

Cabinet – March 2009

City Region Multi-Area Agreement (MAA) on employment and skills.

Portfolio: Councillor O'Hare, Leader of the Council
Councillor Andrew, Deputy Leader and Regeneration

Service: Strategic Regeneration

Wards: All

Key decision: Yes

Forward plan: Yes

1. Summary of report

- 1.1 In January at the City Region Board meeting partners endorsed the proposals for the development of an MAA for Employment and Skills, which when linked to the potential for the devolution of new powers and responsibilities through the Sub-National Review could improve our ability to achieve targets, such as National Indicators and in the delivery of positive outcomes for local residents.
- 1.2 The draft City Region MAA encompasses:
 - New stretch targets and shared performance management frameworks
 - Enhanced data sharing capacity amongst partners
 - Flexibilities associated with eligibility criteria for participants to aid entry
 - Flexibility of funding and commissioning to target those of most need
 - Alignment of 14-19 funding and apprenticeships with post 19 skills
 - Enhanced employer engagement
- 1.3 Walsall officers' both from the Council and the Strategic Partnership have been involved in a task and finish group to help shape and develop the draft MAA to ensure that our interests and concerns are both addressed and included. We are working to a pressing government driven timeframe, and expect to be asked to sign in support of the MAA during March 2009, for which we require delegated authority for officers.
- 1.4 This delegation is requested to facilitate our full engagement in the negotiations required throughout its final stages of development, so we are able to agree to the appropriate commitments / targets jointly with all other local authorities engaged in the process.
- 1.5 The signing up to the MAA is a key decision as it will have implications on the powers that will be gained at the City-Region level and how the employment and skills agendas will be addressed in the future. If we do not sign up to the MAA there would be considerable consequences in our relationship with City Region

partners and in the signals that it would send to government, not to mention the resources we may miss out on.

- 1.6 The development approach being taken for the MAA for the region is consistent with the approach being adopted for many other initiatives either being planned or currently under way, through the City Region framework, the City Strategy programme being one example. We have and will continue to ensure that the local interests of Walsall, its people and businesses are fully represented, included and considered as part of the development of this MAA proposal and any funding allocations arising from it.

2. Recommendations

- 2.1 That Cabinet support our engagement in the development of the MAA for the West Midlands City Region and authorise officers to sign the final MAA submission to Government expected during March or April 2009.
- 2.3 That Cabinet requests that all future resource decisions and allocations made or considered at the City Region level pay full regard to the needs and interests of Walsall, its people and its economy.
- 2.2 That Cabinet give delegated authority to the Chief Executive and Executive Director for Regeneration to participate in the development of the MAA and to act as signatories for Walsall on their behalf.

3. Background information

- 3.1 City Region partners had previously rejected the idea of a Multi Area Agreement (MAA) for employment and skills. However, given recent policy developments and the commitment from Government in the Work Skills Command Paper to devolve further responsibilities and enabling measures to local partnerships with employers at the core, and the identification of the MAA process as the preferred route via which it will conduct such dialogues, City Region Chief Executives at the Steering Group meeting on 9th July decided to review this decision.
- 3.2 A decision to develop a MAA was taken on the basis that the devolution of new powers and responsibilities would improve the achievement of targets and the delivery of outcomes and that partners would only sign up to an MAA if we get the requested flexibilities and powers that we agree to and the MAA will add value locally to the provision for our residents in these areas.
- 3.3 Moving from our Joint Investment Plan to the development of a MAA provides the opportunity to obtain further devolution of responsibilities and associated flexibilities. Government have also made it clear that its preferred mechanism for devolving further responsibility for the employment and skills system closer to the ground is via a MAA.
- 3.4 By pursuing a MAA the City Region would reinforce its position as a fore-runner in the employment and skills agenda. Conversely, if we do not grasp this opportunity to push ahead we could be overtaken by other areas. Indeed, one of

the key threats identified by the City Region Strategic Economic Assessment was competition from other core cities and city regions. Developing a MAA in the area of employment and skills, therefore, provides the opportunity to demonstrate our success at joint working as a City Region and to guarantee us our place as a national leader in this regard matching the success of localities such as London and Manchester.

- 3.5 The main MAA outcome is identified as increasing numbers of people in sustainable employment with training. Success in achieving this outcome will be measured through agreed targets for a reduction in benefit claimants, an increase in employment rate, and increases in the numbers of people achieving NVQ Level 2, and NVQ Level 3 qualifications. On the basis of information and data available at present regarding the actual and forecast impact of the economic downturn the MAA would aim to maintain workless levels at their current rate, and to raise the number of adults with a Level 2 qualification and above by 12% and by 11% for Level 3. This employment target is lower than the cumulative figure for existing LAA targets. Provision will be made for annual reviews of targets given the uncertainty surrounding the likely impacts of the current economic downturn.
- 3.6 Central to the implementation of the MAA will be spatial flexibility for delivery to enable local partners to target interventions in the areas of most need. Although the MAA does have the worst performing wards on employment highlighted as one of its measures we have ensured that those wards will not be used to prioritise interventions and funding to enable us to decide locally where we need to target interventions. This is crucial in the current economic circumstances where all wards are suffering increases in unemployment.
- 3.7 The “asks” from Government will flow from two key new powers:
1. Joint commissioning with the Department for Work and Pensions for employment programmes leading to their progressive delegation to the City Region
 2. Devolution to the City Region of statutory powers to agree and implement the adult skills strategy and budget

These two new powers would be devolved to the City Region Board and the soon to be established Employment and Skills Strategic Management Board. The new powers will be implemented via the City Region Employment and Skills Commissioning and Delivery Strategy and Plan. In effect the City Region would progressively take responsibility for directing mainstream Government spending across a range of employment and skills programmes.

- 3.8 Key benefits of the MAA beyond what can be achieved now are:
- A single set of targets built from Local Area Agreements supported by a single performance management (including operational data sharing) and commissioning framework for all City Region partners and government departments and agencies

- Alignment of appropriate funding streams (including reinvestment of efficiency savings and benefit rebate transfer [if secured])
 - Removal of inflexible eligibility criteria to ensure programmes and funding address individual, employer and changed economic needs
- 3.9 The Chair of the City Region Board has written to Secretaries of State James Purnell (Department of Work and Pensions) and John Denham (Department of Universities, Innovation and Skills), copied to Ian Austin (Regional Minister) to inform them of the preparation of a MAA and to seek engagement with them on its contents.
- 3.10 The draft MAA (Appendix A) at the time of this report is being used as the basis for negotiations with Government. Formal negotiations will be taking place with DWP, DIUS and DCLG (as the relevant Government departments) in February and if we can come to agreement then it is proposed to sign off the MAA on the 25th March.

4. Resource considerations

- 4.1 **Financial:** The signing of the MAA does not mean any extra costs to the Council. What it will mean is the funds that we currently use or will use to address Worklessness and Skills (primarily Working Neighbourhood Funding (subject to approval)) will need to be aligned to the MAA and future funds around this agenda will need to also be aligned to the MAA.
- 4.2 **Legal:** Legal implications will be similar to the Local Area Agreement process and will be addressed through the project board.
- 4.3 **Staffing:** The Regeneration Manager- Economic Development has been asked to sit on the MAA implementation group as one of two Local Authority representatives so the development and implementation of the MAA will demand extra staff time to be committed to this agenda.

5. Citizen impact

The shared commitment of a MAA around employment and skills will lead to improved coordination of assistance and more locally tailored responses rather than standard national programmes. This will ultimately benefit our citizens and hopefully lead to increased skills levels and improved employment levels that will be greater than if Walsall did not participate.

6. Community safety

It has been proven that when employment levels increase crime levels decrease so improved and increased focus on raising skills levels and improving levels of employment should improve levels of community safety.

7. Environmental impact

There are no direct adverse environmental impacts.

8. Performance and risk management issues

- 8.1 **Risk:** The MAA will become a project on the project register and risk will be monitored by the project board. Officers' have worked hard to ensure that any adverse risks to Walsall Council or its residents have been addressed in the development of the draft so the risk remaining is if Walsall chooses not to sign up to the MAA and all other City Region Partners do. If we did not sign up and all others did this would create significant problems in working relationships with our City Region Partners and would also send out poor messages to Government.
- 8.2 **Performance management:** By participating in an MAA we are more likely to achieve renegotiated shared National Indicator targets that will be disaggregated into our local area agreement. As employment and skills are high on the national and our local agenda this will be a positive move for Walsall and should help us improve performance in these areas.

9. Equality implications

The signing of the MAA will not have any direct equality implications but there will be implications when it is in its implementation stage that will be assessed and dealt with appropriately.

10. Consultation

The development of the MAA has so far involved the Economic Development team and the Walsall Strategic Partnership. Clearly key partners such as the Learning and Skills Council and JobCentre Plus are also involved. Education teams need to be consulted as the MAA will also have implications for the Council's role in 14-19 year olds skills training.

Background papers

Appendix A- Draft MAA (January 2009) and associated Appendices.

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