

Item No. 9

GM LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: Greater Manchester Work & Skills update.

DATE: 12 November 2015

FROM: Theresa Grant

PURPOSE OF REPORT

The purpose of this report is to update members on work & skills activity across Greater Manchester.

RECOMMENDATIONS

Members are asked to note and discuss the information contained within the report and to approve the recommendations set out in Section 3 of the report.

1. GM AGE Update

From April 2015, the Combined Authority received control of the Apprenticeship Grant for Employers (AGE Grant). The Devolution Agreement stated:

'To improve incentives in the skills market immediately, the GMCA will assume responsibility for the Apprenticeship Grant for Employers which will enable the Combined Authority to vary the level of financial support available to different types of learner, sizes of business and subject areas in Apprenticeships. The total size of the AGE grant is £85 million across England and it pays £1,500 per qualifying apprentice. The Departments for Business, Innovation and Skills and Education (DfE) will work with Greater Manchester to identify an appropriate share.'

To date:

- 927 Grant applicants have been made with 134 grants being paid after the 13 week rule. 298 are due for payment in the next 2 weeks. By the end of November GM will have paid 432 grants to employers.
- GM has experienced delays in data from the SFA which has caused issues in terms of grant payment to business. GM is working through this with SFA to ensure that timely data is received in the future.
- We have received significantly more applications than have been deemed eligible against our GM AGE criteria. The reasons for ineligibility are being reviewed.

- The proportion of Intermediate Apprenticeships applications remains higher than the 50% targets set, and therefore Advanced and Higher lower than targeted, although this month has seen an increase in both the eligible Advanced and Higher Apprentice applications.
- The majority of grant payments, as anticipated based on current apprenticeship delivery volumes by sector across GM, are in the Business, Admin and Law sector (32%) with 81% being Intermediate level, it should be highlighted that Engineering and Manufacturing one of GM's priority growth sectors accounted for 28% of the payments made, this is higher than the Retail and Commercial Enterprise Sector (18% of payments) and of these a third of Engineering and Manufacturing apprenticeships were at Advanced level.

2. FE Devolution 1

Good progress has been made on the current devolution deal which focuses on Adult Skills Budget 'other' (non-Apprenticeship). Evidence has clearly shown that the majority of this budget is focusing on Level 2 (equivalent to GCSE level) and below activity. The work has therefore been focusing on developing an outcome funding model to ensure the impact of this provision is improved across GM.

Given recent conversations with the SFA around future local commissioning, it seems sensible to expand this work on outcome funding to take into account all provision that will be devolved locally.

Further devolution submissions have been developed as part of the Spending Review submissions which would bring more local coherency to GM and ensure outcome frameworks support all residents to move and progress into sustainable employment or higher learning.

3. Area Based Review

The Area Based Review process forms part of the national reforms to the post-16 education sector, with the aim of raising productivity and economic growth. As set out in the Productivity Plan, improving productivity is a key national challenge. In line with this, Government has set out objectives for post-16 education reforms, these are:

- Providing clear, high quality professional and technical routes to employment, alongside robust academic routes, which allow individuals to progress to high level skills valued by employers;
- Better responsiveness to local employer needs and economic priorities, for instance through local commissioning of adult

provision, which will help give the sector the agility to meet changing skills requirements in the years ahead.

It is felt that these objectives can only be delivered by strong institutions, which have the high status and specialism required to deliver credible routes to employment, either directly or via further study. This policy context led BIS to the decision to carry out reviews of post-16 education across the country. The reviews will provide an opportunity for institutions, localities and BIS to come up with a plan about how to restructure provision in their area to ensure it is tailored to the changing economic and fiscal context and designed to achieve maximum impact. Although the Area Review can include private training provision, it is primarily aimed at FE and Sixth Form Colleges. It must be noted however that, except via future funding, BIS cannot impose a changed institutional landscape on colleges, which are incorporated institutions.

Greater Manchester review has now commenced with the first Steering Group taking place on the 21st September. All site visits should have been complete by the 15th October 2015. Following a meeting last week with the team it has now been decided to cancel the second meeting which was scheduled for 2nd November to ensure all evidence and site visit reports are completed.

The Guidance provided by BIS around the Area Based Review set out 5 criteria, which GM will use as a template to suggest additional criteria specifically to meet GM priorities. Supporting the potential criteria is the use of Skills Capital funding which has already been devolved to GM.

In relation to Skills Capital funding which has already been devolved, GM along with other LEP areas has therefore been advised by BIS to give careful consideration to Skills Capital investment plans in light of the reviews. Remaining Skills Capital funding will be a good way to ensure the outcomes of the reviews can be supported and implemented.

Given the clear advice from BIS, GM feels it must put Skills Capital projects which have not started on the ground on hold with immediate effect until after the outcomes of the review are known, subject to a formal decision of GM Combined Authority and GM LEP in November.

Therefore the GM LEP are asked to endorse the recommendation that current Skills Capital investments should be paused until after the review, where they are currently not on site; where there has been due diligence and other project funding already committed in agreement with the LEP & GMCA these costs should be reimbursed to minimise the overall impact of this decision.

4. ESF

Greater Manchester has recently received final allocation figures from DWP Managing Authority. There are some discrepancies between what GM originally submitted and what has now been allocated.

The Managing Authority spoke at a SFA event this week to outline some of the issues it was experiencing that could add on further delays to the delivery of ESF.

The SFA has also outlined that they can't support activity after 2018. The reason behind this is that further devolution, budget cuts and the move to local commissioning may mean a change in contract holder in 2018.

GM is now working incredibly hard to ensure all 'lots' are developed to meet the draft timetable the SFA has outlined. This will mean potential procurement between November 2015- March 2016 to ensure at least 18 month contracts.

5. Local Growth Fund

This is the skills element of the Working Well expansion: GM is now in the final stages of procurement completion with 3 providers being interviewed and appraised.

A panel is due to take place early next week to make the final decision.

6. Work Programme Co-commissioning

Negotiations with DWP have been fluid about exactly what they felt was meant in the GM Devolution Deal by 'joint commissioner' and at one point DWP stated that GM could only co-commission to the extent to which we co-invested. A more recent position from DWP and HMT was that the wording of the Sheffield Deal is what they meant by co-commissioning and in line with the GM devolution deal. This is not a position that GM would necessarily accept. However it is clear that part of the problem is the lack of certainty regarding the outcome of the Spending Review and its impact on future DWP budgets – with the potential of considerable change to something called 'the Work Programme' in future. This has made it difficult to get into detailed negotiations about the scale and design of future provision.

However, more recent discussions with senior government officials have prompted a review of work to date and proposed a *back to basics* approach whereby GM and government work together to develop a suite of key principles that could set the framework for future provision, regardless of

whether that be delivered in house or contracted out. This provides an opportunity to undertake a root and branch review of the whole system, as opposed to only that element that is currently contracted out as the Work Programme.

A number of key GM principles have been shared with government that we would want embedded into any future employment support provision in GM. In summary, these are:-

1. By harnessing the power of informatics and sharing customer insight we would be able to segment customers, improve effectiveness and reduce waste by providing the right support, at the right time, to the right people.
2. All public services are aligned to deliver a shared goal, scaling up the principles of universal support delivered locally and maximising all the resources at our disposal
3. Performance is driven locally through shared governance and accountability, creating a true joint enterprise between central government and the Greater Manchester Combined Authority.

GM has also proposed ways in which it would like to work collaboratively with government to overhaul the current system and form two new elements of the delivery landscape, which will reduce duplication and deadweight, utilise all public service assets, enhance the customer experience and deliver improved outcomes. The two elements of the 'eco-system' are:-

- a) A universal support offer for all benefit claimants and jobseekers provided through co located and integrated 'local hubs'
- b) A specialist employment support programme for disadvantaged residents

There is some evidence that the lessons learnt from Working Well are influencing DWP/HMT thinking about future provision, and by clearly setting out the principles above we may well be able to further increase this influence on national thinking and local design/implementation.

7. Working Well Expansion

The PQQ window closed on 1st September 2015 and 17 submissions were received. The overall quality of submissions was good, although there was a range from 26% to 88% in scores. 6 providers have been invited to ITT stage.

The ITT was posted on the Chest on 28th September and closed on 30th October, with contract award scheduled for late November and delivery commencing in Feb 2016.

The ITT for the Mental Health Therapeutic Interventions has been posted on the Chest, with provision commencing in line with the personalised support offer.

8. Working Well Pilot

Job start performance is positive with 159 achieved against a forecast of 145 by the end of September 2015. On-flows remain steady, although 12% below where expected at this point in time, with 3945 actual on-flows to the programme. The programme was visited this week by a CLG Select Committee as part of their inquiry into devolution, and the feedback was very positive.

9. Work & Pension Select Committee

The Work and Pensions Select Committee has published its report into the Work Programme. They note that it is as effective as previous programmes, but at significantly lower cost. They also note that 70% of people going through it do not enter sustained employment. They call for a characteristic based assessment of clients, a much simplified payment mechanism and integration of employment support with locally run services (reflecting our Working Well model).

The report is positive and has been clearly influenced in a number of ways by the work we have been progressing in GM.

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