

Written evidence submitted by the Greater Manchester Combined Authority

Dear Robert,

Inquiry into Adult Skills and Lifelong Learning: Written Evidence

Thank you for inviting me to give evidence to the Committee's inquiry on such an important part of the education and skills system, and one which, in the current circumstances, has never been more important. It is unfortunate that I cannot meet with the Committee in person but I am pleased to be able to contribute in writing.

Please find attached my response to the questions that have been posed by the Committee. It is, perhaps, more comprehensive than time would have allowed in oral evidence, as I have tried to anticipate points of clarification/supplementary questions that might have arisen.

I'd like to make some overarching observations before entering into the detailed evidence.

Adult skills and lifelong learning have been grossly undervalued for many years, both financially and in terms of the wider social and economic value they add. They are vital for our citizens, communities, and economy, ranging from essential skills for life and work to higher level education and training for growth and productivity. They also play a central role in engagement and outreach, mental and intellectual stimulation, maintaining health and well-being, and combating social isolation, particularly in later life.

A culture of learning, embedded in every generation, is at the heart of a building an inclusive knowledge economy based on innovation and R&D, greener and more sustainable business practices and processes, and service industries and foundational sectors which offer real opportunities for our key workers to progress in valued career pathways. No Industrial Strategy can succeed, and no society can be truly inclusive, without an effective adult education, skills and work plan.

Yet, despite the increasing need for adult education and skills provision, funding has almost halved in real terms since 2009/10, which is, quite frankly, scandalous. With that drop in funding has come an inevitable drop in participation. If we are to future-proof our citizens, our businesses and our economy with the skills, attributes and resilience needed to weather economic turbulence and change, this year-on-year decline in investment has to be reversed as a matter of urgency.

Curiosity is an essential life skill that must be nurtured and developed; in one of the world's richest economies lifelong learning should be second nature for - and available to - everyone. But learning simply for the joy of doing so is increasingly only available to those can afford it,

while those with low or no qualifications and lower incomes are directed towards more utilitarian courses linked to boosting skills and employability. Whilst the latter is undoubtedly important, the two should not be mutually exclusive. Even in the workplace, those who have higher qualifications levels and have undergone more recent training are more likely to undergo further development.

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<u>BOLTON</u>	<u>MANCHESTER</u>	<u>ROCHDALE</u>	<u>STOCKPORT</u>	<u>TRAFFORD</u>
<u>BURY</u>	<u>OLDHAM</u>	<u>SALFORD</u>	<u>TAMESIDE</u>	<u>WIGAN</u>

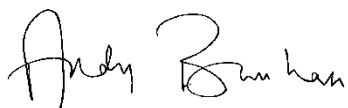
This kind of learning inequality, driven to a large extent by funding constraints, has much broader implications than just making recreational learning more expensive. Despite the outstanding efforts of many of our colleges, training providers and voluntary & community sector organisations to maximise the adult education and skills offer within current resources, the current trajectory will never allow us to develop the kind of pervasive learning culture with individuals, families, communities and workplaces that will help to improve attainment in schools, deliver better productivity in the workplace, and build more inclusive and engaged communities. Moreover, the opportunity gap will continue to widen.

It will not surprise the Committee to hear that I believe this can work best when planned and managed locally. Devolved functions and associated funding enable areas like Greater Manchester to align strategy development, commissioning and accountability across a range of complimentary policy areas in a place. We are already doing this with the alignment of adult education, skills, employment support and health, but we can only go so far. We need a bolder response from Government in terms of further devolution, additional flexibilities and shared decision-making and accountability in a way that has been resisted to date.

As we look to a challenging future and economic recovery, I want Greater Manchester and the UK to build back better. With many of the most vulnerable and disadvantaged people and communities at risk of becoming even more so due to COVID-19, we must focus new energy and commitment on adult skills and lifelong learning if we are to truly 'level up': not simply giving everyone exactly the same, but focusing on need and equipping our places and people with the opportunities and tools that will help them get ahead in life and in work.

I hope that my evidence and observations assist the Committee in its inquiry and I look forward to reading your conclusions in due course. It goes without saying that I would be happy to provide additional information if there are any points of clarification or matters which the Committee wishes to explore further.

Kind regards,

A handwritten signature in black ink that reads "Andy Burnham". The signature is written in a cursive, flowing style.

Andy Burnham

Mayor of Greater Manchester

Evidence to the Education Select Committee inquiry into the state of Adult Skills and Lifelong Learning

Submitted by: Andy Burnham, Mayor of Greater Manchester

Date: 22 May 2020

Greater Manchester: Background and Context

We have an ambition, as set out in *Our People, Our Place - The Greater Manchester Strategy*, to make Greater Manchester one of the best places in the world to grow up, get on and grow old.

That ambition is reinforced in our Local Industrial Strategy (LIS), published last summer and informed by an independent prosperity review and a series of technical reports. The LIS seeks to deliver a productive and forward-looking economy fit for the future while focusing on Greater Manchester's best asset: its people. It sets out a plan for residents and communities across our cities and towns to thrive and prosper, with good jobs being created across the city-region backed up by the infrastructure, skills and networks needed to raise productivity and earnings. It aims to ensure that everyone is supported to reach their full potential, that people have hope and optimism for the future, that businesses have access to the skills that they need to grow, thrive and compete, and that the modern economy holds nobody back and leaves nobody behind.

Greater Manchester encompasses ten local authority areas and has a population of 2.8m people. Prior to the coronavirus pandemic, the labour market impact of which will not be known for some time, Greater Manchester's economy was a diverse one with some assets of national and international significance at one end of the skills spectrum but large numbers of residents employed in low pay/low skill work at the other.

Greater Manchester Combined Authority's (GMCA) annual Labour Market and Skills Review published in 2019 noted that Greater Manchester's unemployment and economic inactivity rates were worse than those of England and the North West, and that low pay remained an entrenched issue, with the median pay for GM workers lagging behind that of the rest of the UK. One in five workers was paid less than a living wage in 2019, rising to more than 30% in some districts.

With a recognised link between skills and productivity, as well as the importance of lifelong learning to individual progression and to health and well-being more generally, the scale of the challenge and demands on the Adult Education Budget (AEB) in Greater Manchester (worth £92.6m in the current academic year) are significant. Against a policy backdrop which entitles learners to at least full Level 2 qualifications, 9.4% of GM working age residents (16-64 years) - around 168,300 people - have no qualifications at all and seven of our ten districts have higher proportions of residents with no qualifications than the UK average¹ (7.9%). A further 10.2% are only qualified to Level 1. Of GM's working age residents with no qualifications, 65,600 were in employment, which has clear implications for productivity and business growth, as well as for those residents' prospects for progression and social mobility.

There are also large variations in qualification profiles between the ten GM districts, with the proportion of residents with no qualifications ranging from 3.8% in Trafford to 13.3% in

¹ *Greater Manchester Labour Market and Skills Review 2018/19* (GMCA, Dec 2019), <https://www.greatermanchester-ca.gov.uk/what-we-do/research/research-work-and-skills/labour-market-and-skills-review/>

Oldham. At the higher end of the skills spectrum, almost half of Trafford residents (49.5%) are qualified to level 4 and above, compared to just over a quarter of residents (26.2%) of in Wigan.

The gaps between GM and the UK average on a number of skills and work indicators reflects the relatively high levels of deprivation in GM compared to the rest of the country. Greater Manchester was the third most deprived LEP area in England according to the 2015 Index of Multiple Deprivation (IMD), and the adult skills sub-domain of the IMD reveals a high concentration of neighbourhoods in Greater Manchester suffering high levels of skills deprivation; three of the top five most deprived neighbourhoods in England in terms of adult skills are in a single GM district²

The devolved AEB will help tackle this, but it is much broader than just a skills issue and must be addressed if Greater Manchester is deliver our vision for our people and our place.

1. How has devolution enabled you to tailor the adult education offer to local skills needs?

In Greater Manchester we were clear from the outset that year one of the devolved AEB was the start of a long-term journey of change; we did not intend to make sweeping changes from the outset simply because we could, but to take a measured and evidence-led approach. Amongst the first priorities were establishing a more robust and comprehensive evidence base so that we could be confident that any changes were evidence led. Data relating to community learning (as opposed to adult skills) is particularly variable, due in part to its non-regulated nature.

Secondly, we wanted to establish more strategic working relationships with a streamlined provider base. Prior to devolution, there were over 300 providers delivering some form of adult education to Greater Manchester residents, but more than a fifth of them were serving a single GM resident within their AEB cohorts and only a handful relied on Greater Manchester residents as their primary source of AEB funding. That raised questions for us around how far the strategic needs of Greater Manchester's residents and employers could ever be a priority for those providers. By working with a smaller group of providers and taking a more proactive approach to planning, monitoring and performance management, we felt that we could work in a more focussed way with a responsive, invested provider base.

That said, we introduced a number of flexibilities in the first year of devolution, some of which we felt were about fundamental fairness to different groups of residents, some are about testing and learning to inform future policy development in Greater Manchester, and some are about managing and governing our functions and budget in the most effective way. The changes we have made in the first year have enabled us to:

- **Ensure free education and training for all residents without a full level 2 qualification.** Previously and under national rules, employed learners aged 24+ years had to contribute to the costs of provision outside of the legal entitlements. This enables all low-skilled GM residents to access essential skills provision, regardless of age or employment status, without the potential barrier of fees.
- **Provide free learning for employed residents earning below the national living wage.** Previously and under national rules, employed people with low or no

² *English Indices of Multiple Deprivation (IMD) 2015*, <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2015>).

qualifications would only be entitled to fee remission if they earned below the national minimum wage. This flexibility raises that income threshold, making free learning available to more of GM's low paid workers.

- **Provide funded units of advanced training and education at level 3** alongside relevant L2 qualifications, particularly linked to priority sectors, a flexibility designed to help people progress in work by improving, refreshing and updating their skills without needing to complete a full qualification. Previously, all level 3 learning (other than the entitlement to a first full level 3 qualification for 19 to 23 year olds) has been loan funded by the individual.
- **Provide free British Sign Language (BSL) provision for residents whose first language is BSL** where no other funding is available. This brings relevant BSL qualifications into line with comparable entitlements for English, where previously they would not have been eligible for funding on the same basis.
- **Test the impact of packages of wraparound support for priority sectors, including licence to practise (LTP) where it is linked to a job outcome.** This is being trialled in the first instance in the construction industry, where a CSCS card is a prerequisite for workers/trainees to attend a site. Previously, LTPs were not eligible for funding other than for unemployed individuals meeting specified criteria.
- **Ensure that all providers delivering GMCA funded AEB provision (including colleges) are Good or Outstanding.** Previously GM had no control over the quality of provision being delivered to Greater Manchester residents, but this has been a key consideration in our commissioning (where a provider has had a recent Ofsted judgement for its adult education provision).
- **Better align adult skills provision and employment support for residents.** We will ensure that skills interventions and broader support for people who are long term unemployed are more closely integrated via the AEB and the devolved GM Working Well (Work & Health) Programme, where previously the skills and welfare systems operated in parallel rather than in partnership.
- **Ensure better value for money, maximising funding that goes to the front line,** by setting out clear expectations during procurement about subcontracting fees (linked to sector best practice/recommendations) and by removing the tolerance for under-delivery by grant funded providers. Previously, as long as grant funded providers delivered 97% of their funding allocation, the remainder would not be clawed back from the institution. This tolerance applied by the ESFA (which is increasing from 3% to 7% in 2019/20), has not been mirrored by GMCA, which was clear in its funding rules that any money paid must be related to actual evidenced delivery.
- **Support GM's Local Industrial Strategy frontier and foundation sectors** by ensuring that provider growth cases in 2019/20 relate to provision in relevant occupational areas and/or support learner progression. Growth cases worth £917,000 have been approved as a result
- **Respond quickly and effectively to the uniquely challenging circumstances surrounding the coronavirus COVID-19 outbreak.** GMCA holds around 100 contracts worth a cumulative total of more than £200m for skills and employment support activity, with a range of funding sources including government grants, local funding and ESF. Within the first few weeks of lockdown we were able to put arrangements in place to safeguard continuity of provision and provider stability in

line with Cabinet Office guidance, as well as working with our provider base to adapt and repurpose activity in order to respond to the immediate crisis while at the same time continuing to support those already in need.

2. Are Combined Authorities and Government working together effectively to ensure there is a national strategy for adult education, rather than fragmented regional provision?

From the beginning, we have said in Greater Manchester that devolution is not about a scattergun approach to lobbying for as many powers and budgets as possible but about identifying which functions can work better when they are planned and managed locally – a simple concept yet incredibly complex to deliver. Central to that strategic process is a fundamental shift in the relationship between central government and localities; only when that is working well will we be in a position to look at how we can do things differently on the ground in our place.

With that in mind, this question goes to the very heart of devolution in posing what appears to be a loaded binary choice: national strategy or regional fragmentation?

First, I'd challenge the assumption that a national strategy is the answer to an effective response to adult education and skills challenges, other than in the broadest sense. No-one would dispute the need for the statutory obligations in some form, as everyone needs that basic toolkit. But we do not have a single national economy or labour market as such, but a series of local ones with different characteristics and needs. The above statistics showing the stark variations in need within a single city-region illustrate the need for place-based solutions. A truly effective adult education strategy should reflect that, allowing for tailoring of priorities to meet those needs, flexibility of funding (and other) levers, and the ability to join up policy areas in ways that enable us to align activity across education, skills, employment and health. Arguably, beyond the statutory entitlements, that critical balance between overarching strategy and granular intervention is never going to be possible at a national level; had it been so, the AEB might not have been devolved.

It is also worth bearing in mind that a national approach is no guarantee of coherence or continuity. This agenda has been overseen by three different Secretaries of State (and as many Prime Ministers) in just five years, as well as numerous ministerial changes and new policy directives. Each change in personnel reflects a shift in some part of the political landscape, which inevitably brings new priorities, new challenges, and different levels of appetite for working with devolved authorities in a policy arena that is crying out for stability.

Second, the question implies that regional variation is synonymous with fragmentation and therefore inherently unhelpful or undesirable. This goes to the core purpose of devolution: do we want uniformity across the country in pursuit of a single national strategy – the approach that has brought us to this point – or a responsive, place-focused system in which there will be inevitable regional variations that reflect the fact that one size does not fit all? Education is one of the most complex areas of policy to have these conversations, as devolution can be politically sensitive and practically challenging, yet locally, it has brought new partners to the table and opened up dialogue elsewhere in the system, for example in elements of our work with schools where we might previously have struggled for traction.

Sometimes in our dealings with central government it seems those sensitivities and challenges take precedence over other strategic considerations; the opportunities that we

want to offer our residents are too often hamstrung as a result. Pre-19 education is a good example: in many ways the purpose, scope and possibilities of adult education and skills are almost pre-determined by parts of the education system in which we have no control.

As we look ahead to the Devolution White Paper expected later in the year it will be important that 'levelling up' is not a blunt tool to simply give every Mayoral Combined Authority (MCA) identical functions and powers; rather, each must be given what they need to effect long-term change. No-one wants residents or businesses to feel that they are in a postcode lottery or that the system is too complex to navigate, nor do we want the system to be overly complex and bureaucratic for providers. The MCAs, GLA and national partners have worked hard together for several years now to make sure that the system is workable for providers. But as policy makers we need the tools to be able to give our residents the opportunities to achieve comparable outcomes to their peers elsewhere. To do that, what we need in Greater Manchester might be quite different to, for example, the West of England or Cambridgeshire & Peterborough.

As time passes and MCAs/GLA continue to develop our respective adult education funding policies, it is likely that there will be increasing divergence in the way in which we exercise our adult education functions and use our funding outside of delivering the statutory entitlements. However, the fundamental ambition remains the same, even if the means of achieving it varies. It is that collective ambition – helping our residents to progress in learning, life and work – that draws together what we are all doing.

There are pockets where strategic collaboration is strong and where there is real commitment to working together. Through Greater Manchester's LIS, for example, a tripartite partnership was established last autumn between GM, DfE and DWP to look at how post-16 education, skills and work policies can be joined up more effectively in a place. Again, parties are coming to this with different agendas but this is providing a forum to work through the art of the possible, not just with the specific LIS work but also using those relationships to work together across other aspects of our shared agenda. We also have strong working relationships with the local teams at the Education and Skills Funding Agency and Jobcentre Plus which help to build that shared purpose at national and sub-regional levels.

However, I believe that some of the biggest barriers to effective strategy are cross-government ones. Adult education, skills and employment support are inextricably linked but not yet coherently so across government, including HM Treasury, with insufficient emphasis on the wider government and societal benefits of lifelong learning, including as a health and wellbeing tool. There are silos within departments, with policy priorities butting up against each other rather than coming together to deliver a package of learning and support for our residents and employers that is greater than the sum of the parts.

There is also some reluctance to share with MCAs the earliest thinking around policy development and advice that goes to ministers. We have seen initiatives launched with scant involvement of MCAs, or in some cases bypassing them completely. Far from a national approach promoting effective strategy, this kind of approach can increase the risk of fragmentation, as it undermines the attempts being made at MCA level to join up programmes and service on the ground and link that local responsiveness with national oversight. A policy development forum has been established between DfE and the MCAs/GLA which is supposed to aid that process but it meets infrequently and is not yet fully effective. Whilst recognising that the new National Skills Fund is just that – a national fund – we would expect that forum to have meaningful and early input to the shaping of that fund. The emphasis here must be on 'meaningful', rather than a tick in a box marked 'MCA consultation'.

Finally, one of the most effective national strategies to improve adult education – and frequently the elephant in the room in such discussions – is to improve the pipeline that feeds this part of the system and the transition stages that lead into it. This is a perennial ‘red line’ for central government in most conversations with MCAs and will perpetuate the huge sums of money that are spent helping adults achieve the skills and qualifications they did not attain before leaving compulsory education.

Until some of those issues are tackled effectively, regional variation in adult education policy and provision, albeit in pursuit of a common goal, is as inevitable as it is necessary.

3. Does the requirement to deliver statutory entitlements undermine your efforts to support the development of higher-level skills and increase productivity?

Again, the two are not mutually exclusive. It is not the requirement to deliver statutory entitlements in and of itself that undermines efforts to support higher level skills, but funding levels.

Until everyone leaves school with a toolkit that includes basic qualifications, statutory entitlements are not going to go away. Higher level skills rely on our residents having solid foundations of essential and intermediate skills on which to build, and where they have not achieved those during compulsory education it is right that we help them to do so as adults. In turn, higher level skills not only support productivity but create a ‘pull-through’ effect within the education and employment system: each person who progresses to higher skilled work creates opportunities further down the skill supply chain. This opens up vital entry level opportunities for others, including young people entering the labour market for the first time and people on employment support programmes. That

We want to be able to do both, recognising that in some circumstances individuals and employers should also contribute to the costs of higher levels skills. Yet with one in ten of our residents – and as many as one in eight in some districts – holding no qualifications at all, the costs of getting the whole of Greater Manchester’s working age population qualified to Level 2 would exceed our AEB funds many times over, before we even consider level 3 entitlements and higher level skills.

The AEB is a vital mechanism for delivering learning and skills provision after compulsory education, yet in funding terms it is one of the few unprotected parts of the system. The independent panel chaired by Dr Philip Augar which reported to the Review of Post-18 Education and Funding last May (‘the Augar report’, which I am sure will form part of the Committee’s considerations during this inquiry) noted that total spending on adult skills fell by approximately 45% in real terms between 2009/10 and 2017/18, a figure highlighted by the panel as one of the most important statistics in their entire report and one which “*cannot be justified in terms of either economics or social equity*”³. That report also flagged the importance of tackling the ‘missing middle’ of level 4 and 5 skills.

It is worth noting that a full year has now passed since that report – the first since 1963 to consider the funding of both parts of tertiary education together – was published, yet the Government’s response is still eagerly awaited.

³ *Independent panel report: post-18 review of education and funding*, (DfE, May 2019)

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/805127/Review_of_post_18_education_and_funding.pdf

Those eviscerating reductions in adult education spending over the years are exacerbated by the way in which it is apportioned. Three of the most disadvantaged wards in England in skills terms are in a single GM district, yet rather than considering skills deprivation levels in each MCA area and reflecting those needs, the annual allocation for each MCA/GLA is based on historical delivery, with a 'market share' of the overall national funding pot calculated based on the 2017/18 academic year. Whilst recognising that 2017/18 was the last full year for which AEB data was available at the point of allocation, modelling undertaken in Greater Manchester based on 2018/19 volumes suggested that, by the time devolution took effect last August, the methodology already created a real terms cut in funding of more than £6m. Moreover, that 2017/18 baseline, which did not take account of providers' shifting delivery patterns in preparation for devolution, is to be used as the baseline to calculate MCAs' respective market shares until further notice.

Unfortunately, this means that areas like GM where there are high levels of no/low skills will have to find other ways of boosting higher level skills and increasing productivity. Our FE colleges group has been working together, supported by colleagues at the CA, to develop an innovative specialisation pilot proposal, in which there is a common offer across GM up to and including Level 3, with specialisation at levels 4 and 5 to support that higher skills pipeline. Not all types of provision are in scope for Institutes of Technology so there is little alternative funding support from central government for this kind of innovation. We want to work with providers to find ways to support activity like this which responds directly to some of the concerns and recommendations set out in the Augar report and our LIS, and we would welcome government support in doing so.

On a related point, it is worth noting that there was some discussion last year about English for Speakers of Other Languages (ESOL) being added to the suite of entitlements. Although the long-awaited ESOL Strategy has not yet been published, we understand that this is no longer under consideration. Had this been added to the statutory entitlements without additional funding in the same as digital, it would be financially disastrous in terms of wider ambitions for way we use the AEB.

- **How will the expansion of statutory entitlement to include digital skills in 2020-21 affect this?**

There are two issues here: the effects of the policy intent, and the financial impact.

I fully support the principle of including digital skills within the statutory entitlements as, even in the very best of times, they are essential in an increasingly online world. Employers want workers with basic digital competence, not only for working within GM's strong Digital and Creative sector itself but across the entire economy.

In the current lockdown following the coronavirus COVID-19 outbreak, the importance of digital skills has never been greater: adults who lack basic digital skills will have found it more difficult during lockdown to access essential services and advice, to work remotely, to combat isolation and loneliness by staying in contact with family and friends, or to do these things safely and responsibly. The risk of digital exclusion – both in terms of access to equipment/broadband and the skills needed to use them effectively – has been highlighted as a real concern, particularly for residents from disadvantaged backgrounds.

Clearly, skills of such importance must be taken very seriously and resourced accordingly. The Committee will, I am sure, be aware that the new entitlement is not accompanied by additional funding.

Unfortunately, despite the fact that we are little more than two months away from the new digital skills entitlement going 'live' in the 2020/21 academic year commencing 1st August, we do not yet know what the impact will be in financial terms, as the courses/ qualifications that will comprise the new entitlement have not yet been confirmed. DfE declined to share any modelling/analysis that we assume was undertaken nationally that might have assisted our planning.

A set of national standards was published in April 2019 identifying essential digital skills across five indicators and setting the framework for awarding organisations to develop the qualifications that will form the entitlement from August. Until we have further details we simply do not know how much of our devolved budget will be accounted for by the new entitlement.

However, it is estimated that between one quarter and one fifth of GM's adult population lack essential digital skills across the five indicators that were identified. In the first 8 months of the current academic year, around 4,400 residents have undertaken entry level and L1 digital qualifications at a cost of around £1.25m, although data relating to community learning – a crucial element of outreach/engagement at these lower skills levels – does not enable us to quantify volumes of non-regulated learning. Nor can we predict what demand will be like next year with the shift to an entitlement and in the wake of COVID-19.

4. How do you ensure your Adult Education Budget is allocated to make the most meaningful impact in local communities?

This is an evolving process and is a key part of how we will tell the story of the impact of devolution, yet we will not truly know whether we have been successful for some time as improved data, longitudinal tracking and destinations intelligence become available. However, in our first commissioning round there are a number of ways we have done this:

- **Commissioning strategy:** the guiding principles and structure/content of GM's commissioning strategy were developed in partnership with stakeholders, through market engagement that shaped our thinking about how the CA would exercise its functions and obligations. As a result, a dual commissioning process resulted in grant funding for providers which are part of the publicly maintained fabric of GM and its communities (FE institutions and local authorities), and procured activity for contracts divided into two lots. The first lot was for large scale, higher value contracts for core activity that can be accessed by all GM residents. The second lot was for smaller-scale, lower value contracts tailored to particular needs, including priority cohorts (such as care leavers, ex-offenders, residents from BAME backgrounds), key sectors, and defined communities/locations. This approach enabled us to open the market up to high quality providers and partnerships of all types, including the voluntary, community and social enterprise sector. As noted under Q1 above, it also enabled us to streamline the provider base from 300+ providers spread across the country, some of whom only served a single GM resident, to a tighter network of providers, for whom the needs of GM learners was a stronger focus, and all of which were considered Good or Outstanding by Ofsted.

- **Social Value:** Regardless of whether providers were commissioned through grant funding agreements or procured contracts, they were all required to meet stringent social value requirements, setting out the wider added value that they would add as organisations above and beyond the inherent value of the education and skills provision they deliver.
- **Performance management:** the ongoing monitoring and management of provider performance is more proactive than the national regime, with strategic relationship managers (taking a place focused approach to where AEB fits with other programmes and initiatives in the area) and the contract/performance team having regular dialogue with providers. This proactive approach and in-year management, coupled with GM's decision not to adopt a tolerance threshold for under-delivery (7% under ESFA funding rules), mean that we can be more strategic in considering the role AEB plays within a range of skills and employment programmes in each part of GM, more responsive to under- and over-delivery, and maximise the amount of funding going to the front line for high quality provision.
- **Focus on outcomes, not outputs:** from the outset we, along with many other MCAs, have wanted to focus on the outcomes that adult education and skills provision delivers for our residents, rather than simply reporting on the volume of programmes and qualifications delivered/achieved. With that in mind, we are working with providers to look at how positive outcomes (ie progression to further learning and/or entering or progressing within work) can be measured, rewarded and encouraged and how the 'churn' of an individual taking repeated courses without positive progression can be reduced. Destination and progression tracking is notoriously difficult and resource-intensive to do well, particularly in terms of evaluating the effectiveness of community learning as the data/intelligence is less detailed than on regulated adult skills provision. This is, therefore, a complex and long-term piece of work to be done in partnership with providers and with other MCAs so that there is a degree of consistency for providers. However, in the first instance, we have included supporting learner progression as one of the key considerations in this year's funding growth process in order to support those providers who are helping learners to progress.

5. Nationally, participation in adult learning is in decline, with the poorest adults the least likely to access training. What actions are you taking to buck or reverse this trend?

The decline in participation is an inevitable consequence of the dramatic reductions in funding described above and the tightening of rules that taken place over many years. We face a perverse situation in which access to learning beyond the entitlements is almost reverse means-tested, with learning restricted to those who are in a position to take out a loan, who can afford to pay for adult education outright, or who are working for an employer willing and able to do so. For courses at level 3 and beyond, the assumption of loan-funded learning is simply not an option for the most disadvantaged individuals and families who might benefit most from improving their skills/qualification levels. Our colleges and local authorities in particular do some excellent work to support learners through hardship funds and support with essential costs such as transport and childcare but there is a limit to what can be done with current resources.

To address this, in funding policy terms we have introduced flexibilities which remove the co-funding requirement for some learners at levels 2 and 3, and have increased the fee remission threshold for employed learners to the national living wage rather than the national minimum wage, reflecting the high proportion of GM residents who are paid at or below the living wage. We have also introduced flexibility to undertake units of L3 learning linked to a full L2 qualification where this might support a job outcome which needs a boost in intermediate skills but not a full L3 programme.

We are also looking at how we might take a sector-focused approach to delivering short, intensive skills programmes linked to existing job roles/vacancies. We are trialling this in a government-funded pilot programme within the digital industry (in partnership with Lancashire LEP), the Fast Track Digital Workforce Fund. Two bidding rounds have resulted in projects being awarded that focus on some of the most disadvantaged cohorts/communities in Greater Manchester. This work is at a relatively early stage but we look forward to the results of that pilot, and will consider whether this model can be adapted and scaled up in other sectors, particularly as attention turns to recovery planning relating to the COVID-19 outbreak.

In Greater Manchester we are also linking with other policy areas to broaden engagement with disadvantaged individuals and communities beyond the existing engagement work done by providers through community learning. We are fortunate to have other devolved activity, including GM Working Well (Work & Health Programme) and GM's Health & Social Care partnership, enabling us to align related activity to ensure that some of our hardest to reach residents can access / be signposted to learning through other routes, including 'soft skills' and employability available through Working Well, and social prescribing/referrals through health and care routes.

We also have an innovative model in place for unified public services, which offers opportunities moving forward to look at all of our residents' touch points with GM's public services – such as housing associations, crime & justice, children's services, cultural activities, etc – to identify opportunities for adult education referrals. A tenant talking to their housing association about rent, for example, could be referred on for numeracy support that will help with budgeting and financial literacy.

It is worth noting that the downward funding trend now leaves no capacity in the system for learning for the simple pleasure of doing so. In addition to learning as a form of initial engagement with a view to progression, the benefits of lifelong learning for personal development, for mental and intellectual stimulation, and to combat social isolation are well-documented. We all recognise that in the past there have been some programmes that were not necessarily a good use of public funds, and that those who can contribute to the costs of recreational learning should do so, given that there are people who cannot write a job application and covering letter, or who struggle to help their children with their homework. But lifelong learning and education for pleasure should not be solely the privilege of those who can afford it. If we are to keep our residents and communities healthy, active and engaged, and tackle multi-generational cycles of low attainment and low aspiration, we need to find ways of creating a culture in which learning is actively encouraged, not just as an employment and productivity tool, but because it's a brilliant and fulfilling thing to do.

6. The UK Shared Prosperity Fund (UKSPF) will replace the European Social Fund from 2021. For Combined Authorities, what is needed from the UKSPF to ensure it effectively supports adult education and skills?

For the period 2014-2020, Greater Manchester has had a notional ESIF allocation of £322.75m, split across ERDF (£176.78m) and ESF (£145.97m), equivalent to an annual allocation of £53.8m. The focus of ERDF is broadly on job creation and ESF on skills and employability, which go hand in hand. Additionally, GM organisations and institutions have access to a range of competitive transnational EU funding including Horizon 2020, from which our higher education institutions have benefited substantially. As a co-financing organisation, GMCA has been able to use this funding to support a wide range of education, skills and employment support activity that has helped some of our most vulnerable residents.

In terms of programme design, to effectively support adult education and skills, UKSPF should be incorporate:

- **Multi-year funding:** multi-year allocations, focused on an agreed set of outcomes for the people and place of each area, with a strong (and funded) local project development and performance management function, reporting centrally as required
- **Place-based single pot relating to functional economic areas:** the starting point for a UKSPF needs to extend further than the existing ESIF funding and purpose, supporting wider sustainable and inclusive growth, focussed on the delivery of LIS priorities, local regeneration and the delivery of the Northern Powerhouse priorities, recognising the entrenched inequalities in opportunity in the North. With that in mind, criteria should focus on need (determined by socio-economic indicators), earned confidence and track record in previous delivery, and previous spend.
- **Match funding:** the majority of ESIF funding has been matched against other 'domestic' public funding, such as DWP, BEIS or DIT monies. GMCA's co-financing organisation status means that we have been able to use GM's AEB funding as match, which has opened up a large number of valuable opportunities for our most vulnerable residents.
- **Flexibility:** The funding should be flexible enough to be used holistically: for both capital and revenue purposes, for innovations pioneered by GM in terms of the creation of local revolving investment funds, as well as for grants to meet the needs of the locality. Additionally, we would seek to avoid some of the constraints ESIF places on the use of funding, eg it cannot be used to support young people. I believe the ability to provide complementary and additional funding to support our priorities around life- and work-readiness would add real value to early intervention/prevention to reduce issues arising in later life when they are more costly and complex to address.
- **Integrated place-based fund:** It is critical that the full skills element of UKSPF is devolved to local areas in the same way that skills capital/place-based funding (currently ERDF) is. This will enable MCAs to design and deliver holistic solutions which tackle issues of disadvantaged communities, infrastructure, skills/work support and delivery of LISs in a locality in an integrated way
- **Comparable funding levels:** we would expect the level of UKSPF made available to GM to be at least the same value as the current ESIF programme, plus the public match funding that makes ESIF funded activity possible. To replicate the total value of the current 7 year ESIF programme this would require £645.50m, plus any future LGF successor funding.
- **Clarity of cross-government governance:** it is not yet clear which government department will act as the lead for UKSPF, potentially a joint DCLG/BEIS resource. Under ESIF, currently DCLG and DWP act as the managing authorities for ERDF and ESF respectively. Cross-government joining up will be critical to delivering the cross-cutting agenda this funding will support
- **Local accountability, commissioning and governance:** It is worth noting that a number of MCAs now have some form of co-financing organisation/intermediary

body status under the current ESIF programme, having clearly demonstrated auditable capacity and competence to manage large-scale programmes of this nature. This earned confidence should be reflected in successor funding

- **Process simplification:** ESIF funding is managed through a notoriously complex process which is over-engineered and requires a disproportionate resource to manage. Additionally, the requirement of applicants, both in applying for and delivering projects, is overly burdensome, with the risks (real or perceived) sometimes outweighing the advantages of funding, particularly for smaller organisations
- **Outcome driven funding:** The current ESIF funding model is output driven which, although a useful tool to quantitatively measure performance, can constrain innovation, pushing activity towards safe, tried and tested (but not always the most effective) methods of delivery. In order to value quality and value-added over volumes, funding should be allocated on an outcome not output basis, subject to models similar to our existing LGF Green Book assurance process. Greater Manchester currently manages in excess of £775m of LGF/Earnback and devolved transport grant using this assurance process.
- **State aid:** these considerations will have to be explored once we know what, if any, future relationship exists with the EU in this space.

7. What are the likely longer-term impacts of the Covid-19 pandemic on adult education provision, and what would be helpful from the Government in terms of a) funding, and b) non-financial resources?

Whilst skills alone will not solve the economic challenges ahead, availability not only of skills provision but of all-age careers advice and guidance will be crucial, including for those with higher level qualifications who would not ordinarily be in scope for this kind of support.

Early indications of impact

It is too early to understand the full long-term social and economic impact on individuals, communities, businesses and sectors, but predictions are of a potential global downturn of greater severity than the recession triggered by the 2008/09 financial crisis, with the recovery of real GDP to pre-outbreak levels already forecast to take many years. Our recovery plans must also take account of the potential exacerbation of further economic shock that might be caused by, for example, repeated waves of restrictions caused by resurgence of the virus later in the year, or the prospect of the UK's withdrawal from the EU with no economic/trade agreement with what has been a core export market. In each of the last three downturns it has taken at least seven years for the labour market to get back to where it was before the recession began and in Greater Manchester, pay levels had not yet recovered to pre-2008 levels for some sectors.

Early analysis suggests that those places and population groups already disadvantaged in the labour market will be particularly badly affected in the longer term by this crisis and therefore in greater need than ever of skills and employment support. This includes the low skilled/low paid, those experiencing long periods of worklessness, young people, older people, women and people from BAME backgrounds. In particular, early analysis⁴ indicates that:

⁴ *Coronavirus and the Labour Market: Impacts and Challenges*, S Evans & J Dromey, (Learning & Work Institute, April 2020) <https://www.learningandwork.org.uk/resource/coronavirus-and-the-labour-market-impacts-and-challenges/>

- Workers aged under 30 are over twice as likely to work in a ‘shutdown sector’ than those aged 30 or over
- 20.3% of women work in a shutdown sector, compared to 14.7% of men
- Workers with no qualifications are more than twice as likely to work in a shutdown sector as those with a degree level qualification.

Older workers and people with disabilities and/or health conditions are also likely to be particularly at risk of being further marginalised within the labour market, as the issues and barriers already facing them are exacerbated by employers’ concerns about employing individuals who might be seen as higher risk in a post-Covid-19 labour market.

Existing disadvantage is also an exacerbating factor; low-paid workers are seven times more likely to have been in a sector most heavily hit by the shutdown that was a key part of the isolation restrictions than higher paid workers. With the rapid shift to delivering many vital services and support programmes online or by telephone, digital exclusion is potentially a further barrier if individuals for whom these services should make the biggest differences lack the digital skills and/or suitable equipment or connectivity to access them.

In addition, long-term damage can be caused to an individual’s future earnings and employment prospects by prolonged spells of unemployment, especially while young. It is highly likely that the number of young adults (18-30yrs) who are not in education, employment or training will increase this year and risk long term labour market disengagement so we need to take steps to “*avoid a ‘pandemic generation’ of young people with poorer education and employment prospects*”⁵.

For many employers, ‘steady state’ considerations around recruitment, investment in skills, and wider workforce planning/development have become secondary to business continuity and survival in the coming months. This has an impact at every level of the talent pipeline, even for businesses that have not been forced to make staffing cuts: the number of opportunities that would otherwise be available for new labour market entrants will be reduced (affecting school leavers, adult returners, and jobseekers/participants in employment support programmes), and existing staff may be unable to take planned progression steps in their careers to higher skilled/better paid roles.

Adult skills challenges

Adult skills provision, linked to real-time data around unemployment and labour market opportunities will be key, with flexible models that support both a quick return to work where vacancies exist as well as building longer-term transferability to aid future resilience.

There is an additional group on the edges of the labour market – potentially huge in volume - who are newly unemployed and looking to re-enter work from many sectors, including some furloughed workers for whom a return to the same occupation, employer or sector might be unlikely or even impossible in the short to medium term. With their more recent work history, these individuals are likely to find it easier to return to work than long-term unemployed and those with existing skills needs. Sectoral variations are predicted (with retail and hospitality/leisure appearing to be particularly vulnerable) and many individuals may need to retrain, either to boost their skills currency or to change careers.

As a result, there is a real risk of unintended consequences arising from the necessary response to the immediate crisis which could impact some of the most vulnerable residents and disadvantaged communities of GM: individuals who faced skills challenges and other complex barriers to securing and sustaining work prior to the crisis might be further displaced and become more distant from the labour market than ever before.

⁵ Op.cit.

Despite the stark challenges, there are, however, areas that we can explore to not only get back to where we were, but to ‘build back better’. With the right skills, drive and support from government we can create a smarter, greener, and more inclusive Greater Manchester, a city-region which is still ambitious in terms of future growth, and which actively demonstrates its recognition of the importance of not only the frontier sectors but the foundation sectors, services and key workers which have risen to new prominence.

For businesses, individuals and education/training providers, technology has brought new agility to ways of operating. E-commerce has offered new or expanded opportunities for goods and services suppliers to move online and, through e-learning, education and training providers have adapted the way in which some programmes can be delivered and assessed. Where job roles lend themselves to remote working, virtual workplaces have replaced physical ones.

Whilst these have been temporary measures for most organisations, they have encouraged different thinking and challenged long-standing assumptions around ways of learning and working which could open up opportunities for some people with health conditions, disabilities, caring responsibilities or otherwise facing circumstances which might limit access to more traditional working patterns. This increasingly blended approach may become the new norm moving forward. Together with the way in which technology and connectivity have enabled people, communities and businesses to stay in touch, the need for digital skills - already a priority for GM – has never been more important, from facilitating essential day-to-day contact and access to services, to enabling fundamentally different ways of doing businesses.

It is worth sounding a note of caution around encouraging a wholesale long-term shift towards remote working and digital agility. Initial analysis of recruitment activity amongst GM employers in the early weeks of the lockdown⁶ showed business administration, for years a staple of the Business, Finance and Professional Services sector and a popular labour market entry point for many young adults and apprentices in particular, was amongst the hardest hit sectors. Although that was a snapshot taken at a particular point in time, it is worth bearing in mind that, for each knowledge worker who does not return to a city centre workplace, it is estimated that as many as five jobs across other services might be lost⁷.

This suggests that, whilst there has long been recognition of, and planning for, the impact of automation and AI on skilled manual/trade occupations, we must consider the possibility that the shift in working practices brought about by Covid-19, if widespread and sustained in the future, could have a similar medium- to long-term impact on the professions, as well as wider knock-on effects in other parts of the labour market/economy as we move forward beyond the initial recovery phase.

Government Support

Notwithstanding the multitude of urgent work and skills issues arising from the pandemic, the long-standing challenges and issues which GM already faced have not gone away. The collaborative relationship between GM and central government has never been more important than in the current circumstances, as we look for ways to balance the necessary actions to aid short, medium and long term economic recovery, with delivering the still-relevant agenda around inclusive growth and increased productivity.

a) Funding

⁶ GMCA March Job Market Report, GeekTalent/KPMG (March 2020)

⁷ Moretti, E. *The New Geography of Jobs*, (Houghton Mifflin Harcourt USA, 2013)

We moved quickly to put arrangements in place to give stability to providers delivering around 100 education, skills and employment support contracts in Greater Manchester worth a total of more than £200m. The majority of that activity will therefore continue, albeit in smaller volumes or with changes to the volumes and outputs that are viable. We are also looking to repurpose/refocus existing programmes, activity that was due to start imminently, and programmes that are due to be commissioned over the summer (including £40m in ESF) in order to ensure that we are supporting those who need it while ensuring those already in need are not further displaced.

However, there is a limit to what we can do without additional funding; the AEB in particular, is already largely accounted for with core education and skills activity before we consider any additional needs relating to the pandemic, of which there will be a broad spectrum.

Our financial asks of government are therefore:

- Ensure adequate funding is in place to support a **multi-agency support package for learners, including young adults**, that will enable them to catch up on the learning that has been lost or disrupted, encompassing mental health support, mentoring and increased bursary funding to support additional learning, particularly in disadvantaged areas where we know that participation and continuation of learning is likely to have been most heavily disrupted.
- **Increase AEB funding**, in order to enable responsiveness and growth at the same time as reflecting the expected increase in demand, so that we have the capacity and resources to support our residents, including, but not limited to:
 - Refresher activity for people whose technical skills might have lost currency while on extended furlough
 - Retraining for those newly redundant or at risk of redundancy (eg on furlough with no realistic expectation of return)
 - Provision that not only helps people get back to work but does so via sustainable career pathways that will help us to 'build back better'. This might include adapting and scaling up sector-focused bootcamp type programmes (similar to the Fast Track Digital Workforce Pilot outlined above), which link individuals to actual job vacancies, and harnessing the large number of volunteers who have expressed interest in supporting the social care sector in particular during the pandemic
- **Support for an intermediate labour market (ILM) programme focused on unemployed young adults (18-30yrs)** who are at risk of long-term unemployment. Greater Manchester has seen considerable successes in the past with programmes such as Future Jobs Fund, the Youth Contract /Youth Contract Extension, and the Big Lottery funded Talent Match programme. Whilst some of this activity was not cheap to deliver, they delivered strong results in supporting young people into sustainable employment at time when the labour market offered few opportunities of low skilled/inexperienced young people, including those not in receipt of benefits and therefore 'hidden' from the system.
- **Investment in Level 4 and 5 adult education and skills provision** outside of the IoT model in order to create a pull-through effect within the labour market and open up opportunities for lower skilled residents/new entrants. We must bring together Augar's evidence base/recommendations with the intelligence beginning to emerge around the COVID-19 impact and use these to focus and drive the National Retraining Scheme, National Careers Service provision, and to shaping the National Skills Fund and UK Shared Prosperity Fund.

b) Non-financial

- **Flexibility in existing programmes:** we believe that this could offer opportunities to support residents in cost-neutral ways. In particular:
 - For **Apprenticeships** to play a vital part in the offer for people looking for a technical rather than academic route to enter/return to/progress in the labour market, flexibilities might include:
 - pausing the expiry of accumulated levy funds so that employers can continue to offer opportunities
 - increasing the 25% levy transfer cap, possibly with conditionality relating to prioritising apprenticeships for those aged under 30yrs
 - broader flexibilities in the use of levy funding, perhaps for a limited period and/or utilising funds that are due to expire, to support a wage subsidy/incentive element of an ILM youth employment scheme as touched upon above
 - **ESF/EDRF:** government must identify where there is unspent funding within the system that could be repurposed to provide additional education, skills and employment support to our most vulnerable residents and communities in fiscally neutral ways. It should also explore with the European Commission as a matter of urgency any flexibilities and opportunities in relation to eligibility, purpose and quantum of funding
 - **Capital/revenue:** where unspent capital funds are identified, consider flexing the purpose of funds where revenue will have greater impact.
- **Data:** One of the limiting factors in relation to recovery planning is the extent to which we have access to real-time data and intelligence. Until we know the numbers and demographic/geographic characteristics of the large increase in new UC/JSA claimants and those who have accessed the emergency measures such as the Coronavirus Job Retention Scheme, Self-Employment Income Support Scheme and Business Interruption Scheme it is difficult for us to predict the scale and nature of education and skills provision that will be needed to support recovery, both immediately and in the longer term, and therefore to quantify the nature of the funding asks above.
- **Meaningful and early cross-government engagement with MCAs in recovery planning:** as noted above, the extent to which this takes place, even under steady state, varies across government and all too often the policy response involves new plans, strategies and tools without fully considering the 'art of the possible' with what is already in place. New solutions, while well-intended, risk adding more 'noise' to an already complex education landscape, when refocusing, adapting or scaling up existing programmes and mechanisms might be as effective. Enabling MCAs to contribute to co-design (as a minimum) is essential if government wishes to understand how the multitude of existing strategies, new plans and emergency measures interact on the ground in a place. That was the thinking behind Greater Manchester's LIS Partnership with DfE and DWP, a model which I believe could support recovery and our ambition to build back better.

8. Is there anything else you think it is important for the Committee to consider that hasn't been covered by the questions above?

Salient points have been covered in the evidence above and in my covering letter, although I should like to reiterate the importance of meaningful strategic engagement with MCAs/GLA in developing the overarching framework for the coming years and its key policy and funding drivers, including the White Papers on devolution and FE reform, UKSPF and the National Skills Fund. These, together with the Spending Review, are inextricably linked. Whilst we are aware that long-term fiscal challenges lie ahead, adult skills and lifelong learning can play a crucial part in reform, recovery and growth if given the strategic profile and resources they deserve.

I am happy to provide any clarifications or further information if necessary. Thank you for the opportunity to contribute to the inquiry.

June 2020