PURPOSE OF REPORT

To receive an update on Greater Manchester Work and Skills, particularly in relation to devolution.

RECOMMENDATIONS:

Members are recommended to:

(i) Note the update and comment as appropriate.

Contact Officer:

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PURPOSE OF UPDATE

The purpose of the note is to provide a brief update on all related employment & skills aspects of devolution.

1) Work Programme Co-commissioning

a) Background

- Although the Work Programme will not be re-commissioned, Dept. of Work & Pensions (DWP) has committed to co-commissioning the new Work & Health programme with GM from April 2017.

- Annual spending on employment programmes hovered between £800million and £1 billion per year over the last Spending Review period, but the Work & Health Programme is only expected to be c £130m / year at its peak.

- GM has engaged with DWP and a workshop has been held to scope out options for the new programme and broader collaboration between DWP and GM.

b) Principles of engagement

- Senior DWP officials and a range of GM officers working on PSR met in early January.

- The following priorities were identified by DWP for the current Parliament:-
  - Achieve full employment (highest employment rate in G7)
  - Halve disability employment rate gap
• Improve life chances and opportunities

- The following work streams were identified by DWP as ways of delivering their priorities:
  - Universal Credit roll out – bring a further one million people into an active labour market regime. (Priority for Iain Duncan Smith)
  - Health & disability reform – joining up Dept. of Health & DWP mind sets.
  - Employer engagement (Priority for Priti Patel)
  - Partnership working and integration – working as a government not a department.
  - Reposition JCP as a place of work, not just benefits.
  - ‘Test & learn’ – build in flexibility to amend programmes ‘in flight’.
  - Evaluation – greater use of Randomised Control Trials etc.

- GM identified 3 key areas were GM/DWP collaboration would be beneficial:-
  - Place-based integration
  - Co-commissioning specialist support (e.g. Work & Health)
  - Data sharing/informatics

C) Work & Health

- A number of key actions were agreed to take forward the development of the programme, including:
  - A joint design team co-developing a joint project plan
  - Collaboration with other areas carrying out similar programmes (i.e London), where appropriate
  - Collaboration in designing and shaping future integration

- Key leads have been identified within DWP to progress the work and the first productive joint team session was held on 27th Jan, focusing on the lessons learnt from the development and delivery of Work Programme and Working Well.

- Although still to be agreed by Ministers, the new programme is not expected to commence referrals until October 2017, six months after referrals have ended to Work Programme. The expected timescales to design and launch the programme are as follows:-
  - Programme design developed by June 2016
  - Formal procurement process launched by October 2016
  - Contracts awarded by April 2017
  - Implementation period April 2017 – September 2017
**d) Over 50s (Ageing Hub)**

- An opportunity has been identified to work with the Centre for Ageing Better (CfAB) to develop a proposal to increase the economic activity rates of over 50s in GM.

- CfAB have been working with colleagues in the GM Ageing Hub to develop innovative approaches to test locally, which could be funded.

- A meeting has been held with CfAB to explain how the principles of Working Well could support their ambitions and that there are opportunities through the Work & Health programme to test an approach to targeted support for economically inactive over 50s (who may not necessarily be claiming benefits and subject to Jobcentre Plus (JCP) regime).

- CfAB have expressed interest in taking this forward and have asked GM to develop an outline business case for them to appraise over the next 2 months. If agreed, there could be the opportunity to wrap this into the Work & Health specification.

**2) Universal Support: Jobcentre Plus Co-location**

- The redistribution of jobseeker support away from contracted providers back to JCP, coupled with the estate rationalisation provides a real opportunity to create a new integrated universal support offer with JCP, building on Universal Support Delivered Locally pilots.

- JCP has seconded a manager to support GM in the creation of a new universal support offer, focusing on:-
  - developing a comprehensive plan for co-location of Jobcentre Plus services with key delivery partners
  - Identifying and maximising opportunities for combined delivery of employment and skills services that are not dependent on estate decisions

- The following work has been undertaken to meet DWP’s first deadline of 15th January for an initial options proposal
  - 22.12.15: GM Local Leads Meeting - discussed with local leads the aspiration to organise further integration of services, recognising estates as a key enabler for this. Local leads were invited to discuss
with LA estates leads, identify opportunities to meet and submit initial information on potential co-location opportunities.

- 4.1.16 – 8.1.16: Initial information submitted by Local Authorities on potential options.
- 8.1.16 – 14.1.16: Meetings held between GM, JCP and each LA to discuss options, making service integration the mutual focus of intentions when considering co-location of Jobcentres in to partner estate.

- The initial options analysis has now been shared with DWP and this will be developed further with local areas, with a fuller options appraisal concluded by September 2016. Final options will be agreed by March 2017.

- A workplan is now being drafted to support the integration of JCP Work Coaches into the broader public service system (building on the Universal Support Delivered Locally pilots), to dovetail with the co-location plans.

- In addition, JCP has been consulting on the creation of a new JCP district. A number of options have been proposed, including one coterminous with the GMCA boundary. It is understood that the responses to the consultation have been heavily in favour of a JCP district that is coterminous with the GMCA boundary. An official announcement on the outcome of the consultation is expected imminently.

3) Working Well Expansion

a) Tender Update

1. Personalised Support: Six providers were invited to ITT stage and the tender evaluation process has now been completed. Successful and unsuccessful bidders were informed of the outcome of the process on 11th January, with formal contract award following an alcatel period in late January. Economic Solutions have been appointed to deliver in Manchester, Salford & Trafford and Ingeus will deliver in Bolton, Bury, Oldham, Rochdale, Tameside, Trafford and Wigan.

2. Skills for Employment: The SFA managed procurement of skills provision to support the Working Well expansion has now concluded, with Economic Solutions winning the contract.

3. Talking Therapies: The ITT window closed on 8th December, with moderation taking place on 15th December. Bidders will be notified of the
outcome of the process w/c 18th January, with formal contract award following an alcatel period in early February.

b) Implementation

- Initial contract meetings have been scheduled with providers on 29th January, with a series of induction events scheduled to commence on 2nd February in each district. An induction meeting with Cllr Sean Anstee and Theresa Grant has been scheduled for 24th February.
- Districts have updated their local implementation plans and induction packs have been drafted and circulated.
- Engagement events have been held with JCP advisor managers and their advisor guidance is being updated in readiness for ‘go live’. A further JCP induction session has been arranged.
- SQW have been commissioned via MCC’s framework to evaluate the programme.

c) Risks & issues

- It is highly unlikely that ESF funding will have been confirmed in time for go live, but there is provision in the contract to reduce/stop referrals if that funding does not materialise.

4) Working Well Pilot

There have been 4,517 referrals to the programme, which have resulted in 4,106 successful attachments (an attachment rate of 91%). Job start performance remains steady with 231 people having gained work, which is in line with expectations. Due to changes in circumstances, 334 people have left the programme.

5) Area Based Review

a) Progress Update

- Greater Manchester’s review commenced on 21st 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 31st January 2016.

- At the last Steering Group meeting it was agreed that the process will be extended to allow for further analysis to be undertaken. There is now extensive work going on to support and enhance the BIS process in terms of ensuring that all of the evidence and data used by BIS is accurate and
robust enough to make sound judgements. In addition there is considerable GM data which we are building into the overall process. This work includes:

- detailed sector deep dive research which will provide us with overarching GM forecasts by sector and qualification level, outlining both expansion and replacement demand. This will assist with understanding curriculum needs and areas of specialism
- population forecasts by District to ensure clarity on future volumes of clients likely to flow through into the post 16 system
- current curriculum provision
- a financial analysis of the current college providers.

A workshop for the GFE colleges was held on 1st February. Colleges were presented with detailed financial analysis including the financial position for each individual college for 2014/15 and 2015/16, and longer term forecasts to potentially 2020 along with a GM picture of the sector. The forecasts were based on assumptions including colleges’ own assumptions around funding income, efficiency and cost reduction; national policy assumptions; and assumptions around enrolment levels and demographic change. College assumptions were reviewed to ensure realism at an aggregate level across GM in relation to issues such as growth in numbers, demand and market share.

b) Next Steps

- Following the workshop there will be a detailed discussion of the implications of the financial profiles based on economic / policy context. Although difficult, these discussions will be critical in getting us to a stage whereby the colleges and GM understands and agrees the implications of the information produced by the analysis, and how this will be used to create a financial baseline to inform the development of options for the final stages of the review.

- In considering the options proposed through the review, we need to both ensure that the outcomes meet the needs of GM and create financially sustainable institutions. We also need to factor in the potential cumulative impact from the range of decisions on changes to public services in an area, i.e. local authority, health courts and JCP (i.e. a place based approach).

- Much of the information collected via the ABR process will also support GM to develop an outcomes framework against which future provision will be drive. This framework will be important as GM moves increasingly to specify the provision it needs and, potentially, towards devolved funding. It
will need to ensure all provision develops the employability skills/core competencies needed by individuals and the GM economy, as well as higher level skills.

- For reference, below is an indicative timeframe for completion of the review:

<table>
<thead>
<tr>
<th>Action</th>
<th>Timescale</th>
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<tbody>
<tr>
<td>Sixth Form College Full Day Workshop</td>
<td>Mid Feb 2016</td>
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<tr>
<td>Workshop all colleges (full day)</td>
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<tr>
<td>• Options development - Phase 1</td>
<td>25&lt;sup&gt;th&lt;/sup&gt; Feb 2016</td>
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<tr>
<td>• Criteria development for appraisal</td>
<td></td>
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<tr>
<td>Active engagement by ABR team / CA throughout</td>
<td></td>
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<tr>
<td>Options appraisal developed</td>
<td>By mid-March</td>
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<tr>
<td>Steering Group meeting 4</td>
<td></td>
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<tr>
<td>• Recommendations from options appraisal</td>
<td>21&lt;sup&gt;st&lt;/sup&gt; April 2016</td>
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<tr>
<td>• Next steps and progression to Phase 2</td>
<td></td>
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<tr>
<td>Steering Group meeting 5</td>
<td></td>
</tr>
<tr>
<td>• Agreement of final recommendations</td>
<td>25&lt;sup&gt;th&lt;/sup&gt; May 2016</td>
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6) ESF

a) ESF Financial and Output Allocations

The National ESF Operational programme was signed off in September 2015 following significant delays which has impacted on the commissioning and delivery of activity across Greater Manchester (GM) and the rest of England. In October 2015, the ESF Managing Authority (DWP) wrote to all LEPs explaining that allocations would be reduced due to Euro exchange rate fluctuations. GM’s allocation has been reduced from £161m to £132.8m. The revised ESF allocations would not enable GM to do what we agreed to in our ESIF Investment Plan. For example, the Managing Authority allocated only £9.2m under Investment Priority 1.2 (the sustainable integration of young people) when at least £20m of planned activity is proposed. Considerable work went into GM’s response to the Managing Authority that proposed expenditure and output movements between Investment Priorities which we argued would allow GM to commission a balanced ESF programme, maximise impact and minimise any gaps in provision.
The Managing Authority confirmed its final ESF allocations to all LEPs on 22nd January and wrote to GM accepting our proposed changes. In summary GM’s revised financial allocation is:

It is worth noting that the Managing Authority still needs to have these changes formally approved by the National Programme Monitoring Committee and then the EC. Therefore a risk remains that these allocations may be subject to further change. However the Managing Authority has stated that the EC appear sympathetic to the need for these changes.

**Outputs / Results**

The changes to the financial allocations have also required changes to the output targets. These targets have been recalculated on a consistent, prorata basis dependent on changes to funding splits by Investment Priorities. GM’s revised final ESF output / result allocations are provided in Annex 2.

**Performance Framework**

The Managing Authority has also confirmed that 18.8% of GM’s total ESF expenditure and output targets must be achieved by 31st December 2018. In summary this equates to:

- Priority Axis 1 (PA1) - c.£14m / 15,538 participants supported
- Priority Axis 2 (PA2) - c.£11m / 10,280 participants supported

GM needs to meet the Performance Framework targets to ensure we are able to access the 6% performance reserve held under each axis (a total of c.£8m). GM should meet these targets. GM is confident that it can meet these targets providing our co-financing ‘opt-in’ organisations are able to procure and contract the activities GM wants them to progress and providers are able to mobilise and deliver immediately. This position will become clearer once the Skills Funding Agency have agreed its procurement roll out and funding levels. The Managing Authority (DWP) will issue N+3 targets for the programme shortly.

**b) Calls Update**

- GM continues to work with its ESF Co-Financing Organisations - the Skills Funding Agency (SFA) and the Big Lottery Fund - to develop, agree and launch calls based on Greater Manchester’s agreed priorities. To date, three calls have been launched:
  - Lot C2 - £11.5m for GM Skills for Employment Pilot Programme through the SFA. Now at contract stage.
o Lot E1 - £5m for pre-employment support for marginalised groups via the Big Lottery Fund. At full application stage with 11th March deadline and delivery expected to start in early summer.

o Lot A2 - £5.7m NEET Participation & Skills Progression Programme. Launched by the SFA on 14th December. Bid submission deadline 25th January with delivery expected to start mid-April.

c) SFA Co-Financing Update

- The SFA informed all LEPs in Oct 2015 that it will not commit activity or match expenditure beyond March 2018 due to the outcome of the Spending Review and devolution deals. The SFA will only commission calls for shortened contracts (between 18-24 months) which must start by 1st September 2016 (at the latest) and finish by 31st March 2018. From 2018, the ceasing of SFA co-financing presents GM with the opportunity to extend its Co-Financing Organisation arrangements and commission ESF activity aligned to devolved budgets we will receive.

- The SFA wrote to all LEPs prior to Christmas setting out how it intended to accelerate the procurement of ESF activity. The key message was that to have worthwhile contracts, call specifications must be launched between 22nd Feb and 30th April 2016.

- The SFA has prioritised skills provision under Investment Priority 2.1 (enhancing equal access to lifelong learning) and provision for Careers Education, Information, Advice and Guidance (IAG) under IP1.1 (access to employment for jobseekers and inactive people) and IP1.2 (sustainable integration of young people). Once this procurement window closes the SFA will not support any new ESF activity.

- To achieve this within these reduced timescales, the SFA stated that local input into the procurement process would be greatly reduced with specifications being one step away from national calls and no local involvement in bid evaluation. Whilst this is not acceptable GM has been liaising with SFA colleagues to ensure the use of local content in our call specifications and that GM has at least a minimum role of ‘observer’ in the bid evaluation process. Details and timelines for this ‘observer’ role are expected from the SFA in early February to tie in with the NEET bid evaluations.

- The current timetable for SFA calls issued on GM’s behalf is provided in Annex 1. In summary, three calls are urgently being progressed and agreed with the SFA.
The specifications for these calls were approved by GM ESIF Appraisal Sub Group in December. GM will undertake local market testing on all these calls with Lots C1 and C3 consultations to be uploaded to the GMCA website imminently. The period for consultation will be shortened to meet SFA deadlines.

The development of a further GM call, Lot D2 on supporting individuals to start and grow a business is very dependent on the outcome of the ERDF Social Start Up contract which is delayed whilst eligible match funding is confirmed. This will help to clarify the local gaps in provision which ESF may be able to support.

It is unlikely that a GM call for Lot D1 - Skills for Employers (under Investment Priority 2.2 - Improving the Labour Market Relevance of Education and Training Systems) will be progressed by the SFA as they instead prioritise other Investment Priorities. GM has contracted provision currently in place in this area but greater clarity will be sought from the SFA during early February.

c) GM ESF Co-Financing Organisation Update

As part of devolution arrangements, GM has been developing proposals to become an ESF Co-Financing Organisation (CFO) in order to fully support the Working Well Expansion programme and further devolution commitments over the next five to seven years.

By becoming a CFO, GM can apply for a significant proportion of its £132.9m ESF 2014-2020 allocation in one or more ‘block’ requests which then place GM in control of processes to commission, contract and manage ESF activity itself.

To receive ESF funding, Combined Authorities will need to be appointed as CFOs by the ESF Managing Authority (DWP) first and then apply for ESF funding second. Trafford Council, on behalf of GMCA, will submit an outline CFO application to gain initial feedback from DWP.

To minimise financial risks, GM is proposing that its CFO secures ESF funding through a two-phased approach based on available match at this
present time and what GM expects it could use as ESF match through a combination of devolved funding and other national / local funding streams from 2017 onwards. This becomes more important as the SFA’s CFO role finishes from March 2018.

• A full ESF CFO report went to the GMCA on 29th January where Members approved that GM proceeds with becoming an ESF Co-Financing Organisation. Following agreement from the GMCA and approval of the outline application by the ESF Managing Authority (DWP) a full detailed bid application will be developed based on the Phase 1 proposal. This will be developed in conjunction with the GMCA Finance / Legal Teams over the coming weeks with the final bid submitted on behalf of the GMCA.

RECOMMENDATIONS

For the group to discuss the elements in the paper and provide challenge and support.

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ANNEX 1 - TIMETABLE FOR THE DEVELOPMENT OF SFA CALL SPECIFICATIONS* (subject to change)
*Changes have occurred due to amended SFA procurement timescales

<table>
<thead>
<tr>
<th>CALL SPECIFICATIONS</th>
<th>CALL SPECs ISSUED BY SFA (At 20(^{th}) January 2016)</th>
</tr>
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<tbody>
<tr>
<td><strong>Lot A2 - NEET: – Early Intervention Programmes for 15-18 Year Olds (particularly NEET)</strong> 20% of the beneficiaries supported will be 15-16. Value: £5.7m (contract 2016-2018)</td>
<td>December 2015 (live)</td>
</tr>
<tr>
<td><strong>Lot C1 - Skills support for employees – Provision to support sustainable employment and promote the in-work progression of employed individuals</strong> including those with low skills through the delivery of work related skills training. Value: TBC (contract 2016-2018)</td>
<td>Expected from 22(^{nd}) February 2016</td>
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<tr>
<td><strong>Lot C2 - Skills support for the unemployed – Skills provision to remove the barriers some people face when entering employment.</strong> The pilot will deliver a programme of activity to support those aged 18+ who face multiple barriers to entering the labour market and sustaining employment. Value: £12m</td>
<td>Procurement completed</td>
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<tr>
<td><strong>Lot B2 - NCS/IAG – Structured progression into sustainable employment with enhanced Information, Advice and Guidance with particular focus on disadvantaged / priority groups. Including support for IAG for those aged 15-24 Value: TBC (contract 2016-2018)</strong></td>
<td>Expected from 29(^{th}) February 2016</td>
</tr>
<tr>
<td><strong>Lot D1 - Skills for Employers – Ensuring Skills provision is more responsive to the needs of the local economy and helps more individuals’ progress into or within skills provision, through increased employer engagement.</strong></td>
<td>Unlikely to be progressed by SFA due to restrictive timelines.</td>
</tr>
<tr>
<td><strong>Lot D2 - Skills for start up – Support for activities to start and grow a business, including promoting entrepreneurship, self-employment and leadership &amp; management training/advice to SMEs (particularly linked to GM growth &amp; ERDF sectors).</strong></td>
<td>Awaiting outcome of ERDF Social Start Up Contract</td>
</tr>
<tr>
<td><strong>Lot C3 - Access to Higher Level Skills – Increase access to advanced (higher level) skills and sector specific skills development. Value: TBC (contract 2016-2018)</strong></td>
<td>Expected from 22(^{nd}) February 2016</td>
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</table>