

Greater Manchester Combined Authority

Date: Friday 24th March 2023

Subject: GM's Recycled Local Growth Fund Monies & UK Shared Prosperity Fund (UKSPF): Further Development

Report of: Councillor David Molyneux, Portfolio Lead for Resources and Investment and Eamonn Boylan, Portfolio Lead Chief Executive for Resources and Investment

Purpose of Report

This report seeks Greater Manchester Combined Authority ("Combined Authority" and "GMCA") approval for proposed development work on the use of GM's Recycled Local Growth Fund ("LGF") monies and UK Shared Prosperity Fund (UKSPF) (People & Skills Investment Priority).

Recommendations:

The GMCA is requested to:

1. Approve the match funding approach for the use of recycled LGF & UKSPF.
2. Approve the two programmes of work as set out in this report to proceed to development phase over the next 6 months, and
3. Delegate authority to the GMCA Treasurer and GMCA Monitoring Officer in consultation with the Portfolio Lead for the Education, Skills, Work & Apprenticeships and Digital to agree the commissioning route and award of individual contracts including any subsequent contract extensions.





Contact Officers

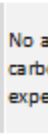




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Report authors must identify which paragraph relating to the following issues:

Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	
Health	G	
Resilience and Adaptation		
Housing		
Economy	G	
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
Further Assessment(s):	N/A	
	Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.
	Mostly negative, with at least one positive aspect. Trade-offs to consider.	 Negative impacts overall.

Carbon Assessment		
Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance	N/A	
New Build Commercial/Industrial	N/A	
Transport		
Active travel and public transport	N/A	
Roads, Parking and Vehicle Access	N/A	
Access to amenities	N/A	
Vehicle procurement	N/A	
Land Use		
Land use	N/A	
	No associated carbon impacts expected.	 High standard in terms of practice and awareness on carbon.
	Mostly best practice with a good level of awareness on carbon.	 Partially meets best practice/ awareness, significant room to improve.
	Not best practice and/ or insufficient awareness of carbon impacts.	

Risk Management

There are no risk management considerations.

Legal Considerations

There are no legal considerations.

Financial Consequences – Revenue

There are no revenue consequences for the GMCA.

Financial Consequences – Capital

There are no capital consequences for the GMCA.

Number of attachments to the report:

None

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

1. GM Recycled Funds Paper (GMCA Approval on 28 May 2021)
2. GMCA report – GM UKSPF Investment Plan July 2022

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?

No

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1 Background

1.0 This report sets out a proposed way forward to **align and enhance current funding** from recycled Local Growth Funds alongside People & Skills allocation of UKSPF to ensure maximum benefit for residents and businesses across GM.

1.1 GM's Local Growth Fund Programme (LGF) reached financial closure on 31 March 2021. Several projects had spend profiles extending beyond this date and as a result GM utilised the local flexibility written into Local Growth Deal under 'Single Pot' principles and a number of additional eligible projects were brought into the programme to ensure spend of the full allocation by 31 March 2021 to meet grant conditions. In March 2021, in line with the prevailing grant conditions, the Growth Deal Programme reported full spend of all of the LGF grant. Of the £25.8m of funds that are expected to recycle, £9.1m has been allocated to projects still in build, leaving £16.68m for further investment (the figure in the GMCA May 2021 paper was £18.2m but further reconciliation of the funds has led to the revised figure). **In May 2021 GMCA approved allocation of these funds to skills & labour market responses post Covid/ UK Exit from the EU (EU Exit) across GM.**

1.2 It was originally envisaged that waiting for the funds to recycle would allow a time frame for the landscape to evolve and settle related to post-Covid recovery and EU Exit challenges; whilst the landscape has remained in a state of flux in recent times, that timescale will enable a swift response as new ministerial teams across government – including HM Treasury – set out their respective policy visions and fiscal plans.

1.3 It is also proposed to align this funding with UKSPF People & Skills (extending the timescale of UKSPF to allow for longer programmes) for maximum benefit. Through the people and skills investment priority, places are expected to use the funding to help reduce the barriers some people face to employment and support them to move towards employment and education. Places can also target funding into skills for local areas to support employment and local growth.

1.4 Objectives of UKSPF People & Skills

- Boosting core skills and support adults to progress in work, by targeting adults with no or low level qualifications and skills in maths, and upskill the working population, yielding personal and societal economic impact, and by encouraging

innovative approaches to reducing adult learning barriers (In England, this is delivered through the Department for Education's Multiply programme).

- Reducing levels of economic inactivity through investment in bespoke intensive life and employment support tailored to local need. Investment should facilitate the join-up of mainstream provision and local services within an area for participants, through the use of one-to-one keyworker support, improving employment outcomes for specific cohorts who face labour market barriers.
- Supporting people furthest from the labour market to overcome barriers to work by providing cohesive, locally tailored support including access to basic skills.
- Supporting local areas to fund gaps in local skills provision to support people to progress in work, and supplement local adult skills provision

1.5 There is clear alignment and added value of bringing these two funding streams together in a similar way that ESF used **match funding**. Also showing the benefit of local commissioning and provision.

2 Skills & Labour Market Challenges Across GM

2.0 Since approval was given for the use of LGF noted above, the strategic framework has evolved, nationally and locally, and sweeping changes in leadership and personnel across government may yet see further shifts in the policy and priorities set by central government.

2.1 Locally however the use of data, evidence, national think tanks and evaluations from current/previous programmes has clearly set out the needs across GM in terms of the labour market.

2.2 The evidence on Greater Manchester's primary labour market and skills-related challenges is contained in a number of key reports (for example, the Local Skills Report and Labour Market Plan, Greater Manchester Strategy (GMS) and the technical reports for its Industrial Strategy).).

2.3 Greater Manchester's goal is to deliver ambitious improvements in skills and employment for the 2.8 million people living in the city-region. Central to this is developing a responsive, integrated labour market system that enables all people to achieve their full potential and which provides the talent that Greater Manchester's businesses need for the future.

2.4 The GMS includes the following shared commitments that are relevant to the UKSPF People and Skills Investment Priority:

- We will support the creation of better jobs and good employment that has a purpose beyond growing shareholder value, utilising the opportunity to positively impact on our communities;
- We will ensure businesses are able to access the skills and talent they need, and people are able to realise their full potential – by provision of high-quality learning and wrapping support around individuals – with access to good work for those who can, support for those who could, and care for those who can't.

2.5 The pandemic has been felt unequally, hitting more deprived areas harder. As the 2019 Index of Multiple Deprivation (IMD) data shows, Greater Manchester figures prominently in deprivation measures. Just over a fifth of the neighbourhoods in Greater Manchester fall into the bottom 10% of most deprived neighbourhoods nationally in respect of employment and income. Meanwhile, in terms of skills deprivation, 13% of Greater Manchester neighbourhoods fall into the bottom 10%, although this masks significant variation between districts (in Oldham, for example, 30% of neighbourhoods are amongst the most deprived on skills).

2.6 In January 2023, around 3,870 young people were NEET/not known: Whilst the proportion has remained fairly static, the increasing size of the cohort means higher numbers. The number of YP within that cohort unavailable to the labour market due to ill health has increased in most districts

2.7 [Greater Manchester's Local Skills Report and Labour Market Plan](#), published in March 2022, sets out a range of skills and employment issues and actions linked to GM's cross-cutting themes/priorities, labour market recovery and renewal (mitigating the impact of factors such as Covid, EU Exit and the cost of living crisis), and sector/occupation priorities linked to GM's frontier sectors and foundation economy. For individuals, deep-seated inequalities of opportunity face some of our residents, creating barriers that skills programmes and employment interventions alone cannot address. For employers, skills gaps and labour shortages are often conflated, with wider labour market conditions and demand side issues being overlooked. Declining employer investment in training and workforce development is a long-term trend that must be addressed, rather than a recent phenomenon born of the current economic climate, but nonetheless there are skills and labour challenges facing GM businesses that require an urgent response.

3 Local area intelligence

3.0 A recent dedicated consultation with local authorities that took place as part of the development of the UKSPF Investment Plan sought to understand district prioritisation of challenges and opportunities. This consultation included a workshop that brought partners together, including a local DWP representative. Key priority areas included:

- Continuation of employment support programmes for example Skills for Growth and Working Well
- Need for more skills development in areas for the future such as green skills
- Greater support for local schemes e.g. Youth Hub and New Pioneers projects, in-work progression projects and women's start-up networks.

3.1 Alongside these priorities were a series of ideas for future projects including ideas for better system functioning, proposals to address low skills, NEETs, unemployment, inactivity, basic skills and green skills; and calls for greater efforts to address the preponderance of low wage, low skill work in local authority areas.

3.2 Also the GMCA Director of Education, Skills & Work has met with each Director of Place in each Local Authority to discuss data, local intelligence and priorities in this area of work. Expectedly, there was significant variation amongst local authorities' stated priorities during the consultation. There was consistent acceptance that economies of scale and avoiding duplication of similar but disparate initiatives across the ten districts was key. Similarly, alignment of tackling the increase in economic inactivity and directing returners to the labour market towards locality-specific growth sectors was a strong theme. This formed part of a wider desire for a stronger place-based element and localised delivery, with recognition that a targeted approach informed by data, focusing limited resources at priority cohorts and places – which are not currently deriving optimal benefit from available provision – would be an important step change.

3.3 The importance of the VCSE sector is critical in the local landscape to ensure those residents furthest away from the labour market are engaged; therefore, a questionnaire has also been circulated to gather information from the sector to understand their current capacity, reach and preferred models of delivery to ensure the commissioning model does not restrict access.

3.4 Early analysis gives insights into the need for GMCA to explore different payment models and potentially grant programmes similar to that of ESF Community Grants.

It also has shown that those that responded over 90% are still supporting residents across NEET, Veterans and unemployed and cite cost of living, health & caring responsibilities as barriers.

3.5 Where possible in terms of timescales, the process will aim to align and work closely with 10GM to maximise the opportunities offered by UKSPF E11 - which aims to invest in capacity building and infrastructure support across the VCSE sector. In Greater Manchester, this work will be led by a partnership of local voluntary, community and social enterprise infrastructure organisations and specialist partners, who will implement work to improve the ecosystem of support for community activity cross the whole city region.

3.6 The evidence & data is critical in developing the offer to ensure targeted provision is developed that will sit alongside any JCP/DWP/Local offer to avoid duplication and make best use of public funding.

4 **National Evidence**

4.0 **Economic inactivity:** The evidence shows that the labour market is changing employers are reporting labour shortages at the same time as economically inactive residents are a cause of great concern. As set out in a recent report by the Learning & Work Institute (LWI), [Missing workers: Understanding trends in economic inactivity](#), one in five people who've left the labour market in the last two years say they would like to work. But while it is easy to talk of 'the economically inactive' or 'the over 50s', they are not a homogeneous group, and they will not be helped back to work by a homogeneous offer. As such, their needs will best be met by working with localities like Greater Manchester to establish the evidence, assets, and best approach to delivering agreed outcomes, and co-designing the response.

4.1 That LWI report found that support needs to be tailored to individuals and recommends engaging them "*through trusted institutions like housing associations, councils and adult education services*". It goes to recommend "*Funding an expansion of other employment programmes run by local government, housing associations and others, like Greater Manchester's Working Well, to widen help and where local government and partners shows a clear plan to engage more residents and align existing funding*".

4.2 **Employer demand:** The Skills for Jobs White Paper set out an ambitious plan to put employers more firmly at the heart of the skills system to help ensure businesses and people have the skills they need to thrive and progress. LSIPs are a key part of

achieving this aim. The coming decade will see substantial economic change and as the economy changes, so will the skills needs of employers across a wide range of industries. This will play out in different ways across the country. Each local area has its own distinctive strengths and different ways to capitalise on the opportunities created by greener growth, emerging technologies, and new global markets.

5 Programme Impact

5.0 GMCA has engaged Learning & Work Institute to undertake an analysis of current provision impact against the population in places- this highlighted:

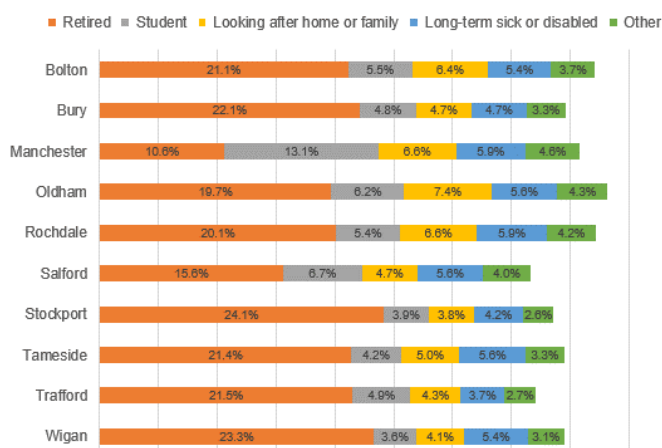
- The need for essential skills is fairly constant across Local Authorities – with the proportion of the working-age population with low levels of English and Maths ability ranging from 23% to 25%. This is in line with the national picture for England.
- Disparities are greater when analysing unemployment and economic inactivity. More than a quarter (28%) of the working-age population in Rochdale are classed as unemployed or inactive, six ppts above the GMCA average (22%) and ten ppts higher than Stockport (18%), the best-performing Local Authority. This compares to a UK working-age economic inactivity rate of 21.5% and the unemployment rate for 16+ of 3.7%.
- Disparities are greatest, however, when analysing qualification levels. More than half (51%) of the working-age population in Tameside are qualified at NVQ level 2 or below, ten ppts above the GMCA average (41%) and 21ppts above Trafford (30%), the best-performing Local Authority. This compares to 39% qualified to level 2 or below for the UK.
- Disparities are larger within Boroughs than between them, highlighting the need to target provision on pockets of need which are often aligned to deprivation and other social needs.

5.1 Avoiding grand terms of economic inactivity- drilling down

5.2 The opportunity that UKSPF and the recycled LGF brings is that the data and other local intelligence can be used to drill down into specifics instead of just a broad-brush approach to groups of residents that are not similar in terms of support needs. The chart below shows the current breakdown of the economic inactive group across GM noting differences within places as well as across GM.

Inactive population differs substantially between districts...Rochdale and Manchester have highest rates of health-related inactivity

Economic inactivity by reason, 16+ population, 2021



- Note: this chart comes from the Census 2021. The age range is different from the Annual Population Survey – the data source used previously in this presentation. It refers to 16+ year olds rather than 16-64 year olds. It will therefore capture more retired people.
- The inactive are a very mixed group. Retirees and students are significant cohorts. Note Manchester has many students, but fewer retired people.
- In Oldham, Manchester, Bolton and Rochdale more than 40% of residents over the age of 16 do not participate in the labour market.
- In terms of ill-health and disability, Rochdale and Manchester have the highest proportions of inactive residents.
- Oldham has the highest percentage who are inactive on account of caring responsibilities. GM differs in important ways from national norms in terms of the flows to inactivity.

Source: Census, 2021

5.3 With further analysis the data can start to show a more targeted approach where needed: for example, over 50's are made up of those who have retired and want to remain that way, those that want to work and those with health conditions therefore the policy intent needs to clearly state which sub-set GM is trying to support?

5.4 GM already had larger numbers of long-term sick residents than the UK and has now seen this as the biggest reason for increase in economic inactivity post-pandemic, which suggests this should be a particular focus. There was an interesting report launched this month which analyses lots of data including the flow of people on/ off of sickness benefits, the reasons behind this and the links between poor health and inactivity: [The Great Retirement or the Great Sickness? Understanding the rise in economic inactivity \(dynamics.com\)](#). The data shows that the 50+ age group have seen by far the largest rise in inactivity.

5.5 The LWI early analysis, show rates of engagement onto our employment support programmes is lower for 50+ than younger age groups. Some bespoke analysis of the 50+ cohort was carried out by SQW for Working Well Pilot and Expansion in early 2020 – the largest differences between 50+ and under 50s in terms of presenting barriers were physical health conditions; perception of their age as a barrier; and low level of digital skills.

5.6 On the WW Expansion, 18% of over 50s started a job compared with 27% of under 50s. . This suggests two big issues for the over 50s:- they aren't accessing or aren't

able to access mainstream programmes due to not claiming benefits; and fewer are moving into work when they do access support.

6 Proposed activity: two elements of delivery

6.0 Based on the above evidence there remains a strong case for investing these funds to support both our businesses and people. We have used the challenges set out in both local & national reports as our evidence base for proposing two key programmes of work that aim to reduce some of the challenges and tackle inequalities, creating the greener, fairer and more prosperous Greater Manchester envisaged in the GMS.

6.1 Therefore, under UKSPF the following interventions have already been set out in the Investment Plan and agreed by DLUHC gives enough flexibility for provision to target need in areas:

IP	Intervention	Funding Allocation	As % of IP Allocation	Indicative Outputs/Outcomes (Post Technical Guidance as submitted to DLUHC)
People & Skills	Programme 1			Outputs: c 10,000 people to be supported under this intervention of which: - Economically inactive people engaging with keyworker support services: 4,400 - People supported to access basic skills: 2,200 - People supported to engage in job searching: 3,300 - People receiving support to gain employment: 1,100 - People supported to engage in life skills: 2,600 - People in employment engaging with the skills system: 3,000 Outcomes: - Increased active or sustained participants in community groups (and/or) increased employability through development of interpersonal skills: 2,640 - People with basic skills (English, maths, digital and E SOL): 3,600 - People engaged in job searching following support: 2,640 - People in employment, including self-employment, following support: 660 - People gaining qualifications, licences and skills: 2,250 - Fewer people facing structural barriers into employment and into skills provision: 1,560
	E 33: Employment support for economically inactive people: Intensive and wrap-around one-to-one support to move people closer towards mainstream provision and employment, supplemented by additional and/or specialist life and basic skills (digital, English, maths* and ESOL) support where there are local provision gaps	£11,000,000	50%	
	E 34: Courses including basic skills (digital, English, maths (via Multiply) and ESOL) and life skills and careers skills** provision for people who are unable to access training through the adult education budget or wrap around support detailed above. Supplemented by financial support for learners who enrol onto courses and complete qualifications	£4,400,000	20%	
	Programme 2			
	E 37: Tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses	£6,600,000	30%	
People & Skills Total		£22,000,000	26%	

Programme 1 - Provision to support economically inactive and those with complex barriers

6.2 The aims of the programme are to deliver a series of targeted support for our GM residents that are “economically inactive” (neither working or actively seeking employment) and those furthest away/complex barriers to work.

6.3 Currently there is gap in knowledge of future provision in terms of what DWP will be commissioning post the Work & Health Programme in 2024. GM are in talks with DWP regarding contracted employment programmes under the deeper devo deal to ensure commissioning happening at a GM level by GMCA. This will ensure there

is no duplication of activity and avoids residents falling through the cracks of misaligned programmes post 2024.

- 6.4 To the best of the team's knowledge and as shown above there will still be a need for support for specific cohorts targeted in a place under the economic inactivity and furthest away from the labour market.

Programme 2 – Employer Investment in Skills

- 6.5 The aims of this programme are to work in partnership with industry specialists and the GM Chamber through the LSIP to support GM businesses by helping them identify their skills needs from a range of current provision including stimulating demand for apprenticeships, T-levels and adult skills. It will also identify gaps and seek to fill with new provision. Supporting business to take advantage of the current skills offer in GM and build capacity & industry knowledge within our skills system to better respond to employer needs. It will also build on current digital platforms to ensure businesses and residents are gaining up to date advice and labour market intelligence including GMACS/GM Works as examples. The projects within this programme will focus on GM's frontier and foundation sectors, take a place-based approach and consider key growth locations, innovation in supporting the ambition for an integrated technical education city region.
- 6.6 This is a great example of how aligning the two funding streams adds real value; UKSPF E37 will focus on the skills provision much like the ESF Skills for Growth Programme targeting gaps in provision to meet labour market need, whereby the recycled funding will be used to build capacity, infrastructure and industry knowledge within the educational workforce. There could be a significant capital investment in facilities and equipment to ensure the skills system is ready to deliver the technical education requirements as well as a smaller revenue fund available for a series of smaller capacity building projects that develop models of collaboration and specialization within FE and private providers.

7 Overview of the commissioning/grant process

7.0 Further work will be completed with Local Authorities and partners (Including the GM Chamber) to create a better understanding of the barriers and opportunities within this area, including differences in sectors and place, and turn these into targeted programmes that do not duplicate existing business support programmes

7.1 We are exploring different options to ensure that key local partners and stakeholder organisations of all sizes can be involved in this exciting opportunity; this could potentially include use of the Flexible Procurement System, as well as grants and open market procurement for each element of the two programmes.

7.2 The commissioning strategy will be developed based on a set of key criteria for delivery:

- Value for money- that generates value not only for the organisation but for wider society and the economy.
- Advancing equalities
- Consideration re pan -GM/economies of scale vs local delivery: what is appropriate?
- Provider awareness and readiness
- Place based- looking at levels of delivery and being led by need identified by Local areas
- Cohort driven: Using the intelligence to decide whether a universal support offer is relevant or if programmes should be more defined.

7.3 Under Programme one the current thinking is to merge E33 & E34 to avoid duplication and get the most added value. There is potential based on local feedback to carve up the programme to support specific cohorts across GM as opposed to a generic programme that supports 'economic inactivity'; there is absolute value in this however from previous experience this tends to be more expensive and supports fewer volumes.

7.4 Therefore, there may be a need to do a mixture of pan GM 'core' activity as well as specific cohort driven delivery to ensure volume but also targeted support. The

added value of bringing together the recycled funding will allow Programme one to go live earlier than the current UKSPF timeframe, this ensures a reduced gap between ESF closure and new programmes starting.

- 7.5 A number of routes to market are currently being explored to ensure a wide range of organisations, including the VCSE sector, can participate in the delivery of UKSPF funded activity. As well as traditional routes such as open procurement, use of the Education, Work & Skills Flexible Procurement System (FPS) and direct awards, we are also considering alternative options to ensure wider reach across GM. There have been successful community grants programmes funded by ESF with strong evaluation and best practice we could build on to design a GM community grants programme which would enable smaller organisations to be involved in the process via models which include commissioning a 'managing authority' / lead organisation awarding grants on GMCA's behalf.
- 7.6 Under Programme two as stated previously E37 will likely follow the same process as the Skills for Growth programme whereby employer intelligence is gathered and developed into provision to fill skills need. This will likely use a mixture of FPS and open market procurement.
- 7.7 The use of recycled funding will add value to the infrastructure, innovation, capacity & knowledge in this programme and again **a mixture approach will be used to distribute funding.**
- 7.8 **With the use of all this funding it is critical that it aligns and adds value to current & future programmes and is used to fill gaps in place, residents & provision as well as capacity.**
- 7.9 **The anticipated commissioning process (final dates are subject to some flexibility)**

Stakeholder engagement /communication	Oct 22-March 2023
Development of commissioning strategy including routes to market	March 2023
Specification development	March – May 2023
Out to Market	June
Submission Deadline	July
Evaluation Period	July
Moderation of bids	July-August
Governance and sign-off	August
Notification of Result	29/08/2023
Contracts Issued	No later than w/c 11/09/2023

8. Decision Support Tool/Equality Impact Assessment

- 8.1 The Decision Support Tool is being utilised to further support development of the proposal, in particular in respect to addressing inequalities and carbon. As part of this work analysis of equalities data relating to current provision is being undertaken.
- 8.2 In the development of the GM UKSPF Investment Plan, it was agreed that a number of cross-cutting themes would underpin the delivery of UKSPIf in GM to demonstrate the added value of programmes in the realisation of the Greater Manchester Strategy. All programmes will embed the UKSPF ways of working so we are able to ensure activity is supporting GM to move closer to net zero 2038, reduce inequalities and maximise social value.