

Date: 26th March 2021

Subject: Covid-19 Contingency support measures for GM Work & Skills Programmes

Report of: Councillor Sean Fielding, Portfolio Lead for Digital, Education, skills, Work & Apprenticeships and Joanne Roney, Portfolio Lead Chief Executive for Education, skills, Work & Apprenticeships

PURPOSE OF REPORT:

To provide an update on the Covid-19 contingency support measures put in place during 2020/21 financial year, to support the delivery of Greater Manchester Skills and Work externally funded programmes. The main aim being to stabilise and support providers with whom GMCA hold contract's or grant agreements, to deliver education, skills and work related provision to residents across Greater Manchester.

To agree to extending the Covid-19 contingency support measures put in place in financial year 2020/21 into 2021/22. Continuing to support the financial stability of providers, whilst maximising the support available to Greater Manchester residents at a time when many require additional support.

RECOMMENDATIONS:

The GMCA is requested to:

1. Note the work and progress to date on the Covid-19 contingency support measures for put in place during 2020/21 financial year.
2. To agree the continuation of the support measures into 2021/22 financial year.
3. To agree the support measures for Adult Education Budget for the remainder of the 20/21 academic year as set out Appendix 2 and additional AEB specific paper at Agenda item 5.
4. To delegate authority to the GMCA Treasurer and GMCA Monitoring Officer to approve the Covid-19 Contingency support measures on a programme by programme basis, in 2021/22 financial year.

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Equalities Implications: Failure to ensure ongoing delivery of contacts could exacerbate labour market inequalities.

Climate Change Impact Assessment and Mitigation Measures: n/a

Risk Management: n/a

Legal Considerations: n/a

Financial Consequences – Revenue: This report relates to external funding to the CA from funding sources such as DWP, DfE and ESF, therefore has no consequences for the GMCA revenue budget

Financial Consequences – Capital: n/a

Number of attachments to the report: n/a

Comments/recommendations from Overview & Scrutiny Committee

Short paragraph to be included here:

BACKGROUND PAPERS:

- Covid-19 Contingency Planning – Business Case to Support Greater Manchester Work and Skills Programme Provider Base.
- Procurement Policy Note (PPN) 02/20: supplier relief due to coronavirus (Covid-19)

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		No
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?		
GM Transport Committee	Overview & Scrutiny Committee	
[Date considered at GM Transport Cttee if appropriate]	[Date considered by the relevant Overview & Scrutiny Committee]	

1. INTRODUCTION/BACKGROUND

- 1.1 In April 2020 due to the Covid-19 pandemic and its impact on the labour market, the Government published Procurement Policy Note (PPN) 02/20: supplier relief due to coronavirus (Covid-19), the key principles of which, are set out at Appendix 1 below. The PPN allowed the variations of contracted payment models to ensure the on going viability of providers and the delivery of much needed provisions.
- 1.2 Under the emergency powers in place at the time GMCA varied the majority of its education, skills and work contracts, in line with the key principles of PPN 02/20. Primarily removing the payment by results condition and moving to a cost recovery model with providers, whilst working with them to pivot provision to address the new challenges caused by Covid-19.
- 1.3 The new arrangements were put in place for a period of 12 months, safeguarded by quarterly reviews, including performance and Open Book Accounting Contract Management (OBCM).
- 1.4 Details of the contracts are in the table below:

Programmes	No. Contracts/ Grant	Overall Programme Value	Funding Source	No. of Sub-Contractors
Working Well	8	£82m	Various including ESF/DWP	4
Adult Education Budget	41	£92m per annum	Devolved DfE	84
GM Skills Pilots	9	£20m	DCMS/DfE	1
GMCA Work & Skills	3	£850k	GMCA/LGF	2

- 1.5 The contract/grant variation expire at the end of March 2021 and Section 3 below sets the proposed arrangement to cover the final period of the 2020/21 academic year for the Adult Education Budget and the 2021/22 financial year for all other contracts.

2. PROGRESS TO DATE

- 2.1 The support measures have enabled providers to pivot delivery in order to maximise support for residents, whilst maintaining some financial stability, which has been welcomed by providers. Without this assurance providers could have furloughed staff leaving residents without much needed provision.

- 2.2 Working Well providers converted quickly to remote working arrangements to support residents. The Work & Health Programme, in particular maintained strong referral and start rates and achieved its highest job start outcomes in Q3 2020/21 despite the challenging labour market conditions.
- 2.3 Many Adult Education Budget providers moved to alternative methods of delivery to support continued engagement and learning, this also included incorporating a level pastoral activity to support those most vulnerable to the impact of Covid-19. Full details of AEB delivery for 2019/20 academic year is covered in the Adult Education Budget (AEB) Year 1 Report.
- 2.4 The quarterly review process has enabled GMCA to assess and successfully manage risks associated with performance and programme delivery. The introduction of Open Book Contract Management has given GMCA additional assurance on the costs associated with delivery to inform better decision making and longer term planning.

3. COVID-19 CONTINGENCY SUPPORT MEASURES 2021/22 FINANCIAL YEAR AND 2020/21 ACADEMIC YEAR.

- 3.1 The existing support measures are due to expire at the end March 2021.
- 3.2 The ongoing situation with the pandemic, current lockdown across the country and Governments roadmap out of lockdown, means return to normal is unlikely to be fully realised as we move into the next financial year.
- 3.3 Providers continue to face on going challenges such as:
- Return to face to face learning/delivery
 - The impact of social distancing on face to face learning going forward, means smaller number of learners in the classroom.
 - The economic impact of Covid-19 on the labour market and access to jobs for those facing barriers to employment.
- 3.4 For programmes funded in line with the financial year, a return to a payment by results contract model at this stage would negate the positive progress that has taken place in the previous financial year. Impacting on the financial stability of providers, at a time when GM needs a strong provider based to support the Covid-19 recovery, as well as the long term implications for the local economy. GM residents ability to access services at a time when they may require additional support in developing transferable skills to support them in the labour market or addressing health or other related barriers to employment, may be severely hampered.
- 3.5 As the Adult Education Budget is funded in line with the academic year, support measures are only required up to the end of the 2020/21 academic year. Therefore separate arrangements will be made to support providers during this period. Full

details of those arrangements are set out in Appendix 2 below and are also included in the Adult Education Budget (AEB) Year 1 Update report.

- 3.6 Therefore it is the recommendation of this report that the support measures be extended into 2021/22 financial year, with built in quarterly reviews throughout the year to manage performance and risk.
- 3.7 The arrangement for the Adult Education Budget for the remainder of the 20/21 academic year as set out in Appendix 2 be approved.
- 3.6 Agree delegated authority to the GMCA Treasurer and GMCA Monitoring Officer to approve the Covid-19 Contingency support measures for the remainder of programmes, in 2021/22 financial year. This approach will allow for a tailored approach on a contract by contract basis and will also allow flexibility to respond quickly as the situation changes.

Appendix 1

Procurement Policy Note (PPN) 02/20: supplier relief due to coronavirus (Covid-19)

Key Principles

- Contracting authorities should pay all suppliers as quickly as possible to maintain cash flow and protect jobs. Contracting authorities should also take action to continue to pay suppliers at risk due to COVID-19 on a continuity and retention basis. Contracting authorities can consider making advance payments to suppliers if necessary.
- Contracting authorities should aim to work with suppliers and, if appropriate, provide relief against their current contractual terms (for example relief on KPIs and service credits) to maintain business and service continuity rather than accept claims for other forms of contractual relief, such as force majeure.
- Contracting authorities should work with all suppliers to ensure business continuity is maintained wherever possible and that business continuity plans are robust and are enacted. If a supplier seeks to invoke a clause relating to a form of contractual relief that would allow them to suspend performance, such as force majeure, contracting authorities should first work with the supplier to amend or vary contracts instead. These variations could include changes to contract requirements, delivery locations, frequency and timing of delivery, targets and performance indicators etc. Changes to the original terms should be limited to the specific circumstances of the situation, and considered on a case by case basis.
- Contracting authorities should take a pragmatic approach. These discussions and any temporary changes agreed should be recorded. Contracting authorities should not accept claims from suppliers who were already struggling to meet their contractual obligations prior to the COVID-19 outbreak.

Appendix 2

Annex 2 – Adult Education Budget Covid19 Contingency Support to the end of the 2020/2021 Academic Year.

From the 1st April 2021 GMCA will return to aligning delivery to the Individualised Learner Record (ILR) data system and the wider claims process. GMCA's Performance Management processes will be reinstated from this point in line with the Devolved AEB Funding & Performance Management Rules Section 4. Throughout the meetings with each AEB provider the team ensured providers were aware of existing ILR flexibilities and what support / learning could already receive funding. Additional to these GMCA will:

- Provide access to further additional ILR flexibilities i.e. expanding AEB to fund other training e.g. Mental Health, home schooling for parents etc. through updated Funding & Performance Management Rules for 2020/2021;
- Give all AEB providers the opportunity to draw down a percentage of their allocation to cover costs relating to 'Covid-19 Learner Support', i.e. pastoral care, support for additional hardship funds etc.
- Open to providers the opportunity to submit a business case, up to the maximum of their funding allocation.

GMCA will work with providers to ensure the end of year final claim is completed which will include all fair and actual costs and will take in to account the payment processes for grant and procured.

- Grant-funded providers will not have their funds recovered after the year end. Funds in 2020/2021, which have been paid but not evidenced (using actual ILR, manual claims, business case), will be ringfenced. The intention will be to utilise these funds in addition to the allocations for 2021/2022, on targeted provision to meet local challenges, as agreed with GMCA.
- Procured providers will continue to be paid on actual for 2020/2021. Where providers have not spent their full allocations, GMCA will carry over any underspend in to 2021/2022. The intention will be to utilise these funds in addition to the allocations for 2021/2022, on targeted provision to meet local challenges, as agreed with GMCA.
- GMCA will expect that any funds ring-fenced as outlined above will need to be spent in the 2021/2022 academic year and will not be rolled over in to 2022/2023. It will be intended to offer targeted support to respond to the ongoing impacts and inequalities caused by Covid-19.

GMCA will in addition to the above arrangements support those providers who over deliver in 2020/2021, based upon the actual ILR, and manual claims at the end of year final reconciliation. This will be a similar approach to the ESFA's 3% over delivery, which GMCA will confirm, prior to the year end.