

## Manchester City Council Report for Information

**Report to:** Economy Scrutiny Committee – 11 February 2021

**Subject:** Skills and Adult Education

**Report of:** Director of Inclusive Economy

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### Summary

The purpose of this report is to provide an overview of the supply and demand of skills and adult education in the city. The report provides an overview of the city's skills shortages and challenges and on the impact of Covid-19 on skills provision & labour market requirements. It also provides an update of some of the national and regional policy responses and commissioning, which are to supporting local delivery in responding to these challenges and opportunities.

### Recommendations

Members are requested to consider and comment on the information within this report.

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**Wards Affected:** All

<b>Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city</b>	
Improved skill levels across the city, especially in relation to digital skills and green economy jobs, will underpin the achievement ensuring residents benefit from the opportunities arising from the transition to a zero-carbon economy.	

<b>Our Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	This report identifies the current and future skills needs for the city. It focuses on the need for employers and skills providers to collaborate on creating skills provision that better aligns to the jobs and opportunities and supporting a demand led skills system in the city.
A highly skilled city: world class and home grown talent sustaining the city's economic success	This report highlights national, regional and local opportunities that employer and skills providers can leverage to fill skills gaps and better support residents to access learning and employment opportunities.
A progressive and equitable city: making a positive contribution by	This report highlights challenges and growth sectors and outlines the importance of supporting those most affected by the impacts

unlocking the potential of our communities	of Covid-19 to be resilient and where possible remain in healthy employment.
A liveable and low carbon city: a destination of choice to live, visit, work	Please refer to Environmental Impact Assessment.
A connected city: world class infrastructure and connectivity to drive growth	Improved skill levels across the city will underpin the achievement of this outcome. A more cohesive and economically relevant skills system will support inclusive growth opportunities for residents.

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Background documents (available for public inspection): The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- The Greater Manchester Local Industrial Strategy
- The State of the City 2020
- Developing a More Inclusive Economy – Our Manchester Industrial Strategy
- Manchester Adult Education and Skills Plan 2020-2025
- Powering Recovery: Manchester's Recovery and Investment Plan
- Driving digital inclusion and bridging the digital divide
- Skills for jobs: lifelong learning for opportunity and growth

## **1.0 Introduction**

- 1.1 This report provides an overview of Manchester's current skills landscape, which has been evolving since March 2020. The full impact of Covid & its economic consequences remains unclear. Appendix one contains the most recent Labour Market Statistics Update.
- 1.2 This report also outlines the challenges and opportunities presented by the current situation and details the emerging picture, short term impact and current predictions of longer-term change. This report outlines the national, regional, and local response to date and identifies where further opportunities may present. It should be noted that the unprecedented nature of the pandemic and evolving policy response from national government, often provided without consultation, with limited detail and time to implement, has required a reactive local response. Ongoing monitoring is needed to fully understand the impact of the pandemic, structural changes and the full impact of the Brexit transition period.
- 1.3 Economic growth is vital to fulfil Manchester's ambitions of being in the top flight of world class cities by 2025. A thriving and inclusive economy, underpinned by continued development, regeneration, and diversification of the economy are crucial determinants of residents' access to opportunity, prosperity and wider life experiences, including health and wellbeing.
- 1.4 In order to connect all of Manchester's residents to new employment opportunities and ways of working, fully recognising and facilitating the support of our diverse communities has become an increasingly important factor throughout the pandemic. In addition, ensuring that providers and businesses can respond in an agile way to their current pressures, is a vital component in building a demand led and inclusive skills system that can deliver several of the Council's strategic priorities presented in the Developing a More Inclusive Economy – Our Manchester Industrial Strategy and Powering Recovery: Manchester's Recovery and Investment Plan.

## **2.0 Pre-Pandemic Labour Market Growth and Demand**

- 2.1 Manchester has had and continues to have a key role as the regional centre of GM, driving economic growth and the employment base of the GM economy. Before the Covid-19 pandemic, the city centre accounted for 44% of all employment within Manchester and 13% of employment within Greater Manchester, with over 176,000 jobs.
- 2.2 The State of the City 2020 report evidences the continued growth of the city's economy over the last year. Manchester's high-growth sectors (in terms of GVA and number of jobs) has remained consistent over recent years. At the time of the report, business, financial and professional services; cultural, creative and digital; education, health & social care and wholesale and retail remain major growth sectors, providing a large employment base with a range of opportunities. Manchester also continues to have a leading reputation for

enterprise with the number of active enterprises increasing by 34% since 2015.

- 2.3 Science, research and development has replaced construction as a major growth sector and is projected to continue to grow at a fast pace. However, the construction sector has been fairly resilient to the shock of the pandemic. In recent years, much of the growth in employment in Manchester has been driven by businesses investing in the city due to the large and diverse graduate talent pool and the expertise and research strengths at the universities. This has been particularly evident in the digital sector, where higher level skills are at a premium but also bio-science and advanced materials. Businesses have also been attracted to move to Manchester as a more affordable alternative to London.

### **3.0 Pre-Pandemic Labour Market & Skills in Manchester**

- 3.1 A key factor in Manchester's continued success and resilience has been the development of a diverse economy which has been supported with an increasingly skilled workforce. Manchester is a young city as a result of population growth and in part driven by the strong higher education (HE) provision and good graduate retention. Within the city, the University of Manchester, (UoM) Manchester Metropolitan University, (MMU), Royal Northern College of Music (RNCM) and UCEN provide a plethora of undergraduate and postgraduate level courses in academic and vocational fields.
- 3.2 An increase in graduates remaining in the city to live and work post-graduation has supported growth in the economy and investment by businesses increasingly attracted by the talent pipeline. In addition, Manchester's HE institutions are home to world class specialisms and centres of excellence, research and expertise that have supported growth in the city's key sectors. Importantly, much progress has been made in ensuring that some of Manchester's most disadvantaged young people access the city's world class HE offer and beyond via a number of widening participation initiatives and improvements in careers information advice and guidance.
- 3.3 Nationally the UK faces challenges around skills shortages, particularly for higher-skilled and technical roles. For employers, the speed of growth within Manchester's economy is currently creating challenges in fulfilling demand with the required skills, particularly in higher-skilled occupations such as financial and professional, managerial & professional and digital and creative roles. The skills gap is particularly acute in the digital sector but there are also skill shortages in other key sectors such as construction.
- 3.4 It has been well documented that improvements made in recent years to skills, qualifications, job security and wages have not reached all our residents and communities. In Manchester, over half the working-age population with low or no qualifications are not in employment (40,000 out of 76,000). This has led to a persistent gap between workforce and resident wages. Manchester's residents, particularly the over 50 and minority ethnic population, are still

underrepresented in higher paid, higher skilled sectors and occupations, and overrepresented in lower paid jobs, with too many paid below the Living Wage.

- 3.5 To progress and deliver the city's ambitions, all residents must receive the support to develop the skills needed no matter their starting point. To achieve this, publicly funded skills provision and support must be targeted where it is most needed. As well as providing opportunities to retrain for new roles, it is important that there are opportunities to access skills and progress careers within all sectors, as well as providing access to higher level technical and professional skills to move from shrinking to growing sectors in the economy. The development of essential core skills such as communication, team-working; initiative and motivation and the provision of careers guidance support and inspiration are also essential components in providing tailored and effective employment support.
- 3.6 A high proportion of Manchester's residents are qualified to degree level or above with 40% now holding higher level qualifications, higher than the national average (38%). Over the past 15 years, the proportion of residents with no qualifications has reduced from 25% to 11%. Skills and qualifications have an impact on how residents fare in the labour market. In Greater Manchester, the employment rate of those with higher level equivalent qualifications (L4+) is 84%. In contrast only 37% of people with no qualifications are in employment.
- 3.7 Digital skills continue to grow in importance across all occupations, as well as in everyday life. Digitisation and automation continue to play a significant role in the changing skills needs in the economy and the world of work. Recent findings from the GM Industry Intelligence Team tell us digital skills are needed across all growth sectors based on the impact and further acceleration of digitisation. The results of this work are the subject of a separate report /presentation to this Scrutiny meeting.
- 3.8 Employers have also started to think more creatively about how they recruit and upskill their own workforce. In particular, employers in key-growth sectors are increasingly recognising the need to work in partnership with training providers to support workers to progress whilst in employment. Although many employers invest in staff training, this is often provided to staff who are already well-qualified, whilst workers with a lower starting point receive less employer-funded training, resulting in residents with the lowest skills levels being least likely to benefit from employer-funded training.

#### **4.0 Impact of the Covid pandemic on Manchester's Labour Market & Demand for Skills**

- 4.1 Recent forecasts from the Bank of England and the Office for Budget Responsibility suggest unemployment nationally may peak at slightly under 8% in the middle of 2021. Based on past trends, we would anticipate the unemployment rate being 1.5% higher than the national rate in the City, which implies Manchester may expect an unemployment peak of about 9.5%

in the second quarter of 2021. However, all projections should be treated very cautiously in the current environment.

- 4.2 The most recent Labour Force Survey (LFS) (Jan 2021) shows the unemployment rate for the NW rose to 4.9% in the three months to October 2020 - 0.7 percentage points (ppts) higher than the previous quarter (241,000 more unemployed people) and 1.2ppts up on the same period last year. In Manchester the rate of unemployment decreased from 6.2% to 5.6% in the three months up to September but there are caveats with methodological methods of LFS modelling at Manchester level.
- 4.3 Claims for UC have continued to increase. In November 2020 there were 76,479 people on UC in Manchester. This compares with 42,120 in March 2020. Older people are accounting for more claims. Since the autumn increasing number of claims from people in their 50's and 60s have become apparent whilst there has been some decline in the numbers of young people (under 20s) receiving unemployment support.
- 4.4 There were 33,400 employees on furlough in Manchester on 31st December 2020 (see table 2) – 2,100 fewer than in November. This represents 14% of the total number of eligible employments. In addition to this around 16,800 Manchester residents had claimed help from the second round of the self-employment income support scheme.
- 4.5 Many Manchester employers remain uncertain about the future of their workforces but there has been strong employment growth throughout the pandemic in some of the City's key sectors; namely health & social care, education and digital, with the Hut Group near the Airport providing the largest number of vacancies in GM.
- 4.6 Local restrictions, a shift to online shopping and reduced travel has meant that the economic downturn has had a far bigger impact for some industries more than others. The importance of the foundational economy was highlighted throughout COVID-19 in sectors such as healthcare and food. However, other parts of this economy such as hospitality, retail and tourism have been hit the hardest. Retail, hospitality and tourism together provide a significant employment base with a range of jobs including entry level, which are more accessible to lower skilled residents.
- 4.7 The visitor economy has collapsed - Manchester Airport saw a 99% reduction in passenger flights and 'normal' operations may not return until 2022, impacting on the Airport and related jobs. There are circa 25,000 staff working at Manchester Airport and while there have been some redundancies, furlough has protected most jobs. Air freight has fared much better during the last 12 months.
- 4.8 The impact on our city's cultural and creative industries sector cannot be overstated, both in the short term due to the shutdown of the economy, and in the long term due to social distancing measures, consumer confidence and structural changes to the sector. The sector employs a wide variety of

staff, freelancers and creative practitioners, some of whom have not been eligible for Government support programmes such as furlough or business grants. In response, Manchester City Council in conjunction with the Savannah Fund has recently launched a grants programme, specifically targeted at freelancers in the cultural sector.

- 4.9 The pandemic has been a catalyst for digital transformation across all sectors in the City. This has accelerated the demand for more technical digital skills for all sectors and sizes of businesses. The types of skills needed are wide ranging and include: high level technical skills needed within existing IT teams in businesses (especially around areas such as cyber, data analysis and software development); digital specific leadership and management skills (especially around the more supportive, remote team management roles) and digital skills for non-technical staff (data analysis, cyber, User Experience and Digital marketing skills).
- 4.10 This acceleration supported by the pandemic's restrictions has also put a spotlight on the cities growing digital divide and the need for digital skills for access to services & support, as well as for learning and work. Adult learning providers and VCSE have responded and adapted well to increase their basic digital skills offer but there was already a challenge for providers engaging with learners who have low levels of digital skills & confidence with digital skills training. One of the key issues is the availability of digital kit, data and for many learners, having a place where they can safely and proactively engage in learning. Both MAES and The Manchester College provide more detail in their reports to Scrutiny.
- 4.11 Despite the impact of COVID-19, the city remains well-placed to align investment to support some of the City's major projects to enable the continuation of the city's growth and generate future employment opportunities. These projects set out in the City's Economic Recovery Plan – Powering Recovery include catalytic projects such as North Manchester General Hospital, Northern Gateway, and Mayfield, new research and scale-up manufacturing sites, such as the Manchester Manufacturing Innovation Park and Innovation District Manchester and Expansion of Space Studios Manchester to further boost film and TV production in the city.
- 4.12 Developments such as MMU's new £35m digital arts school, School of Digital Arts (SODA) and The Cyber Resilience Centre for Greater Manchester (CRCGM) will attract growth and add to the city's creative and digital technical skills and training offer.
- 4.13 There will also be significant opportunity for job growth through the development of Manchester's approach to achieving zero carbon by 2038. Skills will be required to fill roles to drive domestic retrofit, renewables generation, zero carbon new builds, low carbon vehicles, infrastructure development and environmental activities.

- 4.14 Businesses have adapted quickly to new ways of working and employer goodwill has continued to remain strong with employers actively supporting Manchester's economic recovery plan.

## **5.0 Residents Most Affected by the Changes of Labour Market**

- 5.1 The rapid move to working from home has highlighted existing work-based inequalities and showed that certain industries were more agile and better equipped to a transition to home working than others.

- 5.2 The THINK report, which the City Council commissioned in June 2020 identified key groups of residents of unemployment:-

- Young people - As young people more commonly lack experience and employability skills, young people those still in education and those at the early stages of their careers, are disproportionately affected by large scale economic downturn. Young people's ability to gain full & part time employment opportunities due to the sectoral impact in hospitality, leisure and culture has been challenged. This played out with the most significant rise in unemployment last summer being in the 18 to 24 year old age group. Latest figures show that this is starting to change.
- A 'stay in education' message was promoted throughout spring and summer terms to young people at all educational levels in response to the downturn in employment, and travel opportunities. This has resulted in the number of NEET young people in the City only slightly increasing in 2020, as compared with 2019. A record number of students applied to UCAS for 2020 starts nationally. Analysis by UCAS also shows that deferral rates did rise as expected. Domestic and international student recruitment has been strong in the city, with an approximate 74,000 students in the city for the academic year 2020/2021.
- Graduates - Official Higher Education Statistics Agency Data detailing graduate outcomes for 2020 students will not be published until Easter 2021. Anecdotal evidence from the sector and the business community indicates that many offers of employment and training to 2020 graduates were rescinded, and schemes that had not yet been advertised were pulled due to new pressures on organisations. In particular, SME's have had limited ability to support graduate recruitment and development. Larger employers also had concerns about onboarding young talent (graduates and apprentices) while the majority of their workforces worked from home. Recent graduates are more likely to be in more precarious unemployment with limited employment rights and as such are more likely to be made redundant.
- Older workers - The % of older learners going into sustained employment following their learning in the City was already much lower than other age groups before the pandemic. There is a concentration of older people in sectors that were closed during lock-down - including non-food retail, restaurants and hotels, passenger transport, personal services and arts



and leisure services. Prior to the Covid-19 crisis, people aged 50-64 also already had the lowest re-employment rates following redundancy and without support may struggle financially, while in addition facing the increased risk of falling into long-term unemployment and ill health.

- Black, Asian and ethnic minority groups - Adults of visible ethnic minority fared worse in previous economic recessions than the white majority, exacerbating pre-existing inequalities with higher unemployment, lower earnings, lower self-employment rates and higher housing costs. The consequences were far reaching and long lasting. The spike in the Claimant Count in neighbourhoods with high Black, Asian and ethnic minority populations is likely to be driven by the high proportion of residents in these areas who work in occupations linked to hospitality and the night- time economy. There is a need for the City to better understand which ethnic minority groups are being impacted most and how. National data particularly data linked to health inequalities, tell us that Black African, Black Caribbean, Pakistani, Bangladeshi and the wider South Asian communities are most at risk.
- Part time and self-employed workers - Part-time and self-employed workers have grown much faster than full-time jobs over the past decade. Many of these workers including freelancers are not able to access the government's income support for freelancers because of the scheme's exclusions. Practitioners in the cultural sector for example have been disproportionately impacted because of the nature of their working patterns, portfolio careers and new sector entrants also fall outside the reach of the scheme.
- Low Skilled - Prior to the pandemic we know that some groups were already more likely to have low skills levels particularly older residents, those for whom English is not their first language, disabled residents or residents with a long-term illness. Low skills levels are linked to lower rates of employment and with employees being less likely to access learning and training opportunities. They are more likely to be employed in low paid jobs vulnerable to automation and difficulty with moving into better paid, good quality work. Low skilled workers are therefore now more vulnerable to job losses related to both structural changes in the economy and COVID-19.

5.3 Beyond the Think Report, there is evidence of the disproportionate impacts on other priority groups – According to the UN Women's 'The future of the poverty gender gap' report - women tend to earn less, have fewer savings, are more likely to have worked in 'shut down' sectors and those that are employed are more likely to work part-time/ less likely to be in secure employment, are more likely to be carers, make up the majority of the single-parent households – all experiences that may therefore result in women having to drop out of the labour market.

5.4 Evidence also suggests that refugee communities, residents with literacy issues, learning disabilities, mental health issues, visual or hearing

impairments, English as a second language may also be disproportionately disadvantaged by the impacts of Covid-19. It is important to note that many of these groups overlap, for example women, disabled people and those of many minority ethnicities are all more likely to be low earners. Emerging evidence strongly suggests that COVID-19 is exacerbating pre-existing inequalities therefore it is vital that COVID-19 response, recovery and rebuild efforts take account of intersectionality of disadvantage.

## **6.0 Additional Skills Challenges and Opportunities**

- 6.1 Supporting those 30,000 who were already long term unemployed and economically inactive was an existing challenge for the city - with the Government announcing a number of new packages to support those newly unemployed –there is concern that the support available for the long-term unemployed will compete with the demands on resource to support those newly unemployed.
- 6.2 Minimising the number of Manchester residents who move from being on furlough to redundancy in time for the Coronavirus Job Retention Scheme coming to an end through offering employer led learning and training opportunities is essential. This will support individuals to update their skills, maintain motivation and consider future career options. It is crucial that residents both within and out of work are supported to grow and retain social and emotional skills as well as adaptability and resilience skills – to ensure they progress through any further changes to the supply chain.
- 6.3 In 2019, the City estimated 27,000 adults in Manchester were digitally excluded. In reality we know this number is in fact much higher and growing with GMCA having the 2020 headline figure for those digitally excluded across GM as 1.2 million people. As evidenced in the Driving Digital Inclusion and Bridging the Digital Divide paper that went to Communities and Equalities Scrutiny Committee in December, the pace of digital transformation means digital inclusion is important to skills acquisition generally and more residents will need support to adapt and upskill throughout their working lives.
- 6.4 Throughout the 2020 summer term and into the autumn term, providing virtual enrolment support, including bespoke careers advice and guidance, and assisting students, parents and carers and providers to navigate the COVID-19 assessment processes was a key priority for post-16 providers. Significant cross sector collaboration, supported by existing strong partnerships, has secured strong participation rates across the city.
- 6.5 Notably, technical and professional pathways have been disproportionately disrupted with practical skills training being harder to deliver virtually resulting in students missing key learning and development opportunities. In addition, employer engagement opportunities e.g., work experience placements and site visits were significantly reduced as businesses navigated the pandemic and restrictions.

- 6.6 Many of the recent changes in working and learning conditions appear to be here to stay. Social distancing and working from home impacts on communities differently and for many applying for new employment opportunities and working from home may be a challenge. Some residents may now be excluded from a range of jobs where employers have decided that they will be home based. Positively, employer goodwill remains strong, many have strengthened their health & wellbeing offer and many will return to workplaces in some format.
- 6.7 Apprentices play a crucial role in the city's skills landscape, particularly in key sectors and there has been an impact on existing early career apprentices ability to complete programmes and qualifications, and therefore to maintain employment or secure another opportunity.
- 6.8 To respond to the first National lockdown our adult education providers rapidly and successfully adapted to the needs of their current learners and developed new models of blended and distance learning. This enabled them to reduce the group sizes that meet in physical classrooms and therefore maintain social distancing whilst also being financially viable. Further detail will be provided in the MAES and College reports.
- 6.9 At the start of the third lockdown, the closure of physical learning spaces for adult education and skills providers resulted in a full online learning model being rolled out from many adult education and skills providers across the city. The only way residents can engage with learning opportunities is through access to the right devices, data and/or the skills to use them. Digital inclusion is a significant factor but even with the technology and data, many learners do not have a suitable learning environment or the skills and confidence to work independently.
- 6.10 Despite January 2020 research by the Learning and Work Institute finding national adult participation in education had fallen to a record low, the 2020 Adult Participation in Learning Survey found that there had been high levels of participation in learning during lockdown. Over two in five (43%), 22 million people across the UK, had taken part in some form of 'lockdown learning'. However, participation remained low from groups who could most benefit being, such as adults in lower socio-economic groups (29%), who were half as likely to take part in lockdown learning compared to adults in higher socio-economic groups (57%) and just one in three (34%) adults who were out of work took part in lockdown learning, compared to over half (52%) of those who were in employment.
- 6.11 A more flexible adult learning system is needed to enable providers to better serve the changing needs of Manchester's local communities. Those learning providers who may have been risk adverse pre-pandemic, had to change and adapt to respond the new challenges - providing an opportunity for the city to continue to flex learning offers to quickly respond to individuals' circumstances, job prospects in the labour market, and delivery affordability criteria.

- 6.12 There is an opportunity for us to re-value the Foundational Economy's place within the wider economy. Over the past ten years, some of the fastest employment growth in Manchester has been in sectors which create low skilled and low paid jobs, including administrative and support services, retail, accommodation and food. This is likely to continue. We need to work with employers in these sectors to ensure they drive up productivity levels and skills and that new jobs created in them offer good quality work.

## **7.0 National Policy Response to Skills & Labour Market issues**

- 7.1 In July, Government announced A Plan for Jobs 2020 Policy Paper which sets out a number of initiatives that aim to support people back into work. One of the key initiatives to support young people was the £2bn Kickstart programme, which provides a wage subsidy for employer to provide employment for an unemployed 18 to 24 year old. The job needs to be additional and employers with 30 or more vacancies have been able to register their opportunities on the DWP website. Employers with fewer than 30 vacancies were encouraged to register through a Gateway organisation. This has recently changed and employers with fewer than 30 vacancies can register them directly or go through existing Gateway organisations. Despite the scale of the programme, Kickstart has made a slow start, with some employers reluctant to bring young people on the Kickstart programme into their organisation while staff predominantly work from home. There have also been some delays in approvals nationally. Manchester City Council has registered Kickstart opportunities and the Work & Skills Team works with employers and Gateway organisations to promote good quality Kickstart opportunities for the City's young people.
- 7.2 The JETS Programme has provided a £13m funding boost to expand the Work & Health programme nationally, commissioned as the Working Well programme in GM. This extends the reach of the programme and enables residents who are disabled or have underlying health conditions to access the programme earlier.
- 7.3 There was also an increase in the number of work coaches in Jobcentre Plus, the introduction of a light touch digital support service for unemployed people who can self-serve and an expansion of sector-based work academies to link unemployed people to the jobs in sectors that are recruiting.
- 7.4 A Plan for Jobs also includes the new £2.9bn programme - 'Restart' which is being commissioned nationally by the Department of Work & Pensions to provide intensified and more bespoke support to 1 million long-term unemployed people over the next three years.
- 7.5 There was £2.5bn funding for apprenticeships and further improvements for employers, including: a new mechanism for employers to transfer unspent Apprenticeship Levy funds in bulk to SMEs, a new online service to match Apprenticeship Levy payers with SMEs who share their priorities, and an extension of the new apprentice incentive payments for an extra two months to the end of March 2021 (with no indication eligibility will change).

- 7.6 The Plan for Jobs represents significant investment in welfare to work provision and it is important that they deliver in Manchester. Some of the programmes are well aligned with the city's priorities e.g., Kickstart to youth unemployment but there is nothing specific in the programmes for Black Asian and minority ethnic residents or older workers who also have been adversely affected. Moreover, the programmes are commissioned nationally apart from the expansion of Working Well, so it will be a challenge and necessity to join them up with skills & wider support services in the City.
- 7.7 A review of post-18 Education Review (Augar) was announced in February 2018 - report published on 30th May 2019. This review aimed to ensure that the post-18 education & skills system was fit for purpose across all qualifications, academic & technical, better met the requirements of employers and the labour market and offered adequate opportunities for progression with greater parity across academic, technical and apprenticeship routes. It also emphasised the need for investment in higher level technical skills particularly at Level 4 and 5 and greater parity of investment in the 50% of the population who don't choose a Higher Education route. The government published its interim response to the Augar Review in mid-January.
- 7.8 This was alongside the long-awaited review of FE and the publication of The Skills for Jobs: Lifelong learning for opportunity and growth white paper, which sets out the Government's intention for planned reforms to FE and technical training offers. The paper is split across 5 main headline themes:
- 7.9 Putting employers at the heart of post 16-skills through the development of new Local Skills Improvement Plans, involving Chambers of Commerce & other business organisations and improving the quality of apprenticeships and traineeships to better align provision to meet the skills needs of the labour market.
- 7.10 Providing £2.5bn National Skills Fund to enhance funding for adults to upskill and reskill. This includes £95m for all adults to achieve their first advanced Level 3 qualification as part of the Lifetime guarantee. There will be an expansion of IOTs and the roll out of T-levels.
- 7.11 A more flexible learning offer through the implementation of the flexible Lifelong Loan Entitlement, equivalent to 4 years of post-18 education for higher technical qualifications to stimulate high quality provision. This will need to incentivise easier and more frequent transfer between institutions. There is a commitment to improve teaching so that it is more accessible through a digital and blended learning offer.
- 7.12 Enabling responsive providers supported by effective accountability, governance and intervention, with a commitment to the simplification and streamlining of FE funding and consideration of the move to multi-year funding and investment in colleges' estates. There is an expectation of high standards of governance and accountability with new powers for the Secretary of State to intervene more quickly if colleges find themselves in difficulty.

- 7.13 Supporting outstanding teaching through a national campaign to attract teachers to FE, including employer led standards as part of initial teacher education and the commitment to tailored professional development for the profession.
- 7.14 The Skills for Growth White Paper has much to recommend it, with the enhanced focus and funding for technical education, the expansion of L4 and L5 technical education, the strong focus on employer engagement including in the co-creation of curriculum and the commitment to the universal offer of basic skills, English, Maths and Digital for all adults. This should help address some of the higher-level skills gap in Manchester's economy that have been evident for some time. There are already good relationships and collaboration between businesses & the post-16 and adult education providers in the City, which can be strengthened and broadened.
- 7.15 The flexible lifetime skills guarantee which provides loan entitlement equivalent to 4 years post-18 funding levels up the funding for young people and adults to pursue alternative pathways to traditional HE. This is on top of the previous Government commitment to provide funded education to level 3 for adults without qualifications at this level, captured again in the White Paper. This is timely, as many adults who find themselves out of work, as a result of the impact of the Covid pandemic will need access to new skills and qualifications to pursue alternative careers.
- 7.16 The white paper recognises the huge role our colleges and adult learning and skills providers play in developing a strong skills talent pipeline and education & skills development within our communities. The commitment to streamline funding and give more certainty to our education & skills providers by moving to multi-year funding is welcome. This is likely to be linked to progression performance metrics and effective employer engagement. There will be a further consultation on the detail of new funding proposals which will be important to respond to. The Strategic Development Fund can be bid for by groups of colleges or as part of employer collaboration.
- 7.17 The White Paper is light on Devolution and it would appear that much of it, notwithstanding Local Skills Plans will be driven centrally. The Plan promises to look at devolved education and develop a new funding landscape that clearly describes the role that Central Government, Combined Authorities and FE providers play to ensure that funding is allocated effectively.
- 7.18 More positively it acknowledges the digital bootcamps that were piloted in Greater Manchester & Lancashire and has committed £43m in 2021/22 to expanding them. Digital bootcamps have been effective in bridging the gap by providing participants with the technical & coding skills needed in industry now. The GM pilot enabled residents who could not normally afford to pay to participate in bootcamps to take part and at the same time is supporting the industry to diversify by including more underrepresented communities.

- 7.19 The urgent need to enable residents to develop their digital skills has now been recognised at a national policy level and a new Essential Digital Skills qualification has been launched for the 20/21 academic year. The new qualification is regarded as a 'legal entitlement' which means it is fully funded for 19+ learners and that digital skills are now given the same status as English and maths.

## **8.0 Responding to Skills Challenges and Opportunities Through Local Funds, Programmes and Initiatives**

- 8.1 Adult Education Budget (AEB) is the most substantial source of funding for adult learning in the city. Devolution of the £92m of AEB funding to GM has enabled GMCA to adopt amendments to the budget's Funding and Performance Management Rules 2019 to 2020 in response to the pandemic. This enabled the GMCA to provide stability to FE colleges and adult education and training providers in the City by funding them to profile. It also supported providers to offer more flexible and responsive provision that met the emerging needs of residents and businesses during 2020 restrictions.
- 8.2 In turn, through community learning funding this enabled Adult Education providers to continue to support commissioned VCSE provision. These organisations have an important role to play in engaging residents with low levels of skills and confidence in learning. Their ongoing role will be particularly important for residents with low digital capabilities, as more learning goes online or is a blended offer.
- 8.3 GMCA awarded each of the 10 Authorities £150k through the Local Authority Grant Programme - forming part of the GMCA Devolved AEB and Local Growth Fund GM Digital Talent & Skills Programme. This funding has provided additional resource to further develop the ESOL Advice Service initiative, the Digital Inclusion Action Plan and the Manchester Adult Education and Skills Plan. Over the next 12 months this extra resource will enable the Work and Skills team and stakeholders to effectively deliver more adult learning initiatives to priority groups. GMCA have also awarded each of the 10 Authorities £50k funding to purchase digital kit/ connectivity to support authorities to scale up efforts of tackling the digital divide. We supplemented this in Manchester with an additional £100k from the Covid response and £10k from One Manchester to enable the City to make a greater impact on the digital inclusion agenda described earlier in the paper.
- 8.4 The £40 million GM Skills For Growth programme funded through ESF - provides an opportunity to support businesses, as they rapidly develop and innovate to maintain and create economic activity and jobs, with a focus on increased productivity through developing the skills of their workforce. The Skills for Growth Programme will run from Autumn 2020 – Autumn 2023 and will support more than 25,000 participants, primarily employed / UC claimants and more than 2,750 SMEs with skills support packages that focus on higher level skills and technical training which will meet the needs of our priority sectors. This will address foundational and frontier growth sectors and help support some of the shorter-term skill challenges that have become

manifest, as a result of Covid, as well as the longer-term skills & productivity challenges.

- 8.5 Supporting businesses to understand their workforce needs, how reskilling individuals can support growth and productivity of our economy and exploring models that allow for redeployment is crucial for the City. Skills For Growth will align with existing programmes such as Skills Support for the Workforce to scale up efforts to address the skills needs that emerge from the economic shock, whilst still having the ability to deliver on the growth ambitions identified prior to the pandemic.
- 8.6 As part of the overall economic recovery programme for Manchester, The Skills, Labour Market and Business Support Action Plan has six workstreams delivering work around tackling the impacts on those furloughed/ newly unemployed, youth unemployment; skills and employment support for adults and inequalities. Each workstream has identified short, medium and longer-term priority actions aligned with the THINK report recommendations and national government policy initiatives.
- 8.7 The Furlough/ Newly Unemployed group have set up a Newly Unemployed Support Partnership, to inform collaborative strategies and pro- active responses to emerging trends relating to unemployment and skill shortages. The Youth Unemployment group have prioritised a focus on promoting and maximising the impact of Kickstart for Manchester's young people, as well as maximising apprenticeship and traineeship opportunities. The Skills and Employment Support for Adults has several priorities that align to the Manchester Adult Education and Skills Plan, including: ensuring providers have access to up-to-date Labour Market intelligence to support them to design their skills offers to better align with the cities current and future needs, and that all residents can be supported to access and effectively engage with the internet for both work and life.
- 8.8 The Equalities workstream, although embedded across all workstreams has prioritised a focus on re-launching Neighbourhood Employment & Skills Groups in North and Central Manchester, developing work club networks to achieve better outcomes for the most disadvantaged and facilitating an EDI (Equality, Diversity & Inclusion) audit of learning providers to check representation of learners against the demographic of the communities where learning is delivered.

## **9.0 Conclusion**

- 9.1 A successful economic recovery will be based around Manchester's globally recognised sectoral strengths and our key assets (including the city centre). It will also require a focus on people, ensuring all our residents have the right skills and qualifications to access any new opportunities now and in the future. Recovery planning and implementation must connect more residents to the opportunities available in the economy, improve financial resilience and broader life outcomes. The pandemic has resulting in widening inequality in the city and although an intersectional approach is needed to tackle the divide,



the Council and the city also need a better understanding of those communities who have been disproportionately affected. This will enable skills providers, welfare reform initiatives and employment support to better tailor and focus efforts to deliver better outcomes for these priority groups.

- 9.2 The city is hopeful that the vaccine will provide a lasting solution to the Covid-19 health and economic crisis, which reduces the rise in unemployment and businesses closures. There is a huge opportunity for Manchester to refocus its economy to be more inclusive and maximise the opportunities from the continued growth of the City for our residents. It will be important to have visibility of and the potential to work closely with nationally commissioned providers delivering much of the Plan for Jobs welfare to work provision.
- 9.3 The Skills for Growth White Paper White Paper, once implemented provides an opportunity to tackle the long-term deficit in higher level & technical skills need for the City's economy to thrive. We need to work alongside Adult Education, FE and HE providers to ensure that we continue to create the talent pool that is so critical to inward investment and continuing the growth of the SME base in the City. Employers need to play a much bigger by investing in workforce training and skills development and building sustainable collaborations with a range of learning providers. Adult learning providers need to inspire residents across the city to engage in and value lifelong learning and VCSE should be further support to lead efforts of tackling the growing digital exclusion.
- 9.4 The economic situation locally, nationally and internationally due to COVID-19 remains unparalleled in recent times making accurate and confident forecasting extremely challenging. In addition, the ongoing uncertainty around Brexit means that the economic picture locally and regionally remains unknown. Despite the scale of these challenges and existing skills challenge, Manchester has many opportunities and has shown its ability to drive change at pace. With more resource, agile working and continued cross-sector working will create the skills, employment and wrap around support initiatives that respond to employers and communities' diverse needs, critical to the City's recovery and continued growth.