PURPOSE OF REPORT

Scrutiny members are asked to review the attached report which will be presented to the GMCA at the meeting on 29th March 2019.

BACKGROUND

It was announced in the 2018 Autumn Statement that Government would fund three Skills Pilots in Greater Manchester, totalling £20m. These pilots consist of:

- **Digital Skills Pilot**: £3m programme to help GM employers to address local digital skills gaps through short training courses.
- **Self-Employment Pilot**: £10m programme working with the Federation of Small Businesses (FSB), to test what forms of government support are most effective in increasing training levels for the self-employed.
- **Future Workforce Fund**: £7m pilot programme to provide on-the-job training to NEET young people in GM and to move them into sustainable career paths with employers.

RECOMMENDATIONS / KEY POINTS

The attached report provides an update on the progress of the above programmes and sets out the proposed scope of activity for each one. Members are asked to note and discuss the updates in the report.

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Date: 29th March 2019

Subject: Greater Manchester HM Treasury Skills Pilots – Update

Report of: Cllr Sean Fielding, GMCA Portfolio Lead for Education, Skills, Work & Apprenticeships

PURPOSE OF REPORT
The purpose of this report is to provide an update for the Combined Authority on the progress of the three HM Treasury Skills Pilots and to outline next steps.

RECOMMENDATIONS
The Combined Authority is asked to review and note the content of the report and:
1. Approve the scope of proposed activity for each Pilot programme
2. Delegate authority to the GMCA Treasurer (in conjunction with the Portfolio Lead for Education, Skills, Work & Apprenticeships) to agree:
   a. Section 31 Grant conditions, including use and purpose of the management fee (paragraph 5.1)
   b. The proposed commissioning route (for the Self Employment Pilot) (paragraph 3.4); and
   c. Contract award (paragraph 5.1)

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1. BACKGROUND & INTRODUCTION

1.1 It was announced in the 2018 Autumn Statement that Government would fund three Skills Pilots in Greater Manchester, totalling £20m. These pilots consist of:

- **Digital Skills Pilot:** £3m programme to help GM employers to address local digital skills gaps through short training courses.
- **Self-Employment Pilot:** £10m programme to test what forms of government support are most effective in increasing training levels for the self-employed.
- **Future Workforce Fund:** £7m pilot programme to provide on-the-job training to NEET young people in GM and to move them into sustainable career paths with employers.

1.2 Funding for all pilot programmes will be transferred to GMCA via Section 31 Grant Agreements – for the Digital Skills Pilot funding will from HMT via DCMS; and for the Self-Employment Pilot and Future Workforce Fund via DfE.

1.3 Project teams are working with the respective departments to develop the S31 Grant conditions with a view to these being ready to allow for the transfer of funds by 31st March 2019.

2. PROGRAMME UPDATES – DIGITAL SKILLS PILOT

2.1 This programme is designed to address digital skills gaps across GM (and Lancashire) areas; bringing together employers and training providers to co-design bespoke short courses to support individuals into specialist digitally facing roles. Key requirements of the fund, as set out by Government, are:

- Employer-led and used to support the digital skills that are most in demand in the local economy;
- Flexible delivery to meet individual and employer need;
- Co-investment / in-kind support from employers;
- Supporting disadvantaged / underrepresented groups; and
- Informing the National Retraining Scheme (NRS) and forming a key element of GM’s Local Industrial Strategy response.

2.2 The programme supports GMS priorities three and four specifically, and responds to the challenges set out in the Local Industrial Strategy in exploring new models of skills development and delivery to meet employer need, stimulating the market with co-designed courses that can deliver a work-ready digitally skilled person in a short period of time.

2.3 The desired / proposed outcomes and outputs are as follows

**Outcomes:**
1. Develop an innovative model of flexible training to support employers to address digital skills gaps
2. Increase earnings of GM residents accessing the pilot
3. Reduction in businesses unable to recruit suitably skilled employees

**Outputs:**
- A minimum of 500 individuals will access training and be supported into digitally facing employment in new roles
Minimum of 20 employers will participate (DCMS would like the fund to be spread across employers in the sector in order to trial different approaches and to inform the NRS)

2.4 Initial engagement has been undertaken with employers, industry organisations and training providers to understand the digital skills most in demand and how best to deploy the funding. The engagement identified the preferred delivery model as being “co-design of training courses by employer / provider, facilitated by a grant scheme”. With this in mind, the proposed implementation is outlined below:

- **Stage 1**: Market engagement event – networking with partner training providers and employers; employers outlining issues / skills gaps / role they can play
- **Stage 2**: Bids from training providers & employers – training providers respond to employer needs with a joint bid for funding; evaluation panel with GMCA, DCMS and industry experts to select training provider
- **Stage 3**: Grants to training provider – grants issued by GMCA to training provider to recruit candidates for training programme. A maximum cap will be set on grants per employer to ensure fair distribution of funds
- **Stage 4**: Training delivered – training delivered and role filled by employer.

2.5 There will be a clear process in place to ensure the quality of the training provided (currently being refined with DCMS). Bidders (employers and training providers) will undergo due diligence checks similar to those undertaken during the AEB procurement process however, it is proposed that where providers that have been awarded an AEB contract they will not be subject to the due diligence process again. Bids from employers / providers will be evaluated against specific criteria – this is currently being defined but is likely to include; meeting local economic need, ensuring a high quality training offer, co-investment from employers, flexibility of training, engagement with priority groups and residents supported into skilled employment.

2.6 For clarity, this funding is separate from the £2m Digital Skills Strategy money that was agreed in February 2017; and is also separate from any funding that is identified for particular sectors, set out in the Local Industrial Strategy

3. **PROGRAMME UPDATES – SELF-EMPLOYMENT PILOT**

3.1 This programme is being designed to test what form of Government support services are most effective in increasing training, skills development and the longer-term sustainability of GM’s self-employed workforce, with a particular interest in those on low incomes and those currently excluded from existing business start-up and business support activity e.g. business to consumer businesses.

3.2 Working in tandem with established provision, and incorporating recommendations made by the Federation of Small Business, the 2016 Mone and Deane Reviews and those of the Association of Independent Professionals and the Self-Employed (IPSE), the pilot will explore the inclusion of the following interventions:

- **Skills training** e.g. leadership, digital, business and management skills;
- **Training** e.g. focus on registrations and compliance with HMRC changes to tax, cash-flow, book-keeping, record keeping;
• **Voucher scheme** for participants to access to complete training & subsidise for loss of earnings;
• **Support with personal finances management**, linked to personal finances (pensions, savings & mortgages);
• **Careers advice /IAG support** – this may be a suitable offer for those that are keen to explore alternatives to SE or increase their incomes with other forms of work. I would expect this to be a large offer for those in the gig economy and those on welfare benefits;
• **Peer mentoring** – extend access to experts with experience offer that currently exists to non-growth businesses/ – Key recommendation in the 2016 Mone review; and
• **Access to shared work hubs** – particularly for home-based entrepreneurs who would benefit from access to high tech equipment/portal that contains the national and local information (a key recommendation of the 2016 Deane Review).

The pilot will contribute towards at least two key strategic aims within the GMS; good jobs, with opportunities for people to progress and develop; and a thriving and productive economy in all parts of GM. The pilot will also align with the findings of the Independent Prosperity Review by including their recommendations to support businesses by piloting and testing innovative approaches – particularly with interventions to support better health and wellbeing, and having a particular focus on leadership & management, skills utilisation. Also through the inclusion of peer mentoring and Work-Hubs, we will be facilitating and enabling networks among entrepreneurs.

### 3.3 The desired / proposed outcomes and outputs are as follows

**Outcomes:**
1. Increase earnings of GM’s self-employed individuals
2. Increase the skill levels of self-employed individuals
3. Reduce the number of participants that cease trading due to business failure.

The project team are currently working with the FSB, DWP, local authority leads and pan-GM providers (including The Growth Company) to develop the programme outputs, along with a detailed specification for programme activity.

### 3.4 Commissioning will take place, using GMCA in-house procurement team. It is anticipated that a proportion of the overall £10m grant will be used to grant-fund local authorities to develop ‘Work Hubs’ in their areas for self-employed individuals to access, responding to recommendations in the reports/reviews listed in section 3.2. We are currently exploring how other funding, in particular ERDF, can be leveraged to maximise activity in this area.

### 4. PROGRAME UPDATES – FUTURE WORKFORCE FUND

#### 4.1 This programme is designed to equip young people, not in education, employment or training (NEET) (or as risk of becoming NEET) with the skills and experiences needed for adult life. A key objective for the fund is ensuring employers are part of the solution to address issues facing youth unemployment by improving productivity gains of a young, resilient and diverse local workforce. A programme of activities is being proposed to scale up re-engagement and NEET provision across all local authority areas where need is identified by LA partners. Each local area has a clear sense of what it needs in relation to vulnerable young people and will map this resource against other major investments at a GM level such as ESF and against locally determined resources. In addition
to this the programme will add value to local work through the identification in gaps that working at a GM level will address.

The programme of activities will:

- **Develop social and personal skills**
  - Course to facilitate personal development, raise awareness and teach life skills
  - Support the development of the Curriculum for Life

- **Provide education opportunities and raising aspiration**
  - Meaningful encounters with employers
  - Personal and social development skills
  - Group activities – confidence, active citizenship, goal setting, resilience, reliability & employability skills

- **Equip young people with employability skills, training and job opportunities**
  - Develop sector specific skills and experience to help YP to move into a sustainable job
  - Entry level live interviews with employers
  - Employability skills training, trial shifts, guaranteed interview (ready to work programme)

In order to make this successful, the fund will:

- Bring businesses closer to young people and those within the education system;
- Provide match funding and leverage additional investment from employers;
- Reduce the risk of young people becoming NEET and increase positive participation of those young people who are NEET aligned to other investments for NEET across the city-region.
- Be a contributor to the Curriculum for Life.

The added benefit of working in this way offers scale and flexibility that other investment funds such as ESF doesn’t offer meaning a more tailored approach to local and GM need. In addition, the specific employer and employment elements of these activities gives this programme a uniqueness that other investments cannot offer given the specific deliverables around education and training. Furthermore, this work will go some way to address local resourcing challenges for this cohort of young people thus increasing the variance in support.

4.2 The programme will be underpinned by a commitment to align the pilot (and its resources) to specific GMS priorities and the local industrial strategy. There will be a particular focus on supporting growth in the digital, STEM, construction, health and the visitor economy sectors, linked to the emerging Opportunities Pass and supporting Bridge GM activity. In addition to working at a GM level, the programme will ensure that it is tailored to meet the needs of each Local Authority in consultation.

4.3 Desired / proposed outcomes and outputs are as follows:

The impact of the programmes interventions will be measured by the number of young people:

1. Undertaking an employability or workplace intervention;
2. Increasing the number of quality encounters young people experience such as shadowing, mentoring etc.;
3. Remaining in and / or re-engaging with school / post-16 education and training;
4. Progressing into quality employment and / or apprenticeship opportunity with a GM employer;
5. Achieving skills needed for employment and adulthood; testing a GM Curriculum for Life model and
6. Demonstrating improved confidence and resilience.

Outputs:
It is anticipated that the programme will support c7,000 young people during the two year programme. GMCA will ensure there is alignment and enhancement to the new GM ESF NEET programme (awarded to The Growth Company via the ESFA), as well as the wider Looked after Children/Care Leaver & Young Person’s offer across GM.

The project team are currently working with local authorities to develop specific delivery targets and outputs for the following priority groups – NEET young people (aged 16-17 and 18-24); young people at risk of becoming NEET; looked after children and care leavers; young people known to youth offending services and young people with identified SEN/D.

4.4 The Prince’s Trust made a policy recommendation to Government around working with NEET young people which subsequently fed in to the development of this Pilot (at central Government level) Therefore, we are anticipating The Prince’s Trust to be named as the primary programme provider as they have identified cash match of £7m to support the programme. Their involvement is supported by DfE and will help to leverage investment from a network of over 300 corporate businesses. Given the charitable body status of Prince’s Trust the funding from DfE will be transferred to them via a grant from GMCA.

5. NEXT STEPS

5.1 For all three Pilots we are working with the respective Government departments to agree the Section 31 conditions by 31st March 2019. This includes an element management fee which will be used to support the development, design and implementation of the projects within GMCA. As with other projects, GMCA will ensure a low proportion of management fee to allow for the maximum amount of funding to go towards project activity; however we will ensure an adequate level in order to manage the projects effectively. Sign-off of the Section 31 conditions and management fee will be delegated as per the recommendations at the top of the paper.

5.2 Detailed specifications for programme activity are being developed and where relevant, commissioning of providers will commence once the S31 agreements have been signed and transfer of funds from Government to GMCA completed.

5.3 Where there is overlap activity and / or alignment between the three pilot programmes the project team will ensure this is developed and duplication of activity is avoided.