

Future Talent Plan

Date: 22 July 2021

Report of: **The Director of City Development**

Report to: **Scrutiny Board (Infrastructure, Investment and Inclusive Growth)**

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- This report is intended to highlight the council's work in starting the process of refreshing the Talent & Skills Plan. Our current plan was published in 2017 and needs to be brought up to date as we respond to national and regional policy changes as well as the city's post covid economic recovery, and changing labour market trends.
- The primary aim of this project is to deliver a new Employment and Skills plan that supports the council's Inclusive Growth Strategy through addressing unemployment; improving the resilience of those in work; and supporting people and businesses to thrive as we recover from Covid-19. The project will form an important part of our work to 'Reset and Renew' as set out in the city's Economic Recovery Framework, published in October 2020, ensuring we understand the challenges and opportunities that we face in recovery and developing a clear focus and direction for the programmes and partnerships that will address them.
- The new plan will promote the links between more secure work and better employment opportunities and healthy, safe and sustainable communities, as set out by the Health and Wellbeing Strategy; and contribute to the council's Climate Emergency agenda, for example through promoting the importance of the green economy.
- The new Future Talent Plan will focus on supporting the skills of people who are of working age, paying particular attention to younger people, given the disproportionate impact of the coronavirus pandemic on young people. The project will link in with and run in tandem to other strategy development in the city, particularly the 14-19 Strategy. The scope of the project will also recognise people's varied experiences of work and the breadth of the skills agenda, for instance, targeting older people, as well as ensuring we develop appropriate systems to enable social progress and career progression for all residents.
- The plan is intended to be presented to Executive Board and published in early 2022. This report will set out the context for updating the Talent and Skills Plan, and the implementation approach and timescales that are being proposed to deliver this work. This project will inform the refresh of the overarching Inclusive Growth Strategy which is likely to take place next year.

Recommendations

- a) Members are asked to note the approach being taken to develop our Future Talent Plan and agree any specific Scrutiny actions that may be appropriate.
- b) Members will be asked to provide regular input and feedback at different stages of the project to shape its development.

Why is the proposal being put forward?

- 1.1 Since the existing Talent & Skills Plan was published in 2017, the global; national and regional context has changed significantly. A new approach is required to bring our plan in line with these labour market trends and policy changes and ensure our skills system is at the forefront of our economic recovery and future growth.

National context

- 1.2 The global coronavirus pandemic has changed the patterns of the world of work and impacted labour markets around the world. The Organisation for Economic Co-operation and Development (OECD) has predicted that the UK economy will be among the hardest hit by the coronavirus crisis, stating that by the end of 2021, it will be more than 6% smaller than before the pandemic. According to research by EUROCITIES, city economies have been disproportionately affected, with the disappearance of many traditional jobs and the accelerated emergence of new sectors, resulting in a strong socio-economic impact at the local level. Cities have been at the forefront of mitigating the negative effects of Covid-19 on local labour markets and preventing massive job losses.
- 1.3 Covid-19 has accelerated underlying trends in the economy, for instance around the widespread demand for digital skills and tools; and the transformation of retail. There has been a growth in inequalities, with the Good Things Foundation previously stating that 37% of people in Britain did not feel prepared for the economic downturn due to digital and financial exclusion. Other issues such as the race to net zero are also creating challenges and opportunities. Some sectors have been impacted by coronavirus harder than others, with nearly 180,000 Retail jobs lost in the UK in 2020 which is up by almost a quarter on the previous year according to the Centre for Retail Research (CRR). CRR found that last year was the worst for the High Street in more than 25 years, as the coronavirus crisis accelerated the trend towards online shopping, and they have warned that there will be more pain for the sector in 2021 as retailers face a cash-flow crisis and rent payments.
- 1.4 Additionally, some groups have been disproportionately affected by the pandemic. According to recent national data, the young people's employment rate saw a large decline in 2020 compared with 2019. The Joseph Rowntree Foundation's annual report on poverty from 2020 highlights that many individuals and communities already experiencing poverty have borne the brunt of Covid-19, including part-time workers; low-paid workers; workers in sectors with higher rates of in-work poverty; BAME households; and lone parents, who are mostly women.
- 1.5 The national Employment and Skills policy landscape has altered substantially since the publication of the existing Talent & Skills Plan. In September 2020, the Future-Ready Skills Commission, which works to create an improved skills system for the UK, published their final report outlining their 'Blueprint' for a devolved skills system which focuses on people; businesses and local economies. In early 2021, the Skills for Jobs White Paper was published, outlining a series of reforms such as the government's Lifetime Skills Guarantee. The draft Skills and Post-16 Education Bill was published in May 2021 and sets out a number of reforms to further education including the introduction of employer led Local Skills Improvement Plans.

Regional context

- 1.6 The West Yorkshire Combined Authority Local Skills Report 2021 highlights how Covid-19 has interacted with certain trends in the regional labour market. The pandemic may intensify existing labour market trends, such as job openings for care workers, building on longer-term growth in employment for this occupational area. It might not have an impact on other jobs, with employment in the Culture; Media and Sport sectors likely to recover.
- 1.7 Skills shortages have pre-dated Covid-19 and WYCA predicts that they will persist. Skills shortages affecting higher skilled roles such as nurses, engineers and digital professionals could act as a constraint on economic recovery. However, this trend has been dampened down by Covid-19, which has affected lower-skilled occupations which are associated with higher labour turnover and skills gaps.
- 1.8 Since the publication of the Talent & Skills Plan in 2017, the devolution deal for West Yorkshire has been enacted into law. Extra powers secured through devolution for the region include the devolved Adult Education Budget, which WYCA will take responsibility for from August 2021 and should allow greater flexibility in the programmes we can offer in Leeds.

Local context

- 1.9 As a city, Leeds is Britain's second busiest for legal work and the third for financial services. Our Digital sector is growing faster than anywhere in the UK and, according to the 2020 Tech Nation report, now employs 30,000 people, an increase of 67% since 2015 and has been particularly resilient. Leeds has a strong knowledge-rich employment base linked to the city's universities and teaching hospitals which are major innovation assets and the city performs well in terms of business start-ups, with strong growth in medical technologies, telecoms and creative industries. Boosting productivity remains a challenge and although the city produces many highly skilled jobs, employment and output growth has seen a rise in 'lower productivity' sectors such as consumer-services and this continues to impact on growth and productivity.
- 1.10 There are significant opportunities in emerging Green sectors. Recent modelling from the Local Government Association shows Leeds will become a hotspot for new green jobs, generating the highest estimated number of jobs in the low-carbon and renewable energy sector of all the English Core Cities, with the city expected to see almost 34,000 jobs by 2050. The modelling is based on industry insight from a series of expert interviews and a literature review (see appendix, 10.1). The report also said there would be 150,000 green jobs in Yorkshire and 420,000 in the North of England. Green jobs will be essential to the UK recovery and this strategy will need to fully reflect our carbon reduction ambition for the city.
- 1.11 Leeds entered lockdown from a period of strength, but like all cities it has been hit hard by the pandemic over the last 15 months. COVID-19 has had an unprecedented impact on the economy locally, seeing the number of Universal credit claimants in the city more than double between March 2020 and May 2021. Although the total number of employees on furlough in Leeds has started to come down as restrictions ease, in April 2021, 37,200 employees were still on furlough with the impact on universal credit figures likely to be felt in the July data release.
- 1.12 While Universal Credit claims have doubled across all wards, we are seeing rising inequalities – lower earners are three times as likely to have lost their job or been furloughed as high earners and are more than twice as likely to do jobs exposing them to health risks. 15% of workers in sectors which were shut down because of coronavirus are from a BAME background, compared to 12% of all workers. 57% are women, compared to a workforce average of 48%, and over 50% are under 35 years old.

- 1.13 We are mindful that different areas of the economy have been disproportionately affected, and there is a risk that some businesses and sectors will bounce back more quickly than others. The digital sector has proven resilient whilst others that have been badly effected such as hospitality continue to struggle. Local data from over the various stages of restrictions has shown that the service sector has acted as a drag on growth, with the largest contributor to this fall being Accommodation and Food service activities, followed by Wholesale and Retail trade. On the other hand, manufacturing remained fairly constant and Construction has seen a growth. The pandemic is accelerating trends and posing huge questions for cities like Leeds. Some sectors have seen five years of change occurring in less than six months, with Covid-19 accelerating structural trends around digital transformation, remote working and the shift from 'bricks to clicks' in retail.
- 1.14 There has also been a disproportionate impact on freelancers, home-based businesses, businesses with a dependency on face-to-face contact, and the self-employed, some of whom were ineligible for government support.
- 1.15 There is also a growing divide in skills across the city. While a record number of residents in Leeds are now qualified at Level 4 or above (46.9%), almost a quarter (24.8%) do not have a level 2 qualification, meaning many are stuck in low paid, insecure jobs with poor progression opportunities. This has seen a sharp increase in levels of in work poverty in Leeds. In May 2021 there were 75010 people claiming universal credit in the city including those who are in work, an increase of 112% since March 2020. In the same period, unemployed claimants has increased by 99%, highlighting a widening issue of low pay and in work poverty.
- 1.16 There is also a growing challenge in the city to ensure that new entrants to the labour market have access to good, well paid jobs, particularly as the traditional entry level starter roles have tended to be in sectors which are less likely to recover.
- 1.17 As a City, we need to ensure that we work with employers and providers across the employment and skills ecosystem to ensure we maximise opportunities for Leeds residents to access new jobs in growth sectors, tackle low pay and develop opportunities for people to progress. Leeds is an enterprising city with a broad-based economy, an ideal location for innovative and productive companies to start up and grow. We are strengthening our international links to encourage more trade and investment, with a focus on Health, Creative and Digital sectors, as well as university links.
- 1.18 There is also a challenge around how we access and use data as a city to ensure we are able to make evidence based decisions on future employment and skills programmes. For example, we know that the number of Leeds residents with a level 4 qualification has increased significantly in recent years, but there is very little data to demonstrate whether that is the result of residents increasing their skills, or higher skilled people from outside Leeds accessing jobs as the city attracts significant investment. Part of the future talent work will seek to address this by working with partners across the city to unlock and access the data we need to enable a responsive and more agile approach.

What impact will this proposal have?

Wards Affected:

Have ward members been consulted? Yes No

- 2.1 This Future Talent project is intended to ensure that the Employment and Skills eco-system in Leeds is flexible and responsive to national, regional and local challenges. It will help shape and influence the creation of jobs and skills programmes to ensure residents of Leeds are

able to take advantage of current and future opportunities, to reduce unemployment; improve the resilience of those in work and support people and businesses to thrive as we recover from Covid-19 and address future challenges.

- 2.2 The Future Talent Plan will consider the lifespan of the working person, identifying and attempting to reduce the intersecting challenges people in Leeds face regarding achieving their employment goals and progression opportunities. Therefore, we will engage with a wide range of stakeholders in developing the new plan, with a focus on diversity and inclusivity, capturing a range of voices including younger and older people; mid-career; adult learners; those in low income and insecure jobs; as well as people on middle and higher incomes.
- 2.3 There will also be collaboration with businesses and employers across the city, to better understand and subsequently support aspirations in terms of workforce skills and the creation of good jobs. We will engage with education and skills providers and other relevant organisations in the city, to identify the collective response required to improve talent and skills now and in the future.
- 2.4 We will also engage through our well-established Leeds Inclusive Anchors Network, comprising of the largest employers in Leeds which combined employ over 56,000 people. The Anchors are committed to supporting recovery and sharing learning and best practice across the city and will play an important role in helping us shape the future talent plan.

What consultation and engagement has taken place?

- 3.1 The primary aim of this project is to deliver a plan that will be owned and updated by stakeholders in the city. In order to ensure that this happens successfully, a comprehensive stakeholder and communications engagement plan is currently being developed to run for the whole project.
- 3.2 A partner, Clever Together, has been appointed to deliver extensive engagement and analysis, launching a digital platform which will go beyond a basic survey and allow for debate and discussion. The consultation will take place from September 2021 and will be focused both on asking people, providers and businesses what they think about talent and skills in Leeds both now and in the future, as well as ensuring their buy in to deliver a cohesive city wide skills plan.
- 3.3 As restrictions allow, we will balance a range of online and face to face engagement activities across the city to ensure we capture as broad a range of views as possible.
- 3.4 The consultation will engage with stakeholders from across the city, including Elected Members; skills providers; business representative groups and businesses directly; public and third sector organisations; as well as service users.
- 3.5 Consultation will also take place with officers from across the council, enabling them to contribute to the work. We will also engage with our Inclusive Growth Delivery Partnerships; Inclusive Anchors Network; as well as with WYCA and the new Mayor of West Yorkshire.

What are the resource implications?

- 4.1 There are no specific resource implications relating to the recommendations set out in this report.
- 4.2 There is a commitment of up to £40k to enable the development, delivery and analysis of our digital engagement and consultation platform which is currently being developed with our partner, Clever Together. This contract was awarded following a competitive tender through the Employment and Skills Dynamic Procurement System.

What are the legal implications?

5.1 There are no significant legal implications attached to this programme of work.

What are the key risks and how are they being managed?

6.1 There are no major risks anticipated with this project. A potential risk is a lack of engagement with the platform, or the sample not being representative. However stakeholder mapping which considers diversity of 'voice' and inclusion is being considered from an early stage, and the council will undertake a wide reaching engagement to encourage participation with the digital platform.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth

Health and Wellbeing

Climate Emergency

7.1 The primary aim of this project is to deliver a new Employment and Skills plan that supports the council's Inclusive Growth Strategy through addressing unemployment; improving the resilience of those in work; and supporting people and businesses to thrive as we recover from Covid-19.

7.2 The new plan will also recognise the importance of the Health and Wellbeing Strategy in promoting the links between more secure work and better employment opportunities and healthy, safe and sustainable communities.

7.3 It will also contribute to the council's Climate Emergency agenda, for example through exploring the opportunities associated with the green economy and green jobs.

Options, timescales and measuring success

a) What other options were considered?

8.1 The option to award the contract to Clever Together was subject to a competitive tender through the Employment and Skills Dynamic Procurement System where all other options were considered.

b) How will success be measured?

8.2 The Future Talent Plan will be clear and action-focused, including different time horizons, timelines for review and progress updates.

8.3 It will link into the Leeds Social Progress Index, our chosen strategic measure for progress on delivering inclusive growth which is currently being developed.

c) What is the timetable for implementation?

8.4 A steering group, chaired by Cllr Jonathan Pryor and made up of representatives from the Chamber of Commerce; Leeds City College; Leeds Beckett University; a Head Teacher and a Digital City Ambassador has been established, and will meet three times over the course of the project. Their first meeting will take place in July 2021.

Implementation will take place in 3 phases:

8.5 Research - Ongoing, an internal desk-based review of research to shape the planning of the new strategy is being undertaken by the team. The review will be ongoing through 2021, in order to maintain an up-to-date understanding of emerging data and policy. Global, regional and local data and intelligence will be collated and analysed, as well as changes in national

and regional policy. This will help to inform greater understanding of the labour market and policy landscape, and what the future opportunities might be.

- 8.6 A piece of work will be commissioned around better understanding labour market data, with the potential for facilitating a data workshop with the ODI to enhance the research undertaken for the project.
- 8.7 The review will also include the researching of and benchmarking against best practice and work of key organisations, such as Core Cities, EUROCITIES and the Inclusive Growth Network.

Stakeholder Engagement

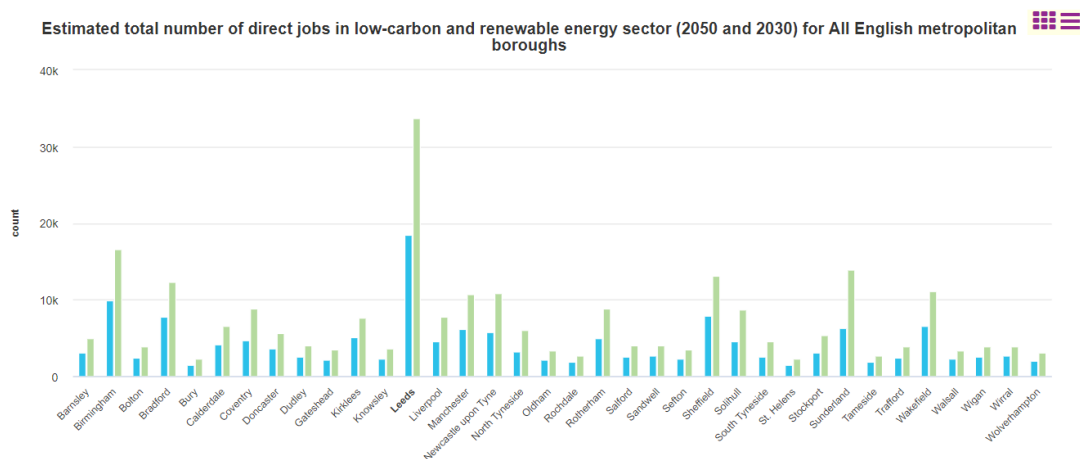
- 8.8 Stakeholder mapping has already begun, where key stakeholders have been identified and the level of communication with each stakeholder has been planned.
- 8.9 A digital engagement and consultation platform is currently being developed with our commissioned partner, Clever Together and is planned to launch week commencing 6th September 2021. The consultation will run for four weeks.
- 9.0 Following this, Clever Together will undertake consultation analysis.

Development of final plan

- 9.1 It is proposed that the Future Talent Plan will be brought to Executive Board in early 2022, and once adopted, published and launched in Spring 2022.

Appendices

- 10.1 Local green jobs - accelerating a sustainable economic recovery, Local Government Association. June 2020. Research can be found [here](#).



Background papers

- 11.1 None