Date: 15 January 2015
Subject: Greater Manchester Employment & Skills Update
Report of: Cllr Sean Anstee, Leader of Trafford Council

PURPOSE OF REPORT
The purpose of this report is to update members on employment & skills activity across Greater Manchester.

RECOMMENDATIONS:
Members are asked to note and discuss the information contained within the report

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1. **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.

1.2 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.

2. **GM Context**

2.1 As stated in the guidance published by Government, the purpose of the Area Review process is to deliver:

- institutions which are financially viable, sustainable, resilient and efficient, and deliver maximum value for public investment;
- an offer that meets each area's educational and economic needs;
- providers with strong reputations and greater specialisation;
- sufficient access to high quality and relevant education and training for all;
- provision which reflects changes in government funding priorities and future demand.
2.2 For GM, the review will play a key role in further developing, and ultimately implementing, the skills flexibilities agreed through the devolution deal. (BIS expect areas with devolution deals to be the first to go through the Area Review process.) In particular, the process will provide an opportunity for us to take a more detailed look at the capacity and financial stability of the institutions to inform our decisions around redesigning the FE system, ensuring that future provision is responsive to both the labour market and our local funding mechanisms. The process will contribute to GM’s ability to implement the current devolution deal in a way that proactively moves us towards our long term vision.

2.3 The review process also aligns closely with the new outcome based success measures which will come into play from summer 2017 – these may be piloted from 2016 onwards and will replace a system of funding based on qualifications to one of funding based on locally commissioned outcome agreements. The Area Reviews will put a new emphasis on local accountability and, as the developments and changes identified by the reviews are intended to deliver real improvements in provision for learners and employers, they will need to be underpinned by these local outcome agreements. GM has already set out what we are trying to achieve in terms of our long term education and skills vision, particularly:

- Ensuring providers are able to progress more individuals to Level 3+ qualifications in a vocational or technical area closely linked to GM’s labour market;
- Enabling secondary schools to ensure all individuals achieve fully functional maths, English and ICT to L2 (GCSE); including enhanced careers advice and guidance and promotion of pathways that are linked to GM’s labour market;
- Ensuring employers are able to grow, have access to, and invest in the skills they require from their workforce, encouraging in work support and wage progression;

2.4 It has been recognised that local devolution is likely to deliver different outcomes in different areas, and each area will have its own priorities. The Area Review outcomes will feed into the development of GM’s local outcome agreements, providing a framework for new local arrangements in line with devolution objectives.
At its meeting in November 2015, the Greater Manchester Combined Authority agreed a set of key criteria to be developed into an appraisal process for options put forward following the Area Based Review.

3. Progress update

3.1 Greater Manchester’s review commenced on 21\textsuperscript{st} September and to date there has been 3 meetings of the Steering Group. All college site visits (and subsequent reports) have been completed and we are now in a position to undertake a financial modelling exercise which is scheduled to be completed by 31\textsuperscript{st} January 2016.

3.2 GMCA have commissioned New Economy, Oxford Economics & KPMG to carry out detailed financial modelling to include sector deep dive research which will provide us with overarching GM forecasts by sector and qualification level which will outline expansion and replacement demand, as well as provide in-depth information relating to growth opportunities for specific districts in order to assist with further curriculum analysis and support decisions around the location of specialisms as a result of the review. This work is scheduled to be completed by 31\textsuperscript{st} January 2016. It is worth noting that this work is now being carried out due to the lack of evidence being produced through the Area Based Review process.

3.3 Below is an indicative timeframe for completion of the review:

<table>
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<tr>
<th>Action</th>
<th>Timescale</th>
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| Workshop for General FE Colleges (full day):  
  - Presentation and analysis of data set mapped  
  - Forward looking analysis of implications of policies, GM priorities and financials  
  - Discuss options for consideration / development / appraisal criteria  
  - Professional advice on legal / financial implications of options (supported by BIS)  
  - Agree timetable process for options development and criteria to be used  
  - Sixth Form College (Full Day Workshop) | 1\textsuperscript{st} Feb 2016 |
| Workshop all colleges (full day)  
  - Options development - Phase 1  
  - Criteria development for appraisal  
  Active engagement by ABR team / CA throughout | Mid Feb 2016 |
| Options appraisal developed | By mid-March |
| Steering Group meeting 4  
  - Recommendations from options appraisal  
  - Next steps and progression to Phase 2 | 21\textsuperscript{st} April 2016 |
| Steering Group meeting 5  
  - Agreement of final recommendations | 25\textsuperscript{th} May 2016 |
4. Employment Devolution

4.1 The devolution agreements have given Greater Manchester the power to expand the Working Well programme from 5,000 to 50,000 people and to be a joint commissioner with DWP for the next phase of the Work Programme.

4.2 The Working Well Pilot, aiming to work with 5,000 long-term benefit claimants and supporting 1,000 off benefits and into employment, has been operational since March 2014 and is currently on target to achieve its ambitious outcomes.

4.3 The Working Well expansion provides an opportunity to take the principles and learning from pilot and apply them to a much larger cohort, but with equally complex needs. Moreover, the expansion will endeavour to create a new employment and skills ‘eco-system’ bringing together personalised support, skills provision and mental health therapeutic interventions into a seamless package of support.

4.4 The opportunity to jointly commission the successor to the Work Programme would allow GM to develop a new mainstream, integrated and holistic support system for benefit claimants with more complex needs, fully utilising the potential of complementary public services across the conurbation.

4.5 The following sections provide a progress update on all areas of the agreement.

5. Working Well Expansion

5.1 The principles of the expansion have been formed by the learning from the pilot. Providers will support clients to access an appropriate range of services and provide bespoke packages of support to ensure that their personal barriers to employment and progression are tackled comprehensively and in an integrated and sequenced manner.

5.2 A new infrastructure of work, health and skills will be created, fundamentally changing how services function together by offering a seamless, co-ordinated and sequenced package of support, enabling the achievement of multiple outcomes. Personalised support for those with the most significant barriers to employment sits at the heart of this system, facilitating the customer journey.

5.3 This is a ‘work first’ programme where sustained employment is the primary outcome. Assessments will go further than an individual’s work and skills experience to identify in-depth barriers to employment, including working with the whole family where appropriate.
5.4 The provision will require intensive and regular support, maintained over the lifetime of the customer journey until and employment outcome has been sustained. This will be achieved through on-going case management (including co case management), with support for skills and mental health therapeutic interventions drawn in from the other commissioned elements of the system.

5.5 The Working Well pilot works exclusively with Employment & Support Allowance claimants in the Work Related Activity Group who have completed the Work Programme. The expansion will work with a broader range of cohorts, all with complex or enduring issues, over two distinct phases.

5.6 The joint commissioning of the Work Programme successor provides GM with an opportunity to embed its Working Well principles into the mainstream welfare to work system. Therefore, GM has decided to test a Working Well approach with an extended group of 15,000 claimants until April 2017, which is when current Work Programme contracts come to an end, and support the remaining 30,000 claimants through a jointly commissioned Work Programme.

5.7 Working Well will support people with mental health conditions, so a separate commissioning exercise is being undertaken for a range of therapeutic interventions. Clients will have access to a mixed blend of therapies including CBT, Brief Dynamic Therapy, Counselling, Couple Therapy and Interpersonal Psychotherapy.

5.8 Bespoke skills support will also be made available to clients on the expansion through the Skills Funding Agency’s Skills for Employment ESF programme. The support will include functional skills, employability and vocational skills training, together with wrap-around support to motivate and improve confidence and self-esteem. Activity will be designed to progress clients towards the labour market by working in partnership with other services and enhancing the integration of the system.

5.9 Providers for the Working Well expansion will be appointed in late January, with the programme going live in February 2016. It aims to support at least 20% of participants into employment and 15% into sustained employment.

6. Work Programme Co-Commissioning

6.1 The devolution agreement has given GM the power to jointly commission the Work Programme with DWP. GM’s desire is to create a new employment and skills ‘eco-system’ provided within a broader integrated public service infrastructure that would truly meet the needs of local residents and shift the stubbornly high levels of benefit dependency and entrenched worklessness, whilst also maximising all
assets at our disposal to drive efficiencies and reduce waste in the system.

6.2 In Greater Manchester almost a quarter of a million working age adults are dependent on out-of-work benefits and a further £1.1bn is spent supporting people to maintain low paid work. This is unsustainable and the ambitions of a Northern Powerhouse will never be realised unless there are significant reductions in benefit dependency and increases in wages and productivity.

6.3 In the Spending Review it was announced that the Work Programme will not be re-commissioned, but would be replaced by a new Work & Health programme, similar to GM’s Working Well. Although scant on detail, it is clear that the new programme will be much smaller than the current Work Programme, with a focus on long-term benefit claimants with a disability or health condition. National annual spending on employment programmes hovered between £800 million and £1 billion per year over the last Spending Review period, but the Work & Health Programme is only expected to be c £130m per year.

6.5 GM has been fully engaged with DWP and there is an agreement that we will shape every stage of the development process from commissioning strategy through to service design, procurement and contract management. GM may also decide to use its ESF to increase capacity in the new programme and extend eligibility to further cohorts.

6.6 A working group has been established to take the policy design work forward and to scope out options for the new programme and broader collaboration between DWP and GM. It is anticipated that this design work will be completed by Summer 2016, when the procurement process is expected to commence.

7. Jobcentre Plus (JCP)

7.1 GM has long argued for a single Jobcentre Plus district, coterminous with the GMCA boundary. JCP has undertaken a consultation to inform future district boundaries, and although no decision has yet been made, there is a strong possibility that a GM district will be created.

7.2 More significant progress has been made with JCP in relation to integrating its service delivery into the broader employment and skills system. A joint GM/JCP team has been established to progress work to:-

- develop a comprehensive plan for co-location of Jobcentre Plus services with key delivery partners that helps realise the aims of the GMCA One Public Estate initiative
- Identify and maximise opportunities for combined delivery of employment and skills services that are not dependent on estate decisions
• Support implementation of Working Well across the Jobcentre network across GMCA

7.3 This is a real opportunity to fundamentally reshape and improve the mainstream employment support offer to GM residents.

8. ESF

8.1 To date, GM has launched two ESF Calls through its opt-ins organisations:
• £5m for pre-employment support for marginalised groups via the Big Lottery Fund. The outcome of this is currently pending.
• £11.5m for Skills for Employment Pilot Programme (procured via the SFA). The contract for this has been awarded to Economic Solutions.

8.2 A number of further calls are in development; however their approval and launch are being delayed by a number of issues. Firstly, until revised financial and output allocations across all English LEPs are confirmed GM should take into consideration that by issuing calls, we would be acting at risk of securing activity where insufficient funding allocations may not exist. Secondly, the SFA has informed all LEPs that it is unable to commit to activity or match expenditure beyond March 2018 due to the impact of the Autumn Statement along with further devolved powers. Therefore the SFA have been advising LEPs to develop and commission calls on shortened contracts (between 18-24 months) which will finish in March 2018. The current understanding is that SFA contracts will not be novated or transferred so recommissioning of activity will have to take place in mid-2018.

These issues put considerable time pressure on the lots GM envisage the SFA to procure on its behalf between now and spring 2016. In line with the indicative timeframes we have been given by the SFA, the next four calls that we aim to be launched will be:

<table>
<thead>
<tr>
<th>NEET Participation &amp; Skills Progression Programme (Lot A2)</th>
<th>Initial SFA launch date:</th>
<th>06/11/2015</th>
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<tbody>
<tr>
<td>Total GM allocation: £12m</td>
<td>Revised SFA launch date:</td>
<td>14/12/2015</td>
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<tr>
<td>SFA Lot Value (to March 2018): £5.7m</td>
<td>Local Public Consultation:</td>
<td>Completed (Summer 2015)</td>
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<tr>
<td>Careers Education Information Advice &amp; Guidance (CEIAG) for young people (Lot B2)</td>
<td>Initial SFA launch date:</td>
<td>30/11/2015</td>
</tr>
<tr>
<td>Total GM allocation: £4m</td>
<td>Revised SFA launch date:</td>
<td>Feb-16 (tbc)</td>
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<tr>
<td>SFA Lot Value (to March 2018): TBC</td>
<td>Local Public Consultation:</td>
<td>To be issued Dec 2015</td>
</tr>
<tr>
<td>Higher Skills Support Programme (Lot C3)</td>
<td>Initial SFA launch date:</td>
<td>14/12/2015</td>
</tr>
</tbody>
</table>
Total GM allocation: £15m  
SFA Lot Value (to March 2018): TBC.  

Revised SFA launch date: Feb-16 (tbc)  
Local Public Consultation: To be issued Dec 2015  

Skills Support for the Workforce (Lot C1)  
Total GM allocation: £19m  
SFA Lot Value (to March 2018): TBC  

Initial SFA launch date: 14/12/2015  
Revised SFA launch date: tbc  
Local Public Consultation: Jan 2016 (tbc)

GM is continuing to work hard with the DWP (MA) and the SFA to resolve immediate issues and push forward with commissioning, including working closely with the SFA to ensure that deliverables align with GM priorities.

9. Spending Review and Devolution

9.1 The Spending Review in November 2015 announced new opportunities for GM through devolution:

9.2 Employment:

- Government re-confirms its commitment to joint commissioning with Greater Manchester of employment programme support outside of the Jobcentre Plus regime, to assist the long term unemployed and those with health conditions and disabilities to (re)-enter work, as outlined in the November 2014 Agreement and the subsequent agreement announced as part of the 2015 Summer Budget. The Department for Work and Pensions and Greater Manchester will continue to consider other areas, including in relation to Jobcentre Plus, in which to collaborate to improve labour market outcomes.

- In particular Government and Greater Manchester agree that following the publication of the Spending Review they will commence detailed discussions on how Greater Manchester can shape every element of the commissioning process - from strategy to service design, managing provider relationships and reviewing service provision. The intention is to finalise all of these discussions by the end of this financial year.

9.3 Skills:

- The Greater Manchester Combined Authority will undertake further analysis, working with the Department for Business, Innovation and Skills, in relation to post-19 provision more generally to ensure that the totality of provision meets the needs of the Greater Manchester economy. This analysis will be completed by the end of the financial year to enable a discussion of further devolution of responsibility for 19+ funding to Greater Manchester.

- Within the context of the existing national 16-19 policy, funding and accountability framework and the progress and outcomes of the
area review, the Department for Education, the Department for Business, Innovation and Skills and the Greater Manchester Combined Authority will explore how the delivery of their respective responsibilities can contribute to aligning outcomes from 16-18 vocational education and commissioning of 19+ adult skills provision.

- The Department for Business, Innovation and Skills and the Greater Manchester Combined Authority will discuss how the Advanced Learner Loans system can best support more residents to progress to Level 3+, and better meet the needs of the Greater Manchester labour market.

9.4 Apprenticeships

- The Greater Manchester Combined Authority and the Government commit to working together to maximise the opportunities presented by the introduction of the apprenticeship reforms (including the levy). This will include: working with employers to recognise the value of apprenticeships in driving productivity; putting in place appropriate high quality careers education, information, advice and guidance so that apprenticeships are seen as an equally valuable progression route for all individuals leaving school/college; and specific work around Greater Manchester public services including health to generate high quality apprenticeships to drive demand and support public service reform.

- The Government and Greater Manchester will discuss how, within the national framework where individual employers have control of their levy contributions, public sector partners in Greater Manchester could collaborate to take full advantage of the Government’s apprenticeship programme to support new ways of working in the public sector and stimulate progression pathways at all levels within Greater Manchester.