

# English workforce failings could sink post-Brexit economy, study warns

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Press release

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The country's future national prosperity is imperilled because a toxic cocktail of threats - including Brexit, automation and a shrinking skills base - risks squeezing the supply of native workers trained to do tomorrow's jobs – a report from Localis has today warned.

In a paper published today entitled 'In place of work – influencing local labour markets' the study authors estimated that just under half of England's local labour markets have an above-average level of jobs risk due to a post-Brexit migration squeeze; around half have an above average risk to the increased automation of jobs; and just more than half have an above-average risk arising from a low skills base.

Research undertaken by Localis indicated a staggering gulf in the strength of England's local labour markets, with the bulk of investment – both public and private, infrastructure, research and development and foreign investment – being channelled into London and the space which occupies the golden triangle between it, Oxford and Cambridge.

The analysis also revealed that rural county areas account for nine-out-of-10 locations most at risk from the toxic cocktail of future threats to local labour markets. Report sponsors the County Councils Network (CCN), which represents 37 county councils in England, argued the report makes a clear case for devolving powers to its members so they can devise local labour strategies.

However, the findings do not support the traditional view of 'north-south' divide in wealth and economic outcomes, but instead outlined there are greater differences within regions, with labour markets of the South East, in places like Kent and Essex, needing support just as much as certain parts of the North East.

**Co-author of the report and chief executive of Localis, Liam Booth-Smith, said**: "As the country slowly gets to grips with the broader implications, both positive and negative, of Brexit, it strikes us that the biggest threat to our future prosperity won't come from Brussels, but from our own people.

"Simply put, our population is too low-skilled for the high-paying industries we are developing."

**Co-author**, **Localis researcher Joe Fyans**, said: "While national government can and should set the policy framework for reshaping the country's labour market to meet future economic needs, local areas must be empowered to respond to their different circumstances. Government must empower England's strategic authorities to positively influence their local labour markets.

"We would like to see devolved powers in apprenticeships and further education, to coordinate the needs of local enterprise and the local population. We place a particular emphasis on the beneficial role this could play in helping disabled people achieve sustained employment and in preventing the premature exit from the jobs market of people aged over 50."

Chairman of the County Councils Network (CCN), Cllr Paul Carter, said: "Counties have intimate knowledge of their local economies, both public and private sectors, but have been hamstrung by a 'one size fits' all skills agenda. Government must hone and unleash this potential in rural areas by creating strategic authorities, led by the county authority.

"County authorities have the ambition, size, and expertise to engineer real change in their local skills market, but are shackled by a lack of powers. Let's embrace the art of the possible – this new approach would be good for business and good for residents.

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"This report by Localis sets out a deliverable framework to develop local labour market strategies. By devolving significant skills budgets and adult education powers, we can begin to create make a difference locally and a more prosperous country nationally."

#### **ENDS**

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#### Notes to Editors:

- 1. The report is being launched at the County All Party Parliamentary Group (APPG) Autumn Reception on Monday 6 November from 4.00 p.m. to 6.00 p.m. limited press places are available upon request.
- 2. A full copy of the report can be downloaded here: 'In Place Of Work influencing local labour markets'

#### 3. The 10 main report recommendations are as follows:

#### Recommendations

- Government should formally recognise the status of England's remaining strategic authorities
  without a devolution deal by instituting an Industrial Compact, as recommended in the previous
  Localis report *The Making of an Industrial Strategy*, thus creating the devolved bases upon which
  new local labour market strategies and powers can be developed and utilised.
- 2. As part of every new local industrial strategy, every local area should develop a local labour market influencing strategy which highlights at risk industries and businesses.
- Government should devolve control of the Adult Education Budget to all strategic authorities in England and empower them to convene local colleges, training providers and businesses in order to set the priorities for their local labour market strategies.
- 4. Local public sector organisations, most pressingly it would be sensible for the NHS and local government to collaborate, should explore what options are available to pool their apprenticeship levy within a strategic authority area. In particular this should be seen as a priority in areas where the health and social care workforce is dependent on a significant amount of migrant labour.
- 5. Government should accelerate the current 18-month time limit for moving funds held in an apprenticeship levy account down an organisation's supply chain.
- 6. Government should create the option to allow employers to passport their apprenticeship levy funds to a strategic authority for local skills development activity. This would need to be ring fenced and the priorities for development established before a strategic authority could accept the funds.
- 7. Government should empower and fund strategic authorities to raise the profile of apprenticeships and the wider state support offered for in work training. The most successful and advanced strategic authorities should be legally allowed to set 'start quotas' for apprenticeships in their areas.
- 8. In local areas where industry collaboration is weak and relationships with the strategic authority need formalising, strategic authorities should establish employer guilds. These guilds would work with the strategic authority to help shape labour market policy, thus ensuring a steady supply of qualified labour for their future business requirements.
- 9. As in the previous Localis report A Sector Deal for Disability we reiterate the recommendation for the Department for Work and Pensions to establish and chair a new working group on skills, access and employability for people with disabilities to support the sharing of best practice amongst councils, CCGs, schools and colleges locally. Preferably this should utilise existing professional networks.
- 10. Government should take a top slice of 5% from apprenticeship levy accounts nationally in order to create a Local Skills Development Fund which can be devolved and focused on supporting strategic authorities' efforts to raise the employment level of key low activity groups, in particular disabled people and the over 50's.

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#### 4. National Scorecard of Labour Market Risk

Localis has produced a scorecard ranking 47 **Strategic Authority** areas of the country most at risk from the automation of jobs (see below for definition).

# What is a Strategic Authority?

A Strategic Authority is the recognised body which leads the industrial strategy in a local area. It would most commonly be a formal collaboration of local authorities across a geographic area. This would be different to a (non-mayoral) combined authority because of a) the requirement for an additional level of democratic mandate and b) the new suite of powers it would wield.

To become a strategic authority an area must first have in place;

- A formal collaborative arrangement of local councils across a geography. (Our previous report, *The Making of an Industrial Strategy,* introduced the concept and this report includes a map indicating the breakdown of strategic authorities in England .)
- Democratic legitimacy in the form of either a) a directly elected mayor, b) a strategic authority wide elected assembly led by a chair voted for by the assembly or c) in areas where the formal collaborative agreement consists of a county and its districts or a sole unitary county, the county could become the strategic authority (with agreement from partner councils where appropriate).

The rankings indicate **Berkshire and Brighton and Hove** are joint best-placed to cope with labour market change, and **Lincolnshire** is the Strategic Authority most at risk from the combined threats of: -

- i)restricted post-Brexit migration;
- · ii)increased automation of jobs;
- · iii)low skills bases;
- · iv)demographics.

Strate@ Author		Av. Rank	AutomatRank ion		Migrati n Scor	o Rank e	Skills Score	Rank	Demogr Rank aphics		Total
			Score						Score		
1	Berksh e	ir2.333	134	4	138	1	225	2	104	13	497
1	Brighto and Hove	on2.333	157	1	131	5	254	1	122	1	542
3	Surrey	3.667	136	3	136	2	185	6	101	20	457
4	West o	of 5.333 ad	126	7	132	4	189	5	111	3	447
5	Oxford hire	s 5.667	131	6	126	8	210	3	106	6	467
6	Londo	n 6.667	151	2	120	14	201	4	116	2	472
7	Glouce	es12.333 e	110	15	125	11	127	11	100	24	362

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8	Hampsh13 ire & Isle of Wight	107	17	121	13	135	9	97	31	363
9	Dorset 14	124	8	112	20	124	14	84	47	360
10	Cambri 15 dgeshir e & Pet erborou gh	102	21	133	3	100	21	105	8	335
10	Hertford 15 shire	97	27	130	6	126	12	104	13	353
12	Devon 16.667	116	9	98	27	124	14	93	43	338
12	Swindo 16.667 n and W iltshire	100	22	113	18	134	10	100	24	347
14	Bucking 17 hamshir e & Milton Keynes	95	30	120	14	153	7	102	16	368
15	East 17.333 Sussex	133	5	122	12	67	35	90	46	322
16	Tees 18.667 Valley	114	12	126	8	63	36	102	16	303
17	Tyne 20.333 and Wear	111	14	119	16	71	31	108	4	301
18	Essex 22.333	105	19	113	18	72	30	99	29	290
19	Sheffiel 23 d City Region	99	25	128	7	59	37	106	6	286
20	Greater 24 Manche ster	100	22	99	26	81	24	107	5	280
21	Cheshir 24.667 e & War rington	100	22	91	32	102	20	100	24	293

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22	Kent	25.333	95	30		108	23		82	23		99	29		285	
23	Shrops	sh26	108	16		86	35		75	27		96	33		269	
24	Bedfor shire	d 26.25	72	41		109	22		68	34		105	8		249	
25	Cornwa	al26.667	116	9		42	47		81	24		93	43		239	
25	Lancas hire	26.667	98	26		98	27		75	27		100	24		271	
25	Liverpo ol City Region	26.667	112	13		101	25		45	42		105	8		258	
28	North \		106	18		49	45		110	18		94	39		265	
28	Somer et	s 27	94	32		77	37		126	12		92	45		297	
30	Northu mberla d	27.333 n	115	11		92	31		50	40		96	33		257	
31	Leeds City Region	28.333	97	27		112	20		57	38		105	8		266	
31	West Sussex	28.333	82	36		91	32		115	17		94	39		288	
33		ounty 29 Irham	97	7	27	1	16	17	2	12	43	10	)4	13		255
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37	Wo	orcest30.	667 70	)	42	8	88	34	,	120	16	97	7	31		278

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	ershire									
39	Nottingh31.667 amshire	86	34	97	29	70	32	101	20	253
40	Derbysh34.333 ire	73	40	70	41	89	22	101	20	232
41	Cumbri 34.667 a	86	34	48	46	81	24	96	33	215
42	Stafford 37 shire	67	44	74	38	74	29	101	20	215
43	Herefor 38.333 dshire, County of	82	36	71	40	53	39	95	38	206
44	Hull City40.333 Region	54	46	62	42	69	33	96	33	185
45	Northa 42 mptons hire	49	47	72	39	50	40	102	16	171
45	Suffolk 42	80	38	60	43	37	45	94	39	177
47	Lincolns43 hire	77	39	51	44	27	46	96	33	155

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#### **Additional Assets:**

Localis Labour Market Report - 'In Place Of Work' Localis Labour Market Report - Scorecard Strategic Authorities

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