

Devolution and Greater Manchester

Simon Nokes

Chief Executive, New Economy

I Network Regional Conference

Thursday 19th November 2015

The Greater Manchester Economy



2.7m people



1.14m jobs



93,000 businesses

Source: ONS

Source: ONS, GVA estimates 2012

GM ECONOMY, 2011

£48.2bn

BIGGER THAN

WALES
ECONOMY, 2011

£47.3bn

NORTH EAST
ECONOMY, 2011

£41.6bn

NORTHERN
IRELAND
ECONOMY, 2011

£29.9bn

Devolution and Greater Manchester

Greater Manchester's ambition is to create an **integrated employment and skills ecosystem** which has the individual and employer at its heart, and that better responds to the **needs of residents and businesses and contributes to the growth and productivity of the GM economy.**

This will be done by transforming services to better meet the needs of residents and becoming financially self-sufficient by recognising the role public service reform, as well as growth, play in achieving this goal.

There are several agendas that align to the priorities highlighted in the Greater Manchester Strategy, GM's overarching strategy for the city region, these include:

Skills and Employment

Partnership works with providers and employers to understand present and future growth, employment and skills needs

Greater Manchester Growth and Reform Plan

sets out the aim of becoming a financially self-sustaining city region to secure Growth Deal funding

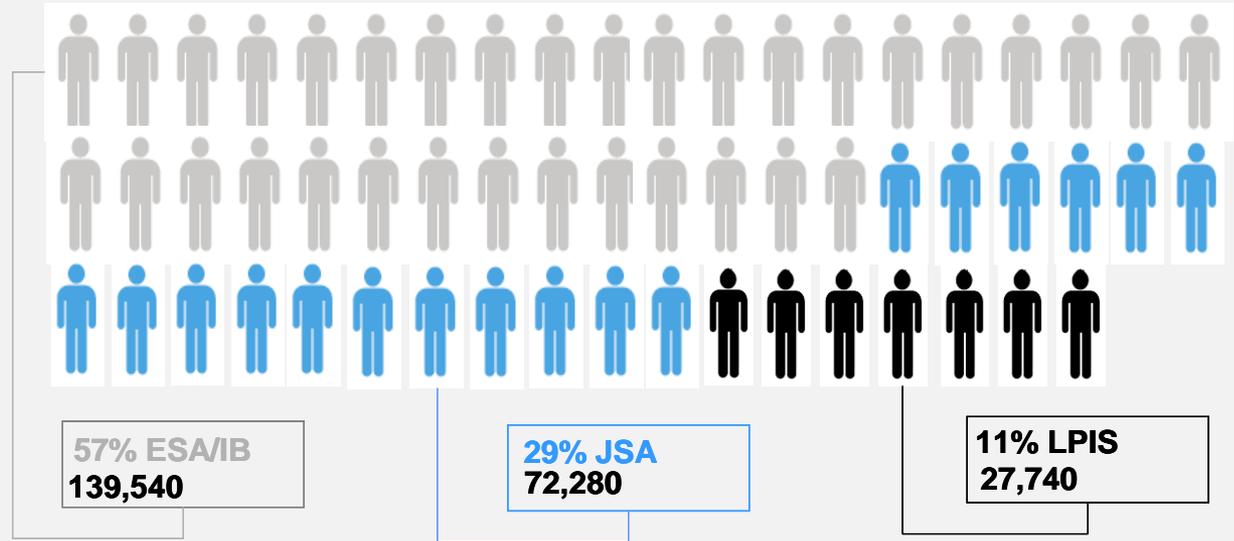
City Deal aligns mainstream skills funding with the priorities of the local economy and the GM Local Enterprise Partnership

Public Service Reform provides public services in new, sustainable and efficient ways to help working age adults to take up and retain employment

Devolution gives Greater Manchester the impetus needed to achieve the ambition

Employment & skills challenges: Breaking the cycle of worklessness, low skills and low productivity

Across GM, around **227,000** people claim out-of-work benefits....



The cost of worklessness and the impact of low-pay has now reached over **£2 billion**



Devolution provides a unique opportunity to begin addressing challenges posed by the current employment & skills system.

The current employment and skills landscape is complex and fragmented. Our implementation approach is to put in place the processes that will allow GM to achieve its vision, reforming a devolved skills and employment system that will have a significant impact on GM's residents, employers and its continued economic growth. Central to that it will:

- **Reduce the fiscal gap and drive productivity** in GM through a devolved, integrated employment and skills eco-system
- **Enhance performance** and impact from the £3.97bn investment in GM
- **Develop a future workforce** with the skills to support growth
- **Shift our commissioning strategy** to deliver what GM needs with GMCA able to drive performance through local accountability
- Ensure that Government agencies and contracted services operating consistently on a **GM footprint**

Devolution Programme of Work

The GM Agreement contains a range of reforms across the work and skills landscape which enable GM to directly control or influence over £500m of funding. These are:

- 1 Staged expansion of Working Well** from Summer 2015. By the time it is fully rolled out, the programme will cover 50,000 individuals and have a £100m budget. This work will include a pilot **supporting older workers** with long-term health conditions back to work
- 2 Reshaping and restructuring FE provision** (post-19 skills) worth £150m (including Apprenticeships) within GM and aligning to £170m of EFA spend
- 3 Mental Health & Work pilot** to develop a service model which supports unemployed people who have difficulty accessing work opportunities because of mental health issues
- 4 Government designing the Working Programme in a way that allows GM to be a joint commissioner.** Work Programme contracts across GM are worth c£100,000,000
- 5 Devolution of AGE Grant** from April 2015

System Challenges

Moving to a system that is able to deliver GM's ambition will be challenging and take time. A large proportion of the current employment and skills system duplicates activity, much of which is dealing with remediation due to failures at previous points (in many cases key 'transition points' in the education, skills and employment system). For example:

'Unintended adults' at 19 years old account for a significant amount of the ASB: These are young people who start provision under the EFA budget and don't complete.

73% of the Adult Skills Budget (ASB) is spent on supporting Level 2 or below qualifications.

Current Work Programme **does not tackle barriers** of those furthest from labour market

Many unemployed residents cite **mental health issues as a barrier to work**, yet many wait over a year for health services

The majority of the apprenticeship budget is used to accredit existing skills of employees, rather than develop new skills at L3+.

Businesses face difficulties recruiting skilled staff, yet there are many people with underutilised skills, a stratum of low-skilled individuals in danger of being stuck in low paid jobs, and young people struggling to access the labour market

Those with complex barriers to employment, potentially receiving support from a range of local services, **are not supported in a coordinated way**

Supply side issues need addressing, giving residents that are up-skilled clear employment and progression routes.

Opportunity for Change

Devolution sets a platform for change in Greater Manchester; the ambition which has been articulated will only be realised if systematic changes are made and GM adopts different ways of working.

Changes to be made under devolution include:

- Creating the right infrastructure for the future, for GM learners and the economy
- Ensuring Labour Market Information is more effectively utilised by employers and education and training providers in order to better delivers the skills required by GM's core and growth sectors
- Creating a prominent role for employers in shaping the curriculum to meet future needs – embedding work experience and enterprise skills
- Remove duplication in provision (both at local level and across GM specifically for level 3+)
- Creating clear pathways for progression to further/higher education or into employment and to develop higher level skills to drive up productivity

*Our ambition is to create an **integrated employment and skills eco-system**, which has the individual and employer at its heart, and that better responds to the **needs of residents, business and contributes to the growth and productivity of the GM economy.***

Current Working Well

CURRENT WORKING WELL PILOT

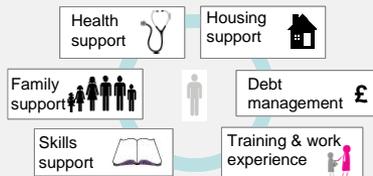
Supporting 1 claimant group for whom the WP has not delivered results

Up to two years of intensive dedicated key worker support for 5,000 ESA WPL

**40-50:1
keyworker ratio**



Bespoke and sequenced packages of support, drawing on a range of local services



Up to one year of in-work support

20% enter work

15% sustain work for a year

2015-17

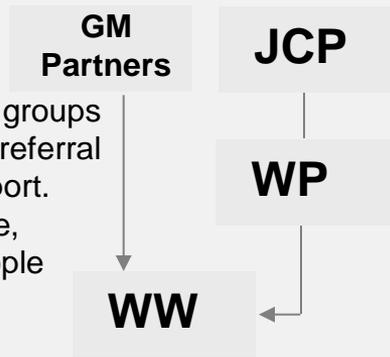
PHASE 1 EXPANSION

Continuing to wrap provision around the existing employment and skills landscape: **extended cohorts**

Supporting up to 15,000 those for whom the current mainstream is offering limited results:

- Health issues
- Homelessness
- Addiction
- Low confidence/motivation
- Childcare problems
- Low skills
- Debt
- Ex-offender

Expanding the groups receiving (and referral routes to) support. Where possible, supporting people earlier

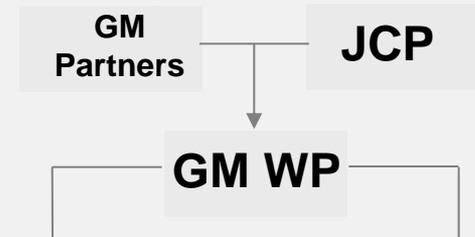


Post 2017

PHASE 2 EXPANSION

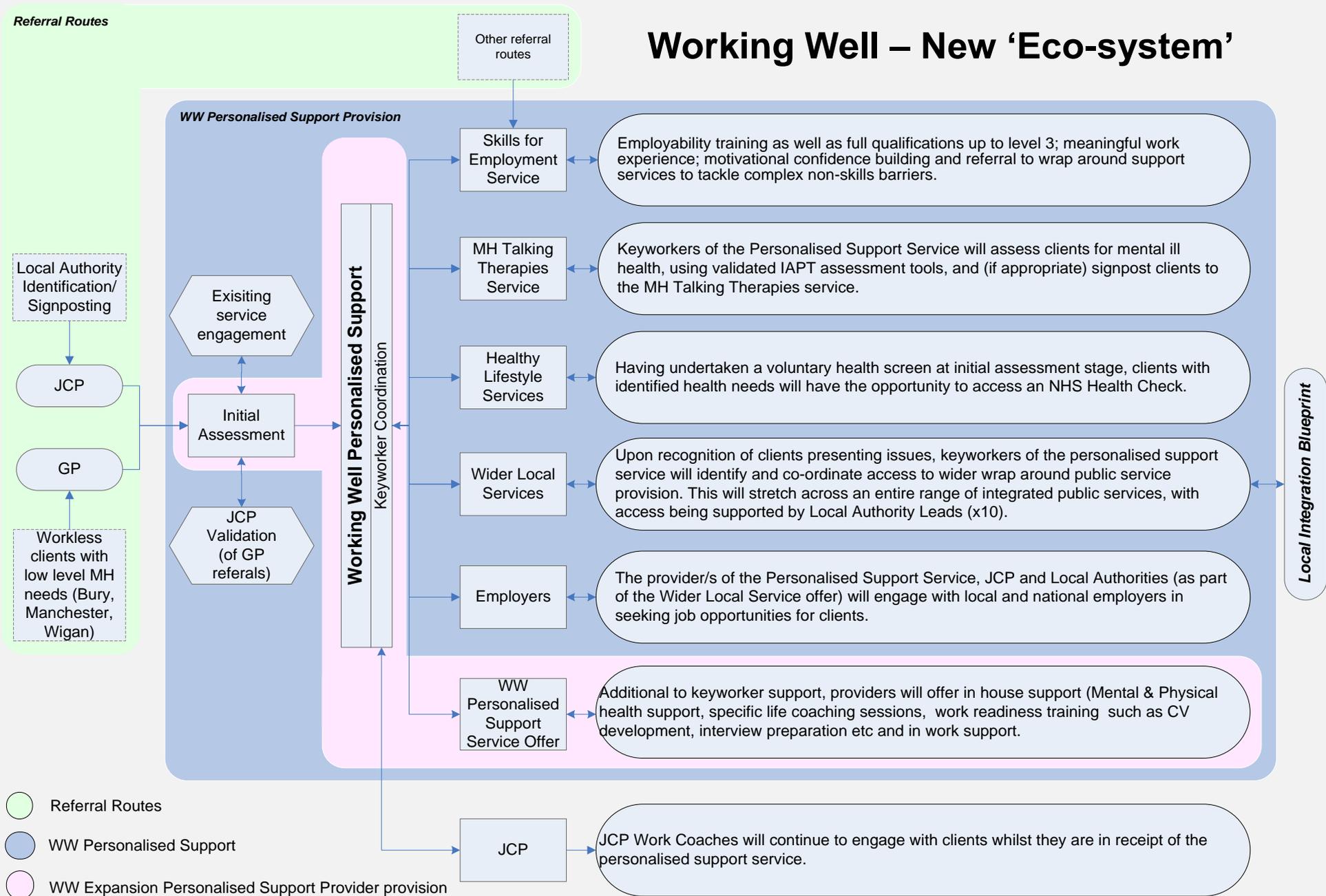
Phase 2 expansion should form an element of the broader reform of the GM employment and skills landscape: this will link to DWP options as outlined on 23/1/15

- Continuing to support up to and beyond 50,000 GM residents who would benefit from the WW approach
- Delivering support within a reformed landscape, taking account of changes to the skills and broader employment support framework
- Phase 2 expansion **aligns with WP co-commissioning and the reconfiguration of the GM skills landscape**



Range of employment support offers
Skills for employment

Working Well – New ‘Eco-system’



Devolution Progress & Barriers: FE System Re-design

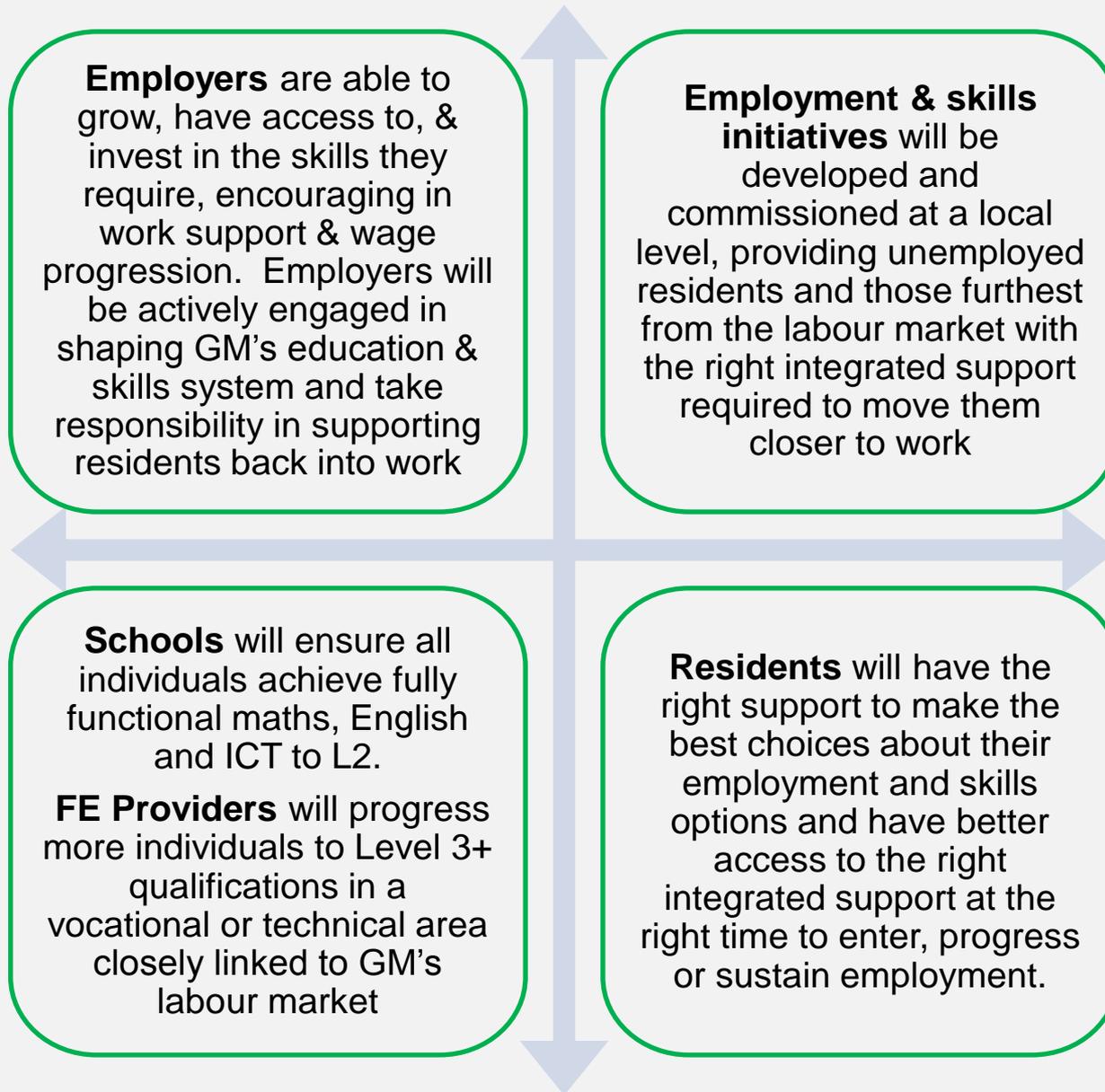
Progress

- Research programme undertaken meaning GM now has accurate ASB data to inform discussions
- Facilitated discussions with GM colleges/providers around future infrastructure for an integrated employment & skills system
- High Level Skills Strategy developed to help shape discussions across for future use of ASB, FE Loans and Employer Investment
- Skills Capital aligned with devolution to ensure strategic fit.

Barriers

- The evidence is clear that with future funding cuts GM needs to consider very different funding models to ensure both the growth & reform agendas are supported
- Current ASB cannot continue to support at expected trajectory
- Infrastructure challenges

What will the future Skills & Employment system look like?



Next Steps

The current devolution deal only gives Greater Manchester control over part of the system we are trying to shape. While we work to deliver on the new responsibilities gained through the November deal, GM continues to develop clear longer term objectives, ensuring the initial steps we take enable longer term reform.

A clear statement of the wider system we are trying to create will ensure that:

- The current deal is implemented in a way that starts to move us to a long term vision;
- We understand the other parts of the system we will need to influence/control in the future in order to fully achieve the vision.

We need to create a foundation through the implementation of the current elements of devolution that can be built upon in subsequent devolution reforms, providing a consistent and coherent basis for driving forward the GM vision around growth and reform.