

Education Skills and Employability Board

31 August 2021

Skills Support for Redundancy

Is the paper exempt from the press and public?	No
Purpose of this report:	Discussion
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

Director Approving Submission of the Report:

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Executive Summary

This report provides an update on initial activity undertaken to consider the skills support requirement for people being made redundant in South Yorkshire in preparation for them finding new roles.

What does this mean for businesses, people and places in South Yorkshire?

Ensuring there is an effective and coordinated offer in place to help residents upskill / reskill if they face redundancy will help to minimise the length of time that they are unemployed and dependant on benefits.

Recommendations

The Board is invited to:

- Note the activity undertaken to date
- Note the agreements reached and plan for future activity
- Request LA CEO's continue to support the process by raising with their exec teams
- Request a short note from Cllr Sir Steve Houghton to Dave Barrow at DWP to secure their support for this initiative

Consideration by any other Board, Committee, Assurance or Advisory Panel

None

1. Background

- 1.1 A report was considered at the last meeting of the Education, Skills and Employability (ESE) Board which outlined the potential for increased redundancies across the region following the end of the governments furlough scheme. The paper also pointed out that South Yorkshire residents may be particularly vulnerable because of the higher than average (1 in 3) number of people in low paid jobs who have already been disproportionately impacted by business closures or because the pandemic has accelerated changes to the nature of the businesses they work in.
- 1.2 The ESE Board approved the recommendation for the MCA to lead some joint work with partners in order to explore how to improve our preparedness for dealing with redundancy and develop a coherent offer across the area. It was agreed that the work should consider:
 - Intelligence gathering
 - Co-ordination and joint working in delivering support
 - Ways to secure better outcomes for individuals and employers who are coming through the process
 - Understanding how the gap in support for employers with 15 or less employees can be stemmed.
- 1.3 Following the decision of the ESE Board contact was made with regional partners to bring them together to consider the best way of taking forward this work. Partners were updated on the issue and direction of the Board and asked to nominate a representative from their organisation who would be best placed to contribute to this work. Nominations were received from all four Local Authorities, DWP, Prospects (National Careers Service), The Growth Company and the TUC.
- 1.4 An initial meeting was held in July covering the background to the meeting, anticipated impact from the end of the furlough scheme and examples of responses from other areas including their successes and challenges. The meeting was concluded with a discussion on the approach required in South Yorkshire.
- 1.5 This paper provides an update on the outcome of the initial meeting and the proposed next steps and seeks the Board's views on the options presented for funding to support skills activity linked to redundancies.

2. Key Issues

2.1 Employment landscape

The latest employment and labour market information release from ONS shows the labour market continuing to recover across the country and, although still below pre-pandemic levels, there was a significant increase in the number of payroll employees in July. Job vacancies between May and July were at a record high, higher than pre-pandemic levels suggesting a rapid catching up in terms of employment levels as labour demand is currently rising faster than supply. For the

same period redundancies decreased by 1.9 per thousand employees taking the redundancy rate back to pre-pandemic levels at a national level.

- 2.2 The latest Small Business Survey undertaken by BEIS between the period September 2020 to April 2021 reports SME employers' plans for employment reflect expectations of employment prior to 2019 when growth was more likely than decline. 26% of SME's report they expected to increase their number of staff in the next year (compared to 25% in 2018 and 28% in 2019) whilst 10% expect to employ fewer people in a year's time (9% in 2018, 16% in 2019).
- 2.3 Whilst the above two sets of data reflect the national picture HMRC figures for Sheffield City Region at the end of June show a total of 31,200 employed people currently on furlough. This is a significant reduction, of 8,100 individuals since the previous month and represents 6% of all employed people which is slightly lower than the national average of 7%. Barnsley and Doncaster, at just 5%, have slightly lower rates of furlough than the regional average. This reduction of Furlough rates in the region has been quicker than that anticipated by recent analysis from the Resolution Foundation.
- 2.4 Current rates indicate potentially 21,000 people could be left on furlough at the end of the scheme at the end of September and if all of these people were to be made redundant unemployment rates across the region would increase from 5.4% to 7.8%. However, there is a lot of uncertainty as to what is likely to happen and recent figures suggest optimism that numbers will be lower. Whilst there is concern about the potential impact of furlough unwinding, so far there has been no increase in redundancy activity. HR1 forms sent to the Insolvency Service show both levels of redundancy and the number of jobs notified by employers as at risk of redundancy are showing falls and are now at slightly lower than pre-pandemic levels.
- 2.5 If labour markets in the region recover in line with the national picture there is potential for many of those made redundant to secure roles elsewhere, however this may be impacted if those individuals do not possess the skills required to transfer to other roles or sectors.
All of the above makes it very difficult to predict the likely levels of redundancy across the region over the next few months.
- 2.6 **Current Offer**
Whilst the focus of the first meeting of the group was not on the current offer this was inevitably part of the discussions that took place and it became apparent that there are differing views of what is available and differing experiences of support across the region.
- 2.7 The Department for Work and Pensions (DWP), Prospects and The Growth Company do work together to support employers reporting 15 or more potential redundancies as part of an already established Redundancy Team.
- 2.8 When a business identifies a threat of redundancy and notifies DWP the team will make contact and work together to establish who is likely to be made redundant, what their roles are and how they can best be supported to find new work. As part of this offer DWP can fund some vocational training through the Flexible Support Fund, offer a vacancy matching service and analyse the workforce and

roles being made redundant. Prospects, who deliver the National Careers Service in South Yorkshire offer practical support such as CV writing and interview practice and are also able to refer onto other organisations for training provision. The Growth Company deliver a redundancy element through their Skills Support for the Workforce contract which offers fully funded training for ESF eligible provision.

- 2.9 There was a view amongst some partners that there is sufficient support available and no need for any additional activity. It was clear that these differing views need to be considered and that the detail of current support needs to be fully understood by all, further work is needed on this issue as a priority. LA CEO's could support the process by reiterating this with their own exec teams and we will be reminding the group that the LA CEO's viewed this as an important piece of work. It would also be helpful if Cllr Sir Steve Houghton, as Chair of this Board, could write to Dave Barrow at DWP to secure their support for this initiative.

2.10 Challenges

There are some notable challenges with the current support on offer:

- This support is only available for those employers making 15 or more redundancies. Smaller employers and those with fewer redundancies would not be picked up through this route and can easily slip through the net. The lack of large/blue-chip companies and higher proportion of SME's makes this a particular issue in South Yorkshire.
- Provision of current support relies on employers being comfortable in communicating their difficulties and potential redundancies. Such businesses often find this a very difficult time, a sensitive area and commercially challenging and many are not willing to make contact or request support early enough to secure support before redundancies are made. This has been a notable challenge in other regions.
- Funding rules mean that those currently in-work are often precluded from receiving support to undertake the training they need to avoid redundancy, switch to higher growth sectors or upskill in key areas such as digital. This leaves those identified as at risk of redundancy unable to access the training they need until they are finally made redundant leading them to an inevitable period of unemployment.
- Local businesses in the supply chain of those making redundancies can often be similarly affected in the aftermath through loss of contracts/business, they often go without support due to their size and/or lack of awareness of support provision.
- Many individuals look to retirement or self-employment as a follow on to redundancy and whilst there is some support around for these options it is not linked or coordinated with redundancy support activity. This can lead to a delay in vital decision making whilst such individuals try to navigate their own way around the support network.

2.11 Experience from other areas

During the initial meeting the group heard directly from Greater Manchester Mayoral Combined Authority (GM) and Lancashire Local Enterprise Partnership

areas who outlined their own experiences of trying to coordinate a response to redundancies in their areas.

- 2.12 GM reported success by involving unions from the outset who were particularly helpful in communicating with the workforce. They also had some success by including the National Retraining Scheme in their task force although this has now been integrated with the government's new £2.5bn national skills fund.
- 2.13 One of GM's major challenges continues to be with data sharing, with large numbers of staff being made redundant and leaving employment earlier than originally anticipated causing the team to have no means of contacting individuals to offer/resume support. As initial contact was directly through employers, they were unable to pass on contact details because of GDPR.
- 2.14 Lancashire had set out to improve the coordination of their redundancy response, open up support to supply chain businesses, offer support to individuals before they are made redundant and to reduce the plethora of contact to employers by different partners.
- 2.15 Both areas reported improvements in joint working between partners, improved understanding of where redundancies might arise, a much wider understanding of the offer and a much quicker, more coordinated response to employers. Lancashire reported particular success with the development and distribution of a marketing flyer and a link into a hospitality group supporting recruitment difficulties as a means of linking redundant workers with employers who have vacancies.
- 2.16 In both cases they have made improvements to the service offer but have yet to resolve some of the major issues identified.
- 2.17 **Funding skills support**

A common theme from other areas and from local knowledge in South Yorkshire is the lack of funding to support training for those at risk of redundancy but still in work. For these individuals being able to undertake training in advance that allows them to move into different roles, upskill in key transferrable skills such as digital or transfer their skills to higher growth/less at risk sectors/jobs could make the difference between them transferring into a new role or becoming unemployed. Timeliness of such training is key here to avoid redundancy, retain skills within the region and reduce dependency on benefits
- 2.18 Whilst there is some funding for those in work, such as the Skills Support for the Workforce offer, in many cases it does not cover the sort of training those at risk of redundancy require or is not available early enough to prevent redundancy.
- 2.19 We cannot change ESF rules so any training which is funded through ESF and only available to out of work learners would remain off limits.
- 2.20 Within the Adult Education Budget provision that the Authority has now commissioned, there is substantial provision for people who are in low paid jobs (as defined by the Real Living Wage) and whose jobs may be at risk of redundancy. This includes support for basic English, maths and digital skills development and funding to undertake a first or second full Level 2 qualification or a first Level 3. It also includes Sector Work Academy Programme provision, which gives people the

opportunity to have a work trial and a guaranteed interview plus access to skills development. With the Authority as funder, we will now seek better alignment between the AEB offer and those supporting employees at risk of redundancy.

- 2.21 There is a 'back to work' and 'train to work' provision funded through Gainshare under an agreement reached as part of the Renewal Action Plan (RAP). Some funding has also been set aside from Gainshare to support the South Yorkshire Jobs Fund as well as apprenticeship activity, some of which is currently being underutilised. Consideration could be given to diverting a portion of this funding to bridge this gap and provide support to those facing redundancy.
- 2.22 We also have funds within the Skills Bank reserve and consideration could be given to a ringfenced pot of funding taken from here to support individuals at risk of redundancy where other funding is not available. Whilst there are sufficient funds in the Skills Bank reserve to cover this option without affecting the current Interim Skills Bank programme or the proposals for Skills Bank 3 this does cut across the key principles of the Skills Bank programme which is predicated on supporting business growth.
- 2.23 Initial funding levels would be a maximum £300,000.
- 2.24 **Forward Plan**
The initial meeting concluded with agreement to form a Task and Finish Group, the first priority being to undertake a thorough review of what support and good practice is already in place, discussions on the current offer made it clear to all that a deeper understanding is required from all parties before we are in a position to make informed decisions about what else, if anything, is needed.
- 2.25 Further activity would cover the challenges outlined in this paper including a focus on our own skills response and how to address the gap in funding to support training in advance of being made redundant.
- 2.26 A draft forward plan has been developed and can be found at Appendix A.

3. Options Considered and Recommended Proposal

3.1 Option 1 (Recommended)

Undertake a piece of work to explore what flexibilities are possible and align with current AEB funded provision

3.4 Option 1 Risks and Mitigations

Most of the AEB allocation has been allocated across grant allocations and contracted provision and may be required to address any gaps in provision for skills and employability, which may reduce the funds available or flexibilities.

3.5 Option 2

Diverting a portion of Gainshare funds from the provision outlined in the RAP.

3.8 Option 2 Risks and Mitigations

Potentially reduces the funding available for other activities, although this would not be an immediate impact as the allocation for apprenticeship activity is not currently being utilised.

3.9 Option 3

Consider the introduction of some flexibility to Skills Bank principles and ringfence funds from the Skills Bank reserve to support individuals at risk of redundancy where other funding is not available.

3.12 Option 3 Risks and Mitigations

Could create confusion within the Skills Bank programme which is predicated on business growth. Would also need considerable changes to the delivery model to support the admin required to manage this training. May incur additional costs for current Managing Agent to deliver or even a procurement exercise which could delay the start of support.

3.13 Recommended Option

Option 1

4. Consultation on Proposal

4.1 Nominations were received from all four Local Authorities, DWP, Prospects (National Careers Service), The Growth Company and the TUC. A meeting took place in July for initial consultation. Further work will be planned and discussed at the next meeting.

5. Timetable and Accountability for Implementing this Decision

5.1 Task force to undertake a full review of current offer, work to continue throughout the summer/early autumn to address the challenges outlined in this paper.

6. Financial and Procurement Implications and Advice

6.1 All 3 options have funding available but come with different implications.

6.2 Option 1 is to use AEB funding. Currently, there is very little spare capacity within the AEB allocation to provide £300,000 to fund the proposal. However, if the current AEB offer from an independent provider was assessed to contain the correct solution, they may deliver this using their existing allocation.

6.3 Option 2 is to utilise existing Gainshare funding under the RAP proposals. Both RAP allocations are currently in the process of being costed, and so the cost models would need to be altered to take account of this requirement for £300,000. The RAP fund has 2 allocations, one being the SY Jobs Fund and one being Apprenticeships based – it would need to be assessed by the commissioning team therefore which fund should be used for this purpose.

6.4 Option 3 is to utilise Skills Bank monies. The Skills Bank Fund is a finite pot of money which currently has capacity to utilise for this purpose, but a decision will need to be made to divert funds away from the established purpose of the Fund. It will also need to be assessed by the contracts team whether this is an agreed usage for such funds.

7. Legal Implications and Advice

7.1 No legal implications.

8. Human Resources Implications and Advice

8.1 No training, recruitment, or other HR related requirements for the organisation.

9. Equality and Diversity Implications and Advice

9.1 Proposals support provision for people at risk of redundancy and unemployment. Supports some of our most vulnerable people.

10. Climate Change Implications and Advice

10.1 No climate implications at this stage.

11. Information and Communication Technology Implications and Advice

11.1 No ICT implications at this stage.

12. Communications and Marketing Implications and Advice

12.1 Working closely with the marketing team so that effective marketing and communications levers the issue and the proposed resolution for South Yorkshire residents in alignment with the collaborative approach to the Renewal Action Plan, Education, Skills and Employability marketing agenda.

List of Appendices Included

A Skills Support for Redundancy Forward Plan

Background Papers

None