

**GMLPF:
LCR Recovery Plan
Consultation –
Unemployed, Redundant
& In Work**

Format

The Impact of Covid-19

The Recovery Plan

Structure & Asks of Government
: LCR & AELP

The Plan and The Asks – Is it fit for
purpose? What are the Strengths,
Weaknesses and Gaps

How can LCR Learning Providers Help?
A Skills Manifesto?



**LIVERPOOL
CITY REGION**
COMBINED AUTHORITY

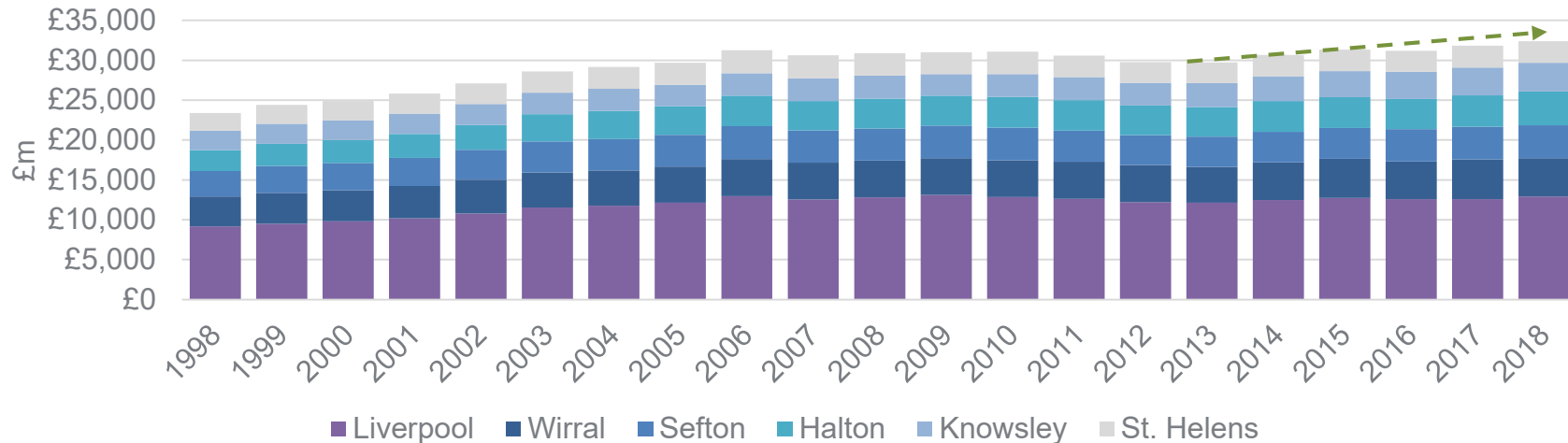
METROMAYOR
LIVERPOOL CITY REGION

A. Impact of Covid 19?

Where we were:

LCR was on a positive trajectory before the pandemic

- A £32.4bn economy
- The most productive City Region in the North
- A growing business base
- A significantly improved labour market



ONS Regional Gross Value Added (Balanced) by Local Authority (1998-2018)

But we did not go into this from a position of strength...

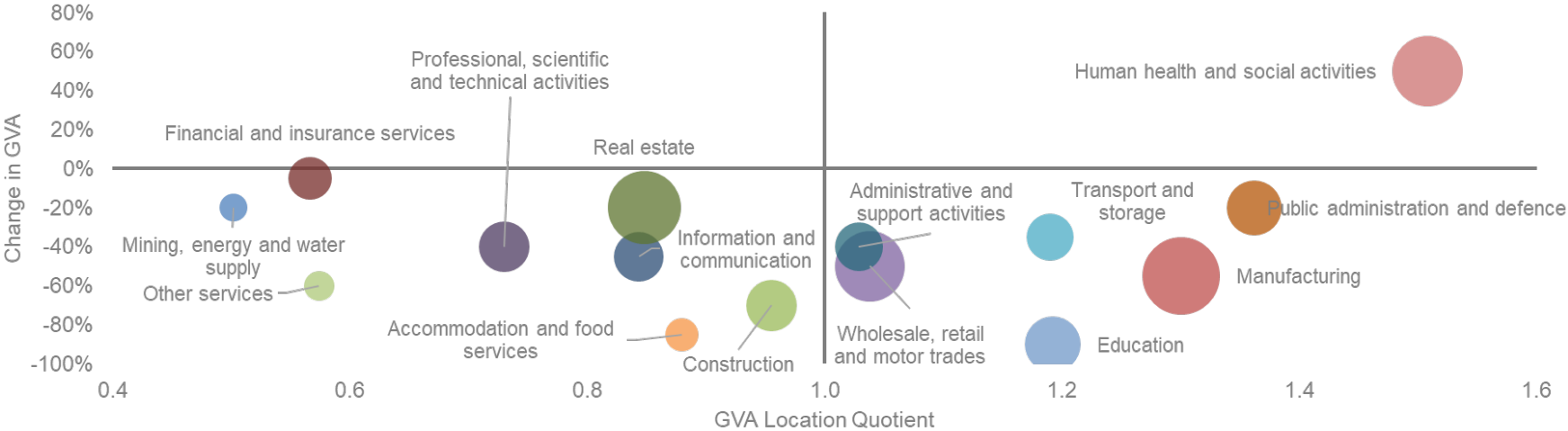
| Indicator | Liverpool City Region | UK | LCR vs UK (UK = 100%) | LCR Rank (out of 38 LEPs) |
|---|-----------------------|------------|-----------------------|---------------------------|
| Real GVA (£m) | £32,400 | £1,680,000 | 2% | 18 |
| Real GVA per Head | £20,900 | £28,000 | 75% | 28 |
| Businesses per 10,000 WAP | 536 | 752 | 71% | 36 |
| Jobs per 100 WAP | 66 | 77 | 86% | 34 |
| Employment Rate | 72% | 75% | 96% | 35 |
| Economic Activity | 74% | 75% | 95% | 36 |
| No Qualifications | 11% | 8% | 134% | 36 |
| % of LSOAs in Most Deprived Areas (Overall) | 34% | 10% | 346% | 38 |

...and LCR economy will be disproportionately affected

LCR is exposed to the most extreme sector impacts:

- The manufacturing and education sectors are highly concentrated in LCR
- These sectors are anticipating significant slowdowns.

Concentration of Sectors in Liverpool City Region and The Impact of COVID on Their Output



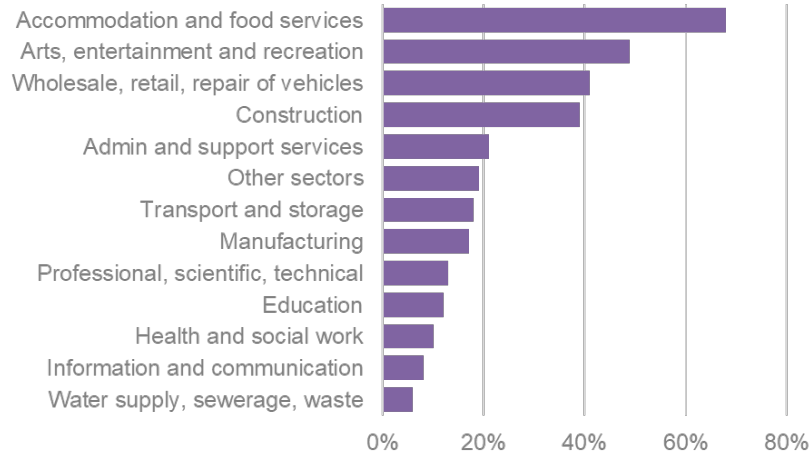
Source: Office for Budget Responsibility, 2020; ONS Regional Gross Value Added by Local Authority, 2018

Note: Bubble size indicates GVA contribution to LCR economy.

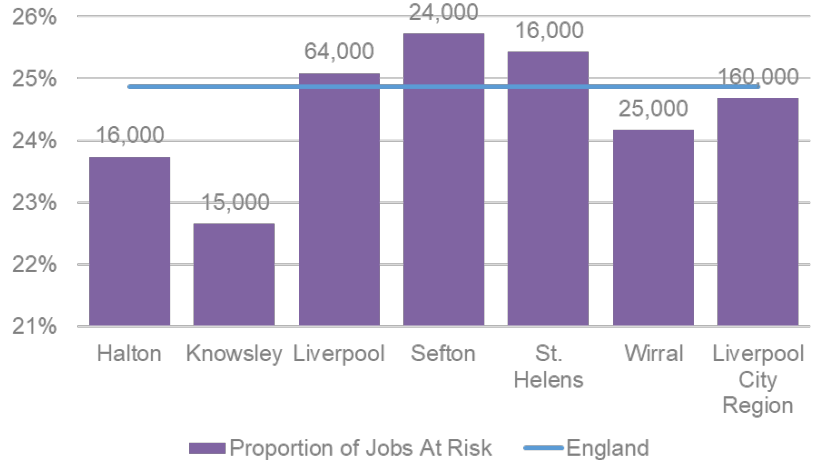
There is a significant number of jobs at risk...

- Estimated there are 160k jobs at risk across Liverpool City Region
- Again they are in sectors closely linked to the City Region's visitor economy

Proportion of Jobs at Risk by Sector



Number and Proportion of Jobs at Risk



Source: McKinsey Covid-19 in the UK, 2020; ONS Business Register and Employment Survey, 2018

The Recovery Plan – Structure & Asks of Government

LCR developing a plan for recovery – Broad Principles

- Taking a partnership approach to developing the plan. The Plan will:
 - Drive the City Region's engagement with government on recovery funding and policy;
 - Provide **strategic direction** for the City Region's medium-term activities; and,
 - Most importantly, provide a framework for collaborating across LCR
- It is being developed against a **backdrop of uncertainty** – timing and phasing of recovery, nature and scale of impact, resources and national response
- We are focused on the specific **local challenges with local solutions**... so the focus and content of the national recovery plan will be pivotal
- Aligned the LIS ambition (a competitive, clean and inclusive City Region)
- Initial Plan to be developed for the end of June – **flexibility in approach** will be paramount
- An Economic Recovery Panel has been launched by the Metro Mayor to guide the work over the next 12-18 months

Four Themes of the Recovery Plan

- **Business Ecosystem**
 - Developing a more **resilient economy** from the recovery
 - Diversification, business growth and knowledge intensity will be central to this.
- **People**
 - Defend the substantial gains the City Region has made over the last ten years
 - **Avoid long-term labour market scarring** and improve health, wealth and wellbeing
- **Place and Economic Infrastructure**
 - Develop shovel ready and strategic investment opportunities across sectors, aligned to the local industrial strategy and responsive to Government's own priorities.
 - Deliver **economic infrastructure needed for recovery and growth**
- **Opportunities to Build Back Better**
 - Retain the positives which have emerged through this crisis
 - Change the way we work and interact
 - Try to rebuild a more sustainable economy in line with good growth principles.

Impact of C19 – Significant Increase in Unemployment

Increase in Overall Number of Unemployed People

An additional 45,000 unemployed people expected in LCR with unemployment rate increasing from 4% to 10%

Newly Unemployed

Those recently made redundant, related or not to the C19 crisis.
Current estimates = 45,000

- Large proportion expected to move back into work as part of recovery. Nature of employment may change
- Large scale redundancy response will put additional demands on public sector resource.
- Residual likely to be older workers, those with low skills or those with caring responsibilities
- ***Certain sectors more impacted than most – sectors making redundancies have traditionally been the motor of job creation***

Short/Medium Term Unemployed

Pre-existing unemployed at time of C19 crisis.

Currently 30,000 people in LCR

This group could grow significantly. Scale of growth dependent on

- (i) speed and trajectory of recovery
- (ii) how quickly newly unemployed find work
- (iii) how incentives for young people work for 16-18 and 18- 24

This group could easily double by the end of 2020

Potential 60,000 unemployed

Economically Inactive

Long term unemployed; greatest distance from labour market

Currently 230,000 people in LCR

Constrained labour market could lead those in short/medium term group to become long term unemployed

Existing members of this group could become more distant from the labour market – falling further behind and more scarred

LCR Economic Recovery Plan: Overarching Structure

Thematic Intervention Areas

1: Business Ecosystem

Foster a strong, high value and innovative business ecosystem which is conducive to recovery and growth.

2: People Focused Recovery

Avoid long term labour market scarring and ensure the health and wellbeing of LCR residents.

3: Place & Economic Infrastructure for Recovery

Secure investment in the economic infrastructure needed for recovery and growth.

4: Opportunities to Improve

Capitalise on the opportunities to do things differently and better in recovery and growth.

Priority Activities

Get Ready to Bid / Respond

Ensure the City Region has an agreed set of priorities and fully worked up business cases so that we can respond swiftly to funding opportunities as they arise.

Shape Existing Delivery

Work with partners across the City Region to ensure existing delivery is aligned towards recovery needs where feasible and desirable.

People Focused Recovery: Impacts of C19

| Significant Increase in Unemployment | Tighter Labour Market | Interrupted Education and Skills Provision | Increase in poor health and inequality | Housing made harder to access |
|--|--|---|---|---|
| <p>Exacerbate precarious and under employment (including fewer hours)</p> <p>Some will return quickly to work, others not</p> <p>Existing challenges of medium and longer term unemployed likely to become entrenched</p> | <p>Slow return of labour demand (VE)</p> <p>Disadvantaged likely to lose out, worsening inequality</p> <p>Reduced in work progression</p> <p>Risk of erosion of pay and conditions</p> <p>Risk of digital exclusion</p> | <p>Disadvantaged children less likely or able to engage in distance e-learning</p> <p>Loss of 20% course time for Y10 and Y12 may not be made up</p> <p>Particular difficulties at transition points, including into work at 16 or 18</p> | <p>Increased poor mental & physical health</p> <p>Impacts more likely in vulnerable groups, worsening inequality</p> <p>Isolation of marginalised groups without community learning opportunity</p> | <p>Harder for homeless people to secure homes</p> <p>Increased demand for social and private rented homes</p> <p>Increased evictions within PRS</p> |

Potential Loss of Service Delivery Capacity

CVS and charity sector in particular – loss of safety net. Plus looming risk of erosion of ESIF delivery capacity. Restriction of breadth of provision in colleges and training providers

All of this will likely lead to...

- | | |
|--|---|
| <ul style="list-style-type: none"> - Increased inequality in health and wealth - More people living in poverty | <ul style="list-style-type: none"> - Long term scarring which undermines people's life chances - Increased costs to public services |
|--|---|

People: Recovery Aims and Objectives

AIM: *Avoid long term labour market scarring and improve the health, wealth and wellbeing of LCR's residents.*

| | |
|--|--|
| Support LCR residents to get into work and progress in work | Objective 1: Enable the newly unemployed to get back into work quickly |
| | Objective 2: Prevent further disengagement of those furthest from the labour market |
| | Objective 3: Promote opportunities for in-work progression |

Lobbying Objective: Work with government to co-design an integrated employment and skills funding response to the current crisis

| | |
|--|--|
| Ensure all people have the skills to recover and thrive | Objective 4: Ensure training & skills development meets the current and future needs of people and employers. |
| | Objective 5: Support education providers to make up lost learning time |
| | Objective 6: Extend local opportunities for adults to develop necessary skills |

Lobbying Objective: Extend devolution powers to enable the City Region to better respond to challenges and opportunities (i.e. 16-18 funding)

Lobbying Objective: Increase Adult Education Budget funding

| | |
|---|---|
| Promote health, wealth and wellbeing | Objective 7: Mitigate the wider health effects of Covid19, particularly on the most vulnerable |
| | Objective 8: Ensure people can access appropriate housing to meet their needs |

Lobbying Objective: Work with Government, NHS and the City Region to co-design and fund a post COVID-19 Health and Wellbeing Improvement Plan

Support LCR residents to get into work and progress in work

Enable the newly unemployed to get back to work quickly

Prevent further disengagement of those furthest away from the labour market

Promote opportunities for inwork progression

Lobbying:

Work with Government to co-design an integrated employment and skills funding response to the current crisis

Potential delivery responses:

- **Response to redundancy**
- **Additional job search and employment support through scaled Ways to Work and other services**
- **Targeted support for particular groups and communities**
- Enhanced support for CVS
- **Business start up advice**
- Apprentice subsidies
- Paid graduate internships
- **Additional financial and digital inclusion support**

Potential delivery responses:

- **Additional job search and employment support through scaled Ways to Work**
- **'Into work' support to get people ready for work**
- Support internships for young people with LDD
- Future Jobs Fund style temporary jobs programme
- Additional support for 16-18s to prevent NEETs
- **Additional financial and digital inclusion support**

Potential delivery responses:

- **Skills development support for people**
- Bespoke provision for people wishing to progress in work
- Launch Fair Employment Charter

Ensure all people have the skills to recover and thrive

Ensure training and skills development needs the current and future needs of people and employers

Support education and training providers to make up lost learning time

Extend local opportunities for adults to develop necessary skills

Lobbying:
Extend devolution opportunities to enable the City Region to better respond to challenges and opportunities

Lobbying:
Increase Adult Education Budget funding

Potential delivery responses:

- Business start up advice
- **Specific support for sectors and clusters (e.g. Care, VE, retrofitting)**
- **Skills development support for people and companies (linked to AEB, NRS and NSF) including Ldrshp & Mgt and change management**
- Apprentice subsidies
- **Additional digital inclusion**

Potential delivery responses:

- Help for schools to help them address the learning deficit for disadvantaged pupils
- Capacity building for post 16 providers to enable digitalisation of offering

Potential delivery responses:

- **Skills development support for people and companies (linked to AEB, NRS and NSF)**
- **Additional digital inclusion provision**

Promote health, wealth and wellbeing

Mitigate the wider health effects of Covid19, particularly on the most vulnerable

Ensure people can access appropriate housing to meet their needs

Lobbying:
Work with Government, NHS and the City Region to co-design and fund a post COVID-19 Health and Wellbeing Improvement Plan

Potential delivery responses:

- Embed health and wellbeing principles and measures as part of investments and delivery
- Further mental health support embedded across all provision

Potential delivery responses:

The Business Ecosystem

Priorities for the National Recovery Package:

1: Provide additional funds to Growth Hubs

- Growth Hubs will need additional funds for capacity to respond to increased demand

2: Invest for the short, medium and long term

- Short term: gradual, not sudden removal of mitigation measures
- Medium term: encourage and enable business adaptation and innovation
- Long term: sustain investment in innovation assets throughout recovery

3. Support the manufacturing sector to protect jobs and progress low carbon aims

- Hasten recovery of strategic manufacturing supply chains to avoid key business loss
- Where key business loss occurs, support suppliers to realign to new markets.

People Focused Recovery

Our asks of Government:

1. Work with government to co-design an integrated employment and skills funding response

- Significant increase in services likely and this will have funding implications -> need to discuss these
- Local input and design needed to ensure an appropriate response for the city region

2. Increase Adult Education Budget funding

- Increase in demand for basic and digital skills provision anticipated
- Demand could significantly outstrip supply without additional funding

3. Work with NHS and the City Region to implement the health and wellbeing programme

- We expect an increase in health inequality following the crisis
- We have a tailored response ready to implement

Place and Economic Infrastructure

Our asks of Government:

1: Confirm investment funding streams

- Uncertainty over funding streams is constraining pipeline development and progress of projects
- Need confirmation of next tranche of Gainshare
- Need to understand scale and likely focus of Shared Prosperity Fund

2: National package of economic stimulus measures

- Important to place demand back into economy
- LCR has a strong pipeline of shovel ready projects

Opportunities to Build Back Better

Our asks of Government:

1: Secure funding to encourage digital inclusion

- Nationally recovery efforts should seek to eradicate digital exclusion
- Ensure the availability of appropriate funding to ensure access to hardware, broadband connections and basic digital training.

2: Funding to protect and enhance the capacity of the CVS

- A commitment to continue to 'match fund' National Emergencies Trust fundraising.
- Ring fenced funding is needed to support the CVS and build the sectors' resilience

The Asks of **Metro Mayor, LCR**
& **AELP**

Discussions With DfE

Locally LCR in discussions With DfE

- Clearly pushing for additional AEB resources – reflecting increased demand
- Looking at Traineeships (primarily 16-18)
- Exploring options for other programmes

DfE produced an outline programme for Redundant Apprentices – potential successor programmes to SSU / SSR type programmes

Unclear about SSW type projects although LCR has Be-More programme

AELP Lobbying Piece – Working With Skills

Broad Principles

- Focus on two age groups 16-24 and 25 plus – young people and adults.
- Enshrines learner choice – learner chooses the programme and provider
- Majority of need can be met through existing programmes and existing contractual relationships – no real need to procure new provision
- Joined up thinking – consistency across Government and across the country – avoid a postcode lottery!

AELP Lobbying Piece – Working With Skills

Adults

Useful reference point – AEB funding is currently less than 50% of what it was a decade ago (£1.5 - £3.63bn)

- Adult traineeship programme that mirrors the 16-24 programme
- Support for the unemployed
- Support for those in employment – the in-work pilot
- Pre-Apprenticeship programme

The Plan and The Asks – Is it fit
for purpose? What are the
Strengths, Weaknesses and
Gaps

Overall Plan

Is it clear what we are trying to achieve?

Is it ambitious?

Do the 4 thematic strands sit neatly together

Skills & People

What are the strengths of the People Strand?

What are the weaknesses of the People Strand?

Are there any clear or obvious omissions?

How might the People strand be improved?

Are there any risks associated with the People strand as it stands?

Unemployed – Redundant – In Work

Is it clear what we are trying to achieve for above groups within the Recovery Plan?

What do members think of the proposals from LCR and AELP?

What do you like and / or dislike?

Are they the appropriate responses?

Are there any gaps or omissions?

What would you like to see by way of investment to support the above groups?

Are there any other issues?

Do we have sufficient capacity and capability to drive forward work with those unemployed, recently made redundant and those in work but at risk? (Explore current conditions / demand)

- Staff?**
- Premises? (Place and location issues?)**
- Equipment?**
- Breadth of Provision? In particular to support people to secure employment in jobs linked to other elements of the recovery plan?**

Do providers require support to tackle the above issues? What are the barriers to delivering support?



How can LCR Learning Providers Help? A Skills Manifesto?

How Can Providers Help The Recovery

What is our role?

What are / should be our priorities?

Do we need a Skills & People Recovery Manifesto? What should be in it?