



# **NO STRINGS ATTACHED**

How community-led devolution would transform England's skills sector

Charlotte Morgan

*Supported by:*



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Any errors or omissions are the author's alone.

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## FOREWORD

**This is a timely and important report that the Further Education Trust for Leadership (FETL) is pleased to have funded and supported. Devolution is a critical and fast-moving area of policy crucial to the future delivery of further education and skills. However, while important steps have been made in the past decades towards greater localism, it is evident that there is much work still to be done to ensure effective and inclusive strategic planning of education and training at local level.**

Part of the problem, I would suggest, is that England, the focus of this study, has never wholeheartedly bought into the devolution agenda. The way in which our institutions are run and funded, the traditional snobbishness about the local, and the tendency to put our faith in Westminster politicians with privileged backgrounds and little experience of grassroots politics, have all tended against it. Our approach to the planning of skills and education remains, like so many other things in our national life, heavily centralised, with too little scope for local adaptation.

However, the regional inequalities exposed and accentuated by the COVID-19 pandemic, and the tensions it has created between local and national government, have made the question of how to facilitate place-based strategic planning and collaboration even more urgent. The pandemic has laid bare the limitations of the localism agenda of recent years; its fragmented, often half-hearted, nature, and the uneven, and frankly unhelpful, distribution of power at different levels of government. The consequence of this, for further education and training, is a system that is top-heavy, often unwieldy, and not sufficiently flexible to respond to changing local circumstances and challenges at community level.

I agree with the author that this needs to change and I welcome the attempt to advance community-led devolution as a new *modus operandi*. The proposals provide a useful framework for enhanced local planning and policy-making for skills and further education that I hope will be widely considered and discussed. The vision is comprehensive,

and this matters since national government has never really bought into the *principle* of devolution, seeing it instead as useful, but in specific, limited ways. The case for community-led devolution, as a general principle for reform, is very strong and persuasive.

This is not to say, of course, that the agenda is without challenges. As anyone who has tried to work strategically at a local level will tell you, the devil is often in the tangled detail of implementation. Making community-led devolution work will involve a broad understanding and appreciation of different types of provision – from adult and community learning to higher education, and everything in between. In addition, and perhaps crucially, there needs to be a willingness among different types of institution to work closely together, to be clear about their role and function, and, where necessary, to compromise. This is achievable, and there are examples of very good practice in this area, some of them highlighted in the report. But this is another area where, I suspect, we have been going in the wrong direction, encouraging competition instead of cooperation and focusing on meeting centrally imposed targets rather than local need.

As the country comes to terms with the economic fallout of the COVID-19 crisis, while adjusting to the numerous other challenges it faces – from climate change to Brexit – it is critical that local responsiveness is built into our response, and local areas are able to tailor their strategies effectively to the realities on the ground. Getting this right will not be easy, particularly at the level of institutions, but it will not be possible without a genuine redistribution of powers and resources from the centre.

**Dame Ruth Silver DBE**

**President of the Further Education Trust for Leadership**



## EXECUTIVE SUMMARY

**The UK's labour market is undergoing profound structural change. A reconstructed labour market will create new opportunities. But the forces of transformation – automation, Brexit, changing global economies, climate change, poor social mobility and entrenched inequalities, in addition to the implications of the COVID-19 pandemic – are already bringing about negative consequences for many. As the labour market changes, so too are skills requirements for both current and future jobs.**

An economy is only as strong as the skills system that fuels it. A society is only as strong as the skills system that enables people to fulfil their potential. That system starts but does not end with compulsory education. Post-16 skills and training policies and programmes create pathways for individuals to enter the workforce, progress their careers, move jobs and learn for their entire lifetime. When labour markets undergo structural transformation, the opportunities they create can be seized, and the negative consequences they bring can be overcome, with the support of a well-functioning post-16 skills and training system.

## **The problems in the post-16 skills system: fragmentation, competition and centralisation**

But the skills system in England is not producing optimal outcomes for employers and learners. From local government officers and education and skills providers, to business groups and third sector organisations – people working within the skills sector have long warned of problems. There is too much fragmentation within the system that makes it difficult for employers and communities to engage and navigate. Policy and financial frameworks incentivise competition between skills partners rather than strategic collaboration at place level. Frequent national reforms and centralised control over policy-making and budgets put obstacles in the way of local efforts to streamline skills provision and integrate it with other services, such as healthcare and housing support.

Not every part of the country has the same skills needs and provision, nor the same make-up of sectors and types of job opportunities available. The key to a successful skills system is ensuring that autonomy over decision-making and delivery is aligned as closely as possible to place-level variation. Yet, in England, too many powers and budgets affecting decisions and delivery in local skills systems are still held in the hands of the UK Government. Although there has been some skills devolution to London and mayoral combined authority areas in the last few years, what has been devolved is relatively small compared to what has remained in Whitehall.

## **The problem with English devolution: piecemeal, institutionalised and bureaucratic**

Devolution will not correct over-centralised decision-making if it continues under the model that currently exists within England. Shaped by pernicious state and market paradigms, English devolution is too piecemeal and miserly in the powers and resources on offer; too obsessed with governance, institutions and reorganisation than local power and outcomes; too dominated by transactional deal-making than the forging of new centre-local relationships; and too slow and bureaucratic to hold the interest of devolution's proclaimed beneficiaries – local communities.



## The principles of community-led devolution: subsidiarity, horizontal accountability and community power

England does not just need further skills devolution. It needs further skills devolution to take place under a different modus operandi. We propose community-led devolution, where power devolved is power shared with people and communities, without strings attached by the centre. Community-led devolution comes with the following core principles:

- **The devolution of powers and budgets is determined by subsidiarity – the principle that decisions should only be made centrally when they cannot be made locally.**
- **Governance is designed more flexibly to enable horizontal accountability, collaborative partnerships and participation of communities.**
- **Devolution is a means to enhance community power.**

## How community-led devolution would enable more alignment and collaboration in the post-16 skills system

A new approach to community-led devolution would involve:

- **More comprehensive devolution of skills powers and budgets to combined authorities and partnerships of local authorities, giving local areas greater autonomy over service design, commissioning and delivery in matters such as 16–19 education, apprenticeships, careers advice, retraining and adult lifelong learning.**
- **The creation of local authority partnerships based on Local Industrial Strategy areas in the first instance in order to prioritise the delivery of existing skills strategies, but allowing flexibility for partnership geographies and memberships to change in future.**

- The creation of Local Communities Partnerships so that resident and learner communities have a direct voice in skills strategy and policy discussions alongside Local Enterprise Partnerships and skills providers.
- A Community Rights Act to support the rights of communities to take part in decision-making and the design, commissioning and delivery (where appropriate) of skills development programmes.
- The UK Government retaining strategic oversight of skills development in England, forming and enforcing national policy frameworks and baseline standards in partnership with combined and local authorities and communities.
- Inspections (from bodies such as Ofsted) recalibrated to focus on skills provision and integrated service delivery across a place, rather than a narrow focus on provision within individual institutions.

## The current skills system versus community-led devolution of skills

In practical terms, community-led devolution represents a step change from the current approach to designing and implementing skills policy in England. It produces a more responsive system that aligns skills training courses better with local, secure employment vacancies in real time and anticipates future demand.

	Current approach	Community-led devolution
Primary decision-making scale	<p><b>National</b></p> <p>With some skills devolution to combined authorities and the Greater London Authority<sup>1</sup></p>	<p><b>Sub-regional and local</b></p> <p>Providing an opportunity to integrate new skills initiatives with other local strategies and existing provision.</p>
Main target for support	<p><b>Employers</b></p> <p>The UK Government has for many years pursued an ‘employer-led’ skills agenda.<sup>1</sup></p>	<p><b>Places</b></p> <p>Where the interests of employers and learners intersect.</p>
Pace of implementation	<p><b>Slow</b></p> <p>National schemes often require a long time to design and test in pilots before being accessible to the whole country.</p>	<p><b>Responsive</b></p> <p>Local schemes can be set up more quickly and adapted to changing circumstances.</p>
Impact	<p><b>Fragmented system</b></p> <p>National policy and financial frameworks incentivise competition between local skills partners, creating siloes.</p>	<p><b>Whole system</b></p> <p>Local policy and financial frameworks incentivise collaboration between skills partners. Skills programmes are linked better with other local services such as housing to provide tailored wraparound support for individuals in need.</p>
Longevity of arrangements	<p><b>Short-term</b></p> <p>National government frequently sets out reforms and changes to skills policy.</p>	<p><b>Longer-term</b></p> <p>Horizontal accountability mechanisms require local partners to build consensus and work with communities, which is more likely to lead to a stable policy-making environment.</p>

<sup>1</sup> Bewick, T. (01 October 2018). ‘The fallacy of our ‘employer-led’ skill system. *FE Week* [online].

## Making community-led devolution happen

To meet the scale and urgency of the challenges facing the labour market, we recommend that England adopts a community-led approach to devolution immediately. Only a more comprehensive form of skills devolution will enable local areas to respond with immediacy to the changing impacts of the COVID-19 crisis on employment, as well as the other forces of transformation still quietly working in the background.

We suggest the following as practical steps that the UK Government and sub-national governments can take in the short-term to lay the foundations for community-led devolution:

- **Building capacity:** the Government should make the proper funding available to mayoral combined authorities, the Greater London Authority (GLA) and local authorities to prepare for more comprehensive skills devolution. These authorities should in turn help to build capacity among partners and communities to take on more responsibilities and become more directly involved in local decision-making and the design, commissioning, delivery and evaluation of skills programmes.
- **Signing off the remaining Local Industrial Strategies:** the Government, combined and local authorities and skills partners should work together to update Local Industrial Strategies, ensure that they support the delivery of other local skills strategies, and sign them off so that every part of the country has a locally-designed skills plan that they can work to deliver.
- **Preparing for new arrangements:** the Government should create a forum for combined and local authorities, local skills partners and communities to co-produce skills initiatives that are developed before community-led devolution comes into effect. The UK Government should also undertake a comprehensive process of identifying and setting out which elements of skills policy are best run locally, sub-regionally and nationally in accordance with the principle of subsidiarity.



# INTRODUCTION

## Mounting challenges

The UK is facing a multitude of complex short- and long-term economic, social and environmental challenges. Many of them can be mitigated, even resolved, by a well-functioning skills system.

Long before the events of 2020, the UK's economy was undergoing a process of structural transformation with significant implications for labour market requirements.

- **Automation** is already placing jobs with a high proportion of routine tasks (such as retail assistants and warehouse workers) at risk and changing the nature of skills valued by employers. These trends, associated with the 'Fourth Industrial Revolution', will continue to grow apace for at least the next couple of decades.<sup>2</sup>
- **Brexit** is putting pressure on sectors that have tended to employ a relatively high proportion of EU nationals, such as the hospitality and healthcare sectors.<sup>3</sup> The introduction of a new domestic immigration system from 2021 will place greater policy emphasis on training people already resident in the UK to cover staff shortages in these industries.

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<sup>2</sup> Key Cities and New Local. (2019). *Cities in Action 1: Workplace Automation*.

<sup>3</sup> Purvis, C. (27 September 2019). 'How will #Brexit impact the skills gap?' *FE News* [online].

- A **changing global economy**, which allows labour and production to move between countries more easily, is driving both a growth in service sector employment and a marked decline in manufacturing jobs.<sup>4</sup>
- **Climate change** is already having an impact on working practices in sectors like agriculture and horticulture, which rely on stable seasonal weather patterns, and creating opportunities in new sectors such as green technology.<sup>5</sup>
- The UK's long-term **social mobility challenges** and entrenched inequalities are increasingly necessitating state intervention, particularly at the local level, to develop more inclusive economies and proactively support people who would otherwise face significant barriers to training and employment.<sup>6 7</sup>
- The **COVID-19 pandemic** and accompanying lockdown measures have plunged economies around the world into deep recession. Lessons from the 2008/09 financial crash tell us that severe economic shocks have long-term negative implications, particularly for young people who are just entering the workforce at the time.<sup>8</sup> The UK is already seeing the number of redundancies reach its highest level since 2009 and people aged 16-24 bearing the brunt of falling employment.<sup>9</sup> It also appears likely that the pandemic will accelerate the impact of automation and many of the other forces of transformation already reshaping the labour market.<sup>10</sup>

<sup>4</sup> Quilter-Pinner, H. et al. (2020). *The Decades of Disruption*. IPPR. p.18.

<sup>5</sup> Local Government Association. (11 June 2020). 'LGA: Over a million new green jobs could be created by 2050' [online].

<sup>6</sup> Social Mobility Commission. (2019). *State of the Nation 2018-19: Social Mobility in Great Britain*.

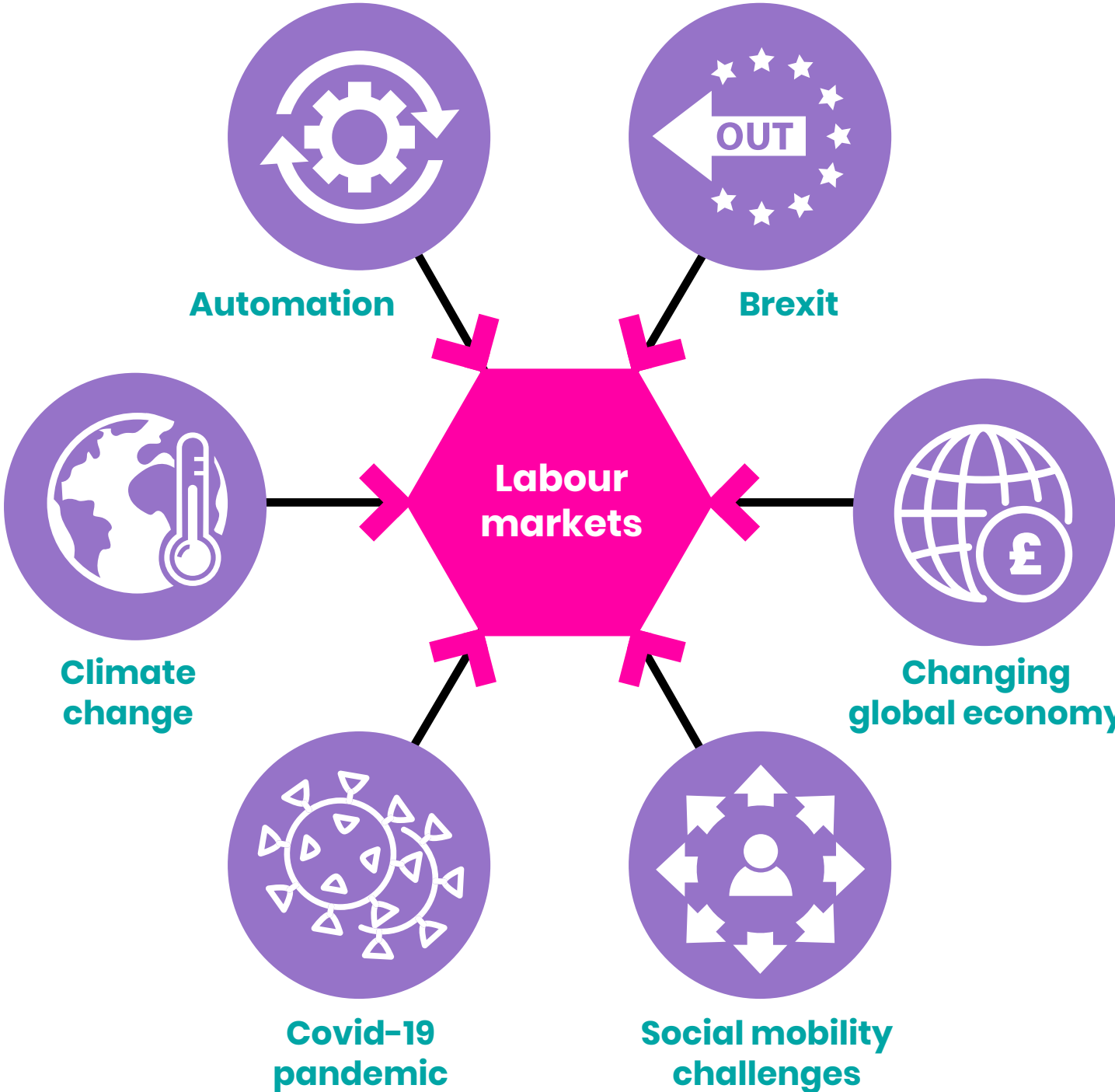
<sup>7</sup> Tiratelli, L. and Morgan, C. (2020). *Cultivating Local Inclusive Growth: In Practice*. New Local.

<sup>8</sup> Resolution Foundation. (2019). *The RF Earnings Outlook. Quarterly Briefing: Q3 2018*. p.3.

<sup>9</sup> Latest figures at the time of writing are three months to August 2020. See ONS. (13 October 2020). *Labour market overview, UK: October 2020*.

<sup>10</sup> Wallace-Stephens, F. and Morgante, E. (October 2020). *Who is at risk?: Work and automation in the time of COVID-19*. RSA.

Figure 1: The mounting challenges





**Without meaningful action, people and places risk not just being left behind but swept away.**

Automation, Brexit, changing global economy, climate change, social mobility challenges, and the COVID-19 pandemic – these are all significant waves of change for labour markets in their own right. Combined, they form a tsunami. Without meaningful action, people and places risk not just being left behind but swept away.

If the UK is to ride out these extraordinary waves of change, a robust, resilient and responsive skills and training system is imperative and could not be needed more urgently than now.

## **The post-16 skills system is not working optimally for learners and employers.**

What do we mean when we talk about a skills *system*? It is a complex network of people and organisations working alongside each other to design, commission and deliver skills and training courses that set learners up to gain work experience, enter the workforce and progress.

Organisations involved in the skills system include: governments (at multiple levels); educational institutions (such as colleges and universities); training providers; employers; and employer and worker representative bodies.<sup>11</sup>

At its most basic, a post-16 skills system aims to benefit two groups: learners and employers. Learners obtain the qualifications and training they need to secure and progress into fulfilling employment. Employers create jobs and fill vacancies with people who have the right qualifications and training to further their business goals. But, even before the COVID-19 crisis struck, there was plenty of evidence to indicate that neither learners nor employers in the UK are receiving optimal outcomes from the skills system.

<sup>11</sup> For a more detailed explanation, see: The British Council. (2017). *The UK Skills System: An Introduction*.



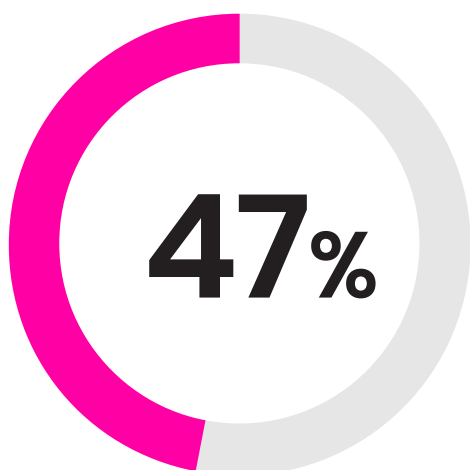
## What's wrong with our approach to skills?

### Participation is falling

In England, both participation in and funding for adult education and training have decreased significantly in recent years.



Only **one third** of adults across the UK said that they had participated in adult learning in the last three years.<sup>12</sup> This is the lowest participation rate in the 23-year history of the Learning & Work Institute's 2019 Adult Participation in Learning Survey.



In England, total spending on adult education (excluding apprenticeships) fell by **47 per cent** between 2009/10 and 2018/19.<sup>13</sup>



Learner numbers dropped from 4.4 million in 2004/05 to **1.5 million** in 2017/18.<sup>14</sup>



<sup>12</sup> Learning and Work Institute. (2019). *Adult Participation in Learning Survey 2019*. p.5.

<sup>13</sup> Britton, J. et al. (2019). *2019 annual report on education spending in England*. Institute for Fiscal Studies. p.9.

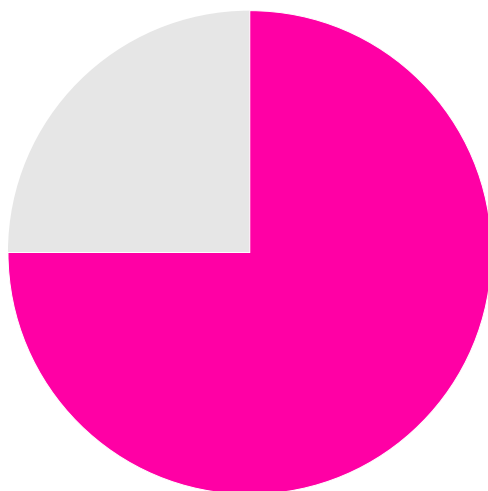
<sup>14</sup> Ibid.



Employer investment in training has fallen in real terms by **6.3 per cent** per employee between 2011 and 2017, and apprenticeship starts have fallen since the introduction of the apprenticeship levy.<sup>15</sup>

## Employers needs are not being met

At the same time, employers are reporting significant recruitment challenges.



**Nearly three-quarters** of businesses attempting to recruit in the last three months of 2019 experienced difficulties because of a shortage of skills.<sup>16</sup>



In 2014, roughly **10 per cent** of adults in the UK held technical education as their highest qualification, which placed the UK 16<sup>th</sup> out of 20 OECD countries for this measure.<sup>17</sup>

<sup>15</sup> CIPD. (2019). *Addressing Employer Underinvestment in Training: The case for a broader training levy*. p.5, 11.

<sup>16</sup> British Chambers of Commerce and Totaljobs. (2020). *Quarterly Recruitment Outlook: Q4 2019*.

<sup>17</sup> OECD. (2017). *Getting Skills Right: United Kingdom*. p.22.

## There is a mismatch between supply and demand

There is an alarming mismatch between skills qualifications and suitable employment opportunities. Nearly **40 per cent** of British workers are estimated to be over-qualified or under-qualified for their job.<sup>18</sup> A concurrent mismatch between supply of qualifications and labour market demand has resulted in an under-supply of people able to fill vacancies in occupations such as health associate professionals and metal machining, fitting and instrument making roles. Meanwhile, there is an oversupply of people seeking jobs in sports and fitness and artistic, literacy and media occupations.<sup>19</sup>

## The system is too complex and fragmented

People and organisations within the skills system have warned for some time of serious problems. They argue that the system is too complex – with organisations operating at supra-national, national, regional, sub-regional, local and community levels all having an influence over various aspects of skills development in any one place. Crucial components of the system, such as Further Education (FE) colleges, are significantly under-resourced, and policy and financial frameworks incentivise competition between providers over student numbers rather than collaboration to avoid duplication and develop courses strategically at place level.<sup>20</sup>



**28 major pieces of legislation related to FE had been developed since the 1980s by 48 Secretaries of State.**

Frequent reforms to skills policy by national government in recent years have put the skills system in a near-constant state of flux. In 2017, the Institute for Government highlighted that 28 major pieces of legislation related to FE had been developed since the 1980s by 48 Secretaries of State.<sup>21</sup> Regular change makes it difficult for organisations within the system to implement skills strategies and integrate programmes before the next batch of strategies and programmes have to be developed.

<sup>18</sup> OECD. 19 November 2017. 'Boosting skills would drive UK growth and productivity'. *OECD* [online].

<sup>19</sup> Dromey, J. and McNeil, C. (2017). *Skills 2030: Why the adult skills system is failing to build an economy that works for everyone*. IPPR. p.39.

<sup>20</sup> These points were made in the interviews and events that took place to inform this research.

<sup>21</sup> Institute for Government. (2017). *All Change: Why Britain is so prone to policy reinvention and what can be done about it*. p.3.

All this leads to the conclusion that the UK's post-16 skills system is too fragmented, confusing and complicated for learners and employers, especially SMEs, to navigate and feel engaged in decision-making.<sup>22</sup>

## The problem is misalignment. Skills systems operate locally, whereas policy and financing are centralised.



**If the UK is to ride out these extraordinary waves of change, a robust, resilient and responsive skills and training system is imperative and could not be needed more urgently than now.**

In practice, calling it a 'skills system' is a misnomer. Like the national economy, which is an amalgamation of regional and local economies, the English skills system can more accurately be described as a collection of skills systems operating at the sub-regional and local levels.

The reason is to do with variation. No two places within England have exactly the same make-up of sectors and businesses because of factors such as location (inland or coastal; urban or rural); heritage (old industrial town, relatively new commuter town or professional university town); and over-reliance on a specific sector or large business for a high number of local jobs – see Crawley for the aviation sector and Sunderland for the Nissan car manufacturing plant. Similarly, no two places within England have the exact same skills needs and provision, demographics, and housing and transport environments.

The implementation of skills strategies and policies largely takes place at the local level so that delivery aligns with this variation. In theory, skills systems at the local level adapt skills and training provision to an area's bespoke labour market and learning requirements and gather intelligence to support policy-making to meet future demand for skills as well as current demand. Skills systems also work with other organisations to integrate skills strategies and programmes with those of other policy areas (such as employment support and housing) that exhibit significant place-level variation.

<sup>22</sup> These points were made in the interviews and events that took place for this research. Another recent report whose research produced the same conclusion is: Kelleher, S. (2020). *England's Skills Puzzle: Piecing together further education, training and employment*. Policy Connect and Learning and Work Institute.

However, among comparable countries, the UK is one of the most centralised states in the world.<sup>23</sup> This means that the skills policy and decision-making environment in England is far less responsive to local variation.<sup>24</sup> Although the Government has agreed to some skills devolution in the last five years – notably devolving control of the Adult Education Budget to Mayoral combined authorities and the GLA – too many powers and budgets affecting local skills development plans remain in the hands of national government and its arm’s length bodies.

A good example of the problems this causes emerged during the COVID-19 crisis. The Government launched a Kickstart Scheme in September 2020 for employers to apply for funding to create new job placements for 16–24 year olds at risk of long-term unemployment. The scheme, as it was originally designed, required one employer to provide at least 30 placements, which created more hurdles and red tape for small businesses interested in the scheme than it did for large employers. After representations from business groups, the Government hastily redesigned the scheme two weeks later to enlist organisations such as local authorities to serve as ‘gateways’ and help small businesses come together to make joint applications.<sup>25 26</sup>

## A greater role for local skills systems

Given the awareness that local skills partners have of the specific needs of their young people and business communities, and the relationships they have already built with them, it makes no sense that a scheme such as Kickstart should be managed centrally. If local partners had designed Kickstart, or been involved in designing it, it is highly unlikely that the scheme would have been set up to put obstacles in the way of small businesses. Local authorities, for

<sup>23</sup> Raikes, L. et al. (2019). *Divided and connected: Regional inequalities in the North, the UK and the developed world – State of the North 2019*. IPPR North.

<sup>24</sup> Skills and aspects of employment policy in Scotland, Wales and Northern Ireland are the full responsibility of their respective devolved administration. This report focuses on England rather than the specific skills policies and systems in the UK’s devolved nations.

<sup>25</sup> Department for Work and Pensions. (last updated 21 September 2020). ‘Collection: Kickstart Scheme’. [online]

<sup>26</sup> Thomas, D. (21 September 2020). ‘UK expands Kickstart jobs scheme to attract small businesses’. *FT* [online].

instance, already have duties to help young people aged 16–18 to continue participating in education and training, and many also offer targeted support to young people not in education, employment or training up to the age of 24.<sup>27</sup>

In recognition that a centralised ‘one-size-fits-all’ approach had denied local partners “the means to set their own economic destinies”, the UK Government led by Theresa May pledged in 2017 to work with places to develop Local Industrial Strategies (LISs) to identify priorities to improve skills and business growth and coordinate local and national funding streams.<sup>28</sup> Boris Johnson’s Government has not talked much about LISs, and not all of them have been agreed yet, but the principle behind LISs still holds true. In these fast-moving and turbulent times, people need skills and training initiatives to be responsive and relevant. This is more likely to be achieved by local skills systems than by the centre.

## Devolving power and creating new paradigms

Devolution is the process that enables decentralisation. It refers to the transfer of power from a higher level of authority to a lower level. The UK currently has two different devolution frameworks: a comprehensive reserved powers model for the three devolved nations of Scotland, Wales and Northern Ireland; and a sub-regional devolution programme for England based on the creation of mayoral combined authorities. The GLA is England’s only regional government and has a directly elected assembly, but holds similar autonomy to combined authorities regarding skills policy.

Devolution is, in theory, the mechanism to curb excessive centralisation. But the current approach to devolution in England is also centralised, so exacerbates rather than fixes problems with the skills system.

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<sup>27</sup> Local authorities also have longstanding experience designing, commissioning, managing and coordinating employment and skills initiatives. For examples, see: Rolfe, H. et al. (2015). *Local authority schemes supporting people towards work*. National Institute of Economic and Social Research.

<sup>28</sup> HM Government. (2017). *Industrial Strategy: Building a Britain fit for the future*. Cm 9528. Quote on p.219.

As New Local explored in *The Community Paradigm*, the Government's approach is based on two outmoded thought patterns, or paradigms, that have shaped public service delivery since the 1940s and embody national governments' centralising tendencies.<sup>29</sup> They are:

## The State Paradigm

### **The belief that the state, its officials and experts know best.**

The current approach to devolution is dominated by the UK Government's obsession with institutions and hierarchical structures. The Government regards the reorganisation of subnational government as a pre-condition for devolution, even though it offers hardly any meaningful powers in return. Its top-down conditions and criteria for devolution exclude some places from the process, especially those that are not closely located to a major city and do not want a metro mayor. Communities are largely left out of devolution negotiations – a classic example of a process that is done to, rather than with, its proclaimed beneficiaries.

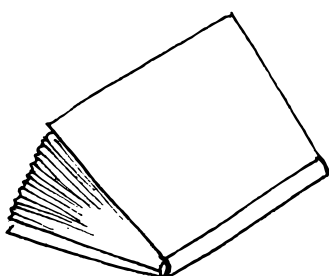
## The Market Paradigm

### **The belief that market forces need to be injected into public services to deliver cost savings and efficiencies.**

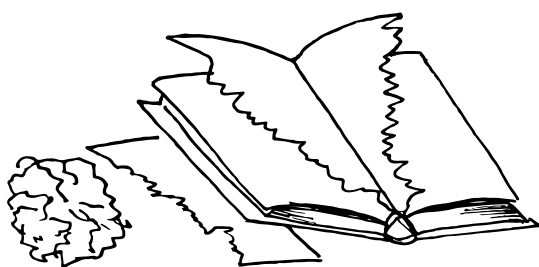
The current approach to devolution is based on deal-making and negotiation, which turns the process into a transaction rather than a resetting of the relationship between national and local levels of government. The process of devolution is slow because national government adopts a 'test-and-learn' approach that requires areas to justify and prove the 'impact' of their new devolved powers and programmes before further devolution is considered.

<sup>29</sup> Lent, A. and Studdert, J. (2019). *The Community Paradigm: Why public services need radical change and how it can be achieved*. New Local.

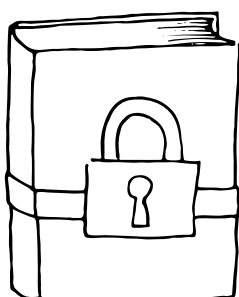
These paradigms have shaped a devolution settlement for England that is:



**Lopsided** because the criteria are skewed in favour of city regions.



**Piecemeal** because so few genuine powers are devolved and the pace of change is slow.



**Centralised** because national government holds all the cards in the 'negotiations'.

With budgets cut to the bone by ten years of austerity, local authorities have little choice but to go along with this unfair system because they cannot afford to turn down the additional money the Government puts on the table.

Fortunately, the current approach to devolution is not the only possible approach. We have only to look at the other UK nations to see that there are other ways to do devolution. They show that it is possible to distance the devolution process from outmoded paradigms, cut away the strings attached by the centre, and move devolution closer to the 21<sup>st</sup> century belief that it is people, not the state or market forces, who should be in control. New Local has identified this belief as a shift towards a community paradigm, where the design and delivery of public services is placed in the hands of communities and a new egalitarian relationship is built between citizens and public servants.<sup>30</sup> To that end, we propose a community paradigm approach to devolution, which we call 'community-led devolution'.

<sup>30</sup> More discussion on the community paradigm for public services is set out in: Lent, A. and Studdert, J. (2019). *The Community Paradigm: Why public services need radical change and how it can be achieved*. New Local.





## WHAT IS COMMUNITY-LED DEVOLUTION?

**Community-led devolution is based on the principle that “power devolved is power shared with people and communities.”<sup>31</sup>**

The axiom moves devolution closer to its conceptual roots as the enabling arm of ‘subsidiarity’. Usually, subsidiarity is defined as an organising principle holding that political decisions and actions should be taken as close to citizens as possible. Taking inspiration from the work of the Nobel Prize winning economist Elinor Ostrom,<sup>32</sup> we expand this definition further and argue that subsidiarity also requires the centre to reform. Rather than resorting to paternalism or deferring to market forces, the state should become more facilitative and lay the foundations for community power to grow and thrive.

A similar lesson is directed at the local state. If national government should only carry out tasks that cannot be effectively performed locally, local government and partners should only carry out tasks that have been subject to real engagement and participation from communities.

When it comes to skills and training policy, ‘communities’ can refer to communities of learners and businesses as well as communities of residents within a defined geographic area. A community-led approach to devolution regards devolution as a precondition for, and as a means to enable, the empowerment of communities of place and interest in all parts of the country.

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<sup>31</sup> Ibid. p.54.

<sup>32</sup> Kaye, S. (2020). Think Big, Act Small: Elinor Ostrom’s radical vision for community power. New Local.

For post-16 skills development, community-led devolution has the following principles:

- 1. The devolution of powers and budgets is determined by subsidiarity – the principle that decisions should only be made centrally when they cannot be made locally.**
- 2. Governance is designed more flexibly to enable horizontal accountability, collaborative partnerships and participation of communities.**
- 3. Devolution is a means to enhance community power.**

The practical implications of these principles are set out in turn:

## **1. The devolution of powers and budgets is determined by subsidiarity**

This means devolution is more comprehensive than it is now, with a significant increase in decision-making powers and resources devolved to local areas to support the delivery of place-based skills strategies. It would also include the full devolution of budgets required to implement those decisions into ‘single pot’ place-based budgets to create incentives for collaboration between local public services and align the risks of investment with the rewards of savings.<sup>33</sup>

Fiscal powers should also be on the devolution menu to strengthen engagement with local democracy and develop place-based ecosystems of risk and reward. If partners across a place achieve outcomes in one budget that enables savings to be made in another budget, place leaders should be able to keep and reinvest the extra funding in their area rather than watch it trickle upwards towards the Treasury.

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<sup>33</sup> Lent, A. and Studdert, J. (2019). *The Community Paradigm: Why public services need radical change and how it can be achieved*. New Local, pp.56-7.

## 2. Governance is designed more flexibly to enable horizontal accountability, collaborative partnerships and participation of communities

Decision-making, fiscal powers and full budgets are devolved without 'strings' or conditions attached by national government, so that flows of accountability shift in direction from 'vertical' (top-down) to 'horizontal' (place-based).

Horizontal accountability encourages public bodies, skills partners and communities of local businesses, learners and residents to work with each other to:

- Achieve co-produced goals and outcomes, rather than targets imposed from on high.
- Develop a more holistic place-based employment and skills offer, and link skills development programmes with other strategies and programmes operating in the area.
- Incentivise preventative approaches to service design and delivery across a place, expanding existing work by local authorities and partners to develop tailored 'wraparound' support for people with complex needs and/or barriers to work.
- Nurture leadership and local innovation across the skills system rather than divide and pigeonhole organisations into siloes through competitive finance and policy frameworks.

Community-led devolution adheres to the traditional mantra that 'form follows function'. If powers are devolved in accordance with the principle of subsidiarity, form will evolve to meet those new responsibilities and in response to engagement from communities.

Community-led devolution favours the creation of partnerships – a more flexible governance arrangement founded on relationships of trust and horizontal accountability – rather than the establishment of

hard structures and new institutions that incentivise competition and siloes. It does not mean that structural change is always rejected, but the preferred method of implementation is cultural change and a focus on values and behaviours rather than reorganisation.

As part of the changing culture of place-led partnership, national government's role is transformed from micro-manager to strategist. This involves working with place leaders to set strategic frameworks, ensure overall quality and support innovation. In community-led devolution, national government takes a step back to enable place-based leadership to flourish.

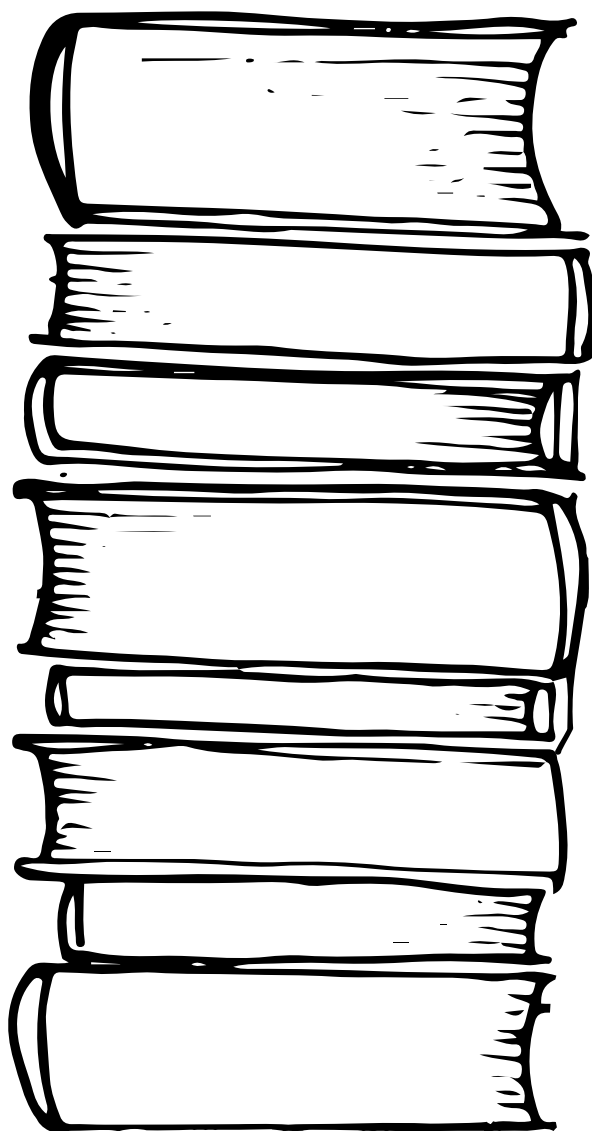
Local government's role undergoes a similar transformation. Rather than transfer power from one government institution to another, community-led devolution shifts the balance of decision-making autonomy from the centre to local areas, of which local authorities are but one constituent. The emphasis on power flowing to place rather than between institutions recognises the importance of all individuals and organisations intrinsic to a well-functioning local skills system – communities, employers and delivery partners such as skills and training providers, as well as public bodies. Supported by a governance arrangement and culture based on partnership, the role of local government under community-led devolution is to share power with local partners and communities and facilitate their work to deliver co-produced local skills plans.

### **3. Devolution is a means to enhance community power**

As power flows to places rather than just institutions, the local state is also required to step back and make space for community power to grow. This means communities are involved in decision-making, design, commissioning, delivery and evaluation of skills strategies and programmes where appropriate and through a variety of deliberative and participatory engagement mechanisms. Partnerships employ deliberative and participatory methods, such as regular forums and community commissioning, to ensure that communities are positioned at the heart of decision-making and skills policies are responsive to their

changing needs. Skills strategies and programmes become enriched with the granular knowledge of people and places that communities bring to the table, ensuring that devolution creates opportunities for all rather than new 'local centres' that hoard power.

When power is centralised, so are leadership, agency, responsibility and ownership. When power is redistributed, communities gain more opportunities to build and strengthen their capacity as well. Decentralising and distributing leadership enables more leaders to emerge throughout the system – and when there are more leaders, there is greater scope for innovation.





## PRACTICAL IMPLICATIONS OF TRANSITIONING TO A COMMUNITY-LED MODEL OF DEVOLUTION

Shifting to a more comprehensive and community-led approach to skills devolution in practice will require significant changes to be made to England's government machine. Here, we set out some of the advantages that the successful implementation of community-led devolution will generate for the UK skills sector, employers and learners. We also address some of the objections that could be raised at the prospect of significant further skills devolution.

Advantages of community-led devolution:

- **Strategies and services can be joined up more effectively.** In the case of skills development, community-led devolution would match existing local skills strategies like LISs with the powers and budgets that local partners need to implement them. It would also help combined and local authorities to align skills strategies with related policy areas and programmes operating across a similar scale (such as employment, transport, housing, the Towns Fund and inclusive economic development). This would involve working across local partners to coordinate service delivery so that personalised wraparound support can be provided to people with complex needs and barriers to employment.

- Place-based policy-making can be more responsive and resilient.** For example, more comprehensive devolution of skills development policy would give local partners the authority to adapt their skills strategies and programmes to changing circumstances or global economic turbulence rather than wait for decisions or reforms from national government.
- Communities would have a more prominent role in local skills systems.** Community participation in decision-making and the design, commissioning, delivery and evaluation of skills interventions is the most effective way to ensure that policy and programmes produce optimal outcomes for learners, employers and their local areas. Participatory mechanisms would allow communities of interest within the system (communities of learners and communities of employers) as well as communities of residents to articulate their skills needs to shape place-based strategies and schemes.

The concept of ‘community’ has an even greater role to play in the skills system than this. Interpersonal and cognitive skills that cannot be performed by automated machinery, such as team-working, originality and fluency of ideas, are as sought-after by employers as technical qualifications.<sup>34</sup> These so-called ‘soft’ skills are developed and honed when people have regular and meaningful face-to-face contact with members of their local community.

Community-led devolution creates a mutually enhancing bond between community activism and local skills development. Devolution strengthens community power by encouraging people to come together and influence local decision-making and skills policies; while the act of bringing people together for a shared purpose strengthens community spirit and enables interactions that require people to work as a team and practise their ‘soft’ skills.

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<sup>34</sup> Bakhshi, H. et al. (2017). *The Future of Skills: Employment in 2030*. p.15, pp. 77-9.

## Answering objections to community-led devolution:

### Objection

**Further devolution creates new geographic boundaries and a ‘postcode lottery’.**

### Response

**These already exist under the system we have now.**

This is one of the most common arguments against further devolution: that different policies operating in different places would result in unfairness and growing inequalities if one area produced notably better outcomes than its neighbour. The problem with this argument is that our current system has already produced significant postcode lotteries in terms of education, health, employment and life chances.<sup>35</sup> Indeed, greater local variation will create more opportunities for innovation which can be replicated in and adapted for other areas. Significant disparities in skills provision between localities can be avoided through democratic processes – if a neighbouring area has better quality skills provision, communities will not be shy about putting pressure on their council leader to improve their own area’s performance.

### Objection

**Local government and local partners can be just as siloed and uncollaborative as we claim national government to be.**

### Response

**Horizontal accountability arrangements will incentivise collaboration in local skills systems.**

Community-led devolution mitigates the risk that new centres and siloes will be created through devolution through its ‘horizontal’ accountability mechanisms. This includes incentivising greater collaboration between partners in local systems through place-based budgets and more direct involvement for communities, who are far more interested in prevention and whole-systems approaches than arbitrary boundaries and organisational siloes, in place-level decision-making.

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<sup>35</sup> Equality and Human Rights Commission. (09 May 2019). ‘People’s life chances increasingly restricted by their postcode’. [online].



**Objection**

**Local government, partners and communities do not have the capacity to take on new powers right now.**

**Response**

**Capacity can be built in preparation for community-led skills devolution.**

Austerity and responding to the pandemic have taken a significant toll on local finances, but that is no reason for sub-national government arrangements (such as mayoral combined authorities and local authorities) to be denied more comprehensive skills devolution. Powers will not be transferred overnight. There will need to be a period of preparation for community-led devolution, during which building capacity among local government, partners and communities to take on their new responsibilities should be regarded as a priority. In practice, this would require:

- The Government to establish a Building Capacity Fund to help sub-national government get ready to manage new powers and budgets by hiring more staff and building up expertise, data gathering and analytical capacity, and horizon scanning capability.
- Data-sharing arrangements to be agreed and put in place between sub-national and national governments.
- Sub-national government to build strong relationships with, and seek support from, partners and communities to unlock further capacity at place level.
- In turn, sub-national government to develop its skills and capacity in areas such as community development and facilitating participatory processes. This would help to build capacity within communities to play a greater role in local skills systems and adapt local processes to be more accessible and amplify the voice of marginalised groups.<sup>36</sup>

<sup>36</sup> For more detailed recommendations on capacity-building to increase community participation in employment support programmes, see: Pollard, T. and Tjoa, P. (2020). *This isn't working: Reimagining employment support for people facing complex disadvantage*. New Local.



## POST-16 SKILLS DEVELOPMENT: APPLYING THE PRINCIPLES OF COMMUNITY-LED DEVOLUTION

### What would community-led skills devolution look like in practice?

While we set out some of our ideas in this section, our aim is not to prescribe what community-led skills devolution *should* look like. If community-led devolution were determined on behalf of communities or imposed on them, it would be no different to the hierarchical and top-down approach to devolution that England has now.

Rather, we see our vision for how community-led devolution would redistribute powers and resources in England's post-16 skills system as a starting point for further discussion. If community-led devolution is to succeed, it must be shaped and driven by communities.

### 1. The devolution of powers and budgets is determined by subsidiarity

When making decisions on the basis of subsidiarity, it is often simplest to flip the usual devolution question on its head. Rather than 'what should be devolved locally?', the question we ask is 'what should remain centrally?'. With that in mind, we suggest the **following responsibilities would be retained at the national level:**

- **Formal academic and vocational qualifications and the curriculum that would enable students to achieve them.** National consistency would enable people to move around the country for work without having to take a local version of the qualification they earned elsewhere.

- **The design of the benefits system.** A standardised benefits system would allow people to stay in their community to access any further financial, employment, skills and wraparound support they might need.
- **Sector deals and other sector-based skills policies and programmes.** Although there is local variation in sector make-up, sectors are represented by employers in areas all over the country. National sector deals, with local input and variation in delivery, would be more efficient than sector deals agreed with each locality.
- **Higher Education (HE) policy, funding and regulation.** Universities and FE colleges offering HE courses often have a national or even global, reach and so can be difficult to pin down in a community-led and place-based system. Many universities are increasingly understanding their role within local ecosystems and as anchor institutions and they play an important role promoting lifelong learning and careers information in their local area. But given that universities in particular attract students and researchers from all across the country and the world and have close links with international universities and research frameworks, for the purposes of this system their national focus remains prime. One potential solution would be to create clearer dividing lines between the different functions within universities and FE colleges.<sup>37</sup> This could mean HE provision and research is funded and regulated by central government, whereas any 16-19 vocational education, careers information and lifelong and community learning led by universities and FE colleges are designed, funded and commissioned by local areas.

That these responsibilities are best retained at the national level should not mean they are completely the preserve of national government. Local areas and communities would have **regular opportunities to influence policy** in these areas of predominantly 'national responsibility' and build elements of place-level variation into programmes where appropriate. For example, variation in application

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<sup>37</sup> As originally proposed in: Richmond, T. and Bailey, A. (2020). *Further Consideration: Creating a new role, purpose and direction for the FE sector*. EDSK.

criteria for Advanced Learner Loans to encourage certain social groups to opt for higher education and equivalent courses.

Following our analysis of what should be retained at the national level, we propose **decision-making powers (and commensurate budgets) in the following areas should be devolved:**

- 16-19 education
- Apprenticeships
- Traineeships
- Careers information, advice and guidance (IAG)
- Retraining
- Adult education, training and lifelong learning
- Prison education
- Employment and skills support for people with complex needs and/or with complex barriers to work (including Jobcentre Plus services).<sup>38</sup>

By ‘commensurate budgets’, we mean that **the funding devolved should be sufficient to meet local labour market needs** rather than based on current allocations. Further and adult education and training in particular have been the subject of deep budget cuts since the turn of the century.<sup>39</sup> The UK Government has already committed additional capital investment to more than 180 colleges on the back of the Augar Review,<sup>40</sup> but more investment is needed in FE learners and the sector’s workforce – which should be devolved where possible for local partners to allocate in accordance with their strategic plans.

<sup>38</sup> For detailed analysis of how a more community-led approach to employment support for people facing complex disadvantage could be achieved, see: Pollard, T. and Tjoa, P. (2020). *This isn't working: Reimagining employment support for people facing complex disadvantage*. New Local.

<sup>39</sup> Britton, J. et al. (2019). *2019 annual report on education spending in England*. Institute for Fiscal Studies. p.9.

<sup>40</sup> Camden, B. (28 June 2020). ‘Government to ‘fast track’ £200m of £1.5bn capital budget to refurbish colleges’. *FE Week*. [online].

Devolving powers and resources in these areas of responsibility would:

- Align decision-making and delivery with local variation.
- Enable communities to take on a more direct role in decisions and programmes that directly impact their place.
- Allow local partners to anticipate future demand and integrate services more closely across a place in order to prioritise preventative and person-centred approaches (for example, joining employment and skills support for people experiencing complex social disadvantage to health and/or housing services as part of a wraparound programme of care).
- Create a more targeted and joined-up vocational, careers and progression offer across a place that prepares young people and adults to take on jobs in future key sectors as well as current vacancies.



**Community-led devolution on the basis of subsidiarity is not a power grab. It is a reform of government that aligns policy-making more effectively with delivery; brings communities more directly into the fold; and shifts the focus of skills policy away from competition and towards collaboration, integrated services and prevention.**

Again, these areas of responsibility would not be entirely the preserve of sub-regional and local authorities. It would be reasonable for **national government to retain general oversight of skills development policy – but as a strategist rather than a micro-manager**. It would work with combined and local authorities to develop high-level policy frameworks and baseline standards for any aspect of skills development – for example a national apprenticeships framework – which would then be incorporated into their place’s existing skills strategies. It would also monitor the country’s overall skills offers and outcomes and work constructively to support places that are struggling to meet the agreed baseline standards.

Community-led devolution on the basis of subsidiarity is not a power grab. It is a reform of government that aligns policy-making more effectively with delivery; brings communities more directly into the fold; and shifts the focus of skills policy away from competition and towards collaboration, integrated services and prevention.

## Finance

One of the first steps to implementing a community-led approach to skills devolution would require national government to identify funding streams supporting devolved areas of responsibility (as proposed on page 36), top-slicing them from across Whitehall departments and **pooling them locally in place-based budgets.**

Examples of funding streams and programmes to be devolved in full into place-based budgets include: the Adult Education Budget (AEB), the National Careers Service, Jobcentre Plus services, the Immigration Skills Charge, the Work and Health Programme, the National Retraining Scheme, the apprenticeship levy and non-levy funding, and the UK Shared Prosperity Fund.

**Place-based budgets would follow the ‘single pot’ approach** that is currently in operation for mayoral combined authorities. The ‘single pot’ system would help incentivise collaboration between partners, services and communities and make it easier to align and pool budgets across a place. It would also support person-centred and preventative approaches as the risks of investment and the rewards of savings are contained within one budget. Locally-agreed ringfencing of specific budgets and funding for specific tasks would give partners confidence that the money they need to deliver programmes will not be redirected to competing priorities, but a significant tranche of the single pot would be non-ringfenced to incentivise these collaborative and preventative approaches at place level.

Where possible and appropriate, places would be encouraged to allocate funds through **community commissioning** exercises (such as participatory budgeting).<sup>41</sup> As a starting point, the UK Shared Prosperity Fund and proceeds from the Immigration Skills Charge would be allocated to skills initiatives designed and commissioned by local communities. These are the two skills-related funds established by Brexit and would be ideal for communities to control.

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<sup>41</sup> Lent, A. et al. (2019). *Community Commissioning: Shaping public services through people power.* New Local.

Community-led devolution would also see **fiscal freedoms** transferred to local areas. Fiscal flexibilities could enable local areas to, for example, raise or lower VAT to support businesses and jobs in certain industries. At present, the Treasury receives the financial rewards of local economic activity (through taxes such as VAT). Devolving those rewards through fiscal freedoms would give local areas a financial stake in boosting quality employment and create virtuous local cycles of investment and reward.

## 2. Governance is designed more flexibly to enable horizontal accountability, collaborative partnerships and participation of communities

### Powers and budgets would be devolved to LIS areas in the first instance

One of the core tenets of community-led devolution is that ‘form follows function.’ Devolution should take place initially within existing structures so that local partners can focus on nurturing cultures of collaboration and trust with skills partners and communities across their place.

One of the largest sources of frustration and confusion for local skills systems is that frequent national reforms often make it difficult for partners to deliver their skills strategy in full before they are overtaken by the changing policy environment and/or have to draft a new one. With this in mind, and in order to make space available for cultures of collaboration and trust to be developed, we suggest that powers and budgets would be **devolved to LIS areas** (areas already covered by a LIS) in the first instance.

That means powers and budgets are devolved to sub-regional government arrangements (mayoral combined authorities, and the GLA for London) as they and the Local Enterprise Partnership (LEP) lead the LIS in their place. For areas that are not within a combined authority, powers and budgets are devolved to a partnership of local authorities covering the LIS area. Partnership boards (if they do not already exist) would bring together all local authorities in the area, LEPs, NHS Trust(s) and key partners in the education, skills and employment sectors.

Under community-led devolution, there would be flexibility for these sub-regional partnerships to change their geography and governance to draft and deliver future place-based skills strategies. But given the immediate challenges the country faces and need for meaningful action, it would be sensible to target devolution at existing strategic partnerships that already have skills plans in place rather than spend time attempting to reorganise local governance structures. With this approach, sub-regional governments and partnerships would update their LIS to align with other local skills strategies and the challenges that have emerged in the COVID-19 crisis, and then receive the powers and budgets they need to deliver them effectively.

## Community voice in strategic discussions

The business community is consistently represented in local skills policy discussions by the LEP and organisations such as Chambers of Commerce. There is less consistency in how communities of residents and learners are represented. In order to ensure community voices are heard in sub-regional skills strategy/policy discussions, **Local Communities Partnerships would be created**. Rather than a formal LEP-style structure, this would be a collaboration of voluntary and community organisations across a defined area.

It would have a remit to:

- Support community groups to network and work with each other at place level.
- Build capacity within communities.
- Pool knowledge and organise forums that employ deliberative and participatory methods to understand learners' and communities' perspectives on skills development and employment.
- Assist learners and communities to represent their perspectives in decision-making meetings and processes.



The area covered by a Local Communities Partnership should be determined by communities rather than prescribed by any level of government, but communities would be advised that aligning their partnership area with the geography of the LIS area (or equivalent) would make it simpler for them to influence the design, development and delivery of devolved skills policy. LEPs would also be encouraged to take training in facilitative and participatory methods of engagement with the business community so that local policy also becomes more responsive to their needs in real time.

## **The role of national government and regional collaborations**

A **National Employment and Skills Partnership Board** would regularly convene national, sub-regional and local governments to co-produce national policy frameworks, horizon scan and discuss any issues. Under this system, provided that places fulfil the baseline requirements of the national policy frameworks, combined and local authorities and their partners would have the flexibility to implement and build on the frameworks however they choose. Deliberative forums would be created and linked to the Board so that communities have the opportunity to input directly into these discussions as well as indirectly through local forums and engagement structures.

**Regional collaborations of combined and local authorities (Northern Powerhouse, Midlands Engine etc) would be tasked with promoting learning and collaboration between governments.** They would share good practice on post-16 skills development initiatives, including those taking place within their region and internationally, with places in their region, the other regional collaborations and national government. They would also help places within their region to work with each other, support innovation and horizon scanning, bring places and sector leaders together to implement sector deals, and help large organisations (such as multinational businesses) to interact with different places' skills systems.

## Place-based inspections

**A national inspectorate (such as Ofsted) would be repurposed to review skills provision across a place** rather than just inspecting individual institutions. It would examine place-based skills provision according to the baseline standards agreed in national frameworks and work more closely with local partners and communities to ensure that local skills plans are being delivered to a good standard. It would build its social research capabilities so that it produces judgements based on qualitative evidence as well as quantitative data.

### 3. Devolution is a means to enhance community power

Variation in skills needs and prospects is not just a central-local issue. It also exists within sub-regions and localities. For example, Manchester city centre has attracted significant investment for redevelopment and regeneration projects, particularly since the Northern Powerhouse was established. However, limited powers are restricting the ability of skills partners to fully extend the beneficial outcomes of those projects to Collyhurst, an area to the north of the city centre which has persistently high unemployment and poor health, education and skills outcomes.<sup>42</sup>

This underlines the importance of communities in place-based decision-making and the design of interventions. Communities bring granular knowledge and experience of how policies at any level impact on a place. Neighbourhood variation does not link exclusively to neighbourhood-level causes, but this is where impacts are perceived and solutions can be designed. To reinforce the point, research by Locality found that “neighbourhoods facing some of the highest long-term unemployment challenges [...] are some of the places most at risk of further job losses as a result of COVID-19”.<sup>43</sup>

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<sup>42</sup> Local Trust and CLES. (2020). *Building community wealth in neighbourhoods: Learning from the Big Local programme*. p.36.

<sup>43</sup> Locality. (2020). *Communities Work: How community organisations can lead the post-Covid jobs recovery*. p.9.

Under community-led devolution, the design and evaluation of skills programmes would be co-produced by local areas with partners and communities (as well as commissioning and delivery, where appropriate). This would be underpinned by a **Community Rights Act** so that the right of communities to have a voice in the development and delivery of policy is recognised in law.<sup>44</sup>

Across the country, community organisations are already providing employment and skills support and linking local authorities with residents and businesses. For example, Halifax Opportunities Trust works across Calderdale and takes a “whole-person approach” to help people find new employment, gain new skills and break down any barriers that might prevent them from entering the local labour market, sometimes working with employers to tailor placements and support an individual to overcome those barriers.<sup>45</sup>

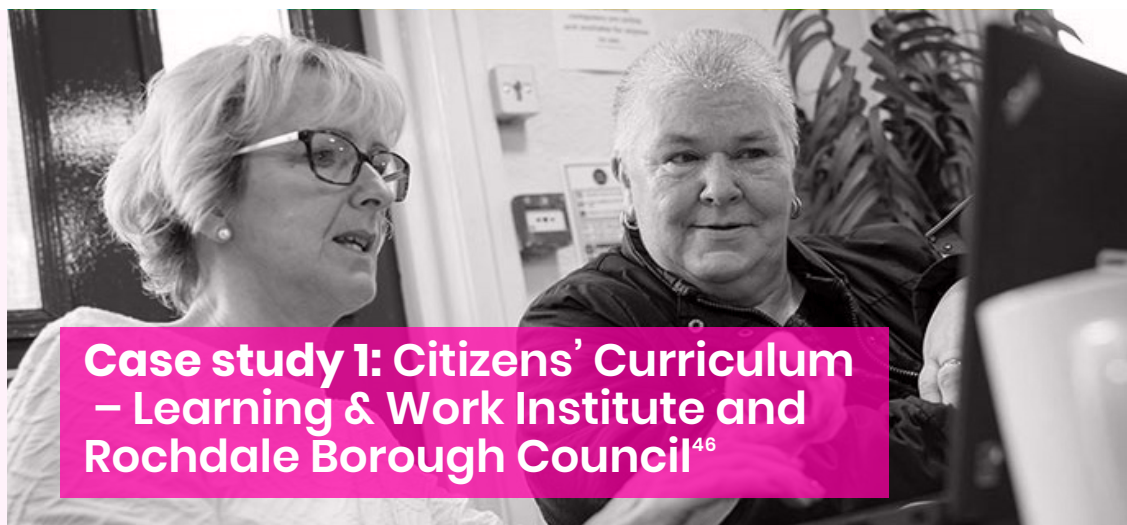
Local authorities are also supporting community-led learning in pioneering ways. The Citizens’ Curriculum pilot led by Rochdale Borough Council (case study 1) saw the council work with people and families who were unlikely to participate in or benefit from learning to co-produce a curriculum that met their needs and interests.

Through the pilot, the individuals gained an appetite for learning and were supported to develop their independence, resilience, social relationships, confidence and understanding of public services.

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<sup>44</sup> Kruger, D. (2020). *Levelling up our communities: proposals for a new social covenant*.

<sup>45</sup> Locality. (2020). *Communities Work: How community organisations can lead the post-Covid jobs recovery*. pp.14-15.



## Case study 1: Citizens' Curriculum – Learning & Work Institute and Rochdale Borough Council<sup>46</sup>

The Citizens' Curriculum approach “promotes learning which is locally-led, involves learners in shaping its contents, and interlinks basic skills in language (English for Speakers of Other Languages), literacy and numeracy with digital, financial, health and civic capabilities.”<sup>47</sup> In 2014/15 and 2015/16, the Learning and Work Institute, with support from the then Department of Business, Innovation and Skills, ran a series of pilots to test the value of the approach in a range of provision and contexts.

Some of the most notable successes were the two phases of the pilot led with Rochdale Council. In both phases, the council worked with specific groups of people in the borough's Kirkholt neighbourhood who were placing a high demand on local services and unlikely to participate in learning. The council built relationships with individuals in those groups, co-produced a curriculum that would be engaging and relevant to them, worked with partners to help them access other support (such as mental health support) where appropriate to improve their situation, and supported them to move into employment or formal skills courses.<sup>48 49</sup>

The council worked with Manchester Metropolitan University to undertake a cost-benefit analysis of the first phase of the pilot. They found that, for every £1 the council invested, it achieved a £2.18 fiscal return on investment for the local authority and other organisations such as the NHS, police and Department for Work and Pensions.<sup>50</sup>

<sup>46</sup> Photo supplied by Rochdale Borough Council

<sup>47</sup> Stevenson, A. et al. (2016). *Citizens' Curriculum: Phase 2 project report*. Learning and Work Institute. p.6.

<sup>48</sup> Robey, C. (2015). *Citizens' Curriculum Case Study: Rochdale Borough Council*. Learning and Work Institute.

<sup>49</sup> Stevenson, A. et al. (2016). *Citizens' Curriculum: Phase 2 project report*. Learning and Work Institute. p.44.

<sup>50</sup> Ibid. p.52.

Another project, Cities of Learning (case study 2), is currently being developed to capture the full extent of learning opportunities available within a place. The digital platform enables people to record learning and skills achievements that take place in informal, extracurricular and community settings as well as hard qualifications obtained in the classroom. The project's focus on a learner's skills development journey, and recognition that learning is often 'messy' and hard to formalise, is already encouraging young people in the pilot cities to develop a passion for learning.



## Case study 2: Cities of Learning – RSA, Brighton Council and Plymouth Council

Cities of Learning aims to capture the true extent of lifelong learning and wide range of formal and non-formal learning that takes place within a city. It does so through a digital platform that awards 'open badges' to digitally record and verify achievements – from interest-based volunteering to project completion or qualification – and sets out 'learning pathways' that learners can complete by collecting a 'stepping stone' sequence of open badges.<sup>51</sup> Badges can be shared on social media, inserted into online CVs and applications or printed out as certificates.

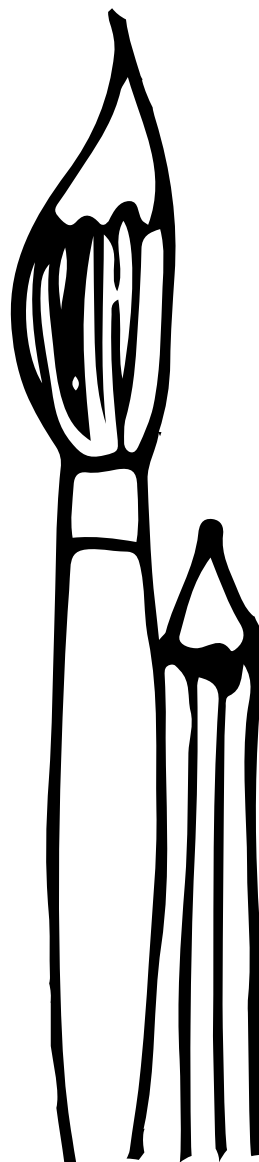
Any organisation that can offer people a meaningful learning experience can become an open badge issuer.<sup>52</sup> Pilots in Brighton and Plymouth are still in their early stages but already

<sup>51</sup> The RSA. (no date). 'Cities of Learning: How it works'. [online].

<sup>52</sup> Real Ideas Organisation. (no date). 'Cities of Learning'. [online].

demonstrating a similar finding to the US version of the scheme: that this method of digitally connecting both formal and informal learning opportunities and more accurately reflecting an individual's broad skills-set is particularly appealing to younger generations.<sup>53</sup>

Community-led skills initiatives like these are already emerging across the country – and could happen more often and in more places with more comprehensive devolution.



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<sup>53</sup> Big Change. (no date). 'LRNG'. [online].



## COMMUNITY-LED DEVOLUTION IN FOCUS: RETRAINING

**The pathway to obtaining skills is not linear. Gone are the days when people left education and entered a job for life. The average adult is currently estimated to work for six different companies, sometimes involving a change in sector, and younger generations are expected to change jobs even more regularly in their lifetimes.<sup>54 55</sup>**

This makes retraining – the process of obtaining new skills or qualifications required to change career – crucial, particularly as the labour market continues its structural transformation. We have proposed that retraining is devolved under community-led devolution so that schemes are better aligned with local vacancies and work alongside rather than duplicate existing local initiatives.

The Government announced in 2017 that it would set up a National Retraining Scheme to support adults of all ages to retrain for a different career. Three years on, and two years after the Government allocated £100 million to support its development in the Autumn 2018 Budget, the first part of the National Retraining Scheme, ‘Get help to retrain’ (a careers advice and signposting service launched in July 2019), is only available to eligible adults in six areas of England.<sup>56</sup> It was originally expected to be rolled out across England in 2020, but the National Retraining Scheme is now effectively on hold following the

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<sup>54</sup> The Association of Accounting Technicians. (04 November 2015). ‘Work – in numbers’. [online].

<sup>55</sup> Wilson, R. (20 November 2017). ‘Millennials likely to have 12 jobs in their working lives, research finds’. *Talint International*. [online].

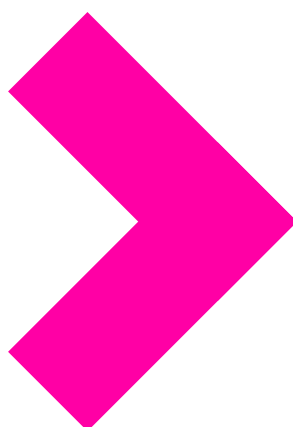
<sup>56</sup> Department for Education. (October 2020). *National Retraining Scheme: Key Findings Paper*.



announcement that it is to be integrated into the National Skills Fund, which is currently in development. Bootcamp courses covering digital skills in three mayoral combined authority areas will be rolled out to three other areas in winter 2020/21 and to other parts of the country from spring 2021.<sup>57</sup>

The Government chose to adopt a slow ‘test and learn approach’ because “developing a national retraining scheme that really works is a big and complex challenge.”<sup>58</sup> A large part of the reason for it being a big and complex challenge is that a national scheme is not well-suited to capturing local variations in labour market challenges and requirements. Local partners are better positioned to develop a responsive and relevant retraining scheme, in collaboration with local government, providers, businesses and communities. In spite of this, there is no direct local representation on the high-level advisory group brought together by the UK Government to set the strategy for and oversee the management of the National Retraining Scheme.<sup>59</sup>

This is how we see community-led devolution offering a more advantageous approach to retraining policy development compared to the current situation.



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<sup>57</sup> Ibid.

<sup>58</sup> Department for Education. (16 October 2019). ‘National retraining scheme’. [online].

<sup>59</sup> Department for Education. (October 2020). *National Retraining Scheme: Key Findings Paper*. p.4.



## Developing a retraining scheme

	Current approach	Community-led devolution
Primary decision-making scale	<p><b>National</b></p> <p>With a selection of local areas involved in delivering pilots.</p>	<p><b>Sub-regional and local</b></p> <p>Providing an opportunity to integrate retraining schemes with local strategies and existing provision. Decision-makers are people who know their area, with communities and employers as well as skills partners having an input in design, commissioning and oversight.</p>
Main target for support	<p><b>Targeted at sectors</b></p> <p>The National Retraining Scheme was initially targeted at training in construction and digital skills,<sup>60</sup> although 'Get help to retrain' built in links with local vacancies. The Government's bootcamp courses are also focused on digital skills.</p>	<p><b>Targeted at place</b></p> <p>With the primary focus being a responsive system that aligns skills training courses better with local, secure employment vacancies in real time.</p>
Pace of implementation	<p><b>Slow</b></p> <p>The National Retraining Scheme was announced in 2017 and only in the pilot stage when it was paused in Oct 2020.</p>	<p><b>Responsive</b></p> <p>Local schemes can be set up more quickly and adapted to changing circumstances.</p>
Impact on the skills system	<p><b>Fragmented system</b></p> <p>The National Retraining Scheme was managed at the national level, available only to six areas before it was paused and requiring local systems to integrate the new national offer with existing local provision.</p>	<p><b>Whole system</b></p> <p>Retraining is integrated into the existing local skills offer and linked with other services to provide wraparound support should it help the individual.</p>
Longevity of arrangements	<p><b>Short-term</b></p> <p>National government frequently sets out reforms and changes to skills policy. That the National Retraining Scheme has been paused so that it can be absorbed into the National Skills Fund further proves this point.</p>	<p><b>Longer-term</b></p> <p>Horizontal accountability mechanisms require local partners to build consensus and work with communities, which is more likely to lead to a stable policy-making environment.</p>

<sup>60</sup> Offord, P. (20 November 2017). '£76m available for adult retraining in digital and construction'. *FE Week*. [online].

Given the advantages set out in the table above, the following fictional pen portrait envisages how one individual, Andrea, would access support to retrain under a community-led approach to skills devolution.



## Retraining under community-led devolution: Andrea's story

Andrea has worked at the local supermarket since leaving school 17 years ago, but her boss has given her notice that her hours will be significantly reduced in three months, when the new self-checkout machines are installed. She and her husband, who is a delivery driver, will only just be able to pay their bills with their combined salaries and will have hardly any money left over to buy essentials for their three school-aged children.

Andrea talks to her friend about the situation when they are waiting to collect their children from an after-school club. Her friend suggests that Andrea speaks to a local careers adviser who helped one of her neighbours a few months ago when he was made redundant. Andrea calls the adviser to book an appointment on one of her non-working afternoons.

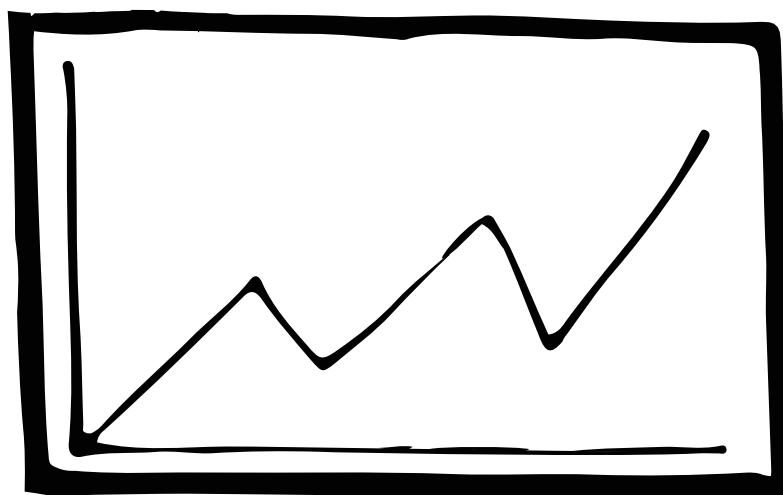
The adviser, Bethan, has a chat with Andrea about her current employment situation, her skills and qualifications, and her general day-to-day life and interests. When Andrea reveals that she enjoys cooking, Bethan suggests that she consider taking a course in professional catering specifically designed by local businesses in partnership with the local college to fill vacancies in the area. Bethan gives Andrea information

on funding support available for her to take the course and the names and numbers of contacts in the local authority, jobcentre and community groups who would be able to provide financial support to the family while Andrea is retraining.

Andrea is able to take part in the course while retaining some shifts in the supermarket. A community support officer from the local authority stays in touch with the family to check that the financial support they are receiving is sufficient. The community help Andrea and her husband with childcare, enabling Andrea to concentrate more on her studies.

After some work experience at a bakery as part of the course, she is offered a job to work there permanently once her course is completed.

Bethan asks Andrea to take part in the evaluation of the course to inform the development of future retraining courses. Andrea enjoys taking part in the deliberative sessions that feed into the evaluation and puts her name down to be involved in more sessions run by the college in future, so that she may use her experiences to benefit others.





## RECOMMENDATIONS

**Our main recommendation is that England adopts a community-led approach to skills devolution (along the lines of the model we propose on pages 34 – 51). We believe this approach will deliver well-functioning, integrated and responsive local skills systems that are better equipped to meet the pressing economic and social challenges the country faces.**

We recommend that the Government uses the forthcoming FE White Paper and Devolution White Paper to commit to community-led devolution.

We are not alone in proposing more comprehensive skills devolution. Other organisations have also produced blueprints for how it might work, including the Local Government Association through its Work Local vision.<sup>61</sup> Our community-led devolution model and other detailed skills devolution proposals are all united in their core message: no approach for more comprehensive skills devolution will work unless it is shaped by local partners and communities.

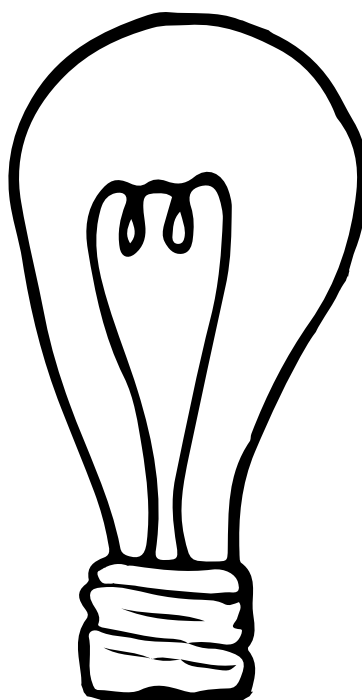
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<sup>61</sup> Local Government Association. (2019). *Work Local – Making our vision a reality*.

In order to implement a community-led devolution approach, our recommendations for practical next steps are:

- **National, sub-regional and local government should work together to sign off the remaining LISs. The Government should allow all areas to update their LIS to ensure it supports the delivery of other local skills strategies and takes into account the challenges that have emerged or grown because of the COVID-19 pandemic.**
  
- **A National Partnership Board should be established now for national, sub-regional and local government to discuss and co-produce skills development initiatives that are introduced before community-led devolution comes into effect.**
  
- **The Government should go through a comprehensive process of identifying which policy areas are best run locally, sub-regionally and nationally and assessing how much funding sub-regional and local areas need to manage their new commitments effectively. This process should be undertaken in close collaboration with the GLA, combined and local authorities, the wider skills sector, business groups and communities.**
  
- **The Government should create a Building Capacity Fund and co-develop data-sharing agreements to help local areas prepare for more comprehensive skills devolution.**

- **National, sub-regional and local governments should consider strategies now for involving communities more directly in decision-making and in the design, commissioning, delivery and evaluation of skills programmes.**
  
- This should include training in areas such as community development and participatory and deliberative methods to build capacity among communities and make existing decision-making processes more accessible to them.
  
- These governments should also start developing a strong culture of collaboration between communities and local skills partners now – as well as laying the ground for ‘hard’ measures such as the drafting of a Community Rights Bill and the creation of Local Communities Partnerships.





## CONCLUSION



**But places and communities have been conspicuous by their absence in the Johnson Government's skills pronouncements.**

In Autumn 2020, the Chancellor of the Exchequer promised “creative” and “bold” solutions to protect jobs during the COVID-19 crisis.<sup>62</sup> At the same time, the Prime Minister announced that there would be “radical change” in national skills policy, pledging a lifetime skills guarantee and significant investment in further education.<sup>63</sup> But places and communities have been conspicuous by their absence in the Johnson Government's skills pronouncements. There is nothing creative, bold or radical about change if skills policy continues to be dictated by the centre.

The most innovative and effective solution that national government could deliver is to implement a process of comprehensive, community-led skills devolution. Ultimately, this is about freeing up local skills systems to deliver better outcomes. Aligning skills and training programmes better with local vacancies and employers' skills demands. Reducing fragmentation so that services can be integrated better across a place and part of a whole-systems approach to prevention. Ensuring that learning is genuinely the gateway to career progression and social mobility – the great ‘leveller’ in this UK Government's levelling-up agenda.

The simple truth is we cannot continue with the current approaches to devolution and skills policy-making. They are not working for anyone, especially employers and learners. If the country waits for the

<sup>62</sup> @RishiSunak. (04 September 2020). [Twitter status](#).

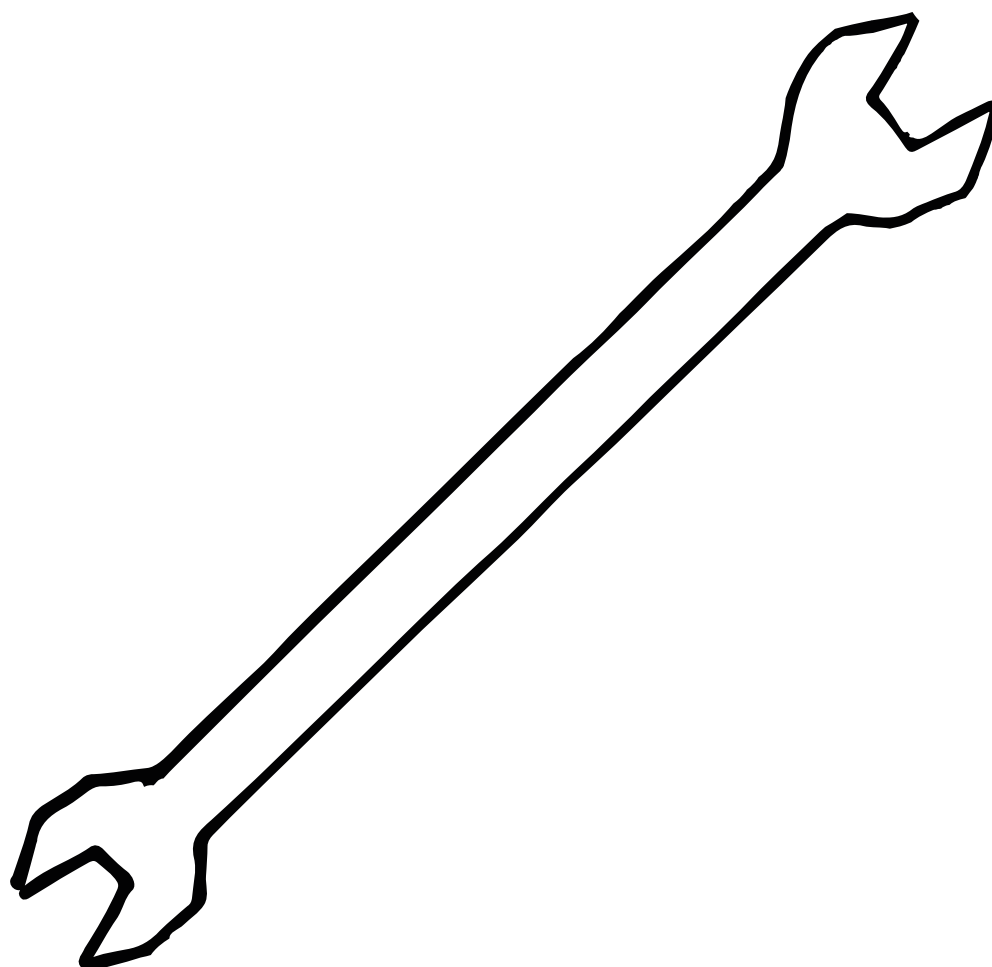
<sup>63</sup> Prime Minister's Office. (29 September 2020). 'PM's skills speech: 29 September 2020'. [online].

pandemic to disappear before changing its approach, it will be too late. The change needs to be fundamental – not tweaks to the existing system, not an extra devolved budget or two – but an overhaul. Power and resource flowing out of institutions and into the hands of the communities – learners, businesses and residents alike – whom the skills system is intended to benefit.



**Power is not about control, but strength. Devolving power distributes strength across the system.**

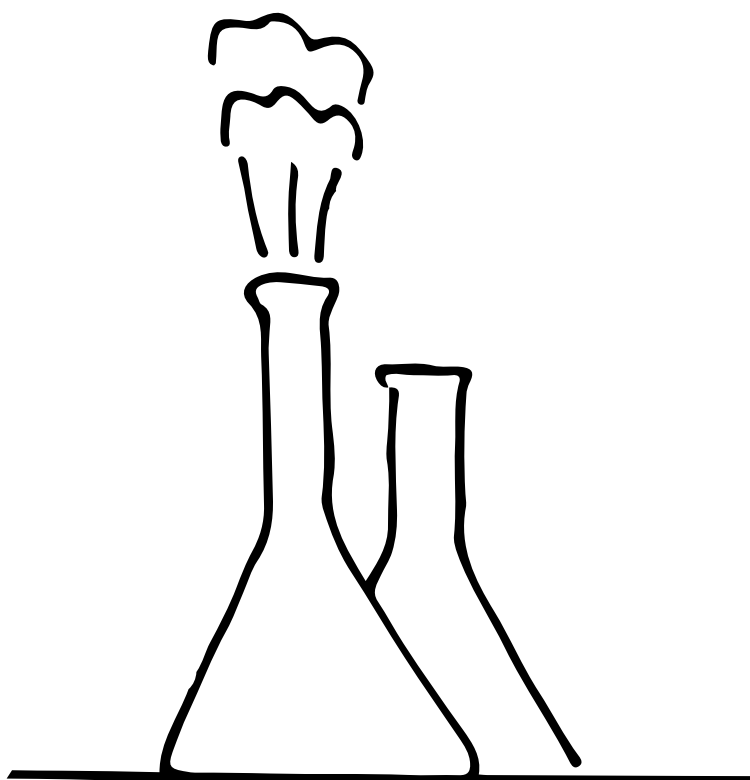
Power is not about control, but strength. Devolving power distributes strength across the system. With immense challenges coming at us from all angles, local skills systems need the strength to stand firm and resilient. We can overcome these challenges, and lay the foundations for future prosperity, if devolution is re-configured to nurture thriving local skills systems and confident and capable communities.





## APPENDIX 1 – METHODOLOGY

Research for this report was undertaken through an extensive literature review; a small number of semi-structured interviews with skills and/or devolution policy specialists; a Zoom workshop with skills leads in New Local member local authorities; and a Zoom roundtable with skills leads representing most combined authorities. The interviews took place in September, and both the workshop and the roundtable took place in mid-October.



## **FURTHER EDUCATION TRUST FOR LEADERSHIP (FETL)**

**The Further Education Trust for Leadership (FETL) aims to foster and support the leadership of thinking in further education and skills.**

It offers opportunities to colleagues in and around the further education and skills system. They do this through their programme for the exploration of future possibilities, the events they offer and the resources they produce. They also support sector colleagues to undertake research and development activities in areas which are of interest to them and which are relevant to the leadership of thinking, in pursuit of intelligent sector development. Their thinking in turn informs the creation of new, collaborative spaces of possibility, encouraging generative engagement with relevant partners.

For more information please visit: [www.fetl.org.uk/](http://www.fetl.org.uk/)





**In England, too many powers and budgets affecting decisions and delivery in local skills systems are still held in the hands of the UK Government. Although there has been some skills devolution to London and mayoral combined authority areas in the last few years, what has been devolved is relatively small compared to what has remained in Whitehall.**

England does not just need further skills devolution. It needs further skills devolution to take place under a different modus operandi. In this report, we propose a new system of community-led devolution, where power devolved is power shared with people and communities, without strings attached by the centre.

In practical terms, community-led devolution represents a step change from the current approach to designing and implementing skills policy. It produces a more responsive system that aligns skills training courses better with local, secure employment vacancies in real time and anticipates future demand.

***Supported by:***

