

‘From Ambition to Action’

Our Ambition for Skills in Greater Manchester October 2019



Greater Manchester
Chamber of Commerce



Greater Manchester
Learning Provider Network

Executive Summary

Greater Manchester Chamber of Commerce (GMCC) is the UK's largest accredited Chamber, representing around 5,000 businesses that together employ over 400,000 people, over one-third of the working population of the country's largest area of economic activity outside London and the South East. Greater Manchester Learning Provider Network represents over 100 education and training providers who collectively work with 20,000 employers and deliver to c. 85,000 learners each year.

Over the last 18 months, as part of the 'Future of Skills 2028' campaign and ongoing work, there has been the opportunity to work with our Members and others in far greater detail than ever before to look at issues affecting the skills system in Greater Manchester.

Through large-scale survey work involving approximately 400 businesses, round tables with young people, parents, carers, businesses and education providers, the Greater Manchester Skills Summit (attended by over 100 senior leaders from business and education) and partnership discussions, we have gathered a robust evidence base, which calls for a number of actions and solutions to help address the current weaknesses in the skills system. They are:

- **Businesses must have access to an efficient, light-touch and cost-effective system that provides ongoing access to a skilled workforce.**
- **Lifting the severe financial restraints imposed on educators, ensuring they are able to operate competitively to offer qualifications to our most vulnerable residents, including Level 2 apprenticeships.**
- **Secure greater devolution of both skills funding and policy, establishing a skills levy for Greater Manchester to be spent on lifelong learning opportunities and workforce development.**
- **Greater Manchester to have greater control and influence over unused Apprenticeship levy funds.**

Our vision is that Greater Manchester has and owns a skills system, shaped by all, with opportunities for all, no matter where they live and where they come from. That is the vision of our Members and the focus of our efforts. That is the content of this, our 'Ambition Statement for Skills'.

Countries and regions which have highly developed and accessible skills systems have left nothing to chance. Their systems are well designed in collaboration with industry and have good governance arrangements that understand how critical investment is to grow and retain talent, having direct control over policy decisions.

Through the work we have done to date, our Members are aware of the opportunity which lies ahead: we help shape the skills system or it shapes us. Standing back is simply not an option for businesses or educators in Greater Manchester. Through our collective strength based on the long-standing legacy of both GMCC and GMLPN, our world leading industrial past and presence of our region, we now have the opportunity to come together to help shape and embrace our future.

Anne Gornall, Executive Director at Greater Manchester Learning Provider Network

Andy Fawcett, Executive Director at Greater Manchester Learning Provider Network

Joy Sewart, Director of Skills & Social Enterprise Policy, Greater Manchester Chamber of Commerce

Our Ambition

Our Ambition is to play a leading role for skills in Greater Manchester by developing a culture where it is the norm for employers to be involved in the design and delivery of technical education and vocational skills training. This is essential if we are to build a fit for purpose work and skills system. To help make this happen, we acknowledge this will require change in the way industry collaborates with providers of education and training and vice versa. By doing so we believe that our employment and skills system will become much better at delivering programmes of scale and quality, that will:

- Prepare our young people for the world of work and ensuring that more young people leave full time education better qualified and better equipped to make the transition into employment.
- Meet the needs of employers and individuals, reducing skills gaps and shortages, directly contributing to enhancing productivity and the GM economy.
- Support those out of work to secure and sustain employment.
- Reduce the number of Greater Manchester residents with no or low skills.

Our Commitment

Greater Manchester Chamber of Commerce (GMCC) and the Greater Manchester Learning Provider Network (GMLPN) are working in partnership to deliver an 'Ambition Statement for Skills' for Greater Manchester on behalf of our Members. This Ambition Statement sets out what needs to be done jointly, by employers and educators, to ensure that we have an effective work and skills system which makes a more effective contribution to the Greater Manchester Industrial Strategy and the associated work and skills strategies.

Greater Manchester Chamber of Commerce and Greater Manchester Learning Provider Network represent nearly 5,000 businesses and over 100 providers of education and skills including training providers, colleges and universities. We are jointly committed to enhancing the effectiveness of the post 16 work and skills system in Greater Manchester, an essential requirement if we are to realise the ambition of the Greater Manchester Local Industrial Strategy.

Through the Chamber's 'Future of Skills 2028' campaign and GMLPN research, we have identified the thoughts, priority areas and action required by business and educators. Our long-term working relationships with training providers, colleges and universities and other key stakeholders ensures that we have a thorough understanding of how the work and skills system operates.

In May 2019 we jointly hosted a **Skills Summit** which brought together senior figures from both industry and technical/vocational education and training together with elected representatives and nationally recognised experts. Our aim was to consider the key challenges facing the work and skills system in GM, what needs to be done to enhance it and to identify those areas **where increased collaboration and joint action will help us to achieve it**. The outcome of the Summit is this '**Ambition Statement for Skills**'. This was endorsed by the GMCC's Skills Board and Summer Assembly. We have also consulted with the GMLPN network, and their combined feedback and support has informed the statement.

A Distinctive New Approach

To help shape the future, we must look to develop new models of governance for our city region. Through our collective membership base of businesses and educators, we have set out our joint ambition for skills and the actions needed to prepare for the opportunities and challenges ahead. Our region has devolved powers, a metro mayor and is positioned as a global city, ready for investment. Moreover, from August 2019, we now have regional control of adult skills funding, worth around £92 million a year. By working together, we have an incredible opportunity to help shape the future of work and skills.

[Greater Manchester Combined Authority](#) (GMCA) has now published the Greater Manchester Local Industrial Strategy (GMLIS). The GMLIS will promote the coordination of local economic policy and national funding streams, establishing new ways of working with national and local government, as well as the public and private sectors. An integral part of this will be to agree what the region's priorities are to improve skills, increase innovation and enhance infrastructure and business growth. The GMLIS clearly sets out that, without social reform, we cannot have economic growth. As a result, Greater Manchester must now lead on the delivery of social reform, prioritising how we work together to transform our resident's lives by actively supporting positive change in our communities. Nevertheless, we recognise that currently our region lacks the strategic resources needed to address the delivery of our main infrastructure projects and critical strategic areas, such as transport and clean air.

At the same time, the GM Employment and Skills Advisory Panel (whose purpose is to help the GMCA fulfil their local leadership role in the skills system by helping them understand their current/future skills needs and labour market challenges), have been tasked with developing and implementing a 'comprehensive local skills and employment plan that supports transitions from pre-16' education into employment.

Likewise, the [Greater Manchester Independent Prosperity Review](#) of March 2019, called for a GM partnership to deliver a **distinctive new approach** to ensure that skills funding and other interventions are focused on the city region.

At the heart of all the above is the importance of **adopting a collaborative approach in the design and delivery of a skills system that works**. Crucially, both industry and educators are calling for bigger and bolder solutions which span 5, 10 and 20 years into the future and help prepare our businesses and residents to upskill. Our Ambition Statement embraces these calls to action and GMLPN and GMCC are uniquely positioned to drive this forward with our network members.

Our Key Themes for Action

Our Members have told us what their ambitions are in terms of what we need to focus on to create a better employment and skills system for Greater Manchester. Over the last 12 months, we have held a series of detailed consultations with our Members to agree how we can work together to help to turn their ambitions into action. As a result, our Members are calling for the following key themes for action:

1. **Policy:** Securing greater devolution of both skills funding and policy including greater control over unused apprenticeship levy and how this could be used as a skills levy for Greater Manchester. Piecemeal devolution of skills funding and policy does not address the social mobility issues outlined in the [Greater Manchester Independent Prosperity Review](#). 'Whole scale', long term devolution is needed to give us the opportunity not only to 'own' what the skills system delivers, but to influence what the skills system **should** deliver for Greater Manchester.
2. **Collaboration:** More structured facilitation needed between educators and industry, to identify need, grow capacity and agree solutions.
3. **Co-design:** to meet the rapidly changing needs of industry there is a **practical** need for employers and educators to work together on curriculum co-design, co-delivery, co-assessment and co-evaluation.
4. **Employment:** working together, industry and educators to create more effective routes into sustainable jobs, increasing social mobility, with the support of mental health and wellbeing services.

1. Securing Greater Devolution of Skills Funding and Policy

Over the past 30 years, the work and skills policy landscape has been beset with short term, top-down policy which has, in many cases, been of questionable added value to the technical and vocational education system. We consider that a longer term, bottom-up approach is essential. In 2014, Greater Manchester sought and subsequently won a devolutionary agreement from government, to provide additional tools to create high quality places where people choose to live, work, do business and to reform the way that public services are delivered to improve outcomes for people. As a result of this deal, the region now has devolved control over adult skills, enabling Greater Manchester to introduce new flexibilities to make it easier for people to access the skills training they need, including access to certain courses free of charge for adults earning less than the national living wage. However, greater devolution of both the skills and employment training budgets, and work and skills policy is required in order to build a more responsive system which meets the current and future needs of our employers, communities and our local economy.

The Challenge

The introduction of the Apprenticeship reforms in 2017 resulted in a marked drop in the number of apprenticeship starts in Greater Manchester, in line with national trends, at a time when employers are increasingly faced by skills gaps and shortages.

Critically, we are facing a sharp decline in Level 2 apprentice starts, affecting our most disadvantaged and most in-need residents. This is a result of reductions to the funding of some Level 2 apprenticeships, the lack of Apprenticeship Standards at intermediate level, and an increase in costs for SMEs and changes in funding rules:

| Apprenticeship Level | 2014/15 | 2015/16 | 2016/17 | 2017/18 | % Change 2014/15 to 2017/18 |
|---|---------|---------|---------|---------|-----------------------------|
| Intermediate (level 2) Apprenticeship | 17,840 | 17,400 | 14,940 | 9,480 | -46% |
| Advanced Apprenticeship (level 3) | 11,040 | 11,290 | 11,350 | 10,220 | -9% |
| Higher (levels 4,5,6,7) Apprenticeship | 1,360 | 1,730 | 2,160 | 2,920 | 69% |
| Totals | 30,250 | 30,380 | 28,430 | 22,590 | -26% |

This trend continues as evidenced in the in the July 2019 GM statistical release data from the Education Skills Funding Agency.

Disproportionally, higher level apprenticeships are growing rapidly as a result of levy paying employers maximising the use of their levy with their existing workforces, especially in management level apprenticeships. Some would argue that this goes against the very grain of what apprenticeships were originally designed to do: to create opportunities for young people to develop a new generation of practitioners of a trade or profession with on-the-job training and, often, some accompanying study.

In addition, the latest GMCC Workforce development survey identified more fundamental issues, including:

- Less than half of survey respondents had used Apprenticeships when recruiting.
- 37% had no plans to utilise Apprenticeships.
- One in five employers reported negative experiences of the Apprenticeship programme.

In advance of the Apprenticeship reforms and subsequently, GMLPN has published reports identifying and explaining the impact of the reforms. These reports were underpinned by surveys of Apprenticeship providers and analysis of national and local data. As such we have identified several key factors negatively impacting on Apprenticeships, including the introduction of the 20% 'off the job' training requirement, the constant reforms applied to the levy rules and the introduction of the digital apprenticeship service. If we are to ensure the required supply of appropriately qualified individuals to meet employers' existing and future skills needs, we need to reverse this trend and expand the volume of Apprenticeship opportunities at all levels.

At present there is clear evidence that there is insufficient government funding allocated to meet the current Apprenticeship training requirements of SMEs despite huge underspends in the Apprenticeship Levy. Consequently, Greater Manchester has a lack of a Level 2 standards, which are directly impacting upon our residents and businesses. Moreover, we are extremely concerned that the reduced number of opportunities, especially at Level 2, will reduce social mobility.

Apprenticeships alone will not meet the challenge of equipping the current and future workforce with the skills employers need. Skills gaps and shortages are becoming increasingly widespread and acute and as such Greater Manchester needs greater flexibility in using the devolved adult budgets. We need to help create a more flexible, dynamic budget using Levy underspends, enabling us to respond quickly to skills gaps and shortages and moreover, help us create a culture which truly enables lifelong learning.

What we can do now

Lobby Government for:

- An extended pilot, building on the current GM Levy matching service, whereby employers with 'live' unused levy funds would choose to transfer this funding to both SMEs and Apprenticeship Training Providers. This would supplement existing provider contracts for the delivery of Apprenticeship training to non-levy paying employer acting as an effective 'growth' fund alleviating the current funding shortfall. This mechanism will further simplify the process of redistribution and increase the utilisation of the Apprenticeship Levy.
- The immediate approval of the Level 2 Apprenticeship Standards such as Business Administration, which currently sits in the approval process of the Institute for Apprenticeships and Technical Education (IfATE).

What we should consider

- Seek a further settlement from Government whereby a proportion of the unused Levy funding emanating from Greater Manchester is utilised to **establish an additional highly flexible fund designed to meet immediate skill gaps and shortages** including, on a case by case basis, the ability to fund 'licence to practice' and **proprietary qualifications** in occupations with acute skills gaps and shortages.
- There are currently a range of interventions to stimulate the take up of Apprenticeships across GM which are making a positive contribution. An important area for development is to better target activity with those groups where take up is low. One specific area of activity is the need for more focused work alongside all schools with **parents and carers** to raise levels of awareness and understanding of Apprenticeships as a credible option for young people.

2. More Structured Collaboration

Everyday thousands of employers are in conversation with hundreds of training providers across Greater Manchester. As a consequence, the skills need of many employers are being met, where training is available and the relationships with training providers exists. However, what the system is not good at is in 'filling gaps' in provision where there are skills gaps/shortages and also in the longer-term planning of investment in the skills infrastructure. At present much labour market intelligence is gathered at a macro level and both employers and training providers find it is of limited value in helping them to successfully plan and invest for the future.

It is also clear that for many employers planned changes to the skills system simply go unnoticed; an example being the latest GMCC quarterly survey which identified that the vast majority of employers were simply unaware of the advent of T Levels.

To address this, we need to develop a more systematic and structured approach to sustaining an effective and ongoing dialogue between industry and educators. We will engage with our Members through lobbying and campaign activity, as well as through our skills programmes. This will help to ensure that employers are kept well informed about major developments and opportunities, vitally they will know how to get involved. For providers of technical education and vocational skills this will lead to a better, more detailed understanding of the current and future needs of employers, critical if they are to plan and invest with confidence.

The Challenge

If we are to **better prepare young people for the world of work**, we need to achieve a much closer alignment between the aspirations of young people, the needs of employers and the provision of technical and vocational education available in our schools, colleges, training providers and universities.

To achieve a successful transformation of post 16 technical education, including the introduction of T Levels (Technical Levels, the alternative vocational pathway to A Levels) for 16-18 year olds, we will need to increase the number of employers actively engaging with young people and specifically the number offering **work experience opportunities**. Nevertheless, demand on employers to engage in the skills system is substantial. Consideration must be given to all GM initiatives to establish how employers and skills providers can contribute to the overall economic impact of those programmes. With around 100,000 registered businesses in GM (with a large proportion being micro businesses employing 1 to 10 staff), we need to call upon government to better incentivise and support employers to engage with the skills system.

T Levels will be introduced in three phases from September 2020 onwards. The second phase commencing September 2021 is very significant in Greater Manchester including T Levels in the digital, construction and education & childcare sectors plus the health & science route. Eight of the nine colleges of further education in GM are involved in this second phase with the majority delivering T Levels in each of the four sectors. T levels in a further seven sectors will roll out in 2022 including engineering and manufacturing.

However, the most recent GMCC Workforce development survey identified that:

- 86% of employer respondents had either no or very little knowledge of T Levels, as regards to what the qualification is and how they relate to industry.
- Fewer than one in five business were likely to offer extended work placements – a key dimension of T Levels.

By successfully addressing this challenge we will use our collective resource and work with our Members to:

- Increase the likelihood that employers are able to recruit young people better prepared and equipped to make a positive contribution.
- Support the successful introduction T Levels.
- Increase the number of young people making informed choices about their career options and learning pathways and as a consequence increase the overall efficiency and cost effectiveness of our education and training system.
- Achieve greater parity of esteem between academic and technical education.
- Improve the take up of Apprenticeship opportunities at all levels.

What we can do now

- Produce a regular Employer Skills & Education Bulletin to increase the awareness and understanding amongst employers of major changes in the technical education & vocational skills training system. This would be distributed via existing channels to employers across the city region.
- GMCC and GMLPN have secured funding which has facilitated the establishment of four industry boards. These have successfully brought together employers and providers to address technical education reform and to establish long term collaborative relationships. We believe that this model offers a blueprint for the future and will support the successful implementation of T Levels and an effective technical education system.
- Extend and expand the current work shadowing programme.
- Secure a successful roll out of the Greater Manchester UCAS style post 16 portal by securing the commitment from of post 16 providers to actively use the system.

What should be considered

Review the operation of the current brokerage services between schools & colleges with industry so that employer engagement becomes a much more streamlined process for partners with the intention of building a widely recognized well understood one stop shop for employers.

3. Co-Design to meet the rapidly changing needs of industry

Despite the fact that we have record numbers of young people and adults undertaking vocational education and training, skills gaps and shortages are growing and many employers are finding it difficult to recruit and/or to source the training they require. The most recent GMCC Workforce development survey identified that:

- More than two thirds of employers are reporting that it is now taking longer to fill vacancies when compared to five years ago.
- A third of businesses are reporting that the Apprenticeship standards they require are not yet available.

The Challenge

To achieve a closer fit between the needs of employers and the supply of technical & vocational education and training we will need to:

- Secure a closer alignment between the needs of industry and vocational skills & technical education programmes thereby increasing skills levels, improving productivity and meeting the ongoing skills needs of the GM economy.
- Increase both employer and individual investment in skills.
- Improve curriculum design and delivery thereby achieving a better return on investment for both industry, educators & trainers and individuals.
- Embed joint design, delivery, assessment and evaluation as core operating principles.

By meeting this challenge, we will:

- Ensure more young people acquire the skills that meet current industry requirements enabling more of them to secure employment.
- Better meet employer skills gaps and shortages.
- Enhance the scale, quality, reputation and impact of the technical and vocational education and training system.

What we can do now

GMLPN and GMCC have jointly delivered a Taking Teaching Further project designed to lay the foundations for systematic collaboration between Industry and education in advance of the introduction of T levels and vocational education reform. Four Industry Boards covering the sectors of Engineering/Manufacturing, Construction, Digital and Education/Childcare have been formed and are effective forums for joint activity. These Industry Boards will further develop to facilitate employers and educators working together on co-design of the curriculum. **This approach needs to be extended to other industry sectors.**

What should be considered

Active consideration of the creation of 'centres of excellence for curriculum design and delivery' which would act as demonstrator units for the wider technical and vocational education and training sector. These centres will be joint ventures between industry and education applying an approach where the curriculum is 'jointly designed, jointly delivered, jointly assessed and jointly evaluated'. A key dimension of their role will be to enhance the quality of vocational and technical education in their given sector/occupational areas including raising the quality of teaching and learning across Greater Manchester.

We are aware of much good practice in the use of **employer skills boards to help co-design and co-deliver the curriculum** and consider that extending these across all key industry sectors with the collective buy-in from those colleges and independent training providers committed to working collaboratively is essential. The GMCA have already signaled that this joint approach is a central theme of the way they will procure the new £8m '*Skills Investment Fund. Building for the Future*'.

Employers are also reporting the lack of available Apprenticeship Standards in key sectors and occupations resulting in skills shortages especially at technical and higher levels. As part of the development of the work and skills elements of the GMLIS strategy we need to work with employers on a sector and occupational basis to identify where there is unmet demand for technical and Apprenticeship provision at Levels 4,5,6 and 7 to support providers to plan.

4. Creating more Effective Routes into Sustainable Employment

Greater Manchester has an above average 'tail' of underachievers in terms of education, skills and labour market performance. According to the Greater Manchester Independent Prosperity Review, almost 10% of the population of Greater Manchester have no qualifications (about 2% higher than the rest of the UK) and 35% have at least a Level 4 qualification (compared to 37% nationally), proving our region still faces a qualification challenge. Many of our residents face personal barriers to employment, struggle to sustain work and find themselves in a cycle of low pay or no pay. Too many individuals, in particular those with long term health conditions, consider that they are unable to work.

This is exacerbated by employment growth in sectors with low productivity and low added value. This results in a significant proportion of lower earners whose income is topped up by various tax credits and benefits. There is an acute need to increase the skills of these individuals. With an ageing workforce this goal will become increasingly urgent, as low skill jobs in catering, retail, or other routine activities or services are replaced by automation.

The Challenge

Many employers are telling us that they want to improve their current recruitment practices to become more inclusive and representative of a good cross section of society, but need a clear road map and support in order to do so.

There are a considerable number of different initiatives in place which support the long term unemployed and hard to reach groups to both secure and sustain employment. The barriers to employment are often complex and as such a wide range of initiatives and interventions have been developed with a large number of organisations and funding streams are involved. Whilst significant progress has been made in recent years to achieve greater coherence between these programmes more needs to be done.

Simultaneously, we need to enhance the career aspirations of those individuals who are in work and increase the proportion of people willing to invest in their skills actively supporting them to enter or progress in their chosen career.

By meeting these challenges, we will:

- Provide more work experience opportunities for workless people.
- Increase the likelihood that more employers will consider recruiting from those currently unemployed.
- Increase the number of people able to re-enter the labour force after a period of unemployment or illness.
- Improve the overall skills of the GM workforce improving the supply of skills for employers.
- Improve overall skills levels and contribute to sustainable employment and increased productivity.

What we can do now

- Creating an on-line portal with a 'road map' of current interventions which helps to simplify the process of employer engagement.
- Reviewing the operation of the former GM opportunities hub in order to create a platform where employers, individuals and referral agencies can promote and access work experience and employment opportunities and support services.
- Create a portfolio of cases studies and toolkits to support employers to adapt their recruitment practices.
- A GM wide campaign to stimulate the take up of Advanced Learning Loans.
- Targeted marketing to employers in low paid sectors promoting existing programmes available through ESF and the devolved Adult Education Budget (AEB). Key to this is to ensure that employers understand the return on investment derived from skills investment.

What we should consider

- Active lobbying of Government to increase the budget for adult vocational training targeted at those in employment with no or low qualifications and skills.
- Piloting of a co-investment programme alongside growth sectors and employers to incentivise individuals to retrain and to change occupation and/or to take up opportunities in sectors with skills gaps and shortages, potentially utilising unused Apprenticeship Levy.
- Piloting the National Retraining Scheme with a specific focus on digital skills.

We invite and welcome you to help shape our shared ambition

1. Get Involved:

Over the next 6 months, both GMCC AND GMLPN will be meeting with regional and central government officials to lobby for the changes to the skills policies, that through this work, our Members have told us they want and need. We will feedback the results of our lobbying campaigns through our Members' event programme and social media campaigns:

GMCC: www.gmchamber.co.uk

GMLPN: www.gmlpn.co.uk

2. Take Action:

Both GMCC and GMLPN have several work and skills initiatives for you to get involved with and help make a real difference to people's lives and businesses in Greater Manchester. Please contact Anne, Andy or Joy and they will be happy to advise (contact details available at the end of this report).

3. Get Your Voice Heard:

If you are not already Member of either GMCC or GMLPN and are interested in joining membership and contributing to the skills debate, please contact Anne, Andy or Joy and they will be happy to help (contact details available at the end of this report).

4. Attend 'The Greater Manchester Skills Summit 2020'

** SAVE THE DATE – Thursday 14th May 2020 **

Authors:

| | | |
|--|--|---|
| Anne Gornall Executive Director GMLPN anne.g@gmlpn.co.uk 07909 612 946 | Andy Fawcett Executive Director GMLPN andy.f@gmlpn.co.uk 07801 927 629 | Joy Sewart Director of Skills & Social Enterprise Policy GMCC joy.sewart@gmchamber.co.uk 07803 115 528 |
|--|--|---|

With special thanks to Jane Boardman, President, Greater Manchester Chamber of Commerce 2017 to 2019, for all her incredible support in delivering the ambitions of the 'Future of Skills 2028' campaign.

Thanks also to all GMLPN Board members, the wider network and GMCC Assembly Members.