

## **GMCA ECONOMY, BUSINESS GROWTH AND SKILLS OVERVIEW AND SCRUTINY COMMITTEE 12 OCTOBER 2018 AT 2.00PM AT MANCHESTER TOWN HALL**

Present:	Councillor Michael Holly (Rochdale) (in the Chair)
Bolton:	Councillor Susan Haworth
Bury:	Councillor Robert Caserta
Bury:	Councillor Mary Whitby
Manchester:	Councillor Luke Raikes
Oldham:	Councillor Valerie Leach
Salford:	Councillor Tanya Burch (substitute)
Salford:	Councillor Karen Garrido
Salford:	Councillor Kate Lewis
Stockport:	Councillor Mark Hunter
Trafford:	Councillor Barry Brotherton
Wigan:	Councillor Charles Rigby

### **In attendance**

GMCA	Councillor Sean Fielding, GMCA Portfolio Lead for Education, Skills, Employment and Apprenticeships Jim Taylor, GMCA Portfolio Lead Chief Executive for Economy Simon Nokes, Executive Director Policy & Strategy Gemma Marsh, Assistant Director – Skills (Policy, Strategy & Delivery) Susan Ford, Statutory Scrutiny Officer Emma Stonier, Governance and Scrutiny Officer
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### **E75/18 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Daniel Meredith (Rochdale) and Councillor Jude Wells (Stockport).

### **E76/18 CHAIR'S ANNOUNCEMENTS AND URGENT BUSINESS**

The Chair highlighted the recent Welfare Reform briefing which had been arranged for Members and thanked Officers for the information and detail provided.

The Chair had requested, on behalf of a Scrutiny Committee Member, that an update be provided to the Committee about the Autumn Budget statement. Simon Nokes, Executive Director Policy and Strategy GMCA, provided this update. Key items highlighted were:

- The statement will be released on 29<sup>th</sup> October 2018 and GM believe this will be a 'light touch' approach.
- A Spending Review is expected in 2019 but details around this have not been confirmed.

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- GM has written to the Chancellor regarding areas of importance for GM for the spending review process next year. These included Local Industrial Strategies, Independent Prosperity Review, areas GM has made successful use of devolved powers and further areas where GM felt it would be beneficial to work in partnership with Government. Other areas covered in the letter were; the design of the Shared Prosperity Fund, the future of Business Rates, police and fire service funding and the Local Government settlement.

Members requested more information about business rates in the context of the impact of Business Rates retention and what GM would seek in this budget regarding Business Rates. In relation to the Spending Review GM has outlined a case in relation to general funding of Mayoral Combined Authority areas, and has not focused on specifics. It was highlighted that there were two distinct issues in relation to Business Rates: the retention pilot and the future of Business Rates.

Spending Review submissions would be developed next year and details would come to the relevant Scrutiny Committees as appropriate. It was stressed that the timescales for this were not yet known. Members were also informed that the Corporate Issues and Reform Scrutiny Committee will be scrutinising the GMCA's budget over the next few months and as part of this they were scheduled to look at sources of GMCA funding. Members would be welcome to attend this meeting and papers related to the GMCA's budget will be circulated to Members of this Committee.

**RESOLVED: That papers related to GMCA's Budget will be circulated to Members.**

Item 6 – Devolution of the Adult Education Budget and Item 7 – GM Work and Skills Underspend were taken before Item 5 – Northern Powerhouse.

### **E77/18                      DECLARATIONS OF INTEREST**

There were no declarations of interest received.

### **E78/18                      MINUTES OF THE LAST MEETING HELD ON 21 SEPTEMBER 2018**

The minutes of the meeting held on 21 September 2018 were submitted for approval. The Chair noted that Sir Richard Leese, GMCA Portfolio Lead for Economy, had sent his apologies and requested that these were noted.

**RESOLVED:**

That the minutes of the last meeting held 21 September 2018 be approved as a correct record.

### **E79/18                      DEVOLUTION OF THE ADULT EDUCATION BUDGET**

Councillor Sean Fielding, GMCA Portfolio Lead for Education, Skills, Employment and Apprenticeships, introduced a report which provided an update on progress relating to the devolution of the Adult Education Budget (AEB) and set out the proposed approach to commissioning AEB funded provision for GM residents for 2019/20. The GMCA had agreed this

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in June 2018 and it was passed through Parliament prior to the summer recess. The devolved budget was approximately £92m and would enable GM to deliver services which contributed to the ambitions set out in the Greater Manchester Strategy (GMS). GM will also have more flexibility locally to support the skills need and economic growth. It is intended to use the commissioning process to support higher quality providers; whilst not excluding smaller providers from the market. AEB will also be used to support the Local Industrial Strategy (LIS).

Members' comments and questions included the following:

- That AEB was due to be devolved in August 2019 but the figures outlined were based on 2016/17 data. It was stated that this was the last full year data that was available from the Education and Skills Funding Agency (ESFA) and there was a lag in receiving more up to date information. It was however hoped that this lag would be reduced when GM was commissioning provision.
- Where were the checks and balances in the system to ensure that funding/resources were being spent appropriately and delivering the specified outcomes? Members stressed that comprehensive performance management was crucial and that what this entailed needed to be fully articulated. GM's next stage was to launch the commissioning round and to ensure that the procurement process had appropriate quality controls built into it. The devolution of AEB would also gave GM the opportunity to put 'place' at the centre of the commissioning strategy, and to develop better relationships with providers. GM was working with local authorities and providers around the development of a system to assess outcomes. Members were informed that as the procurement process was shortly to go live some information relevant to contract and performance management was subject to confidentiality. However the Committee were assured that in future GM would have more flexibility to move resource around the system if outcomes were not being delivered. Proposed contract/performance management points, throughout the 3 year contract periods, could be shared with Members. Members also asked that the role of Scrutiny in overseeing the delivery and performance of these contracts be considered.
- How was it intended to track an individual learner's progress? GM's ambition was to develop an outcomes based system, in which a learner's progress throughout the system can be better monitored.
- That it would be useful to have more information about what some of the aims outlined within the report; such as 'putting place at the heart of the strategy' and 'the principles of delivery', meant for individual learners. It was explained that GM was better placed to understand what was needed locally to deliver better outcomes for individuals and to address the skills shortage in GM. Additionally as the future commissioner of services GM will have more control throughout the system as a whole. AEB was highlighted as forming one part of the solution to skills shortages within GM and building a system which was able to respond to employer needs at a local level. For the individual learner the ambition was for them to gain better outcomes from education/training and move into paid employment.
- Further information relating to funding/resources allocations disaggregated by Local Authority area, was requested. It was confirmed this would be circulated to Members.
- That it was important management costs were kept to a minimum and, therefore, it was asked what the management costs for the whole programme were expected to be? Currently each provider has their own management fee, with fees varying between 21-40%. GM expects that the overall figure for this will be reduced, and will use National

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Audit Office guidelines to ensure that more resource goes to the learner. However an overall figure had not yet been agreed. Members emphasised that the amount retained by GM should be proportionate and reasonable. It was agreed that the full business case would be shared with Members, once finalised. Members were informed that the final decision relating to the amount of budget retained to manage the programme would be taken by the GMCA.

- Had any consideration been given to impacts of cross-border learning on the funding of the programme? GM was working with Wigan-Leigh around this to understand the picture better and to define a tolerance level which did not limit learners' choice. Discussions were also taking place with the Liverpool Mayoral Combined Authority. Members were informed that this was an area which would be kept under review.
- That the accessibility of services by learners was crucial to enable opportunity of access. A significant proportion of the AEB was expected to be allocated to colleges within GM's local authorities ensuring learners had access to education and training. Additionally tenders under Lot 2 will be for targeted, intensive and innovative support services for harder to reach groups. These programmes will not be required to be delivered across-GM.
- Whether TfGM had been consulted regarding travel to learn patterns and the accessibility of adult education provision? It was confirmed that GM worked closely with TfGM in relation to these issues. The Learner Support Fund would remain within AEB which could be used to support travel. Additionally it was anticipated that the Mayoral commitment to a free bus pass for 16-18 year olds could assist with removing some of the barriers to learning, subject to final agreement.
- How was it proposed to ensure that, from a learner's perspective, the right kind of providers/provision for them could be accessed? The proposed procurement process was not intended to be a blanket approach and smaller providers will have the opportunity to access this market, which should help to ensure that individuals are able to access relevant provision. AEB devolution presented opportunities to work differently across sectors, and to understand what else was needed to support individuals.
- Was there enough flexibility within the system to address future skills need, particularly within the digital sector? It was highlighted to Members that statutory entitlements had to be provided. However flexibility was in-built to the commissioning approach GM had proposed and it was intended that AEB would be able to adapt to future skills shortages/market requirements. GM was also working with providers to build in softer skills.
- Will the focus on reducing the overall number of providers mean smaller providers, particularly those providing specialised support, be disadvantaged in their ability to access funding? Providers in future will be required to deliver outcomes GM wants, therefore smaller organisations who can demonstrate this will be able to progress through the procurement process. Market engagement had taken place, which included the voluntary sector, to ensure providers were aware of the upcoming changes to the system. Additionally lots can be split up and there was the ability to sub-contact. It was felt that these actions would safe-guard against disadvantaging smaller providers, but the impacts of the changes on smaller providers would be monitored.
- That school outcomes had a significant impact on this budget and that an improvement in school outcomes would help GM to utilise the AEB more effectively.
- What was it envisaged success would look like? Some of the envisaged successes were; more people in GM having the relevant skills to access employment, increasing average

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earnings for GM's residents, an increase in the number of people in work and a reduction in demand on acute services.

- Whether the lot 2 funding priorities included support for the worst performing cohort in GM (white boys from under-privileged backgrounds). It was confirmed that this was included.

### RESOLVED:

1. That the recommendation to the GMCA to consider the retention of an element of funding to support GMCA's local strategic planning, operational management and assurance of the AEB in line with the Memorandum of Understanding which will be in place between the Department of Education and GMCA be noted.
2. That the proposal that the GMCA Chief Executive and GMCA Treasurer, in consultation with the Lead Member and Lead Chief Executive for Education, Skills, Work and Apprenticeships (and subject to considerations around any conflicts of interest which might arise), be granted delegated authority to take forward AEB commissioning, including the procured element, to contract award be noted.
3. That Members received further information about the proposed performance management points within provider contracts.
4. That Members received further information relating to funding/resources allocation aggregated by local authority area.
5. That officers consider how the scrutiny committee can support and challenge this important area of work.
6. That within the next Employment and Skills update Members were provided with more information about: what a good 'outcome' would be; what performance measures/sanctions for failure would look like and the percentage of funding retained for management costs.
7. That Members received the full business case relating to management of the AEB once finalised.

### E80/18

### GM WORK AND SKILLS UNDERSPEND

Councillor Sean Fielding introduced a report which set out GM's detailed proposals for use of the skills underspend. It was intended these would be used to support the GM's life-readiness agenda and growing apprenticeship opportunities and numbers.

Member's questions and comments included the following:

- Whether the timescales for utilising underspend from the GM Apprenticeship Grant for Employers were realistic, given this fund had to be spent by March 2019? It was confirmed

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that this funding would be defrayed to districts by the end of March 2019 and used to support a longer term piece of work. This fell within grant conditions attached to this funding.

- Were there any interventions to stimulate demand included within the proposals around apprenticeship growth? It was confirmed there was scope within this to stimulate both supply and demand. Detail was being worked up with partner organisations, including local authorities and the Business Growth Hub and they would look at areas such as talent match and targeted offers of support for businesses.
- That it was crucial that GM understood what interventions / programmes of support were delivering and what was successful.

### RESOLVED:

1. That the activity and funding streams identified to support stimulating of demand and improving quality in apprenticeships, and life-readiness agendas, be noted.
2. That a further update on the use of the GM Work and Skills Underspend would be provided at the February 2019 Scrutiny meeting.

### E81/18

### NORTHERN POWERHOUSE

Jim Taylor, Portfolio Lead Chief Executive for Economy, presented a report which provided an update to the Committee regarding the Northern Powerhouse agenda.

Key areas highlighted included:

- That collaboration at a Northern level had continued to build and the first meeting of the Convention of the North had taken place in early September. At this meeting three specific policy areas were considered: Brexit, Transport and Skills.
- Northern Powerhouse LEP Chairs (NP11) had been provided with £500k over the next two years to strengthen joint working and to identify interventions where a pan-Northern approach would be more effective. A number of areas for joint work have been identified, which included energy and SME Support/Growth Hubs, and work was underway to develop a longer term work programme for the NP11.
- That the GMCA policy and strategy teams had been instrumental in discussions and support for this work.

Members' comments and questions included the following:

- That they were extremely supportive of this agenda but felt that innovation and research and development (R&D) was missing as a priority policy area and that there was opportunity to invest more public money into R&D. Members were updated that the GM Innovation Board was looking at R&D and how investment into GM could be tracked. NP11 Chairs had agreed to focus on the Independent Economic Review (IER) and assets.
- How was the IER being incorporated into the development of the Local Industrial Strategy (LIS)? The IER was used to develop priority areas for Northern Growth which was being used to help inform the development of the GM's LIS.

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- That there was the opportunity for GM/the North to learn from collaboration taking place in other parts of the UK. It was highlighted that GM was one of three trailblazer areas developing a LIS and that at present there was no joint work at a Northern level around this. However GM had been sharing learning and experience around this with North West Local Enterprise Partnership (LEP) Chairs. GM was also sharing information and learning with the other two trailblazer areas developing a LIS (Oxford-Milton Keynes-Cambridge Corridor and West Midlands).
- Whether there was further information which could be shared with the Committee about the trade and investment work? It was confirmed that there was and that this would be circulated to Members.
- How was it intended to scrutinise activity taking place at a pan-Northern level? Scrutiny responsibilities would remain at a local level. The Convention of the North's aim was to establish a singular voice for the North on specific issues.
- Spatial inequality was raised, and the importance of prioritisation of investment in critical infrastructure in areas which were falling behind, and it was asked whether consideration had been given to prioritisation of investment across the North. Currently there was not investment at the level of the North; discussions can take place at that level but delivery is done locally. It was also stated that GM has an investment prioritisation scheme.
- Whether there was more information on progress and timescales for the collaborative approach to Northern Trade and Investment with the Department for International Trade (DIT). Discussions were being led by Mike Blackburn, Chair of the GM LEP, on behalf of the NP11 but definitive timescales could not be provided currently.
- Members suggested that an appropriate forum for engaging with districts around this agenda was the Directors of Place meeting. It was also suggested that the GM Growth Board was an appropriate forum for updates to be taken regarding the Northern Powerhouse, as this included political representation from each district.
- Concerns were expressed around government engagement and support for the Northern Powerhouse agenda. It was agreed that this would be discussed at the next meeting when the Mayor for Greater Manchester was in attendance.

### RESOLVED:

1. That the progress with the Convention of the North and the NP11 initiatives be noted.
2. That the policy propositions developed for the Convention of the North be noted.
3. That Research and Development (R&D) and innovation was recommended as a further priority policy area for joint work undertaken on a Northern footprint.
4. That Members received further information relating to the trade and investment work.
5. That Members recommended that districts were updated about the development of the Convention of the North and the NP11 initiatives through the Directors of Place meetings.

### E82/18

### WORK PROGRAMME

Susan Ford, Statutory Scrutiny Officer, introduced the work programme. Members were asked to send any comments regarding future items to the Statutory Scrutiny Officer.

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A Member noted that it had been agreed at the June meeting that Manchester Airport Group (MAG) would attend a future Committee meeting and requested that this be considered as an item for the March 2019 Scrutiny meeting.

A Member felt that ports were also important to investment and trade and that this could be a potential area the Committee could consider in future. It was agreed that the Statutory Scrutiny Officer would consider with GMCA colleagues how best this could be approached. Members highlighted the Port of Salford and the Manchester Ship Canal as important areas of focus.

A Member asked whether digital/business items included Media City. It was confirmed this was the case.

### **RESOLVED:**

1. That an update from MAG would be an agenda item at a future Committee meeting.
2. That the Statutory Scrutiny Officer would consider how the Committee could be updated regarding ports and their importance to investment and trade.

**E83/18**

### **DATE AND TIME OF NEXT MEETING**

Friday 16<sup>th</sup> November, 1.30pm, Boardroom, Churchgate House, Oxford Road, Manchester