PURPOSE OF REPORT

This report provides an update to Partnership members on the Greater Manchester Work and Skills Strategy and Priorities for 2016-2019. Information on Greater Manchester Apprenticeship Strategy is also set out at Appendix 1 to the report.

RECOMMENDATIONS:

Members are recommended to:


(ii) Note that a further report was to be presented at the GM Combined Authority meeting in February 2016.

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1. **Introduction**

1.1 Greater Manchester has a massive opportunity, through devolution, to re-focus and re-organise the Work and Skills system to ensure the system better delivers against the needs of the economy, the needs of individuals and GM’s aspirations. This is an extremely challenging piece of work, of significant scale and complexity. This paper outlines GM’s objectives in this area (as agreed by Leaders), the current and changing nature of the work and skills system, and therefore breaks down the work that needs to be done into 10 priorities for action. For each an action plan has been developed, and the paper outlines these action plans, along with the way in which the current staff resources deployed in this area need to be re-organised in order to deliver against these action plans.

2. **Greater Manchester Work and Skills System – Vision and Objectives**

2.1 GM’s vision is that, by 2035, the Manchester city region will be one of the world’s leading regions, driving sustainable growth across a thriving North of England. It will be ever more productive, innovative, creative, known for the excellent quality of life enjoyed by our residents who are able to contribute to and benefit from the prosperity that growth brings.

2.2 To deliver the above vision, it is imperative that all the residents of GM contribute to and are to benefit from the growth and investment that will take place over the next decade. This requires an integrated education, skills and welfare to work system that enables GM residents to compete effectively in the labour market and access better quality and more highly skilled employment opportunities. The ability to grow, attract and retain skilled labour, build resilience and adaptability in the current and future workforce is a prerequisite for future economic growth. As such, employers will play an ever more important role in investing in and co-commissioning the skills required for their current and future workforce. As a result Greater Manchester’s GVA will increase by driving higher productivity and attracting new employers to our region. The Greater Manchester Work & Skills Strategy will be part of a suite of documents that sit within the GM Strategy and GM Spatial Framework.

2.3 Greater Manchester Leaders have agreed the following broad objectives for the future Work and Skills system in GM;

   a) GM employers will be able to grow, have access to, and invest in the skills they require from their workforce both now and in the future utilising the skills of their employees to increase productivity
   b) GM residents will have the right support to make the best choices about their employment and skills option; and once they are in-work have career and wage progression opportunities
   c) GM schools will ensure all individuals are prepared for the labour market, including higher levels of education attainment and first class CEIAG
   d) FE Providers will progress more individuals to Level 3+ qualifications in a vocational or technical area closely linked to GM’s economy’s core and growth sectors;
e) Our GM employment and skills initiatives will be developed and commissioned at a local level, providing unemployed residents and those furthest from the labour market, the right integrated support required to move them closer to work;
f) Initiatives will integrate health commissioning and help realise a health system which understands that ‘good work, is good for your health’.


3.1 The GM education, skills and work system is currently characterised by:

- 40% of children entering school who are not ‘school ready’
- 47% of young people leaving school without English and Maths GCSEs
- CEIAG provision is fragmented and often of poor quality
- Reducing numbers of NEET young people but increasing numbers of ‘Not Known’
- Over 50% of Adult Skills Budget (ASB - post 19) is spent on English and Maths ‘second chances’ but levels of attainment are low and represent poor value for public investment;
- Over 70% of Adult Skills Budget (post 19) is spent on Level 2 qualifications, although over 50% of the jobs being created in GM require skill level 3 and above;
- A high volume of low skills and low volume of high skills – a reverse of what is needed in the economy and not always offering a return on public investment;
- An ‘into work’ system which is broadly separate from the skills system, and a ‘work and skills’ system that does not integrate well with other public services;
- An ‘into work’ system which is based on individuals eligibility criteria, rather than their individual characteristics or complexity of need;
- A work and skills system that does not always incentivise the correct activities e.g. paying for progression towards the labour market in a poorly defined way rather than a short-term work focused intervention that results in a job outcome;
- Around a quarter of a million residents claiming out of work benefits, with significant numbers of adults of working age who have been economically active over a long period of time. This number has remained static during periods of labour market expansion;
- Over £1bn spent on In Work Tax credits, indicating a low pay economy and poor career progression for many of GM’s residents;
- Low levels of productivity and innovation;
- Employers repeatedly stating that they cannot access the basic ‘employability skills’ they expect of people or the higher level skills they need to grow, with unfilled vacancies in key growth sectors.
4. **The ‘system’ is changing – nationally and locally**

4.1 Nationally there are significant changes to the work and skills system, which GM needs to respond to and capitalise on, to help deliver Greater Manchester’s priorities and Devolution ambitions for work and skills.

a) **Raising the Participation Age**: In GM we need to use the additional 2 years that young people spend in education or a job with training to raise attainment levels including for English and Maths and ensure that all of GM’s young people have access to high quality CEIAG pre-16 so that they make informed choices about all potential routes that lead to positive education and employment outcomes. Increased links between business and education and meaningful experience of the world of work will equip more of our young people with the skills and attributes needed to succeed in the labour market.

b) **Devolution**: Through Devolution GM has an unprecedented opportunity to get much greater alignment between the work & skills system and the needs of businesses and residents in the conurbation. Phase one of Devolution gives GM devolved powers to reshape Adult Skills provision (including a new funding regime); expand our Working Well programme and co-commission the next phase of the Work Programme with DWP. This is complemented by the national move to ‘outcome frameworks’ for future funding. Using our devolved powers in GM, we need to drive a skills system that is more focused on progression, high level skills and job outcomes, rather than paying for qualifications that have limited value in the labour market. This will mean shorter work focused delivery with stronger employer engagement for high volume /entry level employment and greater specialisation and centres of excellence to deliver high level skills linked to growth sectors. Learning from the Working Well Pilot, the expanded Working Well programme and the next phase of the Work Programme should be based on an early assessment of a person’s need, key worker approach for those with complex needs with wider public services wrapped around the welfare to work provision to reduce the length of time taken to get people back to work.

c) **Cuts to the Adult Skills Budget (ASB)**: In 2015, the Adult Skills Budget has seen a significant reduction. Although the spending review announced that the participation budget in relation to Adult Skills would be held constant in cash terms, this implies a further cut in real terms, as well as cuts to non-participation budgets – the details of which are currently emerging. Working these through, along with demographic changes, GM could be in a position that there will only be public funding for ‘entitlement’ provision (second chance English/Maths and a first Level 2 qualification). In GM we need to prioritise GM funding to support progression (into work and within work) and to provide the employability, enterprise and higher level skills the economy needs. Future L3+ provision is unlikely to be funded by the public purse, but via Apprenticeships, FE Loans and employer investment, and we need to communicate this to both individuals and employers. We need to work in a different way with employers, as co-commissioners and investors in the skills system. We need to change the criteria for FE loans to better support individuals to
meet the needs of employers and ensure they are aligned with GM priorities.

d) **Apprenticeships** – the spending review gave details of the Apprenticeship Levy for larger companies to pay for apprenticeships and a system of apprenticeship vouchers for all companies, putting the purchasing power in the hands of employers rather than providers. In response, Greater Manchester needs to facilitate ongoing and meaningful dialogue between FE and training providers and employers to ensure that their current and future workforce development needs are met and that workforce development is an integral part of business growth & support services commissioned by GM. More high quality apprenticeship opportunities and timely and well informed Careers Education Information and Advice will encourage more young people and adults to consider an apprenticeship as a credible route to acquiring the skills and qualifications needed to succeed in the labour market. We also need to work with employers to prepare them for the Levy and exploit the opportunities it provides to drive productivity/skills both for them and in their supply chains. The further devolution deal to GM in November 2015 explicitly committed Government and GMCA to working together to maximise the opportunities presented by the introduction of the apprenticeship reforms (including the levy) as well as discussing how public sector partners (including health partners) in Greater Manchester could collaborate across their joint levy funding to support new ways of working in the public sector and development of the workforce skills needed.

e) **Area Based Review**: this national review of Post 16 sixth form and FE colleges is a once in a decade opportunity to reshape FE and develop an agile FE system to meet the needs of the economy. It is critical that the outcome of the Area Review reflects and can deliver to GM work and skills priorities. The review provides an opportunity to develop new models of delivery that are better aligned with employers needs in key growth sectors and that are capable of delivering flexibly, making the best use of technology to meet changing labour market requirements, rather than focusing on buildings. There is a need for a differentiated offer between academic 6th form colleges, general FE provision and higher level skill provision, with a local offer for the first two accessible by all GM communities. The local offer should be linked to the higher level provision in centres of excellence, which are closely aligned with employers and with good transport infrastructure to enable access for all GM residents and good progression routes. Rather than being institutionally focused and tied to large capital buildings, organisations need to collaborate and where appropriate specialise so that the system as a whole delivers Greater Manchester priorities and is resilient and equipped to shape and respond to future labour market changes. The review also provides an opportunity to better integrate the work and skills system and to co-locate community based provision with other public services including Jobcentre Plus and local authorities so that those who need it can access a comprehensive offer.

f) **Changes to Department Work and Pension (DWP) commissioned provision**: DWP’s Work Programme and Work Choice contracts expire in
2017 and further reductions in public funding, will significantly reduce the amount of funding available to future programmes, potentially by limiting access to provision or by extending the lead in time before support is made available. GM has an opportunity to shape future provision through its devolution agreement and integrate employment and skills support for those with the most complex needs into a new public service ‘eco-system’, to ensure that those with complex needs are getting the right support at the right time to get them back into sustainable work.

**g) Changes to Jobcentre Plus and its estate:** Greater Manchester is currently split between 2 Jobcentre Plus districts and better spatial alignment between JCP direct delivery and DWP commissioned programmes with GM commissioned programmes would deliver better outcomes. DWP’s current estate contract expires in 2018, providing an opportunity to build Jobcentre Plus provision into the new GM public service eco-system through a single public estate strategy (including FE Estate). This could enable a truly joined up universal delivery system to support jobseekers and other benefit claimants, with complementary services co-located into local hub, while increasing efficiency and reducing cost. There is also the opportunity to consolidate and improve the effectiveness of GM’s employer engagement offer, reducing duplication, creating a more coherent system for business and supporting more residents into local employment opportunities.

**h) Maximising other funding resources:** with reducing Government funding for welfare to work and skills programmes, GM needs to maximise the impact of our ESIF programme and drive innovation in work/skills provision. We will use ESF funding to create a more integrated work & skills system that effectively moves more GM residents into work and supports their in-work progression. Where we invest significant amounts of ERDF funding we need to ensure that the local benefit is maximised with more GM residents benefitting from any employment opportunities created. There are some additional funding pots that are managed at a GM level, including City Deal, GM Commitment, the Apprenticeship Hub and Local Growth Fund, which need to be focused on delivering GM work and skills priorities and where they can add value and achieve greatest impact.

5. **GM Work & Skills Priorities 2016 - 2019**

5.1 In Greater Manchester we need to be ambitious about the future of our work and skills system if we are to seize the opportunities that Devolution provides, capitalise on national changes and minimise the risk from reduced levels of Government investment. We also need to be realistic about the challenges we face and our baseline position. The opportunities and challenges are not uniform across GM and we recognise that there is a lot of good work at local authority level upon which we can build. Therefore we need to be focused on where we concentrate GM level resources to add value and maximise the impact of GM work and skills initiatives. The 10 priorities are:

1. **Careers Education Information Advice & Guidance (CEIAG):** Based on up to date Labour Market Information, enhance high quality CEIAG across school, FE and Work provision to ensure young people, their
parents & teachers and adults understand the range of education, skills and employment opportunities and progression pathways available in GM and as a result make informed choices.

2. **Outcome Frameworks**: Develop outcome frameworks to ensure all work & skills provision supports positive progression pathways and ultimately sustainable employment outcomes for Greater Manchester’s young people and adults. Embedded in the provision should be good English and Maths outcomes, digital skills, meaningful work experience and those behaviours/core competencies (enterprise skills) needed in the world of work. The outcome frameworks will underpin future GM commissioning.

3. **Infrastructure**: Develop a GM work and skills infrastructure via the Area Based Review, JCP estate review and One Public Estate to ensure accessible local provision for education and skills to Level 2 /3 with specialist/ technical provision at Level 3/4 and above linked to GM’s economic & growth needs and delivered through a discrete number of high quality centres

4. **Attainment**: Focused activity to support the attainment of Level 2 English, Maths and STEM subjects at age 16 across GM, thereby improving Level 3 attainment at 19.

5. **Employer Engagement**: Develop a comprehensive approach to employer engagement and investment in the work & skills system working with the LEP, employer bodies and local authorities, to ensure that: (a) employers are at the heart of the system; (b) employers recognise the value of workforce development and plan and invest in their workforce development needs; (c) the higher level skills needed for economic growth are developed and commissioned by business, recognising that most of this will be funded via FE loans and employer investment; (d) that employers develop good employment practices to support people to retain employment and help people, including via work experience to (re-) enter the labour market

6. **Apprenticeships**: Increase the number, quality and level of Apprenticeships in core and growth sectors in GM via better CEIAG, employer workforce development and co-ordination of public sector activity in response to the Apprenticeship Levy. Apprenticeships also offer opportunities for re-skilling and up-skilling the existing workforce as they move into new roles to support in work progression. The GM Apprenticeship Strategy is attached as an appendix to the report.

7. **Higher Level Skills**: develop the education and skills system in GM, including via FE/HE Loans, to support young people and adults to develop the higher level (minimum level 3) and STEM skills needed by them to compete and progress in the labour market and by employers to drive productivity. Graduate retention in Greater Manchester is good but there is more to do to enable access to HE and move graduates into SMEs.

8. **Universal Support**: Redesign services to support workless residents ensuring early assessment and rapid response for low need 18-65 year old back into work. Create a universal support offer for all jobseekers and
benefit claimants, providing a personalised offer based on their needs and delivered in an integrated, co-located way with local support services, improving the customer experience, and increasing sustainable job outcomes. This will improve the functioning of the GM labour market and ensure that as residents move into and progress in work, there is a reduction in the number of GM residents dependent on in-work benefits.

9. **Specialist Support:** Expand the Working Well Programme and design a new offer for complex 18-65 year olds who have experienced long periods outside of the labour market via Work & Health programme commissioning which fully utilises complementary public services and supports more GM long-term benefit claimants to secure work.

10. **Commissioned Activity:** commission activity that integrates work & skills, supporting the priorities above - including ESF programmes and employment outcomes in GM health (particularly mental health) commissioned programmes.

6. **Delivering the Priorities**

6.1 An Action Plan is to be developed for each of these priorities and will detail short, medium and long term actions. Many of these priorities can be progressed in the short term via a range of deliverables that GM is already committed to pursuing to implement the November 2014 and November 2015 Devolution Agreements. Key amongst these are:

- Undertake the Area Based Review and ensure conclusions are implemented – to restructure Post 19 provision analysing: current curriculum, future skills demands of the economy, population trends and the financial position of providers.
- The development of an outcomes framework - influencing commissioning of the 16/17 Adult Skills Budget leading to potential budget responsibility in 17/18. This framework can also be used to shape the new Work & Health programme.
- The expansion of Working Well up to 2017.
- The recommissioning of the Work & Health programme from 2017 to include the ongoing expansion of Working Well.
- The development of a GM approach to the Apprenticeship Levy – including a public sector ‘ring-fencing’ to ensure GM develops the skills it needs to drive growth and reform.
- Work with JCP to review and rationalise their estate linked to One Public Estate and the development of integrated local ‘early help hubs’.
- The work to commission £130m+ of ESF funding to ensure GM achieves the work and skills outcomes that it requires.
Greater Manchester Apprenticeship Strategy

1. Introduction

1.1 At the Skills and Employment Partnership in November 2015, it was agreed that the SEP on behalf of the GMCA and partners would begin work to develop an Apprenticeship Strategy for Greater Manchester that reflects national and local priorities for Apprenticeships.

2. Background & Context

2.1 Apprenticeships have been firmly established at the heart of Government skills policy, featuring highly in the Chancellor’s productivity plan, the November CSR and giving rise to an ambitious national target of achieving 3 million apprenticeship starts across England by 2020 as set out in the English apprenticeships: a 2020 vision document published on 7th December.

2.2 Greater Manchester’s contribution to the national ambition will involve a cumulative total in excess of 180,000 apprenticeships over the five year period. We are moving in the right direction but, against the backdrop of a challenging period of reform, it will be more important than ever to ensure that apprenticeships meet the needs of employers and individuals, characterised by a drive for higher quality, greater completion and improved progression.

Within the most recent devolution agreement with Government, it was set out that:

“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.”

2.3 Existing activity through the GM Apprenticeship Hub (GM AGE, City Deal, and Growth Deal funded projects) and its key partners alongside activity undertaken across the providers, local authorities’ employers and other stakeholder organisations have created strong building blocks to achieve the GM ambition

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1 Fixing the Foundations: Creating a more prosperous nation (HM Treasury, July 2015)
and put the basis in place to address the rapidly changing apprenticeship landscape across GM.

2.4 A Greater Manchester Apprenticeship Strategy will build on the work to date to ensure a clear direction of travel for all organisations across the City region responding to both national and local priorities.


3.1 As previously set out and shared, Greater Manchester has an Apprenticeship Ambition to:

- Provide new, high quality learning and development opportunities through Apprenticeship roles for people of all ages and at all levels that support individual career progression and organisational work force development
- Achieve at least a 25% growth in the number of Apprenticeship opportunities over a 5 year period contributing to the Government target of 3m Apprenticeship starts over the life of the current parliament
- Offer/develop a greater proportion of Advanced and Higher Level (including Degree) Apprenticeships for young people (particularly post A-level) within GM’s priority sectors
- Ensure progression routes into (including Traineeships) and through apprenticeship levels are better understood and clearly mapped ensuring Apprenticeship roles will not be seen as just for the length of the apprenticeship programme but the starting point of a sustainable job role and career pathway
- Employers will better understand and become involved in Apprenticeships, from providing careers inspiration and work experience through to the creation of high quality opportunities, engaging in the development of new standards (ensuring that GM growth and productivity needs are reflected), and curriculum design and delivery.
- Employers of all sizes will understand the value of apprenticeships in terms of workforce development and the role they play in improving GM’s economy through increased productivity.
- GM will maximise the opportunities of the Apprenticeship levy by collaborating across all public services to develop a shared talent pool. This will also ensure no levy funding is lost as underspend.
- Young people will be in a position to make better informed decisions about their future careers understanding the role Apprenticeships and Traineeships can play in supporting them to achieve their ambitions through having parity of esteem with other available options (HE, full time FE, employment, etc.) and better information available for their influencers and advisors such as parents and teachers
- Apprenticeship Providers will be of the highest quality supporting potential and existing apprentices to achieve their potential through excellent learning and assessment opportunities, ensuring that their work with employers and delivery offer matches the labour market needs and responding positively to the changing business models required in the changing landscape.
• Reduced or remove barriers faced by both employers and young people including salary levels, benefit impacts, transport, specific barriers for at risk cohorts, perception of status, progression opportunities and sustainability of roles

4. Governance
Need to consider what is required alongside the SEP

5. Key Stakeholders
a. Skills and Employment Partnership and LEP
b. GM Apprenticeship Hub partners
c. Employers and employer representative groups such as GMCC, NWBLT, FSB
d. Sector bodies
e. Apprenticeship Providers including HEI’s
f. Awarding and assessment bodies
g. Young people and potential / existing apprentices
h. GMCA and individual LA’s
i. SFA / NAS / BIS
j. Schools and education providers
k. JCP / DWP

6. ANY OTHERS
6.1 Outcomes and Objectives
To achieve the Ambition, partners across GM will need to work collectively to achieve a series of objectives. Crosscutting all the objectives will be outcomes for employers, providers, apprentices and potential apprentices (and their supporters / advisors) to ensure:

• Employers are fully engaged with the skills system at all levels, supporting CEIAG activities, creating high quality apprenticeship vacancies engaging and contributing to education at all levels and ensuring the skills system is responsive to their business needs
• Apprentices will be assured of a high quality apprenticeship experience leading to career progression opportunities that form the basis of their future working lives
• Potential apprentices will have access to high quality CEIAG ensuring that they fully understand apprenticeship opportunities available to them and the benefits of an apprenticeship route
• Providers will be of the highest quality offering quality training and assessment for apprentices alongside support for employing organisations that ensures successful achievement of programmes.
6.2 Considerations of how the Strategy will cover and achieve the following

6.2.1 Employers

- Supporting Levy paying employers in the private sector to maximise their levy investment through the provision of high quality apprenticeship opportunities
- Support and develop the public sector (including LA’s, Health organisations, Police, Fire and rescue services) to ensure target Apprenticeship headcount is reached supporting work force development and the Levy paid is maximised within the Greater Manchester region
- Ensuring SME’s / non-levy paying organisations across all sectors engage with the Apprenticeship system and see it as key to supporting their business growth through incentives and support mechanisms to navigate the Apprenticeship standard and funding landscape as part of GM’s unique business support structures
- A priority sector focus, that builds the capacity of employers and providers to grow the range, level and volume of available Apprenticeship opportunities to meet labour market needs at both entry and higher levels

6.2.2 Apprentices and potential Apprentices

- A wider reach of the CEIAG activity to ensure all people are given the best advice and opportunity to understand their future career options and pathway to achieve them
- Systems and approaches that make applying for Apprenticeships as straightforward as possible for all, including a common application process, initial assessment and follow up support
- Potential apprentice cohorts defined with specific objectives identified for:
  - 16 – 18 year olds
  - Adults
  - Those currently in work and looking to progress
  - Unemployed people
  - Returners e.g. those coming out of custody or women returners
  - At risk groups such as care leavers
- Support for mapped progression routes into and through apprenticeships including Traineeships and other pathways
- Barriers that prevent (particularly) young people such as wage levels, cost of living, family impact are addressed and lessen as much as possible.
6.2.3 Providers

- Support and methodology to providers to change and develop their business models to reflect the Apprenticeship reforms and truly reflect a high quality service for apprentices and employers
- Providers offering progression routes to higher level / degree apprenticeships for activity on GM’s priority growth sectors

6.2.4 Crosscutting

- The impact of Apprenticeship reform is minimised in Greater Manchester ensuring no drop in apprenticeship numbers or reduction of quality during the transition with Greater Manchester leading the way in its priority sectors
- Building on the marketing and communications activity produced at a national level, ensure that strong additional campaigns at a GM level add value and promote key local messages.
- Quality is key to all apprenticeship activity with measures identified, promoted and tracked
- Joined up activity is essential for the successful achievement so links across all the key players and available funding streams will be identified.