



Financial Year	2016/17
Proposal no.	EE106
Directorate	Economy
Service Name	Economic Affairs
Area of Service	Economic Affairs

<b>Savings Programme Pre-consultation Report</b>			
<b>Subject:</b>	Proposal to reduce the Adult Skills budget		
<b>Report of:</b>	John Searle	<b>Author:</b>	Susan Ayres
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<b>Type of Consultation</b>	Service Delivery	<b>Author Email:</b>	<b>Susan.ayres@rochdale.gov.uk</b>

## 1 Recommendations

It is recommended that members consider the proposal to reduce the Adult Skills Budget in order to achieve savings of £30k.

1.1 Members are asked to consider the proposal to reduce the Adult Skills budget within the Economic Affairs Team

1.2 The total savings from the proposal would be £30k.

### Reason for recommendation

1.3 To contribute to savings whilst seeking to influence the use of new adult skills funding devolved to Greater Manchester, to ensure the borough's needs are met.

## 2 Background

2.1 The economic development services provided by the Council are not statutory.

### 2.2 Adult Skills Budget

In 2010, following the Comprehensive Area Assessment, which highlighted the borough's underperformance on skills, the Adult Skills Budget was created from the Priority Investment Fund. Since 2010, skill levels in the borough have been increasing at all levels and are higher than neighbouring Oldham's at all levels, but remain significantly below the Greater Manchester average, again at all levels.

2.3 The budget has been used to provide short term investment to groups or individuals to support them to progress to a stage where they can then access mainstream skills support or employment. These groups are:

- long term unemployed
- those experiencing financial crisis and poverty
- vulnerable including those accessing care services (demand on care services)
- have health needs (particularly mental health, drugs and alcohol)
- are in the criminal justice system (both victims and perpetrators)

2.4 A short-term commissioning framework has been developed with STaR procurement to buy skills support which proves those with complex needs can achieve if the training is tailored to them. For every £1 of this budget an additional £1.90 has been attracted from other sources to support local priority groups.

2.5 The groups targeted with the adult skills budget are detailed in the EIA part of this report along with examples of the funded training.

2.6 In 2014/15 the Adult Skills Budget supported over 670 learners. The average cost per learner was just over £85 each which is an extremely low figure for the outcomes achieved. This is not because the provision was very cheap, but that the use of the Adult Skills Budget made a clear case for the use of other resources and these were directed to the same priority groups.

2.7 Under the Greater Manchester Devolution Deal, some skills funding will be devolved, increasing local government's influence as to how it is spent. However, it is estimated that this will take at least two years for the new powers to fully change the skills offer for local residents.

2.8 The first part of the devolved adult skills funding is The Greater Manchester Skills for Employment Pilot which starts in November 2015 will deliver education, training and support to unemployed adults aged 19+ (or 18+ if in receipt of out of work benefits), initially to July 2016. It is hoped to continue this with European Social Fund to 2020, however this is not guaranteed yet. It is expected that this

will mitigate the proposed reduction in Council budget, however, there will still be some eligibility criteria which will exclude asylum seekers.

2.9 Therefore there is the need to retain the remaining Adult Skills Budget (£26,865) and pressure will be maintained to influence the use of the devolved Skills Budget through relevant Greater Manchester officer and Member groups including the Combined Authority.

### 3. Financial Implications

The saving proposal is 54% of the total budget for the area of service affected.

3.1 Table 1 provides details of the proposal to reduce the Adult Skills Budget by £30,000.

	Savings 2016/17		Savings 2017/18		Total savings	
	£k		£k		£k	
	On-going	One off	On-going	One off	On-going	One off
<b>Total savings</b>	<b>30</b>				<b>30</b>	

### 4 Asset implications

4.1 There are no significant asset implications arising from this report.

### 5 Voluntary Sector impact

5.1 The following Voluntary Sector impacts arise from the issues raised in this report

5.1.1 Approximately 60% of the skills budget in 2015/16 to date is being used to commission activity from the Voluntary Sector. This varies from year to year depending on local priorities and the gaps that exist and identified by the Skills and Work Advisory group. There are no ongoing contracts with the voluntary sector funded through this budget.

5.1.2 If the activity that is funded stops and there is no other funder to plug the gap, then residents would see a difference in provision, particularly as the Council's skills budget is used when no other funder is available. The Council is often the funder of last resort on skills activity that we judge to be vital in improving employability for local residents.

### 6 Consultation

6.1 The key stakeholders for this proposal have been identified as:

- *Borough residents*
- *Training providers, including the voluntary sector.*

## **7 Alternatives considered**

7.1 Members could decide not to take the proposal forward and identify alternative savings proposals

## **8 Risk Assessment Implications**

8.1 There is a risk that the number of adults without any qualification in the borough increases as a result of the skills budget reduction.

8.2 Skills availability is still cited by employers as a key barrier to expansion. If local residents do not have the skills that employers are looking for, the prosperity of the borough will be affected.

8.3 Reduced levels of support to groups that are likely to present as a significant and continued financial demand on the public purse

8.4 The new devolved skills funding does not meet the needs of the borough residents and is therefore unable to mitigate the impact of less Council resource.

## **9 Legal Implications**

9.1 The Council must ensure that it fulfils its best value duties under the Local Government Act 1999 with regard to continuous improvement in the delivery of its services. The Council must ensure that it fulfils its obligations under the Borough of Rochdale Compact.

## **10 Personnel Implications**

10.1 There are no personnel implications of this report.

## **11 Equalities Impacts**

### **Workforce Equality Impacts Assessment**

11.1 There are no workforce equality issues arising from this report.

### **Equality/Community Impact Assessments**

11.2 The following equality/community issues arise from the issues raised in this report as set out below:

The adult skills budget is only used to support priority groups which closely align with the Equality Protected Groups.

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**EQUALITY IMPACT ASSESSMENT FOR SAVINGS PROPOSALS**

<b>1. Please state the name of the officers leading the EIA</b>
Susan Ayres
<b>2. Who has been involved in undertaking this assessment e.g. list the stakeholder groups which have been involved?</b>
Skills and Work Consultative Forum Rochdale Boroughwide User Forum Skills and Work Advisory Group Work Club Coordinators Group
<b>3. What is the scope of this assessment?</b>
The saving proposal is 54% of the Adult Skills budget.
<b>4 a). What does the function currently do?</b> <b>b). Describe the needs which this service meets?</b>
This activity contributes to the Council's priorities of increasing prosperity and supporting residents to have higher skills and greater achievements and is vital to the achievement of the Greater Manchester Strategy.  The Adult Skills Budget is used to address gaps in nationally funded skills support. The borough has skill levels significantly below the Greater Manchester average.

<b>5. What proposed changes do you wish to make?</b>
The saving proposal is 54% of the Adult Skills budget.
<b>6. Who are the key stakeholders who may be affected by the proposed changes?</b>
Residents and the voluntary/community sector in the borough
<b>7. What impact will this proposal have on all the protected groups?</b>
<b>Race Equality</b>
<p>The reduction in spend on the skills budget is likely to have an impact on this group, as the budget prioritises gaps in the skills provision locally. The budget is targeted at those gaps and is often delivered by the voluntary sector. One example is the provision of ESOL related skills provision for groups who are unable to access mainstream ESOL provision, either through a funding gap or because their skill levels are so low they are unable to get a place on a college or other training provider course.</p> <p>Recent data shows that the employment gap for ethnic minority groups compared to the general population is widening. This is particularly relevant for Rochdale which has a large population of residents from Pakistani or Bangladeshi ethnic groups where the trend is most acute (rising from 17% to 19% against a rise of 7%-8% for white ethnic groups)</p>
<b>Disabled People</b>
<p>The most profoundly affected of the protected groups and has a 25% lower employment rate than the general population with an estimated 20% of the borough's working age population is disabled. The reduction in spend on the skills budget is likely to have an impact on this group, as the budget prioritises gaps in the skills provision locally. The budget is targeted at those gaps and is often delivered by the voluntary sector. One example is skills provision which is integrated with a wider support package for disabled people, particularly those with mental health needs.</p>
<b>Carers</b>
<p>The reduction in spend on the skills budget is likely to have an impact on this group, as the budget prioritises gaps in the skills provision locally. The budget is targeted at those gaps and is often delivered by the voluntary sector. Skills and employment barriers can be exacerbated for those people who have caring responsibilities; so the employment and skills rates generally are lower for carers than for the population at large. A reduction in the integrated provision of skills with the additional support that carers need would affect this group.</p>
<b>Gender</b>
<p>The employment rate for women is 10% lower than for men and women face a particular challenge in low skill-low pay-unemployment cycles along with lower wages and higher prevalence of part time work. In the borough a particular cohort of men aged 40+ with low skills has been identified as being disproportionately affected.</p> <p>There are two key priorities for skills improvement. Within the cohort of people in the "low skill,</p>

low pay, no pay” group, particularly those under 25, there are two key priority groups:

- Lone young parents (often women)
- Young men with low skills

A reduction in the integrated provision of skills support along with the wider additional support that these groups require would affect this group.

### **Age**

Young people (18-24) who have not achieved at school and therefore have difficulties accessing training or employment including apprenticeships, and older people (50yrs+), particularly men who are significantly over-represented in the Employment and Support Allowance (ESA) claimants in the borough

The recent recessions were characterised by a prolonged period of high unemployment followed by rising long term unemployment<sup>1</sup>. Such conditions can have a profoundly negative impact on communities and, in particular, young people. However, the good news is that this is not inevitable; there are alternative, successful models which comply both with the idiosyncrasies of youth and with difficult economic conditions<sup>2,3</sup>. A reduction in the integrated provision of skills support along with the wider additional support that these groups require would affect this group.

### **Armed Forces and Ex-Armed Forces Personnel**

The reduction in spend on the skills budget is likely to have an impact on this group, as the budget prioritises gaps in the skills provision locally. The budget is targeted at those gaps and is often delivered by the voluntary sector. This group often face difficulty in gaining employment after leaving the Forces and re-skilling is an important part of returning to civilian life. Complex needs can be a common characteristic of this group and therefore mainstream training services may not be appropriate, whilst the council's ability to fund bespoke training can meet this need.

### **Religion or Belief**

None identified.

### **Sexual Orientation**

None identified.

### **Gender Reassignment**

None identified.

### **Pregnant Women or Those on Maternity Leave or Those who have given Birth in the Previous 26 weeks**

None identified.

<sup>1</sup> CESI (2011) Youth Unemployment: A million reasons to act.

<sup>2</sup> Evidence for the Wolf Review (2010) Centre for analysis of youth transitions

<sup>3</sup> OECD (2011) The German model

<b>Marriage or Civil Partnership</b>
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None identified.
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## 8. Conclusions and Recommendations

<b>What are the main conclusions and recommendations from this analysis?</b>
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<b>What are the main conclusions from this analysis?</b>
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The reduction in the skills budget will impact on the named protected groups as this is where the funding is targeted.

Below are examples of skills provision and the groups they support:

How the money has been spent:

Each of these examples has been rigorously checked to ensure that no other funding was available to provide the particular training to that individual and that the training would significantly improve their lives and future economic situation.

- a) Lone young parents – 20 lone young parents to gain qualifications or paid work. This has been so successful that Lottery Funding has been secured for a further programme with our contribution being crèche costs.
- b) Young men – 13 young men, who did not engage or achieve through the school system and were at the periphery of crime involving drug/alcohol and anti-social behaviour. This training led to qualifications, having a positive routine and working towards employment.
- c) People with mental health issues – 29 people with a level 2 or 3 qualification in mental health support that because of their mental health issues, could not access mainstream courses. This has successfully now been funded by mainstream resources for most people and now our funding is only used for those still ineligible.
- d) Victims of domestic abuse: 12 women on a specialist programme which supports them in dealing with abuse and making positive changes to their lives ensuring learning whilst recovering.
- e) HGV training – 10 people currently in low paid warehouse jobs and this created a route out of low pay whilst meeting a current industry skills gap.
- f) Men with low/outdated skills – this group was identified by detailed analysis of the population on long term out of work benefit (ESA). All had significant health or support needs such as criminal justice, mental health, drug and alcohol, homelessness or physical health problems. This new programme provides IT courses and 5 other capabilities, including English and Maths which get them to the level where they can access mainstream courses.
- g) Digital skills – for people who are digitally excluded including literacy and financial skills and recognises the big increase in services that are only available online, especially job applications.
- h) ESOL (English for Speakers of other Languages – targeted at parents of children using Children’s Centre’s across the borough who have had volunteer support to improve their English but due to Skills Funding Agency cuts, are unable to get further training to improve their employability.
- i) Swim Teach and Sport Leadership Coaching – 29 people from priority groups who have passed initial life-guard/sports qualifications were able to



- progress to instructor qualifications, increasing income levels and opening up entry positions for new candidates
- j) Small bursaries for individuals from priority groups supported by the voluntary and community sector to progress into work but need an accreditation such as CSCS cards and Health and Safety certificates for construction sector jobs.

**What are your recommendations?**

That the reductions be applied consistently across all the skills and work priority groups so that no one group is disproportionately affected.

However, reductions will have an impact on equalities groups as, by nature, the budgets are targeted at the areas of greatest need / current gaps. It is very common for those areas of greatest need and gaps to have a strong link with one or more of the equalities strands

**9. In the box below please provide details of who you will consult with on the proposals, when you consult, and the methods which you will use to consult. In the box below**

***The Consultation and Inclusion Methodology Used***

**The Consultation and Inclusion Methodology Used**

Skills and Work Consultative Forum.

Rochdale Boroughwide User Forum.

Skills and Work Advisory Group.

Work Club Coordinators Group.

For all of these groups, the proposals will be taken for consideration and feedback.

**10. Produce an action plan detailing the mitigation measures that you propose to put in place to address any adverse impacts.**

In progress, but would include using the consultation feedback to identify a shorter prioritised list of support activities and identification of what most could agree to stopping with the minimum adverse impact.

Mitigation Measure	Action	Responsible Officer	Implementation Date	Review Date	Evaluation Measure