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# Adult Skills & Employment Functional Strategy



**Mayor of the  
West Midlands**



**West Midlands  
Combined Authority**

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# Context and ambition

## Regional context

The West Midlands is a globally significant economy with vast economic potential. While we face labour market challenges – high unemployment (especially amongst young people and those most disadvantaged through ill health, disability and inequality), low qualification levels, and skills shortages – our bold ambition is to unlock high-opportunity sectors and address regional disparities. Our persistent challenges include high youth unemployment and economic inactivity largely due to ill health, with overall poorer outcomes for women, disabled people, ethnic minorities, and our young people, which vary across our diverse localities.

Across most measures of the labour market the WMCA area lags behind the national average. Unemployment of residents age 16+ currently stands at 73,000 (June 2024) at a rate of 5.2%, compared to the national 4.3% (October 2024). A total of 489,000 residents aged 16-64 in the WMCA area are economically inactive at a rate of 26.1%, compared with 22.6% nationally. In addition, over the last year the national rate of inactivity has fallen while the WMCA rate has increased.

The employment rate (16-64) in the WMCA currently stands at 69.6%, significantly lower than the national average of 73.9%. Data from DWP on claimants shows a claimant rate in the WMCA almost double the national average – 8.1% compared to 4.3%. Six of our seven local authorities have rates above the national average (only Solihull is below) while Birmingham currently has a rate of 10.9% (November 2024). The WMCA accounts for around 5% of that national working age population but 10% of national claimants. Furthermore, the West Midlands, whilst one of the youngest and most diverse populations in Europe, has nearly double-digit rates of young Universal Credit claimants (aged 18-24) against the English average at 9.3% (in Nov 2024), with it especially pronounced in Birmingham (10.4%), Sandwell (10.1%), Walsall (10.5%) and Wolverhampton (11.5%).

In the WMCA area, there are 164,000 people aged 16-64 with no qualifications. At around 9.0% of the population, the WMCA rate far exceeds the national average of 6.2% (Annual Population Survey, 2023). Equally, the proportion of WMCA residents with a level 3 or higher-level qualification is much lower than the national average – 60.7% compared to 67.4% – against evidence suggesting that by 2035 more than half (55%) of job roles in the region will require skills at levels 4 and above. The gap in both has been closing: since 2019, the gap between the WMCA rates and the national average of those with no qualifications has fallen (from 5.9% to 2.8%). There has also been an improvement in the gap for those with level 3+ (from 9.8% to 6.7%). But data on GCSE and A Level attainment for 2024 show the WMCA continues to lag behind the national average and the West Midlands region in attainment at school, putting ever greater pressure on the post-19 education and skills sector.

To overcome this, we are driving coordinated, place-based interventions that prioritise inclusion, resilience, and thriving communities. The WMCA has made progress in closing the gap to the national average – the gap is down 0.3% since December 2019 for inactivity and 0.8% for unemployment. And though the labour market since the pandemic has been relatively unstable, both unemployment and economic inactivity are currently at rates very close to those seen in December 2019.

In addition, we are actively working to build a better understanding of the risk factors and makeup of our residents who are unemployed or economically inactive. This will enable a more targeted approach to supporting priority groups – for example, the region's racialised communities, those with English language acquisition needs, residents with disabilities, and young people with special education needs, experience of trauma and/or school exclusion – so we can ensure that our offer is appropriate and accessible.

## Existing strategies and ambitions

Our ambition is to develop an integrated employment and skills system that stimulates economic growth and delivers better outcomes for residents and businesses. Central to realising this is the flexibility we have secured as part of our deeper devolution deal, which gives the WMCA further policy influence with our system partners DWP and DfE, and control over adult skills and employment spending through the Integrated Settlement.

Through a streamlined funding structure for adult skills, encompassing the Adult Education Budget, Free Courses for Jobs, and Skills Bootcamps, we are aligning investments across employment, skills, health and communities. The opportunity created by the Get Britain Working White Paper also paves the way for further devolved responsibility for employment support working in partnership with DWP. Demonstrated through a devolved role in supported employment through the new Connect to Work programme and stronger role in partnership with DWP to deliver better outcomes for residents, it will further enable us to deliver our ambition for an integrated system that meets residents' needs, especially those disadvantaged in the labour market through ill health or disability, in alignment with the region's three Integrated Care Board's WorkWell pilots.

Whilst not part of the Integrated Settlement, the Youth Guarantee Trailblazer set out in the Get Britain Working White Paper gives us the opportunity to further test and learn from approaches to transitioning young people not in education, employment and training into learning and work, to address youth unemployment and support the Mayor of the West Midlands' Youth Plan.

We are committed to public service innovation and supporting test and learn activity to drive improvements in service delivery. Examples include the WMCA's flagship Path 2 Apprentice programme, Job Rotation Pilot, WMCA-DWP Rent Simplification proof of concept, and the work our Race Equalities Taskforce in supporting the Youth Futures Foundation and Aaina Community Hub's pilot in Walsall. We will learn from emerging practice, seek to integrate what works into our core offer and work with government as part of its agenda for public service innovation, to address a fragmented, costly landscape of support for our residents and communities.

Collaboration is vital. We will leverage the convening power of the Mayor, local authorities and national partners, including DWP and DfE, to align our collective efforts, and work with employers to increase access to good jobs for residents. We are also actively strengthening our partnerships with our voluntary, community, faith and social enterprise sector, to help us ensure that all our communities can be heard and supported.

## Roles, responsibilities and current functions

The Memorandum of Understand (MoU) for the Integrated Settlement sets out roles and responsibilities that cover local and regional adult skills and employment support functions shared across the WMCA and local partner local authorities, which will be reviewed over time. These are set out below.

All non-apprenticeship adult skills funding and functions, including but not limited to:

- i. Ensuring that residents aged 19 and over in their area, who are eligible for funding, have access to appropriate education and training;
- ii. Encouraging and providing adults with the skills and learning they need to equip them to progress into, or within, work; or equip them for an apprenticeship or other learning; and
- iii. Provision of statutory entitlements to provide free courses for adults.

Responsibility for supporting disabled people, people with long-term health conditions, and other agreed disadvantaged groups with complex barriers who are economically inactive, or at high risk of becoming economically inactive, to sustain work through delivery of supported employment. DWP and the CA will work together on the design of how the new national Jobs and Careers Service will work in their area, and management of wider employment support, to deliver an integrated and locally responsive system that maximises outcomes for residents and employers.

While technically the Adult Skills & Employment Support pillars are presented separately by government, the WMCA is taking a local decision to construct a single Adult Skills and Employment Support Pillar to support effective planning and reporting.

## Funding and outcomes

### Outcomes

Outcome	Outcome indicator(s)	Outputs
<b>Reduce the number/proportion of residents with no qualifications.</b>	Reduce the proportion of residents with no qualifications*.  Achievement rate of those starting an entry, level 1 or level 2 qualification*.	Number of starts (against the statutory entitlements for English, maths, digital skills and L2 statutory quals; and those undertaking language acquisition training (ESOL)).
<b>Increase the number/proportion of working-age residents qualified Level 3 or above</b>	Increase the proportion of residents qualified at level 3 or above*.  Completion rate of those undertaking a level 3 course*.	Number of starts (of a level 3 programme; and in priority sectors).
<b>Disabled residents, residents with long-term health conditions, and other agreed disadvantaged groups with complex barriers are supported to sustain work through delivery of supported employment</b>	Share of total programme starts to achieve first earnings.  Share of out of work participant starts to achieve a lower threshold job outcome.  Share of out of work participant starts to achieve a higher threshold job outcome.  Share of in work participants to sustain employment in line with a higher threshold job outcome.  Share of in work retention participants to retain in employment for 26 weeks.	Programme starts; and provision of supported employment.

Outcomes, outputs and targets are subject to confirmation by HMG. \* = indicates no target for FY25



## Resources available for the coming Spending Review period

The Integrated Settlement provides a single coherent funding structure. Government has also committed to un-ringfence Skills Bootcamp funding, which will enhance our ability to co-design technical education programmes with employers. For employment support, there is one specific programme included in the Integrated Settlement for Connect to Work. The table below sets out the current position in terms of the quantum of funding and outcomes and outputs to be negotiated with MHCLG:

Funding line	Financial year 2025 allocation	Type	Existing or newly devolved fund
Adult Education Budget & Free Courses for Jobs	£139.6m	Revenue	Existing
Skills Bootcamps	£12m	Revenue	Existing
Connect to Work	£5.72m	Revenue	New

A share of the UK Shared Prosperity Fund will be used for employment support activity. This is presented in the Local Growth & Place Pillar but will be used in alignment with the funding lines above.

## How we will invest

In February 2024, the WMCA published its [Employment and Skills Strategy 2024-2027](#) which sets out a vision for an integrated employment and skills system for the region, through which we can stimulate economic growth, deliver better outcomes for residents and businesses and create healthier thriving communities. This Adult Skills and Employment Functional Strategy is a key annex to this broader Employment and Skills Strategy, and – in combination with other Functional Strategies and Place-Based Strategies – provides a blueprint for investment. In the Employment and Skills Strategy, we set out four key areas of focus and the associated activities that we will leverage to deliver outcomes through the Integrated Settlement. These are set out as follows.

Key area of focus	Activity
<b>Building strong, healthy and inclusive communities</b>	Every part of the region should have a strong local offer of numeracy, literacy, English language and digital skills for communities that supports good health & wellbeing, builds confidence, improves inclusion & integration, develops key life skills, and prepares learners for employment, self-employment or further learning.
<b>Providing a good education up to level 2</b>	Every adult in the region should have access to a strong local offer for education up to level 2, including: <ul style="list-style-type: none"> <li>• High-quality opportunities to improve literacy, numeracy, and English language skills tailored to cultural, social and vocational needs delivered by a range of providers including colleges, local authorities, independent training and voluntary community sectors including faith and community groups.</li> <li>• Digital skills training to help residents access essential online services for health, welfare and employment.</li> <li>• Integrated vocational training targeting high-demand roles, green jobs and occupations with low qualification levels.</li> </ul>

	Flexible, accessible delivery models should support learners balancing wider commitments, with clear progression pathways into further learning or good work, and strong partnerships will ensure tailored support for the 47% of adults without foundation qualifications, including those in work.
<b>Supporting residents into employment and supporting career progression</b>	<p>A people and place-based approach should target areas/people with low skills and participation. The into-work offer will help:</p> <ul style="list-style-type: none"> <li>• Young people transition to the workforce.</li> <li>• Unemployed and economically inactive adults, including those with health conditions and/or disabilities, into good work.</li> <li>• Workers in low pay, gig economy, and zero-hours roles progress in their careers.</li> <li>• Residents retrain for career changes, even without foundation skills.</li> <li>• Support business in hiring new talent</li> </ul>
<b>Meeting future skills needs at level 3 and above through upskilling and reskilling.</b>	<p>The region needs a higher-level skills offer aligned to economic priorities as part of future growth. The offer will encompass:</p> <ul style="list-style-type: none"> <li>• Broad level 3 training opportunities, affordable for low-paid workers.</li> <li>• Flexible, modular level 4 and level 5 training offer tailored to business needs in key economic priority areas e.g WM growth plan, Investment Zone</li> <li>• Leadership and management training at level 4 and level 5 to boost SME productivity, targeted at underrepresented residents.</li> <li>• Collaboration with universities, FE colleges, and employers will meet growing demand for higher-level skills, improve productivity, and attract investment.</li> <li>• Focus on the skills needed to support residents into good high skilled well-paid jobs co-designed with employers</li> </ul>

## Place-Based Strategies

Place-Based Strategies have been under development by local authorities over the course of 2025, with iterations of drafts being provided to inform the development of the Functional Strategies. Place-Based Strategies have helped to set out local authorities' overall objectives for different geographies, the priority schemes and subject-relevant context. For the Adult Skills and Employment Functional Strategy, the Place-Based Strategies have provided the following important insight:

- The variety in the adult skills provider market across the region: for example, within Solihull Metropolitan Borough Council, there are only three FE colleges, and a key aim of their Place-Based Strategy is to use adult skills funding over time to broaden their provider market;
- The connection between adult skills and local transport: there are areas of the region that are not directly served by adult skills providers and for whom local transport connections are directly related to accessibility of education and training opportunities;
- There is a need for capital investment to support adult skills provision: there are facilities that are delivering community learning that are in need of capital funding either to remain open or to increase coverage;
- Within the geographies covered by Place-Based Strategies, there are hyper-local areas of high adult skill need: although the region's relative levels of individuals with no qualifications and with qualifications at level 3 or above are worse than the national average, there are pockets within the region that record much lower levels even when compared to the regional average. For example, the regional average for people aged 16 or older with level 3 + qualifications is 44.7%. However, in LSOA 0078 in North Solihull 29.8%, in LSOA 063E in East Birmingham it is 29.4% and in Sandwell in LSOA 014D it is 27.3%; and
- Level 3 and above qualifications are important for productivity but, for particular cohorts, adult skills provision of a different kind is needed before Level 3 courses could be realistically undertaken: in

particular, courses for the sizeable numbers across the region for whom English is a Second Language to get them the language proficiency to undertake Level 3 courses.

Adult skills provision in the West Midlands already incorporates a strong place-based approach, with funding allocations agreed in January 2019. Local authorities and further education, as anchor institutions, are grant-funded to deliver training that meets the needs of local residents, communities and businesses while addressing regional economic priorities. Enabling their work, partnerships exist between wider system partners including DWP and National Careers Service to support referral to skills offers leading to positive progression outcomes.

Local authority adult and community education services focus on ‘first engagement education’, supporting health and wellbeing, active citizenship and progression into further learning and employment, with funding targeted at disadvantaged communities. Further education colleges play a critical role in addressing local needs, moving residents into work and improving attainment at Level 3.

For 2025 we are evolving new ways of working with local authorities based on the share of adult skills funding, to co-design and co-commission adult skills delivery. Approximately 80% of adult skills delivery currently devolved, is awarded via grant to FE Colleges and Local Authorities on an annual basis. The remainder, approximately 20%, is allocated via competition. Moving forward, provision to meet gaps in provision both locally and regional through competitive tender will become a Place-Based Adult Skills Fund.

Looking further ahead, we aim to strengthen Place-Based Strategies further still. We will influence key areas nationally such as 16-19 technical education, apprenticeship policy and levy reform and employment support, through our convening and delivery role; and enhance the role of local authorities through co-design and co-commissioning of skills programmes.

## Integration with other Functional Strategies

The intersection of adult skills with other functional strategies combines people- and place- based approaches. Skills investment supports workforce development in sectors like housing, enabling more residents to secure work, improve earnings and access affordable housing. Integrated “live/work” programmes and childcare provision in housing developments are critical enablers for employment and education participation.

Targeted housing and commercial developments in areas of deprivation can stimulate local economies and create good jobs for residents. Transport planning must also connect people to education, jobs and essential services while ensuring affordability and accessibility. Locating employment and skills support within transport hubs increases access by situating services in familiar, high-traffic areas.

Skills investment underpins broader capital projects, such as housing developments, retrofitting and transport infrastructure, by training residents to fill new roles. Inclusive recruitment and upskilling low-paid workers ensure that local people benefit from these investments, with all projects delivering clear social value outcomes for disadvantaged groups.

Skills offer co-designed with employers also supports longer terms business growth, enabling employers to access a skills offer that is relevant to their needs providing future talent pipelines and upskilling and reskilling the existing workforce.



## Inclusive growth

The ambition outlined in our Employment and Skills Strategy align closely with, and support, our inclusive growth framework, in which education and learning and inclusive economy are key fundamentals. Through the approach set out in this functional strategy, particularly at a people and place level, we will ensure that our adult skills and employment investment actively removes barriers, amplifies underrepresented voices in co-production of offers, and creates equitable access to opportunities. This means taking a power and participation equalities fundamentals approach targeting investment to those furthest to the labour market and considering them in the design of offers.

## Funding delivery

### *High-level strategic direction and governance*

We will work in partnership with local authorities through the Directors of Employment and Skills Group which will provide high-level strategic direction, oversight and place-based collaboration across the WMCA's employment and skills agenda. Recognising the critical role of local authorities in delivering responsive, high-quality and impactful solutions, this group will aim to ensure that employment and skills interventions and investment are tailored to local needs while driving regional growth. This group will focus on strategy, planning and oversight; enhancing regional place-based collaboration; driving inclusive and impactful outcomes; and evaluation, policy and system integration. This group will form part of the governance of the Employment, Skills, Health and Communities Directorate and oversee this functional pillar.

### *Co-commissioning and co-design*

We will evolve new ways of working with local authorities. Approximately 80% of current devolved adult skills delivery is awarded via grant to further education colleges and local authorities on an annual basis. The remainder of the devolved adult skills – approximately 20%, delivered by independent training providers and specialist providers – is allocated via competition through framework agreements with annual break clauses lasting between 3 to 5 years. This provides opportunities to co-design and co-commission through:

- For the 80% share, incorporating Place-Based Strategies and the region's Employment and Skills Strategy into delivery providers' planning processes, enabling us to more sharply focus on addressing local and regional need. Local authority officers are involved in the process of further education and local authority delivery plans.
- For the 20% share, procuring additional provision to meet unmet need. This commissioning model will become a *Place-Based Adult Skills Fund*, which will help to secure closer alignment between adult skills outputs and outcomes, and the needs of local labour markets, sectors, residents and places, informed by Place-Based Strategies.

For employment support, we have an established practice of co-design with local authorities. Most recently, this was demonstrated in setting the approach for the Connect to Work programme. This included identifying priority groups and determining the planned procurement route. This co-design approach aims to leverage existing infrastructure and funding streams to best meet the needs of our residents, alongside commissioning services to address identified gaps or the need for specialist interventions.

We are also committed to strengthening our approaches to codesign with communities and residents. We have emerging workstreams with voluntary, faith, community and social enterprise sector organisations as delivery partners, and are working alongside faith and community leaders to develop bespoke adult skills offers. Our community partners will play an instrumental role in bringing the voices of residents to the forefront of the design, delivery and continuous improvement of our work. Youth voice will be particularly central to continuously improving our youth offer in line with the mayors Youth Plan.

In this transition year, we propose to use the existing formula agreed at the January 2019 WMCA Board for allocation adult skills funding at the sub-regional level. Prior to the multi-year Integrated Settlement, we will work with Directors of Employment and Skills on an updated formula of distribution to meet the needs of local areas.

### ***Funding governance***

Funding decisions made by WMCA Board in 2024 have provided the approvals required for Adult Skills funding for 2025-26. A new Business Justification Case will be submitted for the Connect to Work programme, once programme expectations are confirmed. The table below summarises the activities required to deliver funding to local authorities:

<b>Funding Line</b>	<b>Allocation Mechanism</b>	<b>CA-LA funding delivery forum</b>	<b>Decision/ communication of LA allocations / projects</b>	<b>Requirements on LAs to access funding</b>	<b>Document required by CA to release funding</b>	<b>Target month of approval</b>
<b>Adult Education Budget / FCFJ (LA and FE College grant)</b>	Commissioned via grant	Directors of Employment and Skills	LA allocation totals have been issued to Directors	Delivery Plan	DSO approval of final allocations	DSO - May / June 2025
<b>Place-Based Adult Skills Fund (competitive element)</b>	Competition for commissioned provision		N/a	N/a	DSO approval of final allocations	DSO - Iterative / continuous
<b>Skills Bootcamps</b>	Grant & competition		N/a	N/a	DSO approval of final allocations	DSO - March
<b>Connect to Work</b>	TBD		TBD	TBD	Business Justification Case	Investment Board - April