

Meeting of the Council – 27th April, 2009

Report of the Cabinet

City Region Multi Area Agreement (MAA) for Employment and Skills

Purpose of Report

1. To inform Members of the development of a Multi Area Agreement (MAA) for Employment and Skills covering the City Region area; and
2. To seek endorsement of the timetable for submission of the MAA for Employment and Skills.

Background

3. At its Away Day on 10th & 11th October 2008, the City Region Board agreed the development of a City Region Multi Area Agreement to cover employment and skills. This decision was subject to securing clear benefits and appropriate flexibilities from central Government. The development of a MAA for employment and skills has been endorsed by the Leader of this Council and Councillor K. Meeson (Solihull MBC), with the support and involvement of the Chair of City Region Board (Councillor M Whitby), in their capacity as Leaders of the Employment and Skills Strategic Management Group. A MAA Project Team has been established, comprising David Cragg and Julie Robson (Learning and Skills Council), Margaret Tovey (Jobcentre Plus) and Paul Toomer (City Region). The Project Team has overseen the production of the draft MAA. The Project Team has been assisted by a MAA Task and Finish Group comprised of officers from City Region partner organisations and Local Strategic Partnerships. Councillor Mike Whitby (Chairman of the City Region Board and Leader of Birmingham City Council) has written to Secretaries of State James Purnell (Department for Work and Pensions) and John Denham (Department of Innovation, Universities and Skills) and copied to Ian Austin (Regional Minister for the West Midlands) to inform them of the preparation of a MAA and seek engagement with them on its contents.
4. The MAA covers the local authority areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Telford and Wrekin, Walsall and Wolverhampton. Warwickshire has worked on a collaborative basis with the City Region on development of the MAA. The West Midlands Regional Assembly, the Regional Development Agency (Advantage West Midlands), the West Midlands regional Learning and Skills Council, Jobcentre Plus, the West Midlands Business Council and Higher Education sector along with these local authorities constitute the formal City Region partnership. The combined population of this area is around 3.2million (a working age population of 2 million).

Rationale for the MAA

5. The development of a MAA is a logical progression from the City Region's current experience in transforming the employment and skills infrastructure in the City Region via the City Strategy Pathfinder and the Integrated Employment and Skills (IES) pilot. It signals a commitment from partners to integrate the delivery of all relevant services in support of the delivery of the MAA especially in those neighbourhoods most affected by worklessness and its root causes. Its proposals demonstrate considerable ambition by the City Region to secure delegated responsibility for funding, planning and delivery of all employment and skills services.
6. Key principles on which the MAA proposition is based are:
 - Develop and agree the Adult Employment and Skills Strategy and Delivery Plan for the City Region¹;
 - Progressively take responsibility for all regional and national employment and skills funding, aligning this with local spending;
 - Progressively take responsibility for the commissioning and contracting of all adult employment and skills interventions ensuring that they respond to the local priorities established by the Strategy and Delivery Plan;
 - Have access to and ability to share the operational personal data required to identify, track and tailor support for all workless individuals, accompanied by appropriate data security and protection;
 - Introduce a single performance management system for all relevant local, regional and national agencies; and
 - To build on existing business leadership structures, the role of both public and private employers will be strengthened through the pivotal role of the Employment and Skills Boards, and the creation of a City Region Employment and Skills Strategic Management Board.

Timetable

7. The timetable for development and approval of the MAA is as follows: -
 - a. City Region Board signed off the first full draft of the MAA on 28th January 2009;
 - b. First meeting of the Employment and Skills Strategic Management Board held on 4th February 2009;

¹ Level 3 powers as set out in "Raising Expectations and Increasing Support: Reforming Welfare for the Future (DWP White Paper, December 2008), and Section 4 skills powers of the Further Education and Training Act 2007

- c. Formal negotiations with Department for Work and Pensions (DWP), Department for Innovation, Universities and Skills (DIUS) and Department for Communities and Local Government (DCLG) in February 2009;
- d. City Region Steering Group to receive final draft MAA on 11th March 2009;
- e. City Region Board to receive final draft of MAA proposal on 25th March 2009;
- f. Arrangements for approval of the final MAA before the end of March 2009 by LSPs and City Region partners (Dudley Council Cabinet approval on 18th March 2009 and Dudley Community Partnership approval 19th February 2009);
- g. Third wave of MAA sign-off ceremony with Chair and representatives of the City Region Board scheduled for June/July. It is important to note that the City Region Board will not sign up to an MAA unless full Level 3 powers are made available; and
- h. Following sign-off, develop a City Region Employment and Skills Commissioning Delivery Plan, underpinned by shared targets and outcomes

Proposed Indicators and Targets

- 8. It is proposed that targets to support the delivery of increasing numbers of people in sustainable employment with training will be developed according to the three indicators listed below. Importantly, given the uncertainty of the current economic climate, it is suggested that the City Region build into the MAA an agreement to re-examine targets after the first year of activity and on an annual basis thereafter. This provides the flexibility to revise targets upwards or downwards based on first year economic conditions. The proposed indicators for the City Region are as follows:

Indicator 1: Reduction in the % of working age population in receipt of main worklessness benefits – This will include targets to close the gap between the City Region and national averages;

Indicator 2: Increase in % of adults with at least Level 2 qualification - increase by 12% across the City Region; and

Indicator 3: Increase in % of adults with at least Level 3 qualification – increase by 11% across the City Region

Indicator 1 would be underpinned by a series of locally set operational targets. Local Authorities will retain the power to address their own determined priority neighbourhoods

Implications for Dudley's Next Generation Local Area Agreement (2008/09 to 2010/11)

9. A key rationale behind the intended target setting process for the MAA is that previous targets for LAAs were negotiated in a more favourable economic climate. The MAA provides the opportunity to re-negotiate these targets taking account of the current economic downturn. Employment and skills related National Indicators (NIs) which do not form part of the MAA will remain within Dudley's Local Area Agreement; namely, NI 165 (increase in % of adults with at least a Level 4 qualification). With regard to Dudley's Local Area Agreement it is expected that the following National Indicators would be subsumed within an approved MAA, namely: -

NI 152: Reduction in the % of working age population in receipt of main worklessness benefits (Indicator 2);

NI 153: Reduction in the % of working age population in receipt of main worklessness benefits in the worst performing neighbourhoods (Indicator 3);

NI 116 Proportion of children in poverty (Indicator 4); and

NI 163: Increase in % of adults with at least Level 2 qualification (Indicator 5)

Governance Arrangements

10. The City Region Board will be the Accountable Body for the MAA. An Employment and Skills Strategic Management Board (ESSMB) will be established which will be employer-led with membership from four Chairs of the existing Employment and Skills Boards and two local authority Leaders. The City Region Board will approve an Employment and Skills Commissioning Plan, prepared by the ESSMB. It is intended that the ESSMB will be a company limited by guarantee or local authority special purpose vehicle.
11. On consideration of the above, the Cabinet, at its meeting held on 18th March, 2009, resolved to recommend the Council as set out in paragraph 15 below.

Law

12. Section 2 of the Local Government Act 2000 enables the Council to do anything which it considers likely to achieve the promotion or improvement of the economic, social or environmental well being of the Borough.

Finance

13. Underpinning the MAA proposals is the desire to secure joint commissioning arrangements with Government. This would see DWP, DIUS and other Government departments becoming partners in a local procurement exercise whereby they would specify their outcome requirements but devolve the commissioning, funding and contract management arrangements to the City

Region. It is envisaged that this arrangement will cover all mainstream employment and skills programmes.

Equality Impact

14. The introduction of the MAA will result in significant added value, addressing a number of barriers, inflexibilities and inconsistencies in the current operating framework. This will require new approaches to accountability and decision making for the City Region. The primary objective of the MAA is to bring together the whole employability, skills and wider support infrastructure into a single offer to both employers and individuals. The delivery of the MAA will reduce current economic and social inequalities, since the key rationale of the MAA is to improve performance, primarily by providing targeted and more effective support to disadvantaged groups and to residents in disadvantaged neighbourhoods.

Recommendations

15. It is recommended that Council:-

- Note progress to date with regard to the development of a MAA for Employment and Skills across the City Region;
- Endorse the timetable for approval of the MAA outlined in paragraph 7 of this report; and
- Authorise the Director of the Urban Environment, in consultation with the Leader of the Council and the Director of the Dudley Community Partnership, to agree and finalise the MAA prior to its submission to the City Region Board.

David Caunt

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Leader of the Council