

Date: 26th July 2019

Subject: Skills Investment – Programme and Priorities

Report of: Councillor Sean Fielding, GMCA Lead Member for Education, Skills, Employment and Apprenticeships

1. PURPOSE OF REPORT

Building on the sector approach for investment agreed by the GMCA in October 18 and supporting the Local Industrial Strategy focus on skills as a driver for growth, particularly at the higher technical level, this paper outlines an opportunity to align and enhance investment in these areas.

As set out in the LIS; GM needs to focus activity to increase productivity and reduce skills gaps in certain occupations. Investment needs to be bespoke and bring together innovative solutions that include high quality equipment to enhance learning and respond to skills gaps.

In reviewing the LGF spend an opportunity has arisen to allocate £8m* to develop a proposal for an investment pot for skills that will support the LIS sectors outlined below and also where appropriate bring this together with loan/equity sector investment funds to truly drive growth. There is also the potential to add further value to such a pot via other sources of funding for skills in particular those targeting of certain cohorts.

This paper sets out an approach that can bring forward innovative skills provision linked to employer needs and skills gaps building on a sector approach.

Please note: The below recommendation a) has been approved by LEP board members on 15/07/2019.

2. RECOMMENDATIONS:

The GMCA is requested:

1. To approve the proposed programme and priorities identified for an “Investment Pot for Skills”.

2. To delegate authority to the Lead Chief Executive for Skills in consultation with the Skills Portfolio Leader to approve the development of a prospectus.
3. To delegate authority to the GMCA Treasurer, in consultation with the Skills Portfolio Leader and Chief Executive, individual investment decisions following commissioning.

*Any LGF changes are dependent on ability to switch capital to revenue.

CONTACT OFFICERS:

Gemma Marsh 07973 875378 Gemma.Marsh@greatermanchester-ca.gov.uk

Simon Nokes 0161 778 7005 Simon.Nokes@greatermanchester-ca.gov.uk

Risk Management – see paragraph 9

Legal Considerations – see paragraph 10

Financial Consequences – Revenue – See paragraph 11

Financial Consequences – Capital – See paragraph 12

Number of attachments included in the report: 0

BACKGROUND PAPERS: None

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		Yes
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		No
TfGMC	Overview & Scrutiny Committee	
	12/07/2019	

3. Introduction

Skills is a driver for change and is needed at both ends of the growth & reform agenda; through Adult Education Budget, Work & Health Programmes GMCA is supporting residents to upskill and enter & progress into higher learner or employment. But GM only has control over a small part of the overall system. Building on the IPR, through the Local Industrial Strategy GM, DfE and DWP have agreed to undertake a 9 month review of how the various parts of the work/skills system join up. This will lead to discussion/agreement on what actions/different ways of working need to be taken by each party to use the collective levers we have to achieve better outcomes from the system as a whole. However there will continue to be a limited amount of public investment for the higher level skills required for growth outside of an individual investing in themselves. ***This paper sets out an approach that can bring forward innovative skills provision linked to employer needs and skills gaps building on a sector approach.***

Through the **Local Growth Funding**, there is the opportunity to use £8m to support skills provision that it is proposed is used to test new ways to articulate and fill skills gaps within the LIS sectors above. In particular it is proposed this will be used to tackle technical skills gaps – which is where most employers seem to report skills difficulties, which would have been the focus on the unsuccessful Institute of Technology bid, and where there is currently no other public source of skills funding. GMCA will also add value to this funding by aligning other resource that identified for skills to ensure a targeted approach for some cohorts of residents and to remove barriers to job entry or progression.

4. Independent Prosperity Review

Greater Manchester has some world-class strengths, particularly in Advanced Materials and Health Innovation as identified in the 2016 Cheshire East and Greater Manchester Science and Innovation Audit, and they have been confirmed in the Independent Prosperity Review. These are supported by other high productivity sectors, which, if not nationally unique, remain important strengths and include: manufacturing, digital and creative industries and professional services. **These sectors are the focus for Greater Manchester's Local Industrial Strategy.**

5. Sectors of interest

The Local Industrial strategy recognises recommendations from the Prosperity Review to capitalise on the city region's industrial and research strengths with sources of competitive advantage being focused in the following sectors:

- Establishing Greater Manchester as a global leader on **health and care innovation**, creating new industries and jobs, but also improving population health and extending healthy life expectancy. By focusing on health innovation assets, Greater Manchester will improve the health of the local population, enabling residents to fully participate in the economy, progress in their careers and age well.
- Positioning Greater Manchester as a world leading region for innovative firms to experiment with, develop and adopt **advanced materials in manufacturing**. New strategic sites for manufacturing activity have been identified in the draft Greater Manchester Spatial Framework, which will provide a step-change in the market offer for industrial sites and

provide space for the large-scale production and manufacturing of advanced materials. This will act as a magnet for inward investment and spin-outs as well as skills.

- Building on Greater Manchester's position as a leading European **digital, creative & media city** region. Building on the Investment in sectors approach already agreed by GMCA as well as the evidence developed around the growth in **TV, Film & Drama** in GM there is opportunity through this skills investment to drive talent in these areas into GM.
- Launching the UK's first City Region **Clean Growth** Mission to achieve carbon neutral living in Greater Manchester by 2038. It is an opportunity for Greater Manchester to emerge as one of the leading green cities in the world, offering a high quality of life that attracts and retains skilled workers.

Science, Technology, Engineering & Maths (STEM) Skills

- GM's growth sectors are underpinned by STEM skills and therefore we must create a talent pipeline for STEM where opportunities to develop skills and knowledge are available for all residents. To do this we need to enhance the current offer by developing higher-level technical skills provision for the benefit of current and future STEM industries, as well as our key growth sectors. This will create an agile and diverse workforce, which is flexible and responsive to developing technology and STEM needs.

By focusing on these four areas (underpinned by STEM) will also allow support for emerging sub sectors that genuinely suffer from gaps in skills but more importantly job vacancies that are hindering growth. As these new industries grow and flourish, they will create significant global competence and additional value in the economy of Greater Manchester and for the UK. Therefore it is imperative that we build a skills system that can meet the demand for these sectors.

6. Investment focus

Too many employers state 'they can't find the skills', yet much of this mismatch between demand and provision is historic and GM is keen to ensure something different can be done through devolution and local investment.

Much of this mismatch is down to how the 'system' has been set up nationally, where there is limited flexibility to truly respond to the needs of both residents and employers. However the system does work very well for many and it is untrue to say that there is a skills gap in every area – hence the need to be more specific as proposed here. Many young people and residents gain qualifications that stand them in good stead for future learning, however those skills may not clearly match the job need.

There is no one size fits all solution to addressing the skills gaps that employers face now, and will continue to face into the future, so a solution needs to bring together the key partners, in a local area. By improving coordination between employers, who can identify the roles they need to fill and the skills needed, and training providers, who can help design bespoke courses and work with training candidates, **this fund aims to support targeted training for specific roles in particular Level 4/5 technical skills as set out in the LIS**. We aim to make the fund as flexible as possible placing the onus on employers, providers (and any other relevant stakeholders) to devise provision including high quality equipment/facilities that they can both commit to that will use innovative approaches to meet both their needs.

GMCA is also keen to ensure there is focus on those groups who experience barriers to employment within certain sectors and that strong pathways are developed to ensure progression.

7. Additional funding which will align and enhance

It is important to utilise all potential funding sources to ensure best value for money; therefore it is proposed that a small allocation of around £500,000 of existing funding be aligned to this pot to focus activity previously set out to the GMCA in October 2018 for targeted support to remove barriers to apprenticeships and particular cohorts. By doing this and bringing funding together GMCA can ensure innovative models of skills provision linked to employment are designed for all residents.

There is the opportunity to test this type of learning through the recently announced budget funding for a Digital Skills Pilot via DCMS. This funding will go live in late June and will pilot innovative models of skills linked to specific job roles & vacancies. Also where appropriate it is proposed to use the skills provision outlined in this paper alongside the sector investment approach to loan/equity funds as set out in the recently updated GMCA Investment Strategy. Finally, if successful, it is proposed that this more targeted approach to tackling key skills gaps will be used to roll out to other sectors via future funding sources such as the UK Shared Prosperity Fund.

8. Funding and delivery ambitions

It is proposed that applications to the funding will demonstrate **a set of key features**

- Training provision is co-designed and brings employers/providers together to address local skills gaps in stated sectors. We expect that bids will demonstrate support and investment from both key parties e.g. match funding (cash or in-kind).
- An element of capital investment will be eligible
- The training offer is new and innovative in some way - for example through the delivery model, the combination and scope of training, the make-up of the partnership and/or through helping improve the diversity of the sector.
- Employers must be based in GM and the candidates supported should also be resident in one of those areas.
- Training should primarily be aimed at filling roles that would be considered specialist and/or at middle skill level or above. Note: funding should predominantly be allocated to the delivery of training provision but there is scope for funding to be provided for other elements e.g. pre-Bootcamp/apprenticeship/traineeship activity.
- Employers should look to offer as a minimum guaranteed interviews to those candidates that satisfactorily complete courses.

9. Risk Management

The investments will be governed under the existing investment framework which includes several levels of review and ongoing monitoring of performance.

10. Legal Considerations

The legal agreement is based upon the existing templates for the fund, amended for the specific requirements of the individual funding arrangements.

11. Financial Consequences – Revenue

The investments will be taken from GM's Local Growth Fund allocation.

12. Financial Consequences – Capital

The investments will be taken from GM's Local Growth Fund allocation.