

Work Local impacts

A report for the Local Government
Association on the potential benefits of
improving employment and skills outcomes

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Learning and Work Institute

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We research what works, develop new ways of thinking and implement new approaches. Working with partners, we transform people's experiences of learning and employment. What we do benefits individuals, families, communities and the wider economy.

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About Local Government Association

The Local Government Association (LGA) is the national voice of local government. We are a politically led, cross-party membership organisation, representing councils from England and Wales. Our role is to support, promote and improve local government, and raise national awareness of the work of councils. Our ultimate ambition is to support councils to deliver local solutions to national problems. The LGA has funded Learning and Work Institute to produce this report.

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Executive summary

The Local Government Association's Work Local sets out its plans for greater local leadership of employment and skills. This report shows that there would be significant economic, fiscal and social benefits if this led to an improvement in employment and skills outcomes.

Employment and skills contexts, opportunities, challenges and starting points vary across England. In addition, many other services can contribute to employment and skills outcomes (e.g. health services) and employment and skills services can contribute to these other services (e.g. learning can improve health and wellbeing) too. In addition, big changes like longer working lives, advances in technology, and the pandemic are having differential impacts on demographic groups and geographic areas.

Taken together, this suggests a clear need to ensure services and policy objectives work together and to tailor support to local need. Work Local represents the Local Government Association's proposals to do this.

This report aims to illustrate the potential economic, fiscal and social benefits from delivering improved employment and skills outcomes. It does so by looking at four illustrative anonymised areas: a large Combined Authority, medium-sized Combined Authority, a larger rural local authority and an urban local authority.

We analyse the potential impacts of prospective improvements in qualification attainment and employment from adult skills budgets, key employment programmes, apprenticeships and European Social Fund and its successor UK Shared Prosperity Fund. Investment across the included funding streams ranges from £681 million in the large Combined Authority to £51 million in the urban local authority. These should not be limit of ambitions for devolution, but provide a solid base for analysis.

Realistic levels of improvements in performance could mean an extra 10% outcomes delivered: an extra 4,200 people improving their skills each year and 3,850 moving into work for the large Combined Authority, with proportionate increases for the other areas.

This would lead to significant economic and fiscal benefits, equivalent to an additional return of 10-15% on the budgets included. In the larger Combined Authority, that would mean an additional £80 million boost to the economy and £52 million per year saving to the taxpayer. Taking account of wider benefits such as to health and wellbeing could increase the economic benefits as much as fivefold.

This analysis may represent an under-estimate: only some funding streams are included and performance improvements may be greater if support can truly be better tailored to local circumstance.

The need and opportunity are clear. So too are the potential benefits from action.

Introduction

Employment and skills challenges and opportunities vary across the country. Employment rates vary significantly between geographic areas and demographic groups, as do qualification levels. The pandemic has had a different impact on local economies, longer-term trends like globalisation were affecting sectors differently, and opportunities for future growth vary too.

All of this means there has been an increasing focus in debate on how to tailor employment and skills support to local conditions and how to embed it in local development and growth strategies.

The Local Government Association's (LGA) Work Local framework is a key part of its proposed answer to this, arguing for greater devolution of employment and skills programmes tied to agreements showing local area's proposed approaches and the improved outcomes they argue would lead from this. The LGA is now refreshing this framework to reflect the changed economic, labour market, and policy circumstances and in the context of the Government's approach to 'levelling up'.

To support the refreshing of Work Local, the LGA commissioned Learning and Work Institute to look at the potential economic, fiscal and social benefits of improving employment and skills outcomes in different types of geographies. The aim is to give a potential 'size of the prize' should greater devolution lead to improved outcomes.

This report sets out our approach to doing this and the results. It is clear that there are large potential benefits to people, communities, employers, the economy and the taxpayer from further improving the impact of employment and skills support.

Estimating the potential size of the prize

Employment and skills levels vary significantly within and between local areas, as do the jobs available and the opportunities ahead. While there are common trends, such as an ageing population and global economic change, the impacts of these also vary depending on local demographics and economic structures. This illustrates the need for a tailored employment and skills approach and the likelihood that the benefits of this will vary.

In addition, there is a long and growing list of employment and skills initiatives from national and local governments and others. Again, this illustrates the need for a more joined-up and simplified approach, and the challenge of estimating its potential benefits.

There is an increasing focus on how best to deliver employment and skills support locally. A number of places, primarily Mayoral Combined Authorities (MCA), have a significant role already, including devolution of the Adult Education and (for Greater Manchester and London) co-commissioning of the Work and Health Programme.

The Levelling Up White Paper helps to set the landscape for future plans for greater local control of public services and ways to improve civic pride and economic performance. That includes areas outside MCAs, including a number of potential County Deals.

This all forms part of the context for the Local Government Association's refresh of its Work Local proposals. These argue for more employment and skills programmes to be devolved and underpinned by agreements between national and local government on the outcomes this will deliver.

The purpose of this report is to illustrate the potential range of benefits that could come from improving employment and skills outcomes, to demonstrate a potential 'size of the prize' for implementing the LGA's Work Local approach. It does so by looking at key employment and skills programmes in a range of anonymised areas. The rest of this chapter describes our methodology.

Our methodology

We use a four step approach:

1. Choose illustrative geographical areas to apply the analysis to
2. Select funding streams for analysis
3. Identify budgets and key employment and skills outcomes for these funding streams
4. Estimate the potential impact of plausible improvements in outcomes that could result should the objectives of Work Local be achieved.

1. Choosing illustrative geographical areas

The purpose of this analysis is not to precisely estimate the costs and benefits of employment and skills improvements in a specific area. Rather it is to illustrate the potential costs and benefits for different types of area, and for this to have broader applicability to discussions about potential devolution across England.

For this reason, the results in this report, while based on real data from different areas, are anonymised. We have aimed to look a range of different types of geographies to reflect the breadth of discussions about devolution, from Mayoral Combined Authorities to potential County Deals.

The four areas selected have the following characteristics:

- **Large Combined Authority** with a working age population of around 1.8 million. It has higher than national average proportion of people with no qualifications and significantly lower employment rate;
- **Medium sized Combined Authority** with a working age population of around 960,000. It has higher than average proportion of people with no qualifications and lower employment rate;
- **Rural local authority** with a working age population of around 750,000. It has higher than national average employment rate (in line with the average for rural areas) and lower than average proportion of people with no qualifications; and
- **Urban local authority** with a working age population of around 250,000, close to the urban area average. It has a higher than average proportion of people with no qualifications and slightly lower than average employment rate.

Importantly, the geographic location (e.g. north or south) and economic structure (e.g. proportion of employment in manufacturing or services) does not affect our results. The key drivers (as shown below) of the potential benefits of improvements in outcomes are measures like employment rates, earnings and qualification levels. Of course in practice delivering these benefits would require employment and skills services to be tailored to the local context.

2. Selecting funding streams

It is widely recognised that the employment and skills systems are highly complex with a lengthy and ever changing list of programmes and funding streams. Some of these programmes are recently started, others are nearing their end, some have good data on outcomes at a local level available, others don't.

We have therefore selected a limited number of funding streams to analyse as follows:

- **Adult skills.** The largest current funding stream is the **Adult Education Budget** at around £1.5 billion per year. Responsibility is devolved, albeit within a set of rules and national entitlements, to London and a number of Mayoral Combined Authorities. We include estimates of adult education budget spend in each of the

four areas, attainment of full level 2 and full level 3 qualifications, and the potential employment and earnings impacts of these. The budget delivers a range of other outcomes, including part level 2 and 3 qualifications and essential skills qualifications. However, the cost-benefit analysis model (see below) does not include essential skills and national skills policy has focused most on achievement of full qualifications. This means our analysis is likely to be an underestimate.

We also include the **National Skills Fund**. The Government's manifesto committed to £3 billion over the Parliament, equating to £600 million per year. It is unclear what this will be invested in, though it is currently funding bootcamps and the new level 3 entitlement. The Government is consulting on whether to merge the Adult Education Budget and National Skills Fund into a single Skills Fund. For this analysis, we assume the National Skills Fund is distributed across England in line with the Adult Education Budget and delivers a similar profile of qualifications.

- **Employment support.** The **Work and Health Programme**, launched in 2017, is DWP's contracted employment support for people with disabilities, disadvantages or who are long-term unemployed. In addition, it launched **Restart** in summer 2021 to tackle the rise in long-term unemployment expected as a result of the pandemic. It has a budget of £2.9 billion and will receive referrals for three years. Long-term unemployment is likely to peak lower than was expected at the time of commissioning. It is unclear what this will mean for the number of people referred to the programme and its budget, whether eligibility might be widened to other groups, or what the implications of this might be for a potential successor to the Work and Health Programme.

For the purposes of this analysis, we include Restart and use assumptions of planned volumes and budgets (in practice the lower-than-expected number of long-term unemployed people means the programme will underspend unless eligibility for referral is widened). Where data is not available, we base expected performance on that achieved under the Work Programme and local authorities share of the claimant count in a Contract Package Area. We also include estimated budget and outcome data for the Work and Health Programme. We do not include Jobcentre Plus provision, which delivers the bulk of employment support. This is because data on the cost of Jobcentre Plus advisor support and on the proportion of unemployed people moving into work is no longer available from DWP.

- **Apprenticeships.** **Apprenticeships** are the largest source of employment and skills funding, with the apprenticeship levy raising around £2.6 billion per year across the UK. In England, around £2 billion was spent on apprenticeships in 2019-20, that includes apprenticeships for both levy and non-levy payers.

This is therefore different to other funding streams where there is a budget commissioned by central government or others. However, there is scope for substantial impact on the number of apprenticeships, demographics of apprentices and sectors through the mechanisms detailed above. The LGA has also argued for

a greater role for local government in the apprenticeship system, which could include options such as pooling some levy payments for transfer (levy-paying employers can transfer up to 25% of their levy payments to other employers), greater information on expenditure and provision to help inform decision making, activity to raise employer demand, and better matching people and apprenticeship opportunities. We focus on level 2 and 3 apprenticeships as data on local returns to higher apprenticeships is not available at this time. Numbers are currently small (but growing) so this should not have a significant impact on our results.

- **European Social Fund / UK Shared Prosperity Fund. *European Social Fund*** (ESF) equates to around £500 million per year and delivers a range of employment and skills support for those in and out of work. Data on spend by local authority is not easily available and data on outcomes delivered is not yet published. Therefore we have used annual expenditure generated by the Local Government Association for another project based on published figures from October 2020 as an estimate for the four anonymised areas analysed and applied an adjustment to national ESF employment rates as local outcome data is not yet available.¹ This provides a snapshot in time, but is the best data available. Data on qualifications gained by those on ESF-funded provision is not available, so this will be an underestimate.

The ***UK Shared Prosperity Fund*** will replace ESF and is intended to be of a similar size by 2024-25. It is unclear how this will be distributed across the country and its focus may differ from ESF. The Government would also argue that by being able to set different priorities and invest in different ways, the outcomes delivered should be improved. In the absence of hard data on the above, as a baseline assumption we assume UKSPF will be allocated in line with the observed distribution and outcome rates of ESF.

- **16-19.** Provision for ***16-19 year olds*** provides an essential foundation for local skills, particularly at level 2 and 3, and future skills acquisition. Investment totals around £5.7 billion each year across England. The 16-19 education system is complex with a range of institutions, some nationally funded and many independent. This funding is included here because of the central importance of 16-19 education. Local areas may want to make a case for all 16-19 funding in their area to be devolved, others many want to argue for a formal role in designing and building coherent systems. Whatever the approach, further increasing attainment at these ages is likely to be a key priority.

Our aim has been to choose funding streams of a significant size, which have outcome data available, and with sufficient data to analyse or estimate at local authority level.

¹ <https://www.local.gov.uk/publications/understanding-european-structural-investment-funds-resource-councils>

However, we recognise that this represents a partial snapshot of the employment and skills system and that other programmes can have strategic value in conjunction with others – the whole can be greater than the sum of the parts.

For example, National Careers Service funding is relatively small compared to the Adult Education Budget and no data on outcomes is available at local authority level. It is therefore not possible to include this in the analysis. But this does not mean that it is not important, or that it could make a real difference in practice and in conjunction with other employment and skills support.

For these reasons (along with the other reasons set out above), our results are likely to represent an under-estimate of the net benefits of the improvement employment and skills outcomes. They represent an illustration of potential impact of improved results, rather than the limit of local government's ambitions for devolution.

3. Identifying budgets and outcomes

To provide a robust cost-benefit analysis, we need to **estimate the budget** for each of the selected programmes for each of the case study areas. This requires a number of assumptions in each case. For example, data on plans for Restart is only available at Contract Package Area (CPA) level. We assume these outcomes are distributed across the local authorities in each CPA according to their respective claimant count rates. Where necessary we use data on Work Programme outcomes for the last full year available as a proxy.

We then identify a limited number of **core outcomes** from each programme for which we will then (step four) estimate the benefits. For employment programmes, we focus on the proportion of people finding employment according to the metric each programme uses (for example some employment programmes look at job entry, others at three, six or two months in work). For skills programmes, we look at qualification and apprenticeship completion and specifically focus on levels 2 and 3 and the potential impact of these on earnings and employment. In practice, employment and skills programmes have a range of other potential outcomes, and we have set out above why it is not possible to include some outcomes for some programmes due to data limitations. We limit our primary analysis to qualification attainment and gaining employment, however we also look to estimate some of the wider and social benefits from learning and being in work (see step 4).

4. Estimating the impact of potential improvements in outcomes

It is difficult to say with certainty what a plausible improvement in employment and skills outcomes for existing investment might result from a more joined up and locally tailored approach.

For simplicity and consistency with previous Work Local estimates, we use a five percentage point increase in outcomes (as detailed above, this can be finding a job or gaining a qualification) from each of the funding streams analysed.

Next we estimate the potential benefits of this improvement in outcomes in the following categories:

- **Economic.** The potential boost to the size of the economy by increasing employment and/or increasing productivity through skills improvements (based on estimated wage returns to different qualification levels);
- **Fiscal.** The potential savings to the taxpayer from increasing the number of people in work (increased tax payments, reduced benefit claims) and increasing people's earnings through skills improvements (as above); and
- **Social.** The potential value of improvements in health and wellbeing and social integration from increasing employment, skills and earnings. The evidence here is often less clear cut and causal and hence we present these estimates separately to the economic and fiscal benefits.

We do so by using the Greater Manchester Combined Authority cost-benefit analysis model.² This uses available evidence from a range of sources, evaluations and studies to estimate the spread of potential impacts of delivering employment and skills outcomes. We assume there is no deadweight (outcomes that would have occurred without public investment) in these additional outcomes that would result from improved investment (there will, of course, be deadweight already built into the baseline system).

In practice, the scale of potential benefits in each category and the balance between categories is likely to vary between areas and types of provision. For example, some areas may have a higher prevalence of health conditions and so the potential health benefits of learning could be more significant. Other areas may have significant growth in high wage jobs, meaning average wage returns could underplay the impact of gaining particular qualifications. This is another reason why our analysis gives illustrative figures rather than precisely calibrated predictions for each area of England.

Some caveats and differences from previous Work Local modelling

The methodology is the same as the previous Work Local analysis, but some of the content differs. This partly reflects changes in policy and funding: for example, Restart has now been introduced, and the National Skills Fund means adult skills funding is increasing. In part it also reflects data availability. For example, we do not include Jobcentre Plus provision which delivers the bulk of employment support in this analysis because data on the cost of Jobcentre Plus advisor support and on the proportion of unemployed people moving into work is no longer available from DWP. Again, this doesn't mean that this provision does not matter, nor that local authorities may wish to argue for it to be devolved. Rather it is a further reason why the analysis is likely to be an underestimate and further emphasises the purpose of its use as a potential 'size of the prize' rather than precise prediction for any given type of devolution offered or asked for.

² [Research: Cost Benefit Analysis - Greater Manchester Combined Authority \(greatermanchester-ca.gov.uk\)](https://www.greatermanchester-ca.gov.uk/research/cost-benefit-analysis)

We are aiming to give an indicative ‘size of the prize’ from improving outcomes. This doesn’t mean that devolution will definitely deliver this outcome nor that devolution is necessarily the only way to gain improvements in outcomes. That depends on both the nature of devolution (e.g. how much freedom do local areas really get to tailor and join up support) and local delivery (e.g. the success of local approaches).

The results are illustrative and reality will vary by area. Our analysis is based on real data for anonymised areas, but is ultimately illustrative. The balance of benefits and focus will vary according to local economic and demographic need. That shows the need to apply the analysis and its results to the local context, as well as making the overall case for systems reform.

There are a number of reasons why our analysis may be an under-estimate. These include the fact we haven’t included all employment and skills funding streams, that better tailoring of support to local need could increase the wage returns to qualifications, and that there may be synergies from devolution meaning a bigger uplift in outcomes than we’ve assumed. As above, the exclusion of particular funding streams does not mean they do not matter nor that they should not form part of devolution discussions.

Results of the modelling

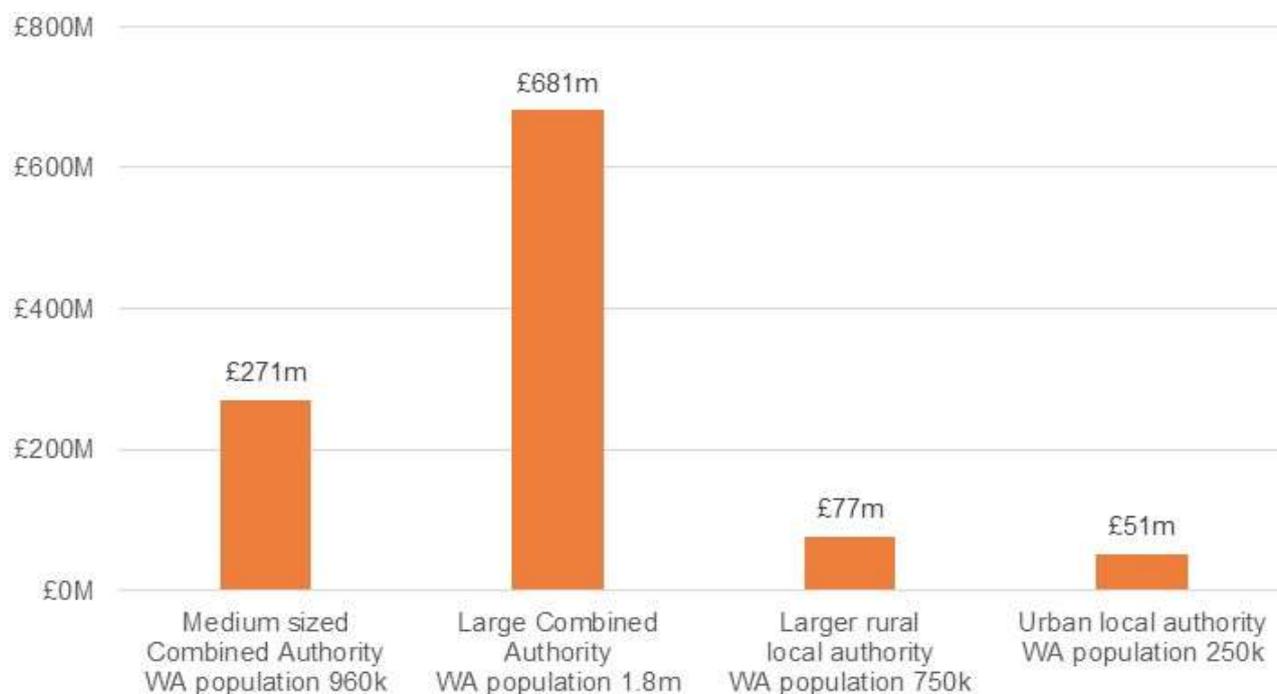
This chapter sets out the results of the modelling. It begins with the identified budgets and outcomes for the in-scope employment and skills programmes, then shows the potential economic and fiscal benefits from improved performance, and finally explores some of the wider benefits of learning and work such as on health and wellbeing.

The current system: budgets and outcomes

Our estimates on the spend for each programme included in our modelling is detailed in Figure 1. This varies from £681 million in the large combined authority to £51 million in the urban local authority. Allocations for 16-19 education account for more than half of these totals, with adult skills funding making up the bulk of the rest of funding included. Funding for Restart is relatively small in this context, reflecting the fact that it is only targeted at those who are very long-term unemployed (a small cohort): the bulk of employment support is delivered through Jobcentre Plus and provision for the large number of people who leave out-of-work benefits before becoming long-term unemployed.

Some of our estimates are based on actual data. For example, the adult education is devolved to a number of Mayoral Combined Authorities. For others we have calculated estimates. For example, where employment programmes publish data for a Contract Package Area we have based the proportion of delivery likely to be in a particular local authority on that authority's share of the total claimant count in the contract package area.

Figure 1: Expenditure by key programme in each anonymised area



	Adult Education Budget	National Skills Fund	16-19 Allocations	Restart allocation	European Social Fund (EU element only)	Work and Health Programme	Total
Medium sized Combined Authority	£51,300,000	£20,520,000	£167,061,739	£3,012,341	£24,472,997	£4,281,360	£270,648,437
Large Combined Authority	£130,000,000	£52,000,000	£420,955,630	£7,536,242	£62,983,521	£7,411,489	£680,886,882
Larger rural local authority	£7,930,396	£3,172,158	£61,399,185	£699,880	£2,876,259	£886,284	£76,964,162
Urban local authority	£10,368,018	£4,147,207	£34,746,106	£668,044	£596,000	£874,560	£51,399,935

In terms of outcomes, the model focuses on gaining qualifications and finding work (and the impact of these on earnings).

This is necessarily a partial picture. For example, we have data on qualifications gained funded through the Adult Education Budget but not on how many people found work who would not otherwise have done so, and so the model relies on studies of the impact of gaining qualifications on earnings and employment. Similarly, some people will gain qualifications while on Restart provision, but the published data only captures employment outcomes. This means the analysis gives us a good insight into the outcomes delivered through the programmes considered, but not a complete picture.

Table 1: Qualifications and employment outcomes across key funding streams

	Medium sized Combined Authority	Large Combined Authority	Larger rural local authority	Urban local authority
Level 2 attainment	7,950	14,380	4,360	1,550
Level 3 attainment	12,700	4,520	7,100	2,860
Job outcomes	14,333	33,116	6,764	2,676

We have sense checked the budget and outcome data by comparing the consistency of unit costs per person it implies across areas and also whether the share of total budget for an area equates to its population share (e.g. if an area has 10% of England's population, does it have roughly 10% of the adult education budget). These checks suggest the figures are broadly consistent and realistic.

Potential economic and fiscal benefits

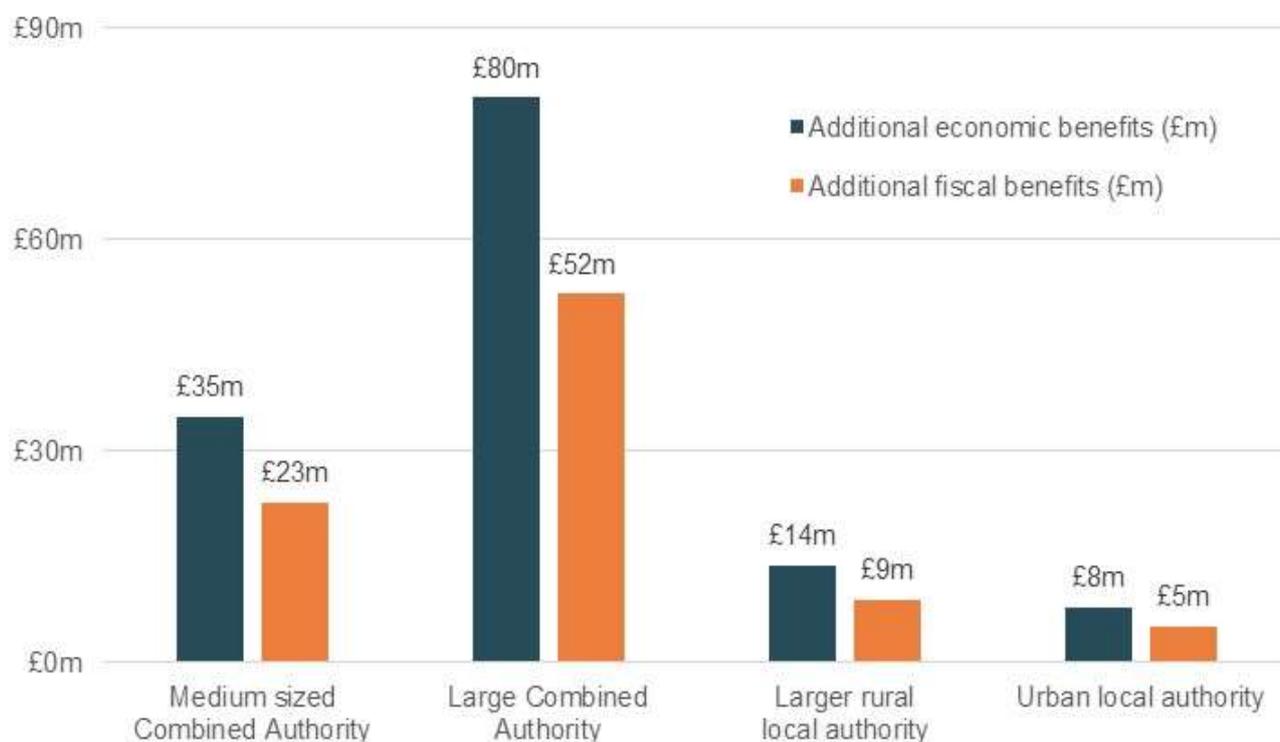
Our estimate of the potential economic and fiscal benefits of improved performance that might result from devolution is based on assuming a five percentage point increase in achievement of outcomes. This equates to the additional potential qualification and employment outcomes shown in Table 2. In most cases this equates to achieving roughly 10% more qualifications and job outcomes from existing investment.

Table 2: Potential additional qualification and employment outcomes

	Medium sized Combined Authority	Large Combined Authority	Larger rural local authority	Urban local authority
Level 2 attainment	832	1,525	468	195
Level 3 attainment	1,431	2,648	686	58
Job outcomes	1,653	3,849	640	368

Then, as described in the previous chapter, we use the Greater Manchester cost-benefit analysis model to estimate the economic and fiscal benefits that would result from this improvement (as a result of more people being in work and increasing their earnings). These estimates are shown in Figure 2.

Figure 2: Benefits of increased employment and skills performance



This shows annual boosts to local economies of between £8 million and £80 million from the urban local authority to the large combined authority respectively. Similarly, fiscal benefits – savings to the taxpayer – would range from £5 million to £52 million per year. This is in addition to the economic and fiscal benefits these employment and skills programmes are already delivering – they are additional benefits that could potentially be delivered through increased performance, extra value squeezed from existing investment.

To put this into context, this represents an additional 10-15% return on public investment, in addition to the return that investment is already delivering. For example, for the large Combined Authority there is a potential £80 million further boost to the economy from the existing £681 million investment (the potential boost representing around 12% of the budget).

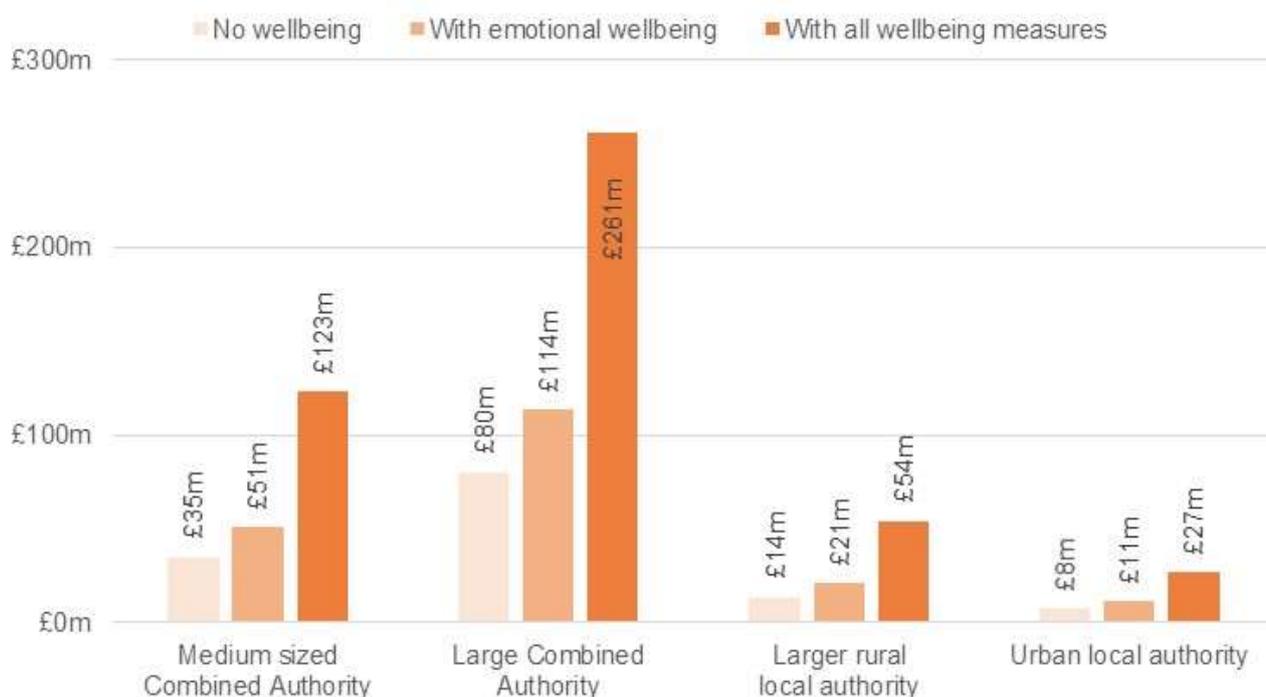
Exploring the wider benefits of learning and work

Employment and participation in learning can have a wide range of positive impacts on health and wellbeing, reducing crime and supporting participation in society, though the degree and nature of causal links are not always clearcut. The cost-benefit analysis model allows us to estimate the value of some of these potential benefits to the economy and to the taxpayer.

In this analysis we focus on potential health and wellbeing benefits. These include things like improvements in mental health and reduced A&E attendance. This mirrors findings from Learning and Work Institute’s Citizens’ Curriculum trial which found that participation in learning was associated with increased take-up of preventative public services and reduced need for emergency or responsive public services.³

As figure 3 shows, including these benefits significantly increases the economic impacts of skills and employment improvements: increasing them around up to fivefold.

Figure 3: Potential health and wellbeing benefits of improved employment and skills outcomes



³ Citizens’ Curriculum: phase 2 project report, L&W, 2016.

As noted above, there are a range of other potential benefits such as reductions in crime, improved civic participation etc as well. This means that including these other wider benefits would further increase the value of employment and skills investment – it helps to further strengthen the case both for investment and for maximising the value of investment.

It also further strengthens the case for thinking about how to better integrate and align support, a key potential role for local government. For example, health and employment services (among others) will be central for disabled people looking for work, and need to effectively align. So this analysis helps to demonstrate the importance of joining up public services – this can be a key way to unlock some of the potential benefits described and can potentially be an important role for local government.

Summary

Taken together, our analysis suggests significant potential economic, fiscal and social benefits if greater devolution led to improved employment and skills outcomes as a result of creating a more joined-up system that better meets local needs.

For a **medium-sized Combined Authority** with a working-age population of around 960,000, more effective use of around **£270 million investment** per year could **improve employment and skills outcomes by about 15%**, meaning an **extra 2,260 people improving their skills** each year and an **extra 1,650 people moving into work**. This could **boost the local economy by £35 million** per year and **save the taxpayer an extra £23 million** per year. Taking account of **wider benefits** such as health and wellbeing could more than triple the economic benefits, **up to £87 million per year**.

For a **large Combined Authority** with a working-age population of 1.8 million, more effective use of around **£680 million investment** per year could **improve employment and skills outcomes by about 15%**, meaning an **extra 4,200 people improving their skills** each year and an **extra 3,850 people moving into work**. This could **boost the local economy by £80 million** per year and **save the taxpayer an extra £52 million** per year. Taking account of **wider benefits** such as health and wellbeing could more than triple the economic benefits, **up to £260 million per year**.

For a **larger rural local authority** with a working-age population of 750,000, more effective use of around **£77 million investment** per year could **improve employment and skills outcomes by about 15%**, meaning an **extra 1,150 people improving their skills** each year and an **extra 640 people moving into work**. This could **boost the local economy by £14 million** per year and **save the taxpayer an extra £9 million** per year. Taking account of **wider benefits** such as health and wellbeing could more than triple the economic benefits, **up to £54 million per year**.

For an **urban local authority** with a working-age population of 250,000, more effective use of around **£51 million investment** per year could **improve employment and skills outcomes by about 15%**, meaning an **extra 250 people improving their skills** each

year and an **extra 370 people moving into work**. This could **boost the local economy by £8 million** per year and **save the taxpayer an extra £5 million** per year. Taking account of **wider benefits** such as health and wellbeing could more than triple the economic benefits, **up to £27 million per year**.

To reiterate, this analysis shows the potential *additional* benefits of improved outcomes, on top of the economic, fiscal and social impacts the existing employment and skills system is delivering.

Conclusion

Improving employment and skills outcomes is crucial for people's career prospects, employers' productivity and workforce needs, and improving long-term prosperity. The UK starts from a position of strength, with employment rates relatively high by international standards. However, the stark variations between groups and areas show the opportunity to do better and both the scope and need for action to 'level up'.

It is also widely recognised that employment and skills programmes can often be complex and that opportunities and contexts vary across the country – future job growth and skills needs will vary between Bolton and Bracknell.

Work Local sets out the Local Government Association's proposals for greater devolution of employment and skills support, underpinned by outcome agreements. This report contributes by providing illustrative estimates of the potential economic, fiscal and social benefits of improving employment and skills outcomes for different types of geographical areas.

It is clear that there is a substantial potential prize to be gained. A 15% increase in the number of people improving their skills or finding work could boost the local economy, save the taxpayer money, and have significant wider health and wellbeing and other social impacts. Using existing investment more effectively – generating 15% more outcomes for the same funding - and strengthening the case for extra investment, would be substantial prizes.

What's more, these are likely to be an under-estimate as the analysis focuses only on some funding streams and some outcomes.

The case for and opportunity to level up employment and skills outcomes is clear. That can be to the benefit of us all.

Annex A: Data sources

Funding stream	Definition used / approach taken	Data source
Adult skills		
Adult Education Budget (AEB)	20-21 data for expenditure within local authority(ies) area and level 2 and 3 qualification attainment by LA	Education & Skills Funding Agency Allocations 2020/2021. Transition into job rates are based on ONS destination data by level.
National Skills Fund	Taken average England-wide spend based on manifesto commitment and assumed same distribution of expenditure and outcomes as AEB	Based on 40% of AEB budgets
Employment support		
Work and Health Programme (W&HP)	WHP starts and job outcomes (by start date) by local authority: aggregated to the 4 case study areas. Budget per year is attributed to the areas by number of starters, using the unit cost per starter.	DWP, Statxplora.
Restart	Based on annual budget as per bids and assuming same outcome rates as Work Programme	DWP, Work Programme Statistics and Claimant Count Statistics.

Learning and Work Institute

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 We invest in people Silver



Apprenticeships		
Apprenticeships	DfE data on level 2 and 3 apprenticeship attainment in 20-21	DfE Apprenticeships and traineeships data
ESF/UKSPF		
ESF	LGA analysis of 19-20 expenditure and outcomes in case study areas	Private LGA analysis
UKSPF	Assume same distribution of expenditure and outcomes as ESF	
16-19		
16-19 attainment	ESFA data on expenditure and level 2 and 3 qualification attainment by provider within case study area	ESFA database