

**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 19 June 2013

Subject: Greater Manchester Skills Development

Report of: James Farr, Acting Director of Skills and Employment, New Economy

Summary

This report gives an overview of the development and implementation of activity relating to skills in Greater Manchester. It covers the Skills & Employment Partnership action plan, elements of the City Deal relating to skills and Employer Ownership of Skills/Growth Innovation Fund.

Recommendations

The committee is invited to discuss the report.

Wards Affected:

All

Contact Officers:

Angela Harrington
Head of Regeneration
0161 234 3171
a.harrington@manchester.gov.uk

James Farr
Acting Director, Skills & Employment, New Economy
0161 237 4485
James.Farr@neweconomymanchester.com

Mark Hayes
Commercial Director, Greater Manchester Chamber of Commerce
0161 237 4406
mark.hayes@gmchamber.co.uk

1.0 Background

1.1 The Greater Manchester Skills and Employment Partnership was formed in January 2012. Accountable to the Combined Authority and Local Enterprise Partnership (LEP), this voluntary partnership brings the LEP and Combined Authority together with skills and employment providers, along with key government agencies. Working in a collaborative manner, the Partnership's twin aims are to:

- Support economic growth and prosperity by bringing providers, employers and learners together to improve market function and maximise the level and impact of public and private sector investment in skills
- Enable the Combined Authority to discharge its statutory duties, under the Education Act 1996, to secure sufficient suitable education and training opportunities to meet the reasonable needs of all young people in the area.

2.0 GM Skills and Employment Partnership: medium-long term goals

2.1 The Partnership have agreed medium-long term goals, aligned to the refreshed Greater Manchester Strategy, that will enable the Partnership to assess its progress over the next decade:

- **1: All Young People** entering employment for the first time have the opportunity to make informed choices about their learning and to achieve the qualifications and develop the experience /skills that employers seek.
- **2: Adults** looking to re-enter/gain work and those seeing to reskill/up skill have the advice and support needed to find work or progress in their role/career.
- **3: Employers** to be at the centre of the skills system both to influence the provision for the future supply of skills and to invest (public and own funds) in their own workforce.
- **4: Providers** of education, employment and training services offer provision that meets the needs of residents and employers – greater choice, more effective and efficient.
- **5: That the Partnership** itself ensures that the skills and employment system sits firmly within a broader GM economic strategy, responding to needs, creating the flexibilities required to deliver and driving future growth.

3.0 GM Skills & Employment Hub

Rationale

3.1 Through the Skills and Employment Partnership, GM has secured funds for and is currently delivering:

- Employer Ownership of Skills (EOS)

- Growth and Innovation Fund (GIF)
 - City Deal business cases
- 3.2 This offers an excellent opportunity for a much stronger local ownership and drive to the skills system that is critical to GM's current and future prosperity. The Hub provides a stronger base for the Partnership's work with colleges and providers to enable them to better respond to labour market demand, stimulating investment (public and private) in skills within a tightly-controlled market where policy and funding shift regularly.
- 3.3 Importantly, while the scale of investment in the Hub is small compared to the totality of resource invested in skills in GM (c. £600 mn per annum), the Hub and its activity provides a platform from which GM partners can help to re-engineer and grow a skills system that better meets the needs of our residents and employers.

Functions

- 3.4 The GM Skills and Employment Hub brings together New Economy's policy and development work with employer-facing skills activity (under GM Chamber's brand as a convenor of employers and employer organisations) so that there is one co-ordinating function for GM. Its core functions are:
- Developing an employer-led system that influences and makes best use of the local public/private provider base and utilises employers' assets and resources
 - Concise analysis of labour market information to provide clear GM priorities
 - Infrastructure for contracting of skills funding between, in the first instance, Employer Skills Groups and providers
 - Supporting and reporting to the Skills and Employment Partnership Board. This includes working with local authorities and local skills groups, to ensure synergy between local and Greater Manchester skills activity
 - Delivering an increase in apprenticeship starts (focus on SMEs):
 - Higher Level skills (level 3 and above)
 - Using a wider range of apprenticeship frameworks
 - Accessed by more unemployed residents
 - Coordination of the setting of GM labour market priorities and subsequent provider response to those priorities, via an annual process
 - Coordination of employers with schools, increasing the level of private sector led careers guidance
 - Development programmes for Colleges, Providers and HE, influencing their delivery and investment plans
 - Lobbying and policy development, at GM and National Level

Employer Ownership of Skills (EOS)

- 3.5 GM Chamber has secured a contract with BIS to deliver employer-led training; Employer Ownership of Skills (EOS). This means that employers either say what they want to be delivered and the Chamber 'brokers' this activity, or the Chamber invests in the employer to do the training themselves in the structure

of sector-based Employer Skills Groups (ESGs). The contract value amounts to £8.5 million and will help over 1450 individuals, mainly into apprenticeships.

3.6 The first cohort groups across the 15 sectors will begin training from July 2013. GM Chamber is working closely with the following Manchester businesses to lead the development of ESGs:

- Legal (Pannone)
- IT (ANS Group)
- Security (CCTV Inspectorate)
- Spatial (Manchester Airport)

Further ESGs, such as around hospitality and housing, are also operating with involvement from Manchester-based employers.

3.7 Though it is early days, 80 additional apprenticeship vacancies have already been generated within the Legal and IT sectors which can be funded via EOS. GM Chamber is working with the GM Learning Provider Network to ensure all tender opportunities for training are advertised across their membership base.

Growth and Innovation Fund (GIF)

3.8 GM Chamber commenced delivery of the GIF contract in November 2012, aiming to lever in more investment in the skills that GM's economy needs to maximise growth. Developments include the implementation of the Young Person's Application Unit (working with the New Economy and National Apprenticeship Service), a Provider Capacity Building Programme (to enable local providers to deliver excellent training) and an Occupational Competency Review (to assess, measure and revisit employer's capacity to deliver training to upskill their workforce and in doing so, strengthen the local economy). GIF will also enable the lessons learned by EOS delivery to help shape the curriculum offer from colleges and training providers.

4.0 City Deal

4.1 Skills is central to the GM City Deal. There are three main components:

- GM Apprenticeship Hub
- Tax Incentives Pilot
- Skills Funding Pilot

GM Apprenticeship Hub

4.2 As agreed in the City Deal, partners have joined forces to establish a Greater Manchester Apprenticeship Hub to increase the scale, breadth and quality of apprenticeship delivery in GM. It builds on (not duplicating) local activity across three main objectives:

- Maximising employer take up of apprenticeships across key sectors

- Improving the preparation for, and recruitment of, young people into apprenticeships and increasing the volume and proportion of advanced and higher apprenticeships.
- Establishing an apprenticeship offer in GM which includes frameworks and levels which are likely to employ young people and meets the needs of the GM economy.

4.3 Progress made to date includes:

- City Deal funding agreement has been signed by the accountable body, the GM Combined Authority, and the Skills Funding Agency.
- First stage of enhanced Information, Advice and Guidance activity began in April 2013 in all 10 local authorities – funded by an additional £24,000 each. Further waves of activity totalling £2 million of additional investment (including the scaling up of Manchester's Apprenticeship Ambassadors) will follow
- Apprenticeship promotional events were held in National Apprenticeship Week and year-round schedule of promotional events to stimulate demand for apprenticeships is being finalised
- As part of the Provider Capacity Building Programme (see para 3.9), activities are being designed to ensure that local providers are able to shape their apprenticeship offer better around employer needs in priority sectors
- Work is also underway to develop a mechanism using City Deal funds to underwrite some of the risk providers undertake when developing new provision particularly for apprenticeship frameworks in key priority sectors.

Tax Incentives Pilot

- 4.4 This project will seek to work with up to 800 small employers in Wythenshawe, Manchester Airport and Airport City Enterprise Zone. It seeks to test whether the key barrier to small and micro-businesses' investment in workforce skills is primarily financial. It will test this by making a payment, which mimics a National Insurance rebate – with available funds totalling around £2 million.
- 4.5 Project steering group membership has been agreed, with the membership consisting of Manchester CC Economic Development, UKCES, Skills Funding Agency, Manchester Enterprise Zone and New Economy.

Skills Funding Pilot

- 4.6 Co-produced, evidence-based skills priorities, agreed by the LEP and GMCA, form the basis of an annual cycle to shape the curriculum offer in GM. This offers an excellent opportunity to improve the impact of the skills system on the economy, while developing new opportunities for employers, local people and providers.
- 4.7 To support the provider response to these priorities, two funding pilots are being implemented, the only of their type nationwide:
- Representatives of the Skills and Employment Partnership get to influence the prioritisation of Skills Funding Agency in-year growth cases, helping to ensure that additional investment is linked to GM priorities

- (In development) a second funding mechanism be developed that will see a measure of a providers' responsiveness to the GM skills priorities reflected within their basic SFA allocations

4.8 Agreements with providers regarding their intended curriculum offer in academic year 2013-14 are now in development and will be agreed by the Skills and Employment Partnership in the coming months.

5.0 Broader GM Skills & Employment Activity

Public Service Reform/Community Budgets

5.1 New Economy is leading work to develop and implement a programme of activity around work and skills as part of the GM Public Service Reform programme. Current proposals – now out for consultation - are focused on the following gaps and market failures:

- The absence of an employment support offer to those for whom DWP-funded interventions have failed to support them into work (e.g Work Programme)
- Labour market underperformance of those receiving support as part of Troubled Families programmes
- Maximising opportunities presented by the introduction of Universal Credit to support more GM residents into sustained work

Pilot activity will be focused in Manchester to address the first two challenges. First, to create a support offer to residents in North Manchester wherever poor health is a barrier to work. This will include those exiting the Work Programme without having found work; Work is also underway with Jobcentre Plus secondees to better integrate work and skills interventions within the Troubled Families activity. There will also be a pilot with the Manchester College focussing on residents where low-skills are a barrier to gaining or sustaining work, which will be focused in Wythenshawe.

Youth Employment

5.2 The Greater Manchester Commitment to Youth Employment is an AGMA led and funded programme to support unemployed/NEET¹ 16-24 year olds in Greater Manchester to secure apprenticeships and jobs with training. The offer is a £750 grant to employers that recruit a young person into an apprenticeship or job with training (plus NAS AGE Grant, £1500 or Youth Contract, £2275).

5.3 So far the GM Commitment has supported 108 unemployed/NEET young people in Manchester to enter an apprenticeship. The local authority also has an allocation of 389 grants to support young people into jobs with training, with models in development to support more young people who are distant from the labour market.

¹ Young People Not in Education, Employment or Training (NEET)

- 5.4 A dialogue is now underway with between GM partners, Cabinet Office and Department for Work and Pensions to explore opportunities to develop a better youth unemployment support offer in Greater Manchester, in light of continuing high levels of youth unemployment.
- 5.5 Following the announcement of details of the national framework for the delivery of traineeships by BIS/DFE in May, GM partners have been considering developing a 'GM Traineeship good practice framework' which would be adopted by providers. Traineeships have been launched to help young people who want to work to get the skills and workplace experience that employers require. GM Partners will also lobby the Government with the aim of ensuring that all providers that demonstrate the ability to deliver against the GM good practice framework can deliver Traineeships (not only those with an Ofsted grade 1/2).

6 Conclusion

- 6.1 The Manchester Independent Economic Review (MIER), in 2009 recognised that low skills /skills not matched to the needs of the growth sectors in the economy were a significant drag on the overall productivity and performance of Greater Manchester's economy. The initiatives and developments outlined in this paper start to put the infrastructure in place to tackle the skills deficit and better align the skills system with Greater Manchester priorities.
- 6.2 The skills initiatives themselves will produce positive outcomes for young people, employed and unemployed residents in Greater Manchester, Manchester's work and skills priorities are well aligned and the work at Greater Manchester level will add value to the work that the City has undertaken supporting apprenticeships, work with Troubled Families etc. In the medium term, the ability to influence the delivery of skills system will deliver the step change needed to support sustainable economic growth in Greater Manchester and ensure that more of the City's and GM residents benefit from the employment opportunities created.