

**Date:** 29<sup>th</sup> March 2019

**Subject:** Greater Manchester HM Treasury Skills Pilots – Update

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

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**PURPOSE OF REPORT**

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

**RECOMMENDATIONS**

Leaders are 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
  - b. The proposed commissioning route (for the Self-Employment Pilot); and Contract award as well as proposal 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 (This will include a Mayoral Key Decision)
  - c. The proposed granted route via The Princes Trust for the Future Workforce Fund
  - d. The proposed development & co-design of training courses by employer / provider, facilitated by a grant scheme for the Digital Skills Pilot.

**CONTACT OFFICERS**

Gemma Marsh, Assistant Director – Skills

[Gemma.Marsh@greatermanchester-ca.gov.uk](mailto:Gemma.Marsh@greatermanchester-ca.gov.uk)

Mat Ainsworth, Assistant Director – Work

[Matthew.Ainsworth@greatermanchester-ca.gov.uk](mailto:Matthew.Ainsworth@greatermanchester-ca.gov.uk)

<b>TRACKING/PROCESS</b>	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	No
<b>EXEMPTION FROM CALL IN</b>	

Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?		No
TfGMC	Overview & Scrutiny Committee	
N/A	15 <sup>th</sup> March	

## 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 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.
- 1.2 Funding for all pilot programmes will be transferred to GMCA via Section 31 Grant Agreements – for the Digital Skills Pilot funding will be 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 31<sup>st</sup> 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 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 (NS) 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
  3. Increase GVA in the GM economy
  4. Reduction in businesses unable to recruit
- Outputs:

- A minimum of 500 individuals will access training and be supported into digitally facing employment
- Minimum of 20 employers will participate

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 – training providers respond to employer needs; 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 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. As the development of the programme progresses, we will continue to engage with key GMCA colleagues including; procurement, legal, governance, Information Governance, finance, performance management.

### 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 activity.

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 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 and local authority leads to develop the programme outputs, along with a detailed specification for programme activity.

3.4 Commissioning of a single provider to deliver the majority of activity 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.

3.5 As the development of the programme progresses, we will continue to engage with key GMCA colleagues including; procurement, legal, governance, Information Governance, finance, performance management.

#### **4. PROGRAMME UPDATES – FUTURE WORKFORCE FUND**

4.1 This programme is designed to equip young people, not in education, employment or training (NEET) (or at 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. In particular, the fund will:

- Bring businesses closer to young people and those within the education system; working with BridgeGM.
- 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
- Respond to the key priorities set out under GMS P2 and target disadvantaged young people including care leavers; youth offenders & at risk of NEET.

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 developing 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 31<sup>st</sup> 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.
- 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.