Date: 28th October 2015

Subject: Skills & Work Devolution update

PURPOSE OF UPDATE

1. GM AGE Update:
   - 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 ASB ‘other’. Evidence has clearly shown that the majority of this budget is focusing on L2 and below activity. The next steps of the work have 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 and outcome frameworks, it seems sensible to expand this work to take into account all provision that will be devolved locally.
Further devolution submissions under the CSR 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:** Greater Manchester review has now commenced with the first Steering Group taking place on the 21st September.

All site visits will be complete by the 15th October 2015, with the 2nd Steering group due to take place on the 2nd November. Following a meeting last week with the team it has now been decided to cancel the 2/11 meeting to ensure all evidence and site visit reports are completed.

**Further agenda item.**

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. This is mainly around the allocations across Investment Priorities for England and that there may not be enough funding in each to support activity. Worst case scenario is that the MA must re-submit to The European Commission causing further delays. This will impact on our CFO application along with all other ‘lots’.

The SFA has also outlined that the impact of the forthcoming Spending Review has meant that they can’t support activity after 2018. This has been approved by their Minister. 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.

As stated a lot is reliant on the MA reaching agreement on the allocations but GM is in close contact with both agencies.

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 a recent position was that GM could only co-commission to the extent to which we
co-invested. The most recent position from DWP and HMT is that the wording of the Sheffield Deal is what they now mean by co-commissioning and they consider this to be in line with the GM devolution deal. This is not a position that we would necessarily accept. However it is clear that part of the problem is the lack of certainty regarding the outcome of the Comprehensive Spending Review and its impact on future DWP budgets – with the potential that there may not be 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 ‘ecosystem’ 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 below 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 (in alphabetical order) have been invited to ITT stage.

1. Avanta
2. Big Life Group
3. Economic Solutions
4. ESG (Interserve)
5. Ingeus
6. Seetec

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. Onflows remain steady, although 12% below where expected at this point in time, with 3945 actual onflows 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

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. Below is a summary of the report’s recommendations:

- CHARACTERISTIC-BASED ASSESSMENT AND SIMPLER, MORE EFFECTIVE PAYMENT MODEL
  a. A more effective model, with more direct financial incentives and much simpler, clearer (and generally earlier) referral points from Jobcentre Plus to contracted providers.
  b. A new assessment to identify specific characteristics known to be strong indicators of likelihood of long-term unemployment, including illiteracy, innumeracy and poor educational attainment;
weak employment history; alcohol and substance misuse; and housing problems.
c. categorise claimants into one of three groups (work-ready; intermediate support; or intensive support group)
d. accelerator model where payments to providers should escalate as they help greater proportions
e. an upfront service fee should be introduced in relation to participants in the intensive support group

• MORE EFFECTIVE INTEGRATION OF EMPLOYMENT SUPPORT WITH RELATED SERVICES
  a. effective employment support for people with complex needs relies on integration with related, often locally-run, services including health, housing, education and skills, and support for alcohol and drug addiction
  b. DWP take the lead in establishing effective integration of local services, and pooling of budgets, more widely by expanding the parameters of its current Universal Support Delivered Locally pilots.

• A SEPARATE SPECIALIST PROGRAMME FOR DISABLED PEOPLE
  a. maintain, or ideally expand, a separate, voluntary scheme (using the successful elements of Work Choice), available to people with substantial disabilities regardless of whether they are claiming out-of-work benefits
  b. specialist programme should be delivered exclusively by specialist disability organisations with the expertise to support disabled people

• INNOVATION AND SHARING OF “WHAT WORKS”
  a. Establish an Employment Support Innovation Fund, which should be used to test and develop innovative and effective approaches to helping groups of people which have been poorly served to date
  b. Bring labour market policy into the remit of a What Works Centre, so that employment programmes can continue to evolve based on robust evidence of what is most likely to be effective for different types of people in different localities.

In terms of how this relates to GM’s principles, there is clear similarity regarding:
  • assessment and customer segmentation,
  • payments (although we’ve not gone as far as to say we would apply an accelerator model)
  • local integration and expanding the parameters of USDL (although I would suggest that CAs/LAs are best placed to lead this work rather than DWP)
  • testing and developing new ideas through govt funding (e.g. Working Well Pilot).

We’re not on the same page regarding the 3rd recommendation, as our preferred approach was to wrap Work Choice into the new Work Programme delivery model, rather than commissioning a wholly separate specialist programme for disabled people.
I think we should support the idea of a What Works Centre, so long as that doesn’t mean we have to run a Randomised Control Trial for everything we do, which is what has been proposed previously.

Overall, a positive report that should strengthen our negotiating hand with DWP.

10. LGA – Programme for people with multiple disadvantages

LGA has developed a proposal for a devolved employment programme for people with multiple disadvantages. We have worked with Dave Simmonds at Inclusion and LGA while they’ve been developing the proposition and there are synergies with GM’s devolution asks. The proposal was tabled at this week’s City Regions Board, chaired by Sir Richard Leese. The main points in the report are detailed below.

- **Mainstream JSA programme**: This aligns with GM’s work to create a new day 1 offer for mainstream claimants, especially regarding greater integration of the Jobcentre Plus offer with Local Authority and other provision. We have already started a piece of work with JCP to look at their estate and options for co-location.

- **ESA claimants and JSA claimants with multiple needs**: LGA has positioned the programme as a Work Programme successor and so is focussed on those with the most complex needs. This is consistent with our WP discussions to date, although we’re keen to look at the whole of the system from point of claim, with differentiated delivery based on the presenting need. They’ve also split the programme into a 21 & under offer (assuming this cohort would be picked up by the new youth obligation) and a 22 and over offer. We would like to keep the option open to have all benefit claimants flowing through the same process, regardless of age. However, we would look at age being a risk factor (e.g. under 25s and over 55s). We are pretty consistent in terms of agreed risk factors e.g. entrenched workless, ex-offenders, low quals.

- **Geography**: LGA is proposing a Combined Authority footprint, which works for GM.

- **The offer**: Consistent with GM’s approach i.e. local integration boards, hubs, key worker, integration of skills, 2 years support plus 1 year in-work.

- **Finances/Payments**: LGA is proposing that the equivalent average cost of WP delivery budget is transferred to LAs and integrated with TF budget and local resources. This would be managed through a *Local Outcome Agreement*, which aligns with our ask for a local outcome fund.

- **Performance**: GM would agree the focus remains on sustained job outcomes, with a stretch on current WP delivery. Payments should be made based on performance i.e. PbR.

- **Governance & Accountability**: LGA proposes that the programme would not be co-commissioned and that full responsibility would lie with the CA. In effect the proposal is for a WW approach to commissioning, which we always determined to be co-commissioning, so it could just be semantics i.e. we work together to agree who’s eligible, performance expectations and metrics, evaluation criteria, with procurement and contract management administered locally.
CONTACT OFFICERS:

Gemma Marsh: Gemma.marsh@neweconomymanchester.com
Mat Ainsworth: Matthew.ainsworth@neweconomymanchester.com