily delivered through apprenticeships

Alongside this, there will be the introduction of T levels at Level 3 (as a technical equivalent to A Levels) as a new qualification. T levels will include a 3 month work industrial placement, which is designed to prepare young people to be work ready. The first 3 T Levels will be in Childcare and Education (Education Pathway); Digital (Software Applications Design Pathway) and Construction (Building, Services, Engineering pathway) in 2020 with others by 2023.

Recent changes have been announced allowing learning to study for English and maths GCSEs alongside a T Level with additional hours of learning. However, the key issue for the City Region is still the Transition Period (previously Transition Year) required to get young people to Level 2 before they can embark upon a Level 3 qualification. There are still details about this which need to be resolved. Further work is also required on bridging qualifications between technical and academic routes. This is a significant change to technical education provision and will require changes to be made to curricula, teaching approaches and facilities.

Apprenticeships

Apprenticeship reforms have started to have an impact on the provision available to and taken up by employers and their employees. Since May 2017 the way apprenticeships are delivered and paid for in England have changed, underpinned by a new apprenticeship levy and a curricula move from frameworks to standards. There is evidence to suggest the reforms are impacting on employer demand for apprentices, leading to uncertainty for Colleges and Independent Training Providers from a business planning perspective.
Review Of Actions From 2018/19

This Skills Investment Statement 2018/19 set out a number of key actions for immediate implementation. The table below provides an update on their implementation:

<table>
<thead>
<tr>
<th>Action</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>16-24 year olds</strong></td>
<td><strong>Progress</strong></td>
</tr>
<tr>
<td>Combined Authority to commission additional wrap-around support (based upon previous experience and delivery) for 16-18 year olds at risk of being not in education, employment and training from European funds</td>
<td>Procurement is under way</td>
</tr>
<tr>
<td>Colleges and Independent Training Providers should continue to support learners to achieve their Level 2 qualifications as soon as possible to enable progression to Level 3 academic and technical skills.</td>
<td>This remains a key focus of activity for colleges and independent training providers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A Lifelong Skilled Workforce</strong></td>
<td><strong>Progress</strong></td>
</tr>
<tr>
<td>Support for those that require maths, English and digital skills needs to continue to be available and targeted for over 50s, including through Community Learning.</td>
<td>Providers have continued to offer this support and consider alternative ways of outreach.</td>
</tr>
<tr>
<td>The Skills Commission will identify how collectively employers and individuals can take action and responsibility to improve the skills levels of older workers in the light of individuals being required to work for longer; this includes better approaches from employers to retaining existing staff and skills, retraining for employees and supporting individuals to refresh their skills and rethink their career choices later in life.</td>
<td>The Skills Commission has commissioned sector progression pathways for the priority sectors which are now also being used to shape additional careers materials. The 2018 / 2019 National AEB funding rules has included a pilot to fully fund learning for those working at or below a wage of £15,737. The Combined Authority will look to the findings of this pilot in considering how those with low skills and low pay can benefit from the AEB following devolution.</td>
</tr>
</tbody>
</table>
### Action

**Adult Employability Skills**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working collaboratively with all local partners, Colleges and Independent Training Providers need to consider how they can do more/adopt new ways to help economically inactive residents into work</td>
<td>The provision of Sector Based Work Academies to prepare people for work has fallen although it is noted that other pre-employment support may be available.</td>
</tr>
<tr>
<td>Combined Authority will commission additional employment support for groups which have a gap to overall employment rates from European funds;</td>
<td>Procurement is under way</td>
</tr>
<tr>
<td>Provision of employability skills to unemployed residents needs to be more tailored to the requirements of employers in Health &amp; Social Care, Visitor Economy and Manufacturing sectors</td>
<td>This remains an issue for employers in this sector and this provision needs to be more targeted than hitherto. Skills for Growth Action Plans are identifying specific actions to meet employer needs, which may include more use of Sector- Based Work Academies and pre-employment training.</td>
</tr>
</tbody>
</table>

### Sector specific actions

<table>
<thead>
<tr>
<th>Activity</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employers from Digital, Construction and Manufacturing need to articulate more effectively their specific technical skills needs to colleges and independent training providers: this can be organised through the LEP Sector Boards and College and Independent Training Provider Curriculum Networks in addition to the Skills for Growth Reports.</td>
<td>Specific detailed Skills for Growth Action Plans are either complete or in the final stages of completion.</td>
</tr>
<tr>
<td>The Combined Authority welcomes developments towards the introduction of T Levels and will be working with the Gatsby Charitable Foundation and local colleges and providers to ensure successful introduction locally.</td>
<td>The Combined Authority will work with Department for Education colleagues to better understand the impact of the National Retraining Scheme for Digital and Construction and ensure successful introduction locally.</td>
</tr>
<tr>
<td>Colleges, Independent Training Providers and Universities need to scale up the provision of leadership and management training, possibly through apprenticeships, targeted in particular at micro employers: this may require new forms of delivery (e.g. online) to meet their needs.</td>
<td>Additional management training is being provided although the form and scale of this may need to be reviewed. Level 4+ apprenticeships delivered to Liverpool City Region residents is rising, with 400 in 2015/2016 and 690 in 2016/2017.</td>
</tr>
<tr>
<td>Action</td>
<td>Progress</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Employers and providers must engage fully in the development of an Apprenticeship Growth Plan to identify how to grow the number, quality, level and breadth of apprenticeships.</td>
<td>Complete and published in March 2018.</td>
</tr>
<tr>
<td>Providers of apprenticeship training need to promote the benefits of recruiting 16-18 year olds to employers, to ensure employer succession planning and skills retention.</td>
<td>The number of 16-18 year olds starting apprenticeships has not fallen as much as the overall starts level.</td>
</tr>
<tr>
<td>Colleges and Independent Training Providers should ensure that there is as much focus on apprenticeship completions as there is on apprenticeship starts to improve employee quality and retention, in the context of a long term contraction in the number of younger people entering the labour market in the Liverpool City Region.</td>
<td>Overall completion rates fallen in comparison to national levels although completion rates have yet to be published since the introduction of apprenticeship reforms.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity building measures</td>
<td></td>
</tr>
<tr>
<td>Providers should ensure that their staff are kept up to date on mental health issues and referral points to relevant healthcare provision as appropriate.</td>
<td>Regular briefings and updates have been provided.</td>
</tr>
<tr>
<td>Combined Authority to broker relationships between mental health services, Colleges and Independent Training Providers to promote specialist services and referral points.</td>
<td>In progress.</td>
</tr>
<tr>
<td>Colleges and Independent Training Providers to agree arrangements to secure greater alignment between Traineeships, Apprenticeship and Adult Education Budget provision linked to progression pathways.</td>
<td>Work continues to develop clear progression routes for learners following completion of training provision.</td>
</tr>
<tr>
<td>Schools should ensure that more pupils are able to gain Level 2 qualifications at age 16, and the Regional Schools Commissioner to identify adequate support and progression routes to enable this.</td>
<td>The proportion of pupils achieving Level 2 qualifications at 16 has improved though there is still a gap to national rates.</td>
</tr>
<tr>
<td>Skills Commission should identify and promote Liverpool City Region’s competitive skills advantage.</td>
<td>In progress.</td>
</tr>
<tr>
<td>Colleges and Independent Training Providers should maximise spend on local residents of their Adult Education Budget funding allocations to maintain locality grant levels ahead of devolution.</td>
<td>This remains a challenge. Colleges and Independent Training Providers should endeavour to put in place actions to maximise spend on local residents ahead of AEB devolution.</td>
</tr>
<tr>
<td>Combined Authority to lobby Government to improve access to data to reduce duplication of efforts between providers working to different Government Departments.</td>
<td>Discussions remain in progress.</td>
</tr>
</tbody>
</table>
Key Issues for 2019-2020

*Employment and Unemployment rates are improving but there remains a gap to national levels*

The employment rate within the City Region has lagged national rates for some time, and the gap has narrowed in recent years.

Chart 1 – Comparison of employment rates (aged 16-64) in Liverpool City Region and elsewhere

Chart 2 – Population profile for Liverpool City Region and England

There is still a significant gap to national rates, which is higher in the City Region than in most other economic areas. There are more males in work than females in the City Region: the gap on females in work has widened in the last year. There are fewer black and minority ethnic people in work than overall, and the gap is wider in the City Region than nationally, although this has narrowed. There is a smaller proportion of people with a disability in work in the City Region than nationally.
The unemployment rate within the City Region remains higher than national levels, and this gap has increased in recent months. There are more males and slightly fewer females registered as unemployed in the City Region than national rates, and a slightly lower rate of black and minority ethnic residents than nationally.

**Table 1 – Employment Rate (March 2018)**  
Source: NOMIS

<table>
<thead>
<tr>
<th></th>
<th>Liverpool City Region</th>
<th>England</th>
<th>Gap 2018</th>
<th>Gap 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>70.5%</td>
<td>76.0%</td>
<td>5.5%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Males</td>
<td>74.9%</td>
<td>80.6%</td>
<td>5.7%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Females</td>
<td>66.2%</td>
<td>71.4%</td>
<td>5.2%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Black and minority ethnic people</td>
<td>59.7%</td>
<td>65.1%</td>
<td>5.4%</td>
<td>6.4%</td>
</tr>
<tr>
<td>People with a disability</td>
<td>43.5%</td>
<td>53.9%</td>
<td>10.4%</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

The levels of young people who are Not in Education, Employment and Training (NEET) are increasing. There is extensive provision in place to support young people, through mainstream and European funds: additional wraparound provision is being procured to ensure that young people can access the correct provision.

**There remains a high proportion of economically inactive residents**

The overall level of economically inactive people within the Liverpool City Region is high compared to national rates, and had been for some time.
Chart 3 – Economic inactivity rates comparison for Liverpool City Region, Tees Valley and West Midlands Combined Authorities and England

Source: NOMIS

Economically Inactive Residents

This is most pronounced for residents who are in receipt of sickness benefit, as shown below:

Table 3 – Number and rate of residents receiving sickness benefit in Liverpool City Region and nationally

<table>
<thead>
<tr>
<th>Residents in receipt of sickness benefit (November 2017)</th>
<th>Liverpool City Region</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>93,720</td>
<td>1,946,170</td>
</tr>
<tr>
<td>Rate</td>
<td>13.3%</td>
<td>7.1%</td>
</tr>
</tbody>
</table>

There has been a reduction in the rate locally in recent years, but this is still significantly higher than the national rate: reducing the sickness benefit rate to national levels would see 43,000 fewer people in receipt of this benefit.
Services are in place to support such residents into work through Jobcentre Plus, Councils, Health and Community and Voluntary Sector Providers, and these are generally effective. However, the funding available means that the scale of the support available is not sufficient to make significant impacts into the overall level of inactivity.

**Universal Credit rollout and the need for more flexible learning**

Liverpool City Region will have a full rollout of Universal Credit by the end of 2018, and will be one of the first economic areas nationally for this to be the case. This is already beginning to impact upon wider services (e.g. welfare advice, digital development, housing), as set out in the Combined Authority’s recent Scrutiny Review.

One of the requirements of being in receipt of Universal Credit is the need for individuals and households to increase the number of hours being worked, and in order to do so, they may require skills development. This will need to be flexible around timing, venue and focus to meet the different needs of such leaners.

**Attainment at age 16 is significantly and persistently below national levels and inhibits the development of academic and technical skills**

Level 2 qualifications include National Vocational Qualifications (NVQ) at Level 2, Intermediate Apprenticeships and five GCSE grades A* to C. Schools performance at year 11 is below the national average with some areas significantly below. In contrast, Wirral has a strong record of GCSE performance, with results above the national average.
The lower rate of attainment of Level 2 at age 16 in the City Region compared to elsewhere has a longer term impact. The City Region does benefit from increases in Level 2 attainment between 16 and 19, with the FE sector clearly adding value, but this is not sufficient to counteract the average earlier in life lower attainment of City Region residents.

Attainment of Level 3 (NVQ Level 3 or two or more A levels equivalent) by age 19 is much lower in Liverpool City Region than national rates. The impact of lower Level 2 attainment through school and the need to repeat English and maths qualifications impacts on when Liverpool City Region residents progress to Level 3 Technical Qualifications either through academic routes such as A Levels or vocational qualifications delivered in FE Colleges, independent training providers and in work.

The opportunities for students to develop the technical skills that employers need are lost whilst students ‘catch up’ on English and maths and Level 2 qualifications, meaning that young people would need to stay in full time education for longer to make up for this and then progress to Level 3. The Combined Authority welcomes developments towards the introduction of T Levels and will be working with the Gatsby Charitable Foundation and local colleges and providers to ensure successful introduction locally.
**Apprenticeship numbers were steady overall in 2016/17, but there has been a fall in starts since the commencement of national reforms in May 2017**

The implementation of funding and curriculum reforms in apprenticeships has had a detrimental impact on provision. The number of starts delivered across the City Region at the end of April 2018 equated to 48% of the prior year’s total delivery; this compared to 56% and 60% in the North West and England respectively. The gap between national and local programme delivery is widening, from 7% at Quarter 2 to 12% at Quarter 3.

Table 4 - Apprenticeship Starts to Quarter 3 2017/18.
Source: Statistical First Release

<table>
<thead>
<tr>
<th>Area</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18 Quarter 3</th>
<th>% 16/17 Delivery @ Quarter 3 17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool City Region</td>
<td>16,530</td>
<td>17,890</td>
<td>18,320</td>
<td>18,580</td>
<td>8,990</td>
<td>48%</td>
</tr>
<tr>
<td>North West</td>
<td>71,670</td>
<td>79,310</td>
<td>80,820</td>
<td>79,170</td>
<td>44,300</td>
<td>56%</td>
</tr>
<tr>
<td>England</td>
<td>434,600</td>
<td>494,200</td>
<td>503,900</td>
<td>485,500</td>
<td>290,470</td>
<td>60%</td>
</tr>
</tbody>
</table>

There has been a shift in proportional delivery by age, with a higher proportion of starts being for apprentices aged 16-18: this is to be expected given the majority of 16-18 starts take place in the first half of the academic year.

Table 5 – Liverpool City Region Apprenticeship Starts to Quarter 3 2017/18 by Age
Source: Statistical First Release

<table>
<thead>
<tr>
<th>Age</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18 Q.3</th>
<th>Quarter 3 17/18 starts as proportion of 16/17 starts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Starts</td>
<td>%</td>
<td>Starts</td>
<td>%</td>
</tr>
<tr>
<td>16-18</td>
<td>4,180</td>
<td>23%</td>
<td>3,720</td>
<td>20%</td>
</tr>
<tr>
<td>19-24</td>
<td>5,080</td>
<td>28%</td>
<td>4,940</td>
<td>27%</td>
</tr>
<tr>
<td>25+</td>
<td>9,050</td>
<td>49%</td>
<td>10,000</td>
<td>54%</td>
</tr>
<tr>
<td>Total</td>
<td>18,310</td>
<td>49%</td>
<td>18,630</td>
<td>49%</td>
</tr>
</tbody>
</table>

Quarter 3 data shows a proportional increase at Level 2, meaning a large number of the starts between February and April were at Level 2 but these are below the overall level of starts.
Table 6 – Liverpool City Region Apprenticeship Starts to Quarter 3 2017/18 by Level
Source: Statistical First Release

<table>
<thead>
<tr>
<th>Level</th>
<th>2015/16 Starts</th>
<th>2016/17 %</th>
<th>2017/18 Q.3 Starts</th>
<th>2017/18 Q.3 %</th>
<th>17/18 starts as proportion of 16/17 starts</th>
</tr>
</thead>
<tbody>
<tr>
<td>L2 (Intermediate)</td>
<td>10,140</td>
<td>55%</td>
<td>9,540</td>
<td>51%</td>
<td>3,920</td>
</tr>
<tr>
<td>L3 (Advanced)</td>
<td>6,990</td>
<td>38%</td>
<td>7,460</td>
<td>40%</td>
<td>3,890</td>
</tr>
<tr>
<td>Level 4+ (Higher and Degree)</td>
<td>1,180</td>
<td>6%</td>
<td>1,630</td>
<td>9%</td>
<td>1,180</td>
</tr>
<tr>
<td>Total</td>
<td>18,310</td>
<td>18,630</td>
<td>8,990</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There remains a local priority on ensuring that there is a focus on apprenticeship completions as much as on starts. There is extensive support available for apprenticeships, and this needs to continue and improve.

There could be a detrimental effect on the viability of the provider base locally if the trend of falling starts is sustained. This has the potential to reduce choice for both learners and employers.

*The proportion of residents without qualifications remains high, particularly for over 50s*

There is a higher proportion of Liverpool City Region residents who do not have a formal qualification when compared to the national average. The 2018/2019 National Adult Education Budget (AEB) funding rules has included a pilot to fully fund learning for those working at or below a wage of £15,736.50. The Combined Authority will look to the findings of this pilot in considering how those with low skills and low pay can benefit from the AEB following devolution.

Chart 6 – Population (aged 16-64) with no qualifications in Liverpool City Region and elsewhere
The forthcoming Skills for Growth Action Plan for English and Maths will identify potential improvements in the teaching and learning approaches to improve their effectiveness. Targeted, specific and sustained efforts are required to increase engagement in learning and progression to higher levels to narrow the qualification gap as part of outreach. In addition, the model of teaching and learning may need to change to reflect the work and life patterns of many people who need to develop such skills.

**The proportion of residents with mental health issues is rising**

There is consistent anecdotal feedback from services and providers that the nature of the issues faced has changed in recent years, and that residents accessing support tend to have more and more complex barriers that prevent them from working: this includes those with a mental health condition. This is accompanied by similar feedback from employers that they are having to provide more support to employees around managing mental health issues and pressures in the workplace.

There remains a need for continual professional development of College and independent training provider staff to support learners that experience mental health issues. Providers should ensure that their staff are kept up to date on mental health issues and referral points to relevant healthcare provision as appropriate.

**Barriers to learning and engagement need to be identified and addressed**

Many people have different barriers which prevent them accessing learning opportunities: these include:

- Financial – unable to afford the provision;
- Travel – unable to get to the physical premises;
- Childcare – unable to find affordable or accessible care for the children and young people for whom they are responsible; and
- Provision – unable to find the courses they need or at a time they can access them.

Additionally there are self worth barriers which prevent people from admitting that they need help with their basic or functional skills, and as a result will not consider accessing provision or support. Practical barriers are easier to deal with but wider motivation issues also need to be addressed and practitioners need to be aware of the latest research (e.g. Behavioural Insights work\(^1\), Unionlearn research\(^2\), Department for Education research\(^3\)).

As detailed earlier the Combined Authority will look to the findings of the current Adult Education Budget national pilot to fully fund the learning of low paid (below £15,736.50) learners in work. The Combined Authority will also extend the current subsidised travel available to 16 to 18 year olds through ‘My Ticket’ to Apprentices aged 19-24.

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1. Retention and Success in Maths and English, Behavioural Insights Team
2. Tackling Disadvantage, Unionlearn
3. Barriers to learning for disadvantaged groups, Department for Education,
A clear barrier is also the knowledge about learning opportunities and the need for impartial advice as to which is the most suitable and beneficial opportunity for an individual. The Combined Authority has begun to develop progression pathways for sectors, and these will be added to with relevant careers materials.

**Work readiness is generally good but employers suggest a need for improvement for recruits to Health & Care, Visitor Economy and Manufacturing sectors**

The perceptions of work readiness of new recruits across all employers are generally high at 83%, which is slightly above the nationally recorded level of 78%. There were a number of differences in the perceived work readiness of new recruits based upon their experience as below:

Table 8 – Work readiness by recruitment type (selected)
Source: 2017 Liverpool City Region Employer Skills Survey

<table>
<thead>
<tr>
<th>Recruitment type</th>
<th>Prepared for work</th>
<th>Not prepared for work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term unemployed people</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>Those new to employment</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>School leavers</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>Experienced/skilled workers</td>
<td>97%</td>
<td>3%</td>
</tr>
</tbody>
</table>

A sectoral analysis found that these work readiness gaps were most pronounced in the Health and Care, Visitor Economy and Manufacturing sectors. This suggests that there are gaps in employability provision for these sectors, and this can be more tailored and effective. The specific support provided through Sector Based Work Academies allows people to gain experience of work and develop the skills that are needed. These need to be delivered more flexibly and become more responsive to employer needs in line with their recruitment plans.

This must be balanced with the need to improve the quality of jobs, particularly in sectors where there are high proportions of entry level roles: the Combined Authority will be consulting on the Fair Employment Charter in Autumn 2018 which employers will be encouraged to sign up with a range of commitments to deliver fair employment for staff.

**Employers have specific skills gaps in a range of roles and sectors**

The sector focused Skills for Growth Action Plans are identifying in detail the specific skills gaps that are in place across employers, and the joint action that employers and providers need to take in addressing those gaps. The summary of those Action Plans completed to date is attached as Annex One.
There remains a need for colleges, independent training providers and universities to offer flexible and tailored provision to meet the needs of employers and learners. This could include pre-employability training to enable recruitment in hard to fill vacancies through routes such as traineeships, sector based work academies or other pre-employment support. Initial feedback from the Skills for Growth Service shows that employers value its flexibility and adaptability to their needs, as well as the support offered by independent skills brokers.

National evidence is also suggesting that the issue may be as much about skills utilisation as much as it is about skills availability although there are issues around this⁴. There are some job roles and sectors whereby there are sufficient numbers of people being trained but these skills are not being deployed in those sectors e.g. good numbers of students may be studying Engineering degrees but then not going into Engineering roles. Employers need to consider a broader approach to utilising the skills in their organisations and may need to consider how these are deployed.

The Combined Authority looks forward to the rollout of the National Retraining Scheme for Digital and Construction skills related roles and indeed the role T Levels will have in offering work experience and technical skills needed by local employers.

**Leadership and Management provision needs to be made more available and flexible to meet the needs of different types of employers**

Leadership and management remains an issue with 25% of employers identifying this as a specific skills gap in their current workforce and 10% identifying it as a skills gap for new recruits: this is most pronounced on both elements for larger employers. In addition, 20% of employers reported that Chief Executive and Senior Management roles would be most affected by future demand for new skills. This is most acute for micro sized employers where 26% identified a need for these skills in future years. Level 4+ Apprenticeship delivery to Liverpool City Region residents has risen between 2015/2016 and 2016/2017, from 400 to 690 starts.

**Further help needs to be provided to residents who have do not have English as a first language**

Colleges, Community Learning Providers and Independent Training Providers continue to report consistent anecdotal feedback on English as a Second Language (ESOL) activity. The funding associated with this provision means that class sizes can be relatively large and as a result, there are a range of learning needs and backgrounds which can lead to sub optimal outcomes. Initial views from providers suggests that additional funding needs to be added to enable small groups to be economic, which would also improve learning outcomes. In addition, local stakeholders have consistently fed back that the absence of a timely diagnostic of the specific level of ESOL needs acts as a barrier to learners accessing the most appropriate level of provision.

**Careers activities require further cohering and co-ordination**

There is consistent and widespread feedback from employers and stakeholders that the way in which careers services are currently procured and operated is not effective: the Combined Authority shares this view. The chart overleaf shows the range of different organisations who are involved in the development of careers materials or offering advice and guidance to individuals.

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⁴ Skills Shortage Bulletin, Edge Foundation [http://www.edge.co.uk/sites/default/files/documents/skills_shortage_bulletin_2_final_1.pdf](http://www.edge.co.uk/sites/default/files/documents/skills_shortage_bulletin_2_final_1.pdf)
The Combined Authority has established the Careers Hub to cohere these activities, and this has begun to do so. The development of an initial set of sector based progression pathways, delivery of the Skills Show at the IFB 2018 and the focusing of support onto schools who require it most show the impact that the Hub can deliver. However, its ability to do this is limited and based around goodwill rather than any compulsion or requirement to attend or get involved. Discussions are continuing with Government about how this disjointed system can be improved, and in the meantime, the Careers Hub will continue to cohere the production of materials locally so at least these can be used consistently. As new contracts are put in place by Government to deliver careers services in the Liverpool City Region, we will work to agree performance indicators and investment priorities that reflect our local priorities and maximise the benefits for our local residents.
**Actions for immediate implementation**

This Skills Investment Statement 2019/2020 sets out the issues that the City Region faces and proposes the following actions to be implemented to address them:

**Improve attainment in English, maths, digital and work readiness**
- Schools should ensure that more pupils are able to gain Level 2 qualifications at age 16 and collaborate more on the implementation of effective practice in appropriately targeted and differentiated interventions and support based on learner needs;
- Combined Authority to complete the Skills for Growth Action Plan on English, Maths and employability skills and share this learning widely;
- Colleges, Community Learning Providers and Independent Training Providers to trial different approaches to engage learners who need to develop require maths, English, particularly for those who over 50s;
- Cohere the development of careers materials and delivery of careers provision across the City Region through the Careers Hub;
- Support the development and delivery of the Schools Careers Hub and ensure that the learning is spread widely;
- Combined Authority to work with Jobcentre Plus and Local Authorities to ensure ESOL provision has consistent quality initial assessment and delivery;
- Combined Authority and LEP Digital and Creative Board to establish Digital Skills Partnership to implement the recommendations of the Digital Skills for Growth Action Plan; and
- Combined Authority to consider the digital skills needs and accessibility of skills through digital mediums ahead of the digital entitlement in 2020/21.

**Raise working age employment rate and improve the proportion of good quality jobs**
- Combined Authority to ensure that jobseekers are able to access training and work experience opportunities through the commissioning of more Sector Based Work Academy places;
- Colleges and independent training providers to ensure that skills provision for unemployed people is flexible and meets the needs of learners and employers;
- Combined Authority to continue to deliver the innovative Households into Work Programme and ensure that learning is disseminated widely;
- Colleges and Independent Training Providers to agree arrangements to secure greater alignment between Traineeships, Apprenticeship and Adult Education Budget provision linked to progression pathways;
- Combined Authority to commission provision to narrow specific employment gaps around black and ethnic minority groups and disabilities; and
- Jobcentre Plus to utilise funding through Flexible Support Fund to commission additional support to help unemployed people into work.

**Higher productivity and fewer skills shortages in growth sectors**
- Colleges, Independent Training Providers and Universities to implement the findings of the sectoral Skills for Growth Action Plans;
- Universities to explore the potential for further employability programmes to link closely with local employers;
- Combined Authority to work with Colleges and Independent Training Providers to support the implementation plans for T levels;
- Support employers through the Apprenticeship Hub to access apprenticeships as a workforce development and skills investment solution;
- Skills Commission to identify and support groups of employers in key sectors to better aggregate demand for Skills Investments, particularly in key sectors such as Health and Care, Construction and Digital;
- Combined Authority to facilitate the extension of sector based Skills Networks (drawing together employers and colleges and independent training providers) to ensure that all growth sectors are covered; and
- Colleges, Independent Training Providers and Universities to ensure that skills provision for employed people looking to progress is flexible and can be accessed at different times and through different methods;
More effective workforces and fewer local recruitment difficulties across all employers

- Careers Hub to develop and publish more detailed progression pathways reflecting job roles and learning options; and
- Employers from Digital, Construction and Manufacturing need to articulate more effectively their specific technical skills needs to colleges and independent training providers: this can be organised through the LEP Sector Boards and College and Independent Training Provider Curriculum Networks in addition to the Skills for Growth Reports;
- Combined Authority to encourage the provision of sector based work academies and other pre-employment support aligned to local recruitment needs.

Employers are investing more in the skills of their workforces

- Combined Authority to review the Skills for Growth Brokerage services and ensure that independent employer brokerage on skills is available to local employers;
- Colleges, Independent Training Providers and Universities to review their leadership and management provision to ensure that it is flexible and meet the needs of all employers; and
- Combined Authority to consider the findings of the 2018/2019 National AEB funding rules fully funded skills provision pilot for those with low skills and low pay.

Simplifying the skills system

- Combined Authority to commission Adult Education Budget from 2019/2020 in line with stated priorities to meet the needs of learners and employers;
- Combined Authority to work collaboratively with strategic partners to align the devolved Adult Education Budget funded provision in Liverpool City Region with other adult funding streams to ensure they complement the wider learning experiences of residents; and
- Combined Authority to oversee commissioning of remaining ESF and Skills Capital funding in line with stated priorities.

Apprenticeships

- Combined Authority to commission additional ESF funding to support the promotion and take up of apprenticeships as set out in the Apprenticeship Growth Plan;
- Combined Authority to implement the Apprenticeship Application Portal, making it easier for people to apply for apprentices; and
- Combined Authority to continue to lobby Government for changes to the apprenticeship funding system to allow for necessary local flexibilities;

Capacity building measures

- Providers should ensure that their staff are kept up to date on mental health issues and referral points to relevant healthcare provision as appropriate;
- Ensure that providers further develop their capacity to respond to current and future learner entitlements, in particular maths, English and digital.
Summary of Skills for Growth Action Plans

Health and Care
Health and Care covers 21% of the employment within the City Region, with around 120,000 people employed. The workforce is ageing, and there are specific issues around skills and recruitment needs in Social Care and in a number of specialist health roles in particular. For social care, this builds upon wider issues in the sector with inflationary pressures on employment whilst pressures to reduce costs remain.

The recommended actions focus on the need to improve the promotion of the sector and the roles within it, as well as ensuring that staff can take advantage of the training available. There is also a key role for Trades Unions to promote access to learning and development.

Construction
Construction has contributed over £25bn to the City Region over the last 20 years, and currently 47,000 people work in the sector. There are strong grounds for optimism, and growth of 2.3% is forecast for the next 5 years. However, there are specific shortage roles (including bricklayers, painters and decorators and building envelope specialists) which need collaborative action to address. This will be taken forward by industry groups, led by CITB.

Visitor Economy
The Visitor Economy generated £4.2 billion in GVA in 2016, accounting for nearly 14% of the total for the City Region and nearly 52,000 jobs. 25% of the Visitor Economy workforce is aged 16–24, more than double the proportion of young people in the City Region’s workforce as a whole, and there are grounds for further growth in the coming years. There is a need to encourage more uptake of provision, prepare them for careers in the sector and promote more investment in skills by employers.

Low Carbon
The Low Carbon Economy is a key growth sector with potential for significant growth in both the number of employees and the number of enterprises. The sector encompasses a diverse range of skilled semi-skilled trades, particularly within manufacturing. There are particular City Region strengths (e.g. offshore wind) and opportunities (e.g. hydrogen, tidal energy) which can be built upon and captured. There is a need to increase the number of young people entering the sector, capitalise on changing trends towards low carbon energy efficiency and improve workforce skills.