

Greater Manchester Combined Authority

Date: 27 May 2022

Subject: Greater Manchester Local Skills Report and Labour Market Plan 2022/23

Report of: Councillor Bev Craig, Portfolio Lead for Education, Skills & Work and
Tom Stannard, Portfolio Lead Chief Executive for Education, Skills & Work

Purpose of Report

To share for information Greater Manchester's Local Skills Report and Labour Market Plan 2022/23 (LSR). The LSR, published by the Greater Manchester Employment and Skills Advisory Panel, sets out key skills and employment priorities for the city-region and is a refresh of the report published in March 2021.

Recommendations:





The GMCA is requested to review and note the report.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire			
Impact Indicator	Result	Justification/Mitigation	
Equality and Inclusion	G	Contains skills and employment measures to support older workers, remove barriers for disproportionately underrepresented groups, support people with physical/mental health conditions and/or disabilities, and to promote workforce diversification in relation to gender and ethnicity in sector pilots. Plan will support individuals to access education / training opportunities and employment support, including those facing labour market barriers, inequalities and disadvantage. Includes measures to help people access publicly funded education/training, employment support and related services	
Health	G	With good work being good for health and well-being more broadly, one of the core priorities within the plan is to provide access to good work for those who can, support for those who could, and care for those who can't. Participation in education, training and employment can support social engagement and wellbeing.	
Resilience and Adaptation	G	Elements of the plan harness learning from Covid recovery & renewal and contains measures to help individuals and businesses become more agile/resilient	
Housing			
Economy	G	Core ambition is to support inclusive growth, economic development by supporting the creation of good jobs and the skills to match Will increase opportunity and support business growth by ensuring a skills/talent pipeline for employers and encouraging investment in workforce development Will support people to move towards/into the labour market and to progress in careers/pay, and on helping employers tackle skills gaps and mismatches Strong focus on GM's priority sectors, key assets, and foundation economy. Also includes a strong emphasis on the wider social value of skills and employment activity and those who deliver/benefit from it Key elements include digital, STEM and increasing higher level skills needed for innovation, R&D, etc, as well as the supporting skills required to enable commercialisation Includes reference to GM growth locations and sector specialisms that will help attract investment and create jobs/opportunities Fundamental purpose of the plan is to increase opportunities for/access to education and training of all kinds	
Mobility and Connectivity			
Carbon, Nature and Environment			
Consumption and Production			
Contribution to achieving the GM Carbon Neutral 2038 target		As well as skills and employment activity to support low carbon infrastructure (including retrofit), this plan draws on the industry skills & labour market intelligence deep dive into the 'green economy', which explores elements of a number of sectors that have the potential to contribute to GM's carbon neutrality, and the skills development and changes to business processes / practices that will be needed to support that shift.	
Further Assessment(s):	Equalities Impact Assessment		
 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.

Risk Management

There are no specific risks associated with this report. Any areas of risk associated with specific programmes/services referenced within the plan have been dealt with in line with the relevant risk management arrangements for those individual activities.

Legal Considerations

There are no specific legal considerations arising from this report.

Financial Consequences – Revenue

There are no direct financial consequences arising from this report. Any financial considerations associated with specific programmes/services referenced within the LSR have been dealt with in line with the relevant commissioning and governance arrangements for those activities.

Financial Consequences – Capital

There are no capital funding consequences arising from this report.

Number of attachments to the report: 1

Greater Manchester Local Skills Report & Labour Market Plan, 2022/23

Comments/recommendations from Overview & Scrutiny Committee

Considered and noted by the Economy, Business Growth & Skills Overview and Scrutiny Committee at its meeting on 11 March 2022.

Background Papers

This publication can be read in conjunction with the [Local Skills Report & Labour Market Plan 2021/22](#) and [Data Annexes](#) (March 2021).

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

11 March 2022

1. Introduction/Background

1.1. Skills Advisory Panels

1. Since 2018, Skills Advisory Panels (SAPs) have been established in every Mayoral Combined Authority (MCA) and Local Enterprise Partnership (LEP) area at the direction of the Department for Education (DfE) to bring together employers, skills providers and key local stakeholders to better understand and address skills issues at a local level. One of the key mechanisms for this activity is the production of annual Local Skills Reports (LSRs) by each SAP, high-quality analysis of local labour markets, setting out local skills strengths/needs and how the SAP proposes its area addresses its key priorities.
2. In Greater Manchester, the decision was taken at the SAP's inception to expand its remit to encompass employment support, reflecting our integrated approach to the labour market, underpinned by Greater Manchester's unique range of devolved functions across skills, employment support and health & social care. Chaired by GMCA's portfolio lead for Education, Skills and Work, Greater Manchester's Employment and Skills Advisory Panel (ESAP) shapes strategic planning, acts as a two-way conduit between policy makers and vital networks, and is a key forum for challenge and governance in this policy area, bringing together core partners/stakeholders to consider the place-based labour market system in its entirety, rather than skills in isolation.

1.2. Local Skills Reports

3. Although the LSR is owned by ESAP, its structure, broad content and core data indicators are mandated by DfE in order to provide consistency and comparability across England. However, in line with GM's integrated approach, and mindful of the fact that the previous three-year Greater Manchester Skills and Work Strategy had expired¹, the Panel's first [LSR](#) (March 2021) balanced the DfE guidance with a comprehensive overview of the GM labour market landscape, strategic priorities, actions planned to address those priorities, and a review of progress and achievements to date. It also set out a number of cross-cutting themes which are important to Greater Manchester.

¹ The emergence of the Covid-19 pandemic in Spring 2020 and the nature, scale and immediacy of its impact on the labour market meant that the planned multi-year update underway to the Greater Manchester Skills and Work Strategy was paused.

4. For the 2022 update, DfE required LSRs to focus more explicitly on a range of strategic skills priorities and less on the broader labour market landscape. This narrowing of focus means that there are elements of the LSR that are non-exhaustive, or in which the emphasis/balance differs slightly to GM's usual approach in order to stay true to the integrated ambition while having regard to DfE's requirements. Therefore, while the refresh focuses in particular on the [industry skills intelligence reports](#) that have been completed since the first LSR and the ongoing work of the GM Skills Observatory, it also considers the wider picture, albeit in less detail, including the recommendations from GM's Independent Inequalities Commission and initial reflections on the government's Levelling Up White Paper, which was published shortly before the LSR was completed.

1.3. LSR content and scope

5. The LSR contains the following:

- Foreword from Cllr Bev Craig as ESAP Chair and GMCA's Portfolio Lead, setting out high level local themes and highlighting key updates from the 2021 report
- Introduction setting out the background to SAPs/LSRs, and the membership and remit of GM's ESAP
- Skills strengths and needs: a broad overview of the GM labour market context and economic trends in GM, including the impact of the pandemic, factors such as levels of qualifications, employment, deprivation, etc in GM, labour market assets, skills strengths and needs, GM's growth locations, and the importance of an employer-led response
- Skills strategy: narrowing the focus from the previous section and considering cross-cutting skills priorities, skills priorities supporting recovery from the pandemic, and sector-specific priorities (including the GM picture in relation to a number of national priority sectors)
- Skills action plan, setting out actions pursuant to delivering on the labour market priorities identified, marshalled under the four core elements of the overarching ambition (see 2.1 below). To note, this is not an exhaustive action plan with the totality of GM's education, skills and work actions for the year ahead, but a selection of those actions that fall within the parameters/requirements set by DfE
- Assessment of progress and achievements to date, including reflections on the role of ESAP and the LSR in taking a local leadership role, enhancing local

knowledge/intelligence, supporting Covid recovery and renewal plans, and having an impact on local skills and employment support provision

- Case studies of employers and providers working together and examples of innovation/responsiveness to employers' skills needs
- Forward look, including ESAP's direction of travel and plans to work with employer representative bodies in the future.

2. GM LSR – Key Messages

6. The main [Greater Manchester Local Skills Report and Labour Market Plan 2022/23](#) is appended to this report. Both the full report and the [accompanying Annex](#) (containing sector overviews, data annexes and references) are hosted on [the Work and Skills page of GMCA's website](#).

2.1 Core Ambition

7. The LSR is built around the same four core strategic priorities from the 2021 plan, namely, driving an integrated education, skills and work system that will help all of our residents to get on in life and in work, and enable our businesses and our place to thrive:

- Young people leave education and training ready to succeed in the labour market, with a balance of academic, technical and 'life ready' skills
- Adults can acquire the skills, mindset and support they need to fulfil their career potential and adapt to changing employer needs throughout their lives, from entering employment for the first time through to highly skilled careers and retraining
- Employers have access to a system that is flexible, resilient and adaptable, and which meets their needs in the rapidly changing 21st century world of work, driving a sustainable economic future for GM in which companies compete on the basis of high productivity, good quality work, and excellent employment practices
- Residents are supported by a welfare system, under Universal Credit, that provides access to good work for those who can, support for those who could, and care for those who can't.

2.2 Key themes

8. Pursuant to those ambitions, a number of overarching skills strengths, needs and issues have been identified, to which the strategy and action plan within the LSR respond:

- 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 residents to achieve their full potential, that helps to tackle long-standing inequalities of opportunity, and which provides the talent that our businesses need to thrive and grow, now and in the future.
- Those **inequalities have been brought into sharper focus by the uneven impact of the Covid-19 pandemic**. Most recently, recovery in national employment rates has not been mirrored in Greater Manchester, where both unemployment and economic inactivity have risen. At the same time, vacancies are at unprecedentedly high levels, although many are for jobs in mid- to low-skills/low pay brackets.
- The city-region is economically diverse, with no particular dependence on any single sector or occupational group for its economic well-being. GM has some **labour market assets of national and international significance**, which are driving demand for a pipeline of higher level technical skills. However, **40% of GM employment is in the foundation and service sectors**, where roles are often low paid and opportunities for productivity gains and in-work progression are limited.
- We are maintaining a focus on those priority sectors highlighted in GM’s Local Industrial Strategy, many of which also reflect national priorities:
 - Four **‘frontier sectors’** – those industries seen as fundamental to our future economic well-being: **Health Innovation, Advanced Materials and Manufacturing, Digital, Creative & Media**, and **‘Clean Growth’**
 - The **foundational economy** – those sectors with significant employment volumes but not necessarily productivity-transformative potential: **Retail, Social Care**, and **Hospitality & Tourism**.
- A series of [industry intelligence deep-dives](#) are being conducted to identify occupationally-specific skills issues in these industries and in specific sub-sectors, with action plans developing for each sector/occupational area. (See annex for sector overviews of **Health & Social Care, Construction, Low Carbon Buildings (Retrofit), Green Economy, Digital & Tech, Logistics and Manufacturing.**)

- A number of **Growth Locations** have also been identified across GM which have potential to drive inclusive employment growth and inward investment, focused on clusters of existing and new industries in each place linked to those priority sectors.
- Against that backdrop, one of the overarching skills challenges is that Greater Manchester's population is lower skilled than the national average, especially in respect of the **higher proportion of people with no/low qualifications** and the **lower proportion of residents with level 4+** qualifications. These longstanding issues must be addressed if our residents are to contribute to and benefit from inclusive growth.

3. Next Steps: Local Skills Improvement Plans

9. This second iteration of the LSR comes at a time when DfE is piloting new Local Skills Improvement Plans (LSIPs) in eight areas of the country. Developed by Employer Representative Bodies (ERBs) such as Chambers of Commerce, LSIPs are part of a suite of reforms set out in DfE's [Skills for Jobs](#) White Paper that aim to put employers more firmly at the heart of the skills system, and they have been placed on a statutory footing, via the Skills and Post-16 Education Act 2022 (which received Royal Assent on 28 April).
10. ERBs will be required to work with Mayoral Combined Authorities in developing LSIPs, and the Skills Minister has written to Mayors to confirm that, where an MCA exists, the LSIP must follow the MCA footprint. Whilst the detail of MCAs' role is awaited in the statutory guidance that will accompany the Act, it is vital that the LSIP docks in with the existing local strategic framework to ensure that it is truly part of the holistic labour market landscape in a place, rather than a stand-alone plan. Colleges will also have a new statutory responsibility to ensure their offer meets local needs as set out in the relevant LSIP.
11. The [eight Trailblazer LSIPs](#) were published in March, and evaluation will inform the national roll out of the programme in 2022/23. A prospectus was launched at the start of May for expressions of interest from ERBs for the next wave of LSIPs and, whilst MCAs are excluded from leading a bid, GMCA will work closely with ERBs that might do so. In the meantime, it is DfE's intention that Skills Advisory Panels and their LSRs should continue to influence the behaviour of local partners and feed intelligence to central government, including to sectoral focussed skills teams and the national-level [Skills and Productivity Board](#) (SPB).

12. Against that backdrop, this LSR represents a strong transition to the employer-led approach LSIPs require, harnessing a wealth of industry intelligence about current and future skills needs and setting those findings in the wider context of an education, skills and work landscape for Greater Manchester that supports inclusive growth, positive outcomes and improved productivity. It will be part of the strategic framework that helps to deliver the refreshed Greater Manchester Strategy, the golden thread running through the shared commitments and many of the Levelling Up missions, driving the shift towards a system characterised not by its individual parts or where one policy or funding stream stops and another kicks in, but by evidence-led approaches and by the fairer distribution of and access to labour market opportunities.

4. RECOMMENDATIONS

13. As above.