

Economy Scrutiny Committee

Minutes of the meeting held on 6 December 2017

Present:

Councillor Richards– in the Chair

Councillors Davies, Green, Hacking, H Priest, Raikes, Razaq, Shilton Godwin and A Simcock

Councillors Loughman, Manco and Taylor (Minute ESC/1757 only)

Councillor Stogia, Executive Member for Environment

ESC/17/45 Minutes

Decision

- (1) To approve as a correct record the minutes of the meeting held on 6 September 2017 subject to the inclusion of Councillor Green as present; and
- (2) Agrees to refer the following recommendation of Minute ESC/17/46 – Housing Affordability Plan to the Neighbourhood and Environment Scrutiny Committee:-
 - The Committee requests Officers give more consideration to environmental standards as part of the requirements of the Council's capital programme delivery process

ESC/17/53 The changing nature of the labour market and implications for the skills system in Greater Manchester and Manchester

The Committee considered a presentation from Professor of Government at the University of Manchester, Andy Westwood, which outlined the changing nature of the labour effects that these changes would have on the required skills needed for future employment.

The Committee was referred to the main points and themes within the report which included:-

- The extreme changing nature and dynamics of the labour market at both a local and national level;
- The changes to the labour markets were being driven by issues such as Brexit, shifts in the number of people employed, sectors which were declining and those which were growing;
- The two forces driving most of the change was globalisation and technological advancements;
- Business and Professional Services, Science, Manufacturing and Creative and Digital were the most significant employment sectors in Greater Manchester;

- The process of change in the Manufacturing sector was the most extreme with a shift from low skilled/quality to high skilled roles and more productive advance manufacturing, with automation being key issue in this sector;
- Most sectors were experiencing growth in productivity but not all were seeing similar increase in the number of jobs available;
- As a result of these changes there were more job opportunities becoming available at the high skilled end of the labour market as well growth at the bottom end of the sector in the low skilled employment and even unemployment; and
- These changes in job opportunities were not evenly felt across the Greater Manchester region

Some of the key points that arose from the Committees discussions were:-

- Concern was expressed about Manchester residents who had not grasped or benefited from education opportunities and what the implications of the changes to the labour markets were for these individuals;
- What opportunities existed form the growth in the construction industry;
- What advice could be given to those looking to develop the commercial area in East Manchester, close to the Etihad Stadium, to ensure job opportunities existed for Manchester residents;
- What was the potential long term impact of the shift towards a gig economy and its effect on work and skills of Manchester residents;
- Could the Committee receive information on the geographical spread of the low pay sectors which were at risk of automation across Greater Manchester;
- Through the local Industrial Strategy, what powers will Greater Manchester have to improve the issues identified;
- What was the potential impact of Brexit on the labour markets and skills required;

The Committee was advised that those who were low skilled were the most vulnerable, as these people were the least able to navigate the dynamics of the changes to the labour markets. The employment rate for those people with no qualifications was less than 50%. It was explained that as there were less skills policy levers within the devolution arrangements it placed great difficulty on the Council to try and identify creative solutions to address the issues facing those who were either low skilled or unemployed. In relation to construction industry, it was explained that this industry was similar to the manufacturing industry with a shift from low skilled to high skilled roles, with housing having the biggest impact on the sector and its demand for skills.

The Committee was advised that the gig economy was an issue especially at the lower end of the economy (retail, hospitality), however there were opportunities at the higher end of the economy around the consultancy and digital/creative industries. As far as commercial development in the east of the City, the Professor advised that in terms of the types of businesses and sectors required, they needed to reflect what sectors were most important at a local level rather than nationally, with cultural, creative and digital, business services, science and arts being those sectors that

were clear strengths for Greater Manchester and the most appropriate for development.

The Head of Work and Skills commented that there was an issue in addressing the skills gap in the over 50's within the City and in terms of construction, the Committee would be focussing on this area at a specific meeting on 31 January 2018.

The Professor agreed to share information with Committee Members around the geographical spread of areas that were most vulnerable to automation and artificial intelligence. In terms of a local Industrial Strategy, it was explained that this would enable the Combined Authority to think more broadly as to how it wished expand its skills levers and also how much it wanted to draw its own objectives around particular sectors.

In terms of the impact of Brexit, it was reported that its potential impact was still fundamentally unknown, it was considered though that Brexit would pose a problem in addressing the changes in the labour markets and the skills that would be required rather than present opportunities.

The Executive Member for Environment and Skills commented that Greater Manchester was in a good position to put forward a strong case to Government as to where the skill gaps existed and the type of skills employers were seeking. She also commented that the Combined Authority needed to have a greater focus on the skills agenda in order to build an inclusive economy,

Decision

The Committee:-

- (1) Notes the presentation;
- (2) Requests an update on the Industrial Strategy at its meeting on 31 January 2018;
- (3) Requests that Officers provided Committee Members with the additional information on the geographical spread of the low pay sectors which were at risk of automation and levers around inclusive growth ; and
- (4) Request that the presentation, including key references, is circulated to all Members of the Council

ESC/17/54 LTE Group performance update and Manchester College estates programme update

The Committee considered a report of the Chief Executive of the LTE Group, which provided an update on the performance of the Group (including Manchester College), the progress made with the College estates strategy and an update on new education and skills projects for Manchester.

Officers referred to the main points and themes within the report which included:-

- The agreed transition of apprentice delivery from Manchester College to Total People had been completed and outcomes for learners continued to consistently exceed national averages;
- Manchester College showed year on year improvements for learners, comparing favourably to its peers;
- A number of negative findings from the Ofsted inspection in April 2017 were being reviewed by the Group as there had been concerns with the tone, style and nature of the inspection;
- Consultation had taken place on proposals to ensure the College was sustainable and savings from efficiencies were reinvested to support the increased capacity and quality for learners;
- Due to the need to upskill an additional 158,000 people by 2025 to support the social and economic aspirations of Greater Manchester and the Manchester Strategy, the college did not have the right capacity and type of accommodation within its current estates portfolio;
- In order to deliver its estates strategy proposals, 30% match funding (£50 million) of the capital costs had been requested from the GMCA or central government; and
- The risks associated in the ability to continue to provide various qualification routes, the challenges in addressing the skills gap, the ability to make Manchester's FE provision sustainable and the possibility that other regions will have a better skills offer to support inward investment and economic growth should match funding not be secured

Some of the key points that arose from the Committees discussions were:-

- What was the impact of the Ofsted inspection framework which appeared to place a disproportionate emphasis on a new set of measures sponsored nationally by DfE;
- Why was the Group considering releasing land it owned for affordable housing rather than maximising capital receipts to help fund the cost of its proposed city centre campus;
- Had any consideration been given to the College expanding to the of East Manchester as part of the Eastlands Regeneration Framework proposals;
- What would the outcome be if the Group did not secure the match funding it had requested for its estates strategy;

The Chief Executive of the LTE Group advised that the DfE measures looked at a particular view in the Ofsted framework around how learners at level 3 progressed. These only represented around 7% of the College's level 3 offer. The concerns the College had were in relation to the weighting within the Ofsted inspection as to how the College was judged was significantly more than 7% whereas the college was looking for outcomes around jobs, paid work and progression into higher levels of qualifications, which did not hold as much weighting by Ofsted. Therefore there was a strategic discussion that was needed to determine whether to continue to provide certain aspects if they were not viewed as important by Ofsted.

In terms of the College's estates strategy, there was a city wide approach being adopted to increase capacity across fewer sites. The plan was to create and operate a hub and spoke model. The College was looking at a balanced approach whereby it was able to give back to the city through the sale of sites/land that it owned, which did not result in the creation of housing problems in other parts of the city.

The Chief Executive advised that there was concern that if the 30% match funding requested of the GMCA was not agreed, it would potentially have an impact on the ability of the College to convince its Board, stake holders and banks to make the initial investment. The new facilities were proposed to come on stream in 2021, if this was to be delivered on a phased approach there was a possibility that the capacity to accommodate the projected influx of students could not be met.

In terms of East Manchester, there would be significant expansion of the Openshaw site to deliver courses around construction, public services, sport and health and wellbeing.

Decision

The Committee:-

- (1) Notes the decision on the LTE Group's estates strategy needs to be made by the end of January 2018;
- (2) Requests that the Executive Member with responsibility for Skills continues to hold open dialogue with the Combined Authority in relation to the LTE Group estates strategy proposal;
- (3) Agrees to receive a further report at a future meeting which will include the outcome of the response to the Ofsted inspection and the progress made with the College's estates strategy;
- (4) Invites the Group to attend its meeting on 31 January 2018 to contribute to the discussions around construction skills; and
- (5) Congratulates the College's staff in delivering the three year trend of performance improvements

[Councillor Hacking declared a personal and no prejudicial interest in this item as he is on the Board of Governors for the LTE Group].

ESC/17/55 English for Speakers of other languages (ESOL)

The Committee considered a report of the Head of Manchester Adult Education Service (MAES), which provided an update on the approach to developing an English for Speakers of Other Languages (ESOL) Strategy for the city.

Officers referred to the main points and themes within the report which included:-

- The need to increase the overall amount of ESOL provision due to a significant gap between supply and demand;
- The need to develop clearer signposting to the different types of provision for residents who wanted to improve their English;

- The need to improve progression pathways by providers onto vocational courses ; and
- The need to improve data collected on ESOL demand and develop a targeted provision for under represented groups.

The Committee also heard from Mrs T Blom, a Manchester resident and advocate for the ESOL programme, who, after arriving in the UK in 2011, had studied ESOL Entry 2 via MAES and had successfully progressed to ESOL Entry 3 and Level 1, which had resulted in her securing paid employment as a library assistant. Some of the key points that arose from the Committees discussions were:-

- There was a concern that with cuts in funding, it would become more difficult to secure volunteers to deliver ESOL courses;
- There was a consensus of support for the proposal to establish an ESOL gateway, but Members queried what funding would be required to deliver this, with specific reference to the potential use of Neighbourhood Investment Funding;
- Had any consideration been given to recognising qualifications attained by Manchester residents in other countries or those with a professional background that was recognised abroad; and
- It was recognised that a success of delivering the strategy was due to the close partnership working between MAES and Manchester College

The Head of MAES advised that there was no shortage in the number of ESOL volunteers, rather the challenge was being able to effectively manage them. It was reported that with cuts in funding there might be a need to substitute some of the funded course with volunteering opportunities. In relation to funding an ESOL gateway, it was reported that there would be a need to spend a further £1million in order to deliver the vision. MAES was in discussions with the Combined Authority on the benefit of having an ESOL provision to try and secure this additional funding once the Adult education budget had been devolved. At present funding was being received from the Skills Funding agency and DCLG to deliver the ESOL strategy. The Head of Work and Skills acknowledged that further work would be required to identify further appropriate funding streams, such as NIF, and agreed to look into this

The Committee was advised that MAES was in discussions with a number of companies to seek the ability to offer bespoke placements for those with professional backgrounds which would result in the completion of the ESOL programme delivered by MAES quicker and release places for others.

Decision

The Committee:-

- (1) Notes the report; and
- (2) Thanks Mrs Blom for her contribution.

ESC/17/56 Manchester Adult Education Service (MAES)

The Committee considered a report of the Head of Manchester Adult Education Service (MAES), which provided the Committee with information on the MAES 2016/17 performance and 2017/18 improvement actions.

Officers referred to the main points and themes within the report which included:-

- In the academic year 2016/17 more than 9100 people engaged in learning with MAES;
- MAES provision was regulated by Ofsted and had been inspected in February 2017. The service was judged to be a 'Good' provider;
- There had been significant improvements in functional Maths and English to above 15/16 national averages;
- There had been high pass rates (grade 4-9) in GCSE Maths and English (Maths 89.3% and English 92.9%)
- 42% of 15/16 leavers contacted to date had secured work, 18% were in education and 10% in voluntary work;
- 99% of learners said MAES courses improved their lives; and
- 2017/18 Improvement actions included but was not restricted to improvements to achievement rates and further improve the rigour of the assessment of achievement on non-accredited courses, the use of learning technology to support learning outside the classroom, improve collaboration with stakeholders to better connect skills and employment support services

Some of the key points that arose from the Committees discussions were:-

- The Committee admired the range of provision and its creativeness;
- The Committee supported the stance that the main priority for was to meet the need of local residents rather than be driven by the requirements of Ofsted; and
- What was the scale of provision required to meet the needs of the service;

The Head of Work and Skills advised that at a Greater Manchester level, there was an aspiration within the Greater Manchester Strategy for more residents to achieve skills qualifications at levels 2 and 4. The cost of being able to achieve this would be in the region of £100+ million. In terms of the city, its main challenge was to address the 14,500 people who had low or no skills and it was noted that there was a significant cost to upskill this cohort to be on par with the national average. The Head of MAES advised that one way in which the Council tried to address the scale of the challenge was by collaborating with partners to work in a more effective way to avoid duplication of provision and a wider offer for people could be made. A difficulty that currently existed was the ability to share information on individuals held by various organisations, including the Department for Works and Pensions.

Decision

The Committee:-

- (1) Notes the report; and
- (2) Requests the Executive Member lobbies the Department for Work and Pensions to share information at a local level with MAES to avoid the duplication of provision and to enable a targeted approach.

ESC/17/57 Eastlands Regeneration Framework

The Committee were presented with a report of the Strategic Director (Development), which sought the Executive's approval to the Eastlands Regeneration Framework following consultation with residents, businesses, landowners and other stakeholders.

The report would be considered by the Executive at its meeting on 13 December 2017.

The Committee noted that as the Executive Member was not able to attend for this item, it did not feel it could undertake careful scrutiny of the proposals within the report without him being present. The Committee agreed that as Ward Councillors from the Ancoats and Clayton Ward and Bradford Ward had attended the meeting for this item, it would listen to their views on the proposals within the report so that these could be reported to the meeting of the Executive.

The key points raised by the Ward Councillor for Bradford Ward were:-

- Previous reservations to the proposals had been allayed as a campus approach was now being considered in relation to the higher education sports institute which would house and accommodate students in east Manchester;
- It was requested that the Executive considered including the Landlord Licensing Policy into the Framework area;
- It was pleasing to see progress being made with establishing a new management company around the Etihad area; and
- Once the project commenced it was hoped partners would make it a priority to employ local businesses and residents to deliver the various aspects of the framework

The key points raised by the Ward Councillors for Ancoats and Clayton Ward were:-

- Priority should be given to recruiting from within Manchester to high level apprenticeship positions;
- Concern was expressed that as part of the Framework proposals, investment in local affordable housing was not being considered; and
- Concern was also expressed that local employment opportunities would not be taken up by contractors due to the lack of required skills within the area.

Decision

The Committee:-

- (1) agrees to defer consideration of this item to its meeting on 3 January 2018; and
- (2) requests that the views of the Ward Councillors are reported to the meeting of the Executive on 13 December 2017.

[Councillor Razaq declared a disclosable pecuniary interest in this item as he owned land that fell within the Framework area].

[Councillor Richards declared a personal and non prejudicial interest in this item as she is a Board Member of One Manchester].

ESC/17/58 Overview Report

The Committee considered a report of the Governance and Scrutiny Support Unit which contained key decisions within the Committee's remit and responses to previous recommendations was submitted for comment. Members were also invited to agree the Committee's future work programme.

Decision

The Committee notes the report;