

SURREY COUNTY COUNCIL**CABINET****DATE: 28 MARCH 2023****REPORT OF CABINET MEMBER: MATT FURNISS, CABINET MEMBER FOR TRANSPORT, INFRASTRUCTURE AND GROWTH****CLARE CURRAN, CABINET MEMBER FOR EDUCATION AND LEARNING****LEAD OFFICER: MICHAEL COUGHLIN, EXECUTIVE DIRECTOR FOR PARTNERSHIPS, PROSPERITY AND GROWTH****SUBJECT: 'PATHWAYS TO EMPLOYMENT: SUPPORTING SURREY RESIDENTS' SKILLS DEVELOPMENT AND EMPLOYABILITY****ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT, THRIVING COMMUNITIES, NO-ONE LEFT BEHIND****Purpose of the Report:**

This report sets out a programme of work that follows on from and supplements the recently launched Surrey Skills Plan and the upcoming Lifetime of Learning education strategy and includes additional key operational activity that will support the ambitions of both these documents as well as delivering on multiple outcomes across educational equity, economic growth and opportunity for all.

The proposed approach and model for delivery, includes:

- 1) The development of enhanced employment and careers guidance and advice in schools, which align with our Surrey Skills Plan ambitions and wider corporate activity, such as Growing a Sustainable Economy from which everyone can benefit and No One Left Behind
- 2) Greater support for those who already are or are at risk of not being in employment, education or training (NEET)
- 3) Greater engagement of employers in designing and delivering employment and skills activity in schools and through a wide range of events

The report sets out the rationale for this approach and how all three aspects will be delivered, the funding and resource implications and the overall benefits they will deliver to residents, businesses and our economy.

Recommendations:

It is recommended that Cabinet:

1. Endorses the focus on local recruitment, skills development and career support for all ages and notes that this programme of work aligns with the planned Lifetime of Learning Strategy as well as the Surrey Skills Plan.

2. Endorses the approach for SCC to further explore taking on new responsibilities related to schools-focused careers advice and guidance in line with recognition of the need to operate on a Surrey County geography, subject to the appropriate funding being in place.
3. Notes that the approach will be enhanced by 'all-age' interventions where appropriate to reflect the challenges around recruitment and the data on economic inactivity, subject to a transformation funding business case.

Reason for Recommendations:

Currently, employment, skills and careers activity is delivered through a number of organisations, in a complex skills landscape. The County Council taking greater ownership of this agenda through a stronger lead and co-ordinating role, and in some cases responsibility for direct delivery, will allow us to ensure that services, support, and activity has better alignment with our strategic priorities, whilst also delivering greater impact and improved outcomes for residents and businesses. This would enable more and better targeted support to be provided for those individuals who need it the most, as well as addressing the barriers to economic growth which are being encountered by Surrey's employers, who are keen to be more involved in designing and delivering local solutions.

Executive Summary:

Strategic context

1. Developing the County Council's role within the skills system presents an opportunity to positively impact across a number of our core strategic priorities. In view of its county-wide perspective, access to Surrey-wide, as well as more local data and intelligence and close relationships with a wide variety of local organisations, agencies and bodies, the County Council is well-placed to understand the inequalities that exist within the county and fully recognise that skills, careers activity and supporting people into employment not only helps grow a sustainable economy so everyone can benefit, but can also reduce health inequalities and empower communities.
2. Within 'Surrey's Economic Future' the Economic Strategy approved by Cabinet in December 2020, Priority one, 'Growing our leading edge' recognises the strong business base that Surrey has and the importance of removing barriers to sustaining and growing that base - access to a skilled workforce is central to achieving that ambition. Priority three centres on 'Maximising opportunities within a balanced economy.' This priority recognises that everyone in Surrey should be able to benefit from the economic success of the county - access to skills has a key role in supporting residents to take up the economic opportunities presented.
3. The skills system at a national and local level involves a wide range of partners with both aligned and competing priorities. In Surrey, this situation has been further exacerbated by the fact that the county is served by two different Local Enterprise Partnerships (LEPs). This means when government departments (including the Department for Education) have been contracting key programmes of work via LEPs, such as careers support, the whole-Surrey perspective has been absent, and the

specific interests of Surrey businesses and residents have not been holistically represented.

4. A key priority of the Surrey Skills Plan is to address this issue through supporting our businesses and our residents and enabling collaboration to ensure we have a future-proofed skills system. Central to these ambitions is the opportunity to support businesses who are struggling to find the talent, skills and workforce needed through greater, facilitated, engagement with the providers of this talent; primarily schools, FE and sixth form colleges, universities, independent training providers (ITPs) and adult learning providers.
5. Through work with the Surrey Business Leaders' Forum, the Surrey Chambers of Commerce and arising from strategic business relationships, we know that businesses across every sector and at every skill level are facing significant recruitment challenges. Whilst Surrey is correctly regarded as a high employment, high-skilled economy (54% degree qualified compared to 43% UK average), the higher concentration of high-skilled occupations (51% higher than national average) can exacerbate the frequently reported skills gaps for intermediate and lower-skilled occupations. Demand far outstrips supply in Surrey's foundation sectors, particularly in terms of personal care, nursing, restaurant operations and warehousing.
6. Across our leading-edge sectors (professional services, Artificial Intelligence (AI), Digital and Data, Aviation and Aerospace, Healthcare and Life Sciences, innovative advanced manufacturing) skills gaps are particularly acute at senior levels where replacement demand is an increasingly pressing issue for knowledge-intensive jobs. For instance, sectors such as cyber security have been finding it difficult to employ those with the right technical skills, with employers expressing that related courses are failing to keep track of latest industry and technological changes, contributing towards graduates lacking specific, up-to-date knowledge. In addition, employers report that many students are not being inspired, supported or guided at the right and/or early age to consider working in such sectors as a viable and attractive potential future career. Business employers speak of the demonstrable need to better connect the education, training, and skills sector with the businesses to better address the barriers that can exist between them, be that in terms of access, language or culture.
7. Evidence suggests that many individuals, particularly those who face barriers to employment, find it hard to both enter and progress through a system which is primarily set up for a linear academic pathway into a recognised career. More still needs to be done to promote vocational routes and whilst legislation is now in place to put vocational training providers on an equal footing with their academic peers, we know from work around apprenticeships that the cultural mindset in terms of how well that pathway is respected can be harder to shift.
8. In terms of educational equity, the County Council works closely with schools, colleges, training providers and workplaces to ensure that sufficient provision exists to enable all young people aged 16–19 (and up to 25 for some young people with special educational needs and disabilities) to engage in education and training. It is widely acknowledged that educational achievement is a helpful contributor to a young person's wider health, well-being and social mobility. The County Council is committed

to supporting young people to participate in education, training and employment by ensuring further education and skills provision within Surrey enables young people to overcome barriers and equips them with the necessary knowledge, qualifications and skills to progress from education into the workforce.

9. At a national level, there was a sharp increase in the number of young people aged 16 to 24 years and classified as NEET in October to December 2022 with the total currently estimated to be 788,000 up from 724,000 in July to September 2022. The percentage of all young people who were NEET in October to December 2022 was estimated at 11.5%, up 0.9 percentage points on the quarter (July to September 2022), and up 0.5 percentage points compared with pre-coronavirus (COVID-19) pandemic levels (October to December 2019).
10. At a Surrey level, as of 26th February 2023, Surrey County Council records show a 11.4% combined rate (10.3% activity not known and 1.1% NEET). It should be noted that our data is impacted by a recent move to “single view of a child” system. This system has drawn together multiple databases, and this has identified some data quality issues which the team is working through at pace.
11. However, whilst the data is important, the impact that time spent NEET can have on an individual is of equally important consideration. Studies have shown it can have a detrimental effect on both physical and mental health, including elevated risk of mortality and hospitalisation and mental health issues. Additionally, disengagement from employment and education during the transition from school to work can increase the likelihood of unemployment, low wages, or low quality of work later in life.

Operational delivery

12. To bring about the step change in outcomes for both businesses and residents by addressing the above issues, it is proposed that the County Council:
 - a. Explore with partners the opportunity to develop an enhanced careers support function via a direct delivery model that aligns with and supports our Surrey Skills Plan ambitions and wider corporate activity, such as No One Left Behind
 - b. Develops an enhanced educational equity function that supports more young people to overcome barriers that enable them to remain in or enter education, employment, or training.
 - c. Engages employers to a greater extent in designing and delivering employment and skills activity in schools, including through a wide range of events.

A. Support with careers advice and guidance

13. Currently, careers advice, information and guidance (CAIAG) is delivered within schools and colleges and supported by Careers Hubs. These Hubs bring together schools, colleges, employers, and apprenticeship providers in local areas across England. Their stated goal is to make it easier for schools and colleges to improve how they prepare young people for their next steps. Careers Hubs drive progress against

the Gatsby Benchmarks¹ by enabling schools and colleges and their Careers Leaders to access training and support, and to collaborate in a focussed way, bringing together best practice and local labour market insight. The Hubs offer schools and colleges dedicated support from the local hub team and facilitate partnerships with key employers committed to improving careers across an area.

14. In Surrey, the Hubs are delivered by Enterprise M3 and Coast to Capital LEPs through a contract with the Careers and Enterprise Company (CEC), the national body for careers education, set up by the Government in 2015. Through this contract, the Hubs deliver a range of activities focused around developing the capability and capacity of careers education with schools and colleges. This activity includes training and supporting Careers Leaders, bringing employers, educators and providers together and sharing digital tools and resources.
15. Whilst the Hubs provide a valuable service in Surrey, there are a number of difficulties that come with two providers delivering a service across the county. There is little alignment or practical co-ordination between the two services, with different priorities and approaches, meaning there can be a 'postcode lottery' in terms of the type and quality of careers support experienced by schools and colleges. Not all schools are covered and there is a tendency to support the schools who have the capacity and capability to do more; these are often not the schools who need the greatest level of support.
16. In line with our ambitions to take a more active role in the skills system, alongside our wider corporate ambitions around lifetime of learning and leaving no one behind, discussions and an exploration of the possibility of assuming a stronger, enhanced role, including potentially having responsibility for careers support and guidance across Surrey, have been instigated with key partners in this arena.
17. Were this to be progressed it would enable a number of other benefits, including:
 - Alignment with our upcoming Lifetime of Learning strategy, enabling us to bring our strong relationship with schools to bear on the service.
 - Alignment with our strong and developing work with local Surrey employers, reflecting our key sectors and industry sectors we work closely with, such as health and social care.
 - Ability to build on the relationships we have with Surrey skills providers, including FE Colleges, independent training providers and Surrey Adult Learning, as evidenced by the proactive approach we have taken to the Surrey Skills Plan.
 - Placing responsibility for all the above within one sovereign, democratically mandated organisation and leadership team.
 - Enabling closer links between the Careers Hub and the work done to support SEND schools.
 - Reflecting our intentions in the discussions we are anticipating having with the Government on our County Deal for Surrey, especially in relation to Adult Education Budgets and skills.

¹ Gatsby benchmarks define what world class careers provision in education looks like and provide a clear framework for organising the careers provision at school or college. The benchmarks are enshrined in statutory guidance.

- A more focused, unified, co-ordinated county-wide approach to this work would provide young people with an informed choice about their future career options and next steps, presenting a wider range of opportunities and routes to employment and meaningful work.
18. In order to track, monitor and assess the achievement of the above, a range of standard Key Performance Indicators (KPIs) applicable to careers services, would be used and reported on a regular basis (e.g., number of schools involved, recruitment and deployment of key staff)
 19. Given the current arrangements for the delivery of Careers Hub work and the contracts held in Surrey by the Enterprise M3 and Coast to Capital Local Enterprise Partnerships with the Careers and Enterprise Company, it is worth noting the announcement made in the Government's Budget on 15 March, as follows: *"The government is committed to empowering democratically elected local leaders at every opportunity. To this end, the government intends for the functions of Local Enterprise Partnerships (LEPs) to be delivered by local government in the future. Therefore, the government is minded to withdraw central government support for LEPs from April 2024. DLUHC and the Department for Business and Trade will now consult on these proposals, before confirming a decision. The government will publish an updated policy position to confirm next steps by the summer."*
 20. This will be taken into account, especially the emerging and confirmed policy position reached by the summer, as discussions continue with key stakeholders, including both LEPs.

B. Educational Equity

21. Whilst the exploration of delivering an enhanced careers support and guidance function will be the central plank of our *Pathways to Employment* model, we recognise that we need to do more to support our young residents who are living in a challenging socio-economic or family environment and/or are living within some of our deprived neighbourhoods. We know that an attainment gap by age 19 is seen amongst those in Surrey claiming free school meals (FSM), compared to their peers. At both Key Stage 2 (including and excluding English and maths) and Key Stage 3, the gap is greater than that seen nationally. In a prosperous county such as Surrey, it is only right that all the relevant partners come together to tackle this so that no-one is left behind.
22. SCC's existing Year 11-12 Transition Service is already working with 500 young people at risk of becoming NEET. It provides a high-quality preventative service and support but is limited by the capacity of the team meaning only signposting activity is possible for NEETs aged 16 and 17. Part of the Transformation funding business case being built is to deliver greater investment into the team for four more Personal Advisors, enabling us to do more to increase vocational links with business, especially in targeted key sectors, reflect the breadth of routes into employment and develop partnerships with businesses to enhance employment opportunities. Overall, the service will be able to provide intensive support to a further 350 vulnerable young people identified as NEET, with the ambition to move 85% of those into a positive destination.

C. Education and business

- 23. The world of work is changing rapidly and the skills system, particularly access to careers advice, needs to adapt to facilitate business needs. The interface between employers, potential employees and skills provision is currently failing business by not being responsive and adaptable enough to their needs. The opportunities that vocational routeways present are not being explored fully with academic pathways taking priority, often to the detriment of the learner. Enhancing the opportunities for vocational activity provides improved options for addressing outcomes for young people not achieving their full potential, whilst employers want to be better integrated and involved in the system to help shape it to achieve better outcomes.
- 24. To help support a co-ordinated approach to employer engagement in skills work, it is proposed to recruit an Employer Engagement Enterprise Co-ordinator. The purpose of this role would be to establish new strategic partnerships between employers and schools that will deliver mentoring support, work taster days, work experience, careers talks and careers events for parents. They would also share responsibility for delivery of a Festival of Skills, a series of events bringing employers and education closer together, primarily aimed at younger learners but also with specific events to inspire older re-trainers, those returning to work and the economically inactive (including those who retired early).
- 25. The ambition would be to seek commitment to engage 200 additional businesses utilising our growing network of businesses we engage with and deliver employment related opportunities from 25% of these engagements. By having greater ownership of the facilitation of the relationship between employers and education, we can also ensure more strategic alignment with our ambitions, such as delivering more focused and positive outcomes for those at risk of being left behind or building better connections between the work of training providers, such as Surrey Adult Learning, and our business community.

Consultation:

- 26. This approach went to a joint informal session of the Communities, Environment and Highways and the Children, Families and Lifelong Learning Select Committees on 6 March.
- 27. Discussions have been held with the Careers Enterprise Company and both LEPs in Surrey exploring alternative models for careers support and guidance in Surrey.

Risk Management and Implications:

- 28. There are a number of risks associated with playing a greater role in careers support and guidance, including:

| Risk | Mitigation |
|--|---|
| SCC having responsibility for only part of Surrey. | Continued dialogue with partners regarding opportunity to take on delivery on a pan-Surrey basis. |
| Funding is inadequate to meet service costs | Develop a range of approaches of how service could be delivered with less funding. |

| | |
|--|---|
| Securing Transformation funding for three years | Strength of business case results in funding being made available |
| Securing longer term funding to continue delivering after Transformation funding | Start preparing for this transition from year 2 of delivery. |

Financial and Value for Money Implications:

29. A full business case for three years of transformation funding is being developed to support delivery of these ambitions and address all liabilities. This includes staffing costs to deliver an enhanced careers function and the Educational Equity strands as well as wider costs, such as delivering events, a skills portal to provide online support and discretionary costs such as travel support for schools and young people to attend engagement opportunities.
30. In the event that this is not approved in part or in whole, funding the costs of a reduced careers support service would be prioritised to be met from existing budgets in the 2023/24 MTFS, estimated to be £0.15M, with the potential for match funding.
31. If the business case is approved, annual reviews will be undertaken to assess the impact of the work and determine the viability of future programmes. After three years of initial transformation funding, subject to progress and the achievement of objectives, costs would be factored into mainstream budgets. However, it is our expectation that there are likely to be opportunities for other funding sources for this type of skills and employability support in line with future devolution, which would mitigate the direct costs to the Council.

Table 1: **Possible** costs of proposal and funding sources

| | SCC additional funding £000 | Potential Match Funding £000 | Total £000 |
|--|-----------------------------------|---------------------------------------|---------------|
| Hubs | 145 | 275 | 420 |
| Transition Team Enhancement | 250 | | 405 |
| Skills Portal, discretionary costs, events and marketing | 255 | | 100 |
| Total | 650 | 275 | 925 |

Section 151 Officer Commentary:

32. Although significant progress has been made to improve the council's financial position, the financial environment remains challenging. The UK is experiencing the highest levels of inflation for decades, putting significant pressure on the cost of delivering our services. Coupled with continued increasing demand and fixed Government funding this requires an increased focus on financial management to ensure we can continue to deliver services within available funding. In addition to these immediate challenges, the medium-term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our

working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.

- 33. The proposal to take on the Careers Hub activity is subject to a full Transformation business case and will not proceed until funding is secured. There will need to be further work to establish the financial implications of implementing the proposals. The additional responsibilities are subject to securing CEC match funding as well as Transformation funding and in the longer term would need to be factored into the Medium-Term Financial Strategy as part of future budget planning processes. As such, the Section 151 Officer supports the recommendations.

Legal Implications – Monitoring Officer:

- 34. There are no legal implications to note at this point.

Equalities and Diversity:

- 35. The potential activity outlined is agnostic of protected characteristics.

Other Implications:

- 36. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

| Area assessed: | Direct Implications: |
|--|--|
| Corporate Parenting/Looked After Children | We closely monitor the number of care leavers who are NEET and this approach could offer more support and opportunities for that group. |
| Compliance against net-zero emissions target and future climate compatibility/resilience | Due to increased staff travel to visit schools and employers, this might have a negative impact on the Economy & Growth’s contributions to net-zero emissions target. We will look to mitigate this wherever possible with use of public transport and virtual meetings. |

What Happens Next:

- 37. Further work in conjunction with the Transformation Support Unit on the business case and decisions around funding for an enhanced careers support and educational equity function.
- 38. Continued discussions with both Local Enterprise Partnerships and the Careers and Enterprise Company on the implications of the Chancellor’s Budget statement in respect of LEPs and the potential opportunity for the County Council to play an enhanced role in careers support and guidance in the future.

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Sources/background papers:

- The Surrey Skills Plan
(<https://investinsurrey.co.uk/wp-content/uploads/2022/10/Surrey-Skills-Plan-12.10.22.pdf>)
 - 'Surrey's Economic Future to 2030 - Economic Strategy Pages 39 – 66 of the 151221 Cabinet papers
 - Surrey's demand for jobs research (Shared Intelligence 2021 and Metro Dynamics 2022)
 - Surrey's provision mapping (Metro Dynamics 2022)
 - SCC's No One Left behind Employment and Skills Research (2022 ongoing)
 - Growth Board Papers are available at Invest in Surrey
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