



Lancashire Skills and Employment Board

Private and Confidential: No

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Title: An Introduction to Skills Funding Agency, European Social Funded Programme entitled: Employees Support in Skills

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Executive Summary

In the capacity of Prime Contractor to the Skills Funding Agency, learndirect, acting as a skills delivery provider and a managing agent to an extensive supply chain of skills providers, will deliver a European Social Fund Programme engaging employers and employees, to up-skill employees, and support a skilled and inclusive labour market which contributes to economic wellbeing and growth across the Lancashire LEP area.

Recommendations

The Committee is asked to:

1. Accept this report as the first stage of the reporting procedures outlined in the SFA ESF Specification
2. Accept this report as contribution to the Engagement Activity Plan due at month 3 of the contract

1.0 WHY IS THE PROGRAMME REQUIRED?

1.1. Challenge

As identified through the Skills in Lancashire – A comprehensive evidence base of skills and employment (2015), and underpinned by the Lancashire Skills and Employment Framework (2016-2021), priority sectors are already demanding that replacement and growth needs require immediate action. They face an aging

workforce, and recruitment affected by a declining working age population, alongside a lower than average population with Level 4+ skills.

These priority sectors, in order to fulfil their potential and contribute to economic growth and wellbeing, must see an increase in the number of people being economically active, and have employees encouraged to progress to higher levels of qualification through the education systems or by up-skilling whilst in employment.

1.2. Evidence

Occupational Profile

Lancashire has a lower level of residents employed in highly skilled occupations (39%) compared to the North West (41%) and England (43%). Residents employed in skilled trades are over represented compared to the North West and England (+1% point each respectively).

Skills Profile

The working age population in Lancashire is less well-qualified than the national average, with the percentage holding qualifications at Level 4 and above 3% lower than the England average (29% to 32%). The 11% percentage of working age population with no qualifications is 2% higher than in England as a whole.

In order to meet the England minus London average, an additional 22,700 working age Lancashire residents would need to be qualified to Level 2+, 26,400 qualified to Level 3+ and 32,100 qualified to Level 4+.

Hard to Fill (HTF) and Skills Shortage Vacancies

The 2013 Employer Skills Survey showed that 31% of business establishments said the vacancy was hard to fill. These vacancies were predominantly in highly skilled occupations, with 66% of HTF vacancies in associate professional, skilled trade and professional occupations, compared to 52% nationally.

The main cause of HTF vacancies reported by employers was a low number of applicants with the required skills and 45% with a HTF vacancy cited this as a cause.

1.3. Remedial Identification

Recognising the role it can play in enabling and achieving a better balanced skilled and inclusive labour market, Lancashire LEP has identified a range of key growth priorities. To underpin and contribute to economic well-being and growth, and support employer and employee need, the key skills and employment priority is based on a robust evidence base, developed by identifying issues across Lancashire. This includes examining relevant data and statistics, six sector skills studies, and an analysis of the skills and employment issues related to the City Deal.

The evidence base has been used to develop a Lancashire Skills and Employment Strategic Framework, of which a key theme is 'Skilled and Productive Workforce'.

Priorities within this Theme include: increasing the number of apprenticeships (including higher level and degree) across priority sectors; increasing the number of

employers undertaking workforce/succession planning, and engaging with skills provision; and increasing leadership and management capacity and innovation/creativity in small to medium enterprises.

2.0 PROGRAMME DETAILS

2.1. Stakeholder Management

The contracting authority for this contract is the Secretary of State for Business Innovation and Skills acting through the Skills Funding Agency (SFA), an executive agency of the department for Business Innovation and Skills exercising functions to fund adult education and skills.

2.2. Contract – High Level Overview

This contract – Employees Support in Skills – is for Priority Axis 2 and for Investment Priority (IP) 2.1, enhancing equal access to lifelong learning, where the need has been identified both in the LEP area and European Structural and Investment Fund Strategies.

The Strands in 2.1 are:

- Skills Support for Redundancy
- Skills Support for the Workforce, Intermediate/Higher Skills provision
- Skills Support for the Workforce, Basic Skills Provision

2.3. Strand Objectives

- Strand 1: Skills Support for Redundancy Provision:
 - Support businesses undergoing restructuring by providing skills and employability skills for their employees at risk of redundancy;
 - Also eligible - those made redundant within 3 months.
- Strand 2: Skills Support for the Workforce – Intermediate and Higher Skills Provision:
 - Provide employees with the opportunities to develop the skills to progress in employment;
 - Support employers to take on and develop individuals to fill intermediate, technical and higher level skills gaps and shortages.
- Strand 3: Skills Support for the Workforce – Basic Skills Provision:
 - Support sustainable employment and in work progression of employees with low skills;
 - Raise the level of attainment enabling them to improve their employment status and move onto higher levels of training, acquiring vocationally specific work experience and qualifications, and core qualifications including basic skills, English, Maths or ESOL at entry level, level 1/2

2.4. Strand Outputs

- Strand 1: Skills Support for Redundancy Provision:
 - Learner Assessment and Plan – 1350 participants
 - Regulated and non-regulated learning

- Progressions – Starts and sustainment's in: paid employment; education; apprenticeship; and traineeship
- Strand 2: Skills Support for the Workforce – Intermediate and Higher Skills Provision:
 - Learner assessment and plan – 4536 participants
 - Regulated and non-regulated learning
 - SME Engagement and Training Needs Analysis - 1134
 - Large Employer (200+) Training Needs Analysis - 15
 - Learners employed in a priority sector - 3175
 - Progressions – within work; apprenticeships; and education
- Strand 3: Skills Support for the Workforce – Basic Skills Provision:
 - Learner assessment and plan – 2928 participants
 - Regulated and non-regulated learning
 - SME Engagement and Training Needs Analysis – 765
 - Large Employer (200+) Training Needs Analysis - 15
 - Learners employed in a priority sector - 2051
 - Progressions – within work; apprenticeships; and education

2.5. Contract – Operational Detail

- Geographical coverage – Lancashire LEP
- Duration – August 2016 to March 2018
- Delivery locations – training centres, employer premises, community venues
- Prime Contractor – learndirect acting as delivery lead and managing supply chain:
 - learndirect has managed contracts/supply chains for 30+ years, supporting 80,000+ individuals each year to develop their employability skills/vocational qualifications to progress in work/education. Annually, learndirect deliver 20,000+ Traineeships/Apprenticeships
- Supply Chain –
 - Selected through MERLIN accredited procedures to ensure fair and equitable process
 - Each is established with proven track record
 - Offers specialisms to ensure priority sectors are served and supported
 - Will be refreshed as and when need is identified

SUPPLY CHAIN	% of delivery	Strand / Specialities
Alliance Learning	8.6	1,2,3
PHX Training	9.8	1,2,3
Solvo Vir	3.7	1,2,3 Low Carbon/energy
Slic Training	5	2,3 Land engineering
Care Assessment Training Services	6.4	1,2,3 Health and Social Care
Vedas Recruitment and Training	3.3	1,2,3
Inspire 2 Independence	7	1,3
Transport Training Academy	2.4	1,2 Logistics
Cogent SSC	2.3	2 STEM
Pathway First	3.7	1,2,3

The supply chain has been selected to ensure that the geography receives equitable delivery. A further mapping exercise was carried out on Wednesday 5th October with all supply chain partners present to establish direct referral, cross referral and joint working protocols.

Supply Chain – Building Capacity

To ensure that delivery serves all business requests (within contractual parameters), there have already been a number of meetings taken to understand the additional provision available to underpin the initial supply chain. These include:

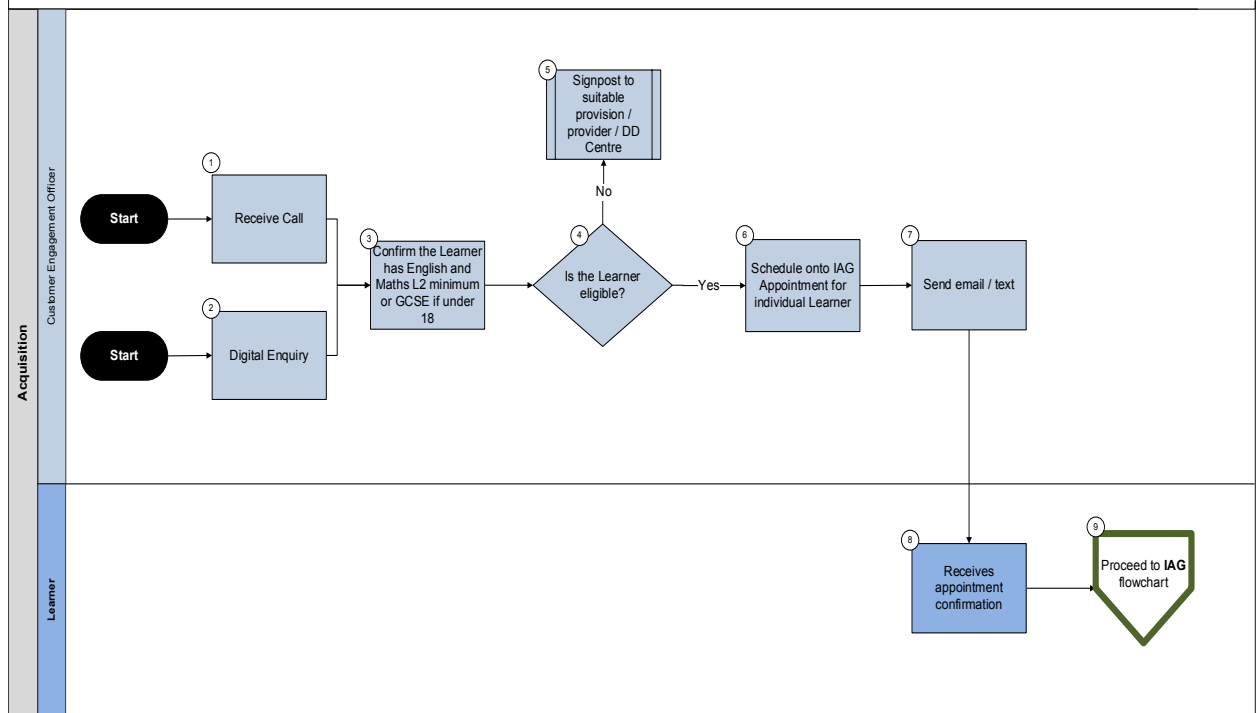
- Robin Newton-Syms - The Executive Director representing the Lancashire Colleges
- Raeleen Duthoit – Lancashire WBL Executive Forum and representing Lancashire Employment and Skills Executive Partnership (LESEP)
- Karl Shaw – Portland Training representing Dutton Recruitment Limited who specialise in the supply of labour to the Construction, Engineering and Health & Social Care sectors
- Current supplier Solvo Vir – to discuss their progress towards securing Apprenticeship status for delivery of smart meter installation engineers

2.6. Delivery model

With award of contract delayed, modelling at this date is in the initial stages, with all supply chain partners engaged and fully involved in the development of the model.

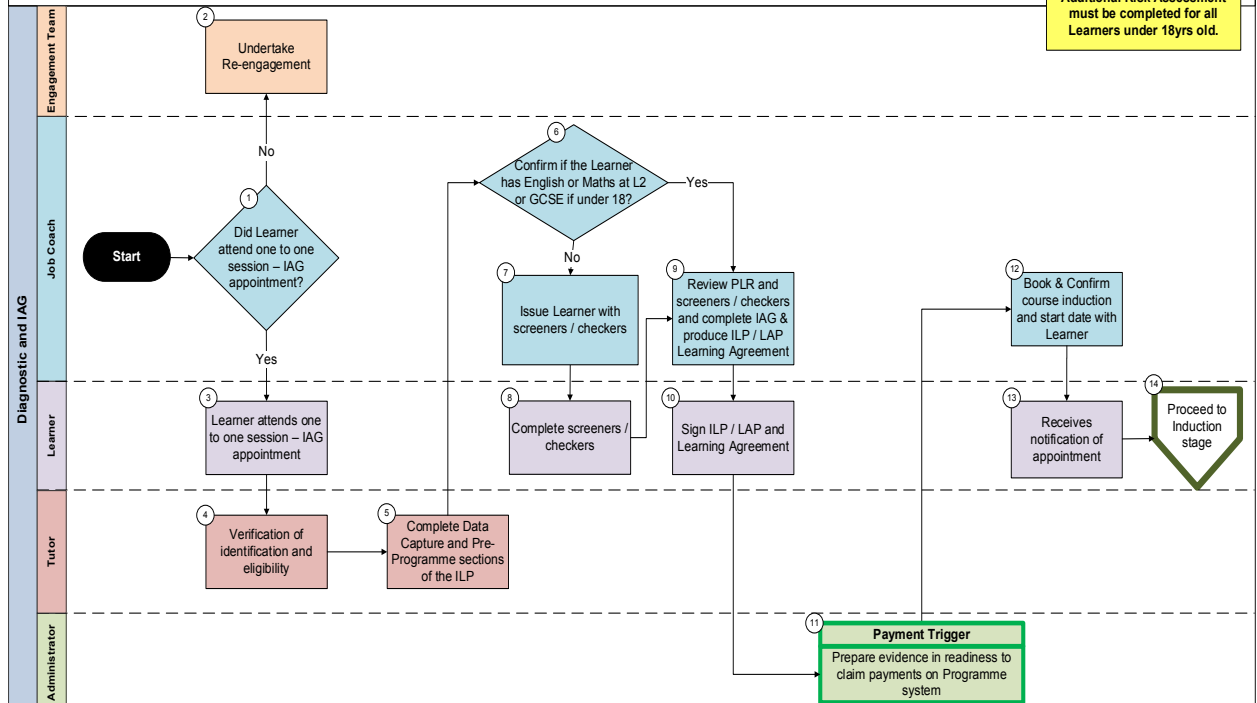
The following are revised drafts of process flow diagrams for the new contract, designated Q148 SSfW by the learndirect Quality Function. There are still aspects requiring further clarity, but at this stage it is flow diagram stage only with narrative following, the details of which will inform the final flow completion. learndirect will undertake a wider team review of the Visio flows via Webex, scheduled for the 14th of October.

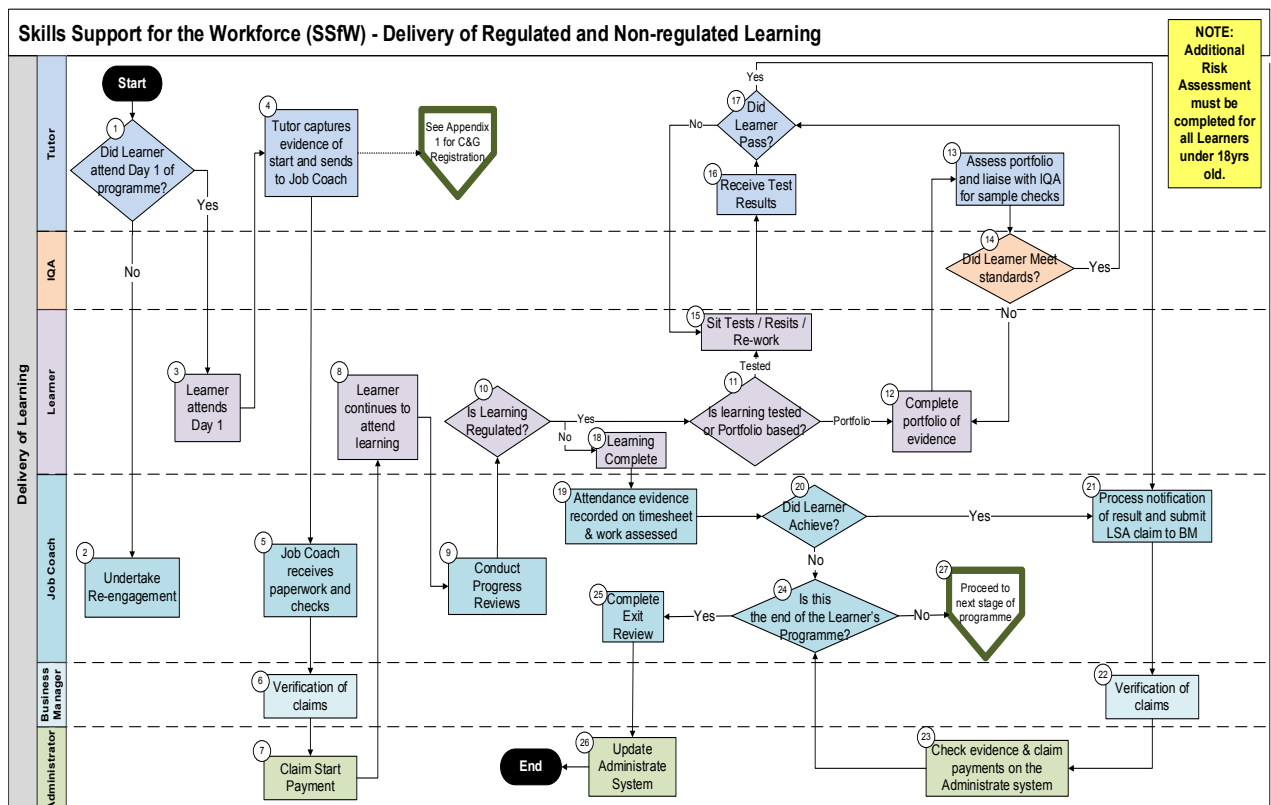
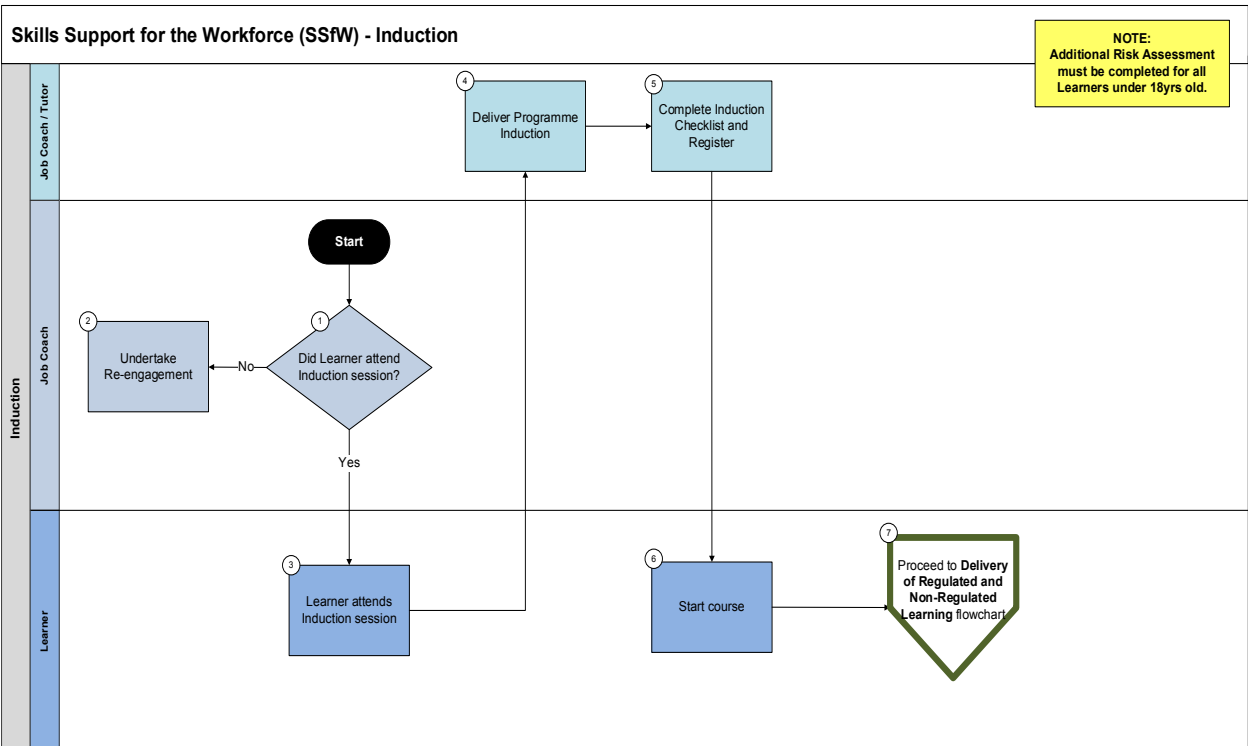
Skills Support for the Workforce (SSfW) – Acquisition - Basic Intermediate and Higher Skills

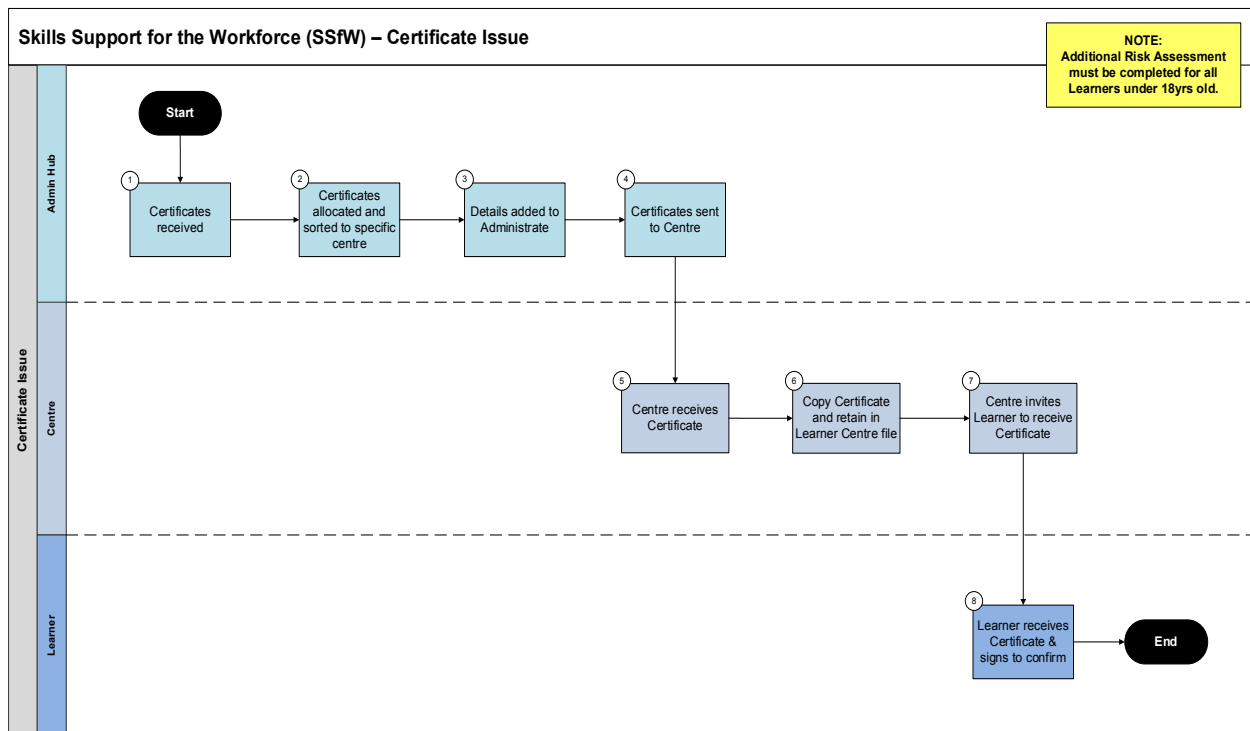


Skills Support for the Workforce (SSfW) - Diagnostic and IAG

NOTE:
Additional Risk Assessment must be completed for all Learners under 18yrs old.







2.7. Contract Profiles

Following delays to Award of Contract, learndirect is currently undertaking re-profiling to ensure that August and September profiles are subsumed into the truncated delivery period.

These are to be confirmed following Contract Performance meetings to be held with the Skills Funding Agency Contract Manager, which has yet to be confirmed.

3.0 OPERATIONAL PROGRESS

3.1. Implementation

A full implementation process was set in motion following award of contract. This has seen learndirect Senior Managers including Operational Directors manage a range of key work stream activities to include:

- Project Management - Lead appointed
- People; Property; learner/employer acquisition;
- Operational delivery; supply chain; technology alignment;
- Content; learner journey; orientation; MI; governance; finance; Risk

An example of the governance systems and procedures that overlay and manage each of the above is as follows:

Risk and Assurance Team

Reporting to the CFO and Audit Committee, the Risk & Assurance Team is an independent, objective, assurance and risk management function to improve as well as add value to learndirect. It ensures learndirect accomplish contractual objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes during all phases of contract implementation and delivery.

Scope of the Risk and Assurance Team

The scope of the Risk & Assurance Team covers all of learndirect's activities and operations, including for the Employees Support in Skills contract, outsourced areas, subsidiaries and business partnerships. Its objectives include, but will not be limited to:

- Designing and supporting the embedding of an effective risk management framework throughout the contract duration;
- Undertaking an independent programme of internal audit activity to assess the adequacy, effectiveness of governance and internal control activities including compliance with contractual, funding and regulatory requirements;
- Providing impartial, expert advice on risk management and internal control to support the review and design of business processes, systems and change initiatives,
- Supporting and coordinating external audits.

The Risk and Assurance Plan

The Risk and Assurance Plan will be prepared by the Risk and Assurance team. This plan will be subject to review quarterly and any changes approved by the executive and/or Audit Committee. In collating the plan, the Risk and Assurance team will consider environmental, legislative and regulatory factors, risk registers and previous audits to develop a risk based plan. It will include a mix of activity in the following categories:

- Operational Audits; Corporate Audits
- Fraud & Irregularities Investigations; Whistleblowing Policy
- Counter fraud; Risk and Control Advice Bid & Project work
- Tracking of all audit / investigation; Risk Management
- Group Risk Committee

The plan will include both announced and unannounced audits. The Risk and Assurance team reserve the right to undertake unannounced spot checks at any time.

3.2. Steering Group

A Steering Group, led by the Strategic Partnerships Manager (Employers) and consisting of relevant local stakeholders, will be created to sit across all three Strands of activity.

A copy of the draft Terms of reference for the Steering Group are attached as Appendix A

The primary responsibility of the Steering Group is to oversee performance and monitor programme impact, and ensure delivery affords:

- Equal access to learning for all age groups, upgrading knowledge, skills and competences of the workforce;
- Promotes flexible learning pathways including through careers guidance and validation of acquired competences;
- Focusses resources on people in the workforce who lack basic skills, or qualifications needed for their career progression, and for business growth and innovation in the knowledge economy

Steering Group Objectives

Delivering on a wide range of Key Performance Objectives will ensure that the impact of the Employees Support in Skills programme realises long term benefits for all Lancashire stakeholders. Amongst these are:

- Oversee the development and dissemination of research sector needs in Lancashire LEP priority sectors (building on the evidence base commissioned in 2015)
- Provide oversight during the development and operation of LMI protocols shared with BOOST (meeting arranged 18th October)
- Instigate actions in line with SFA specifications to ensure key deliverables are met, to include the formulation and presentation of Engagement and Activity Plans at 3 months, with updates at 9 and 15 months – to be completed by the Strategic Partnerships Manager;
- Investigate joint approaches with the Lancashire Skills Hub and the Lancashire WBL Forum to raise the profile of apprenticeships and engage employers
- Support the expansion/embedding of the Young Apprenticeship Ambassador Network in Lancashire
- Monitor performance and provide the Lancashire Skills and Employment Board with regular performance updates, including pipeline information

The following are offered for discussion as activities that may be undertaken as part of the capacity building intentions of the programme.

The Lancashire Skills Pledge

The Employees Support in Skills programme, is ideally placed to provide quantifiable evidence that investing in skills and training ensures that significant benefits are derived by all stakeholders including business and employees. Further, the wider benefits ensure that communities and local economies are underpinned, providing relief and capacity building of local neighborhoods.

The Lancashire Skills Pledge, targeted at employers and employer support stakeholders would enable a framework to be established, targeted to reduce

bureaucratic processes and increase easy access routes, to encourage and maintain business and individual participation in vocational and lifelong learning.

There are a range of Pledge models currently operated by LEPs across the country, and the Steering Group would encourage research and partnership building with these, in order to ensure best practice, learn what works/what doesn't work and establish quick wins with employers operating across multiple LEPs.

Streamlined Business Support Services

As a natural conduit to SMEs, the Employee Support in Skills programme will engage with employers that will request a broad theme of support services, including advice and guidance including Change Management, Product Innovation and Development and Business Planning.

The Strategic Partnerships Manager (Employers) is charged with ensuring that all key business support stakeholders are engaged, and service level agreements appropriated to reduce duplication, and maximise the impact of all ESIF services available locally.

To this end, a meeting has been arranged to meet with BOOST Business Lancashire, the ERDF backed Lancashire Business Growth Hub on 18th October.

Apprenticeship development and Levy implementation

Already a member of the Lancashire Work Based Learning Executive Forum, learndirect will encourage further development of services to support employers with the management and utilisation of Levy monies, aligning this with other initiatives available through Employees Support in Skills to ensure value for money and best practice. Themes could include:

- People – Career development and Succession planning;
- Mapping – of current vocational training delivery against apprenticeship standards and frameworks;
- Operational – logistics and infrastructure.

Linking into this will be study regarding supporting the further development of the Lancashire LEP **Enterprise Advisor Network**.

3.3. Strategic Partnerships Manager

The Steering Group will be led by the Strategic Partnerships Manager who will report into the LEP via the Skills and Employment Board. This position, appointed in partnership with the Employment and Skills Board, will support and coordinate delivery of the 3 Strands, and other opt-in activities and directly matched ESIF projects across Lancashire.

Specific responsibilities for this role include:

- Building effective strategic relationships across multiple partners and stakeholders;
- Monitoring and driving contractual performance through analysing performance and accurate, timely and robust data reporting;

- Lead and influence others to achieve positive outcomes – both in relation to the delivery and impact of the project, and in relation to the participant group;
- Granular level local stakeholder mapping, working both internally and externally to pull together and build on existing local knowledge already known within local delivery and sales operations teams to consolidate a complete local area partnership framework;
- Gathering local area requirements of what is really required to effectively support those local markets including social media, learning content and resources;
- Formulating and overseeing local solutions to bridge together appropriate partnerships, undertaking pilot activities or initiatives.

The position has been advertised through learndirect and Lancashire LEP with interviews on Friday 21st October.

4.0 Recommendation

Whilst the overarching recommendation must be to aim to meet each of the stakeholders contract Key Performance Indicators, operational delivery will be designed and delivered to ensure that the programme is a positive contributor to the outcomes and targets as defined by The Lancashire Enterprise Partnership – Lancashire Skills and Employment Strategic Framework 2016-2021.

The purpose of this Strategic Framework is to make the skills and employment system more responsive to the needs of Lancashire, and, in particular, provide the necessary foundations for achievement of the Lancashire Strategic Economic Plan. It provides a framework for public investment in skills and employment activities in the County, and outlines the direction skills and employment providers need to take to best address need.

The framework draws together the key priorities identified through the studies, bringing together common themes and issues. Structured into themes, the Employees Support in Skills Contract will specifically support: Future Workforce, Skilled & Productive Workforce, Inclusive Workforce and An Informed Approach. These themes are underpinned by a number of key objectives, plus a common set of outcomes for the framework as a whole.

Monitored by the Steering Group, these will include:

- **Future Workforce:**
 - **Action 2b:** Work with the Careers and Enterprise company, the National Careers Service and local CEIAG providers to increase interactions between employers, schools, and post 16 providers in sectors with high replacement demand and growth
- **Skilled and Productive Workforce**
 - **Action 1a.** Drive the engagement of employers in the development of apprenticeship standards to increase the number of relevant L3+apprenticeships on offer

- **Action 4a.** Integrate a workforce/succession planning service into the Lancashire Growth Hub, alongside a skills brokerage service to increase the number of (new) employers investing in skills.
- **Inclusive Workforce**
 - **Action 5a:** Incorporate digital skills into employability and skills programmes to improve social mobility, engagement with public service and ultimately employability.
- **An informed approach**
 - **Action 1a.** Development of the Lancashire Skills Hub as a hub of intelligence in regard to relevant policy and LMI for local stakeholders, and to influence and position Lancashire in the Local Enterprise Partnership (LEP) network and nationally.