

# **GREATER MANCHESTER CITY STRATEGY**

## **BUSINESS PLAN**

Revised Draft  
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## **INTRODUCTION**

Following the successful submission of our expression of interest to DWP in July 2006 the Greater Manchester City Strategy Consortium has produced this business plan for the 3 years 2007/08 to 2009/10, but recognises that our determination to transform the economic and social aspects of this challenging agenda requires a much longer timescale.

The Consortium (hereinafter referred to as 'we') comprises:

- The 10 Greater Manchester Local Authorities
- Job Centre Plus Central
- Job Centre Plus East and West
- The Learning and Skills Council GM
- Manchester Enterprises
- North West Regional Development Agency
- North West Trades Union Congress
- Government Office North West
- GM Chamber of Commerce
- GM Employer Coalition
- GM Passenger Transport Executive
- GM Council for Voluntary and Community Organisations

We will additionally be working closely with Registered Social Landlords and representatives from the Health Sector.

We have followed the headings used in DWP's Business Plan Requirement Guidance and have set out what we will do and the enabling measures required of Government if we are to deliver our ambitious plans to meet national, regional and local objectives.

We regard this business plan as work in progress as there is still much to be done before the operational start of the programme on April 1st 2007. During the intervening period we will be developing and refining our plans and look forward to discussing them with DWP and other partners.

## **SECTION 1: VISION AND STRATEGY**

### **1a: Vision**

Greater Manchester (GM) has a critical mass of economic activity, population, infrastructure and physical assets unrivalled in the UK outside London. It is the key economic driver for the North West (NW) as a whole, generating over 40% of its Gross Value Added output. The economic growth in the conurbation core has brought in more than £2bn of private investment and created 45,000 new jobs over the past ten years. These jobs, however, are largely out of the reach of workless communities. GM has disproportionate numbers of people who are economically inactive and excluded from mainstream support services. 430,000 GM working-age residents are either unemployed or economically inactive, with particular concentrations in the

urban areas and peripheral social housing areas of the sub-region. Such levels of worklessness are inextricably linked with poverty, poor health, housing quality and low skill levels as well as providing a major drag on the ability of GM to fulfil its economic potential. Transformational change is therefore required and this business plan sets out how this can be achieved.

The vision for Greater Manchester is to deliver “**A world-class city-region at the heart of a thriving North**”<sup>1</sup>. City Strategy provides the framework to connect and deliver national priorities for employment, skills and neighbourhood renewal both at the sub-regional level and local level. The Greater Manchester City Strategy Consortium will align the priorities and resources of key partners in order that they have a greater impact on the labour market, strategically commission and coordinate programmes against operational priorities, as well as ensuring that the journey through the welfare to work system is as seamless as possible at a local level for both workless residents and employers. Our overarching aspirational target is to deliver an 80% employment rate in our target areas within 25 years, contributing to a substantial improvement in child poverty rates.

## **1b: Strategy**

Tackling worklessness is a key priority at all strategic levels. For example:

- It features as one of 10 Investment priorities in the **Northern Way Growth Strategy** designed to close the economic output gap between the North and the rest of England, with the Manchester City region identified as the North’s single largest driver of growth.
- The **NW Regional Economic Strategy** identifies that £3bn of the region’s GVA gap with the rest of England is caused by having employment rates below the England average. It also recognises that most worklessness in the Northwest is concentrated around the major cities of Manchester and Liverpool and amongst certain groups. These cities are also the areas which have seen the greatest recent employment growth. Linking people near our major cities to the job opportunities available in these cities is of crucial importance to improving the economic performance of the region. The regional submission for the Comprehensive Spending Review argued for taking a strategic approach to tackling worklessness by joining up the plans of many different groups (including the voluntary/community sector and social enterprise) who contribute to tackling this agenda. The recently completed **Regional Skills Priorities 2007-2010**, prepared by the Regional Skills Partnership, also identifies tackling worklessness by linking people, jobs and training as first in a list of seven key priorities, as well as highlighting the importance of linking skills development to key growth sectors.
- It is strongly based in GM’s approved strategy documents: the **Greater Manchester Economic Development Plan**, which provides the framework for economic development activity, and the **Manchester**

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<sup>1</sup> Greater Manchester City Region Development Programme – page 4

**City Region Development Programme** which focuses on the key drivers of growth and the policy actions required to further develop them. Both documents recognise the poor fit between the demand for, and supply of, labour as a destabilising factor for the economy, and a contributor to the economic isolation of neighbourhoods throughout GM.

- At the local level, worklessness is embedded in the **Community Strategies, Employment Plans, Local Public Service Agreements (LPSA)** and **Local Area Agreements (LAA)** of the ten GM Local Authorities. Successful delivery of the City Strategy will support the delivery of the sub-regional and regional employment rate and worklessness priorities and targets, in addition to delivering additional stretch over and above existing LPSA and LAA targets.

This Business Plan is the articulation of how national, Northern and regional worklessness strategic objectives are to be delivered at the City / sub-regional level whilst ensuring that activity at the local level is effectively co-ordinated.

To achieve our targets all partners will need to take a long-term strategic approach to closing employment gaps of regional and national significance. Key to achieving this will be bringing partner activities together in order to get a stronger focus on labour market outcomes – especially people into jobs.

In order to reduce worklessness rates in our target areas the Consortium has identified the following strategic objectives:

1. To improve economic activity rates by increasing engagement with workless residents, changing their motivations and behaviours, and improving access to training, vacancies and work;
2. To improve the basic employability and occupational skills of those not in work to improve their employment prospects, ensuring that employment and training programmes are appropriately coordinated;
3. To engage with employers to encourage them to recruit workless residents and retain people in work ;
4. To maximise the effectiveness of public sector resources by providing a strong evidence-base to help inform and direct the strategic investment decisions of key partners.

Delivering these strategic objectives will support our target residents to enter, retain and progress in work. Key Performance Indicators, which will enable us to measure our progress against these strategic objectives (for example, the number of additional target residents accessing and achieving qualifications) will be developed as part of our Performance Management Framework. Further information is set out in section 4c.

The focus of this Business Plan is the three-year period from April 2007 – March 2010. Given the scale of the challenge we recognise that City Strategy

interventions will continue beyond this initial period and progress will therefore be tracked in the following years. Key milestones are identified in Annex 1.

## **SECTION 2: LOCAL CONTEXT**

### **2a: Local Analysis**

Within GM (comprising the ten Local Authority districts of Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan) we will focus on 64 full and 29 partial wards with the worst labour market conditions. These include all GM's designated Deprived Area Fund (DAF) wards and those wards/partial wards consistent with neighbourhoods prioritised in LAAs and local employment and regeneration plans (see Map).

Collectively these priority wards have:

- An employment rate of 56.9%, at or below the employment rate of any GM district, and significantly below the England employment rate of 69.5%<sup>2</sup>.
- A worklessness rate<sup>3</sup> of 27.4% which is higher than both the GM and national averages at 18.5% and 14.8% respectively<sup>4</sup>. It is also higher than any of the individual Local Authority rates.
- A BME employment rate of 35.7%, falling to 29.7% for the Bangladeshi population<sup>5</sup>, below the England rate of 49.2%. Meeting the national rate would require us to deliver an additional 12,750 BME residents into work.
- A 50+ employment rate of 52.7%<sup>6</sup>, below the England rate of 56.7%. Meeting the national rate would require us to deliver an additional 4,945 50+ residents into work.

More specifically, these wards contain:

- 55.9% of all GM out-of-work benefit claimants;
- 89,515 Incapacity Benefit claimants - 54.6% of the overall GM load;
- 26,500 JSA claimants - 60.0% of the overall GM load and;
- 26,195 lone parent Income Support claimants - 64.6% of the overall GM load<sup>7</sup>.

In relation to deprivation and child poverty of the Super Output Areas (SOAs) in these wards:

- 70.8% are in the 20% most deprived nationally;
  - 10.2% are in the 1% most deprived nationally<sup>8</sup>;
- 23.3% are in the worst 5% of neighbourhoods in England for child poverty<sup>9</sup>.

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<sup>2</sup> 2001 Census S028

<sup>3</sup> The proportion of working age residents claiming out-of-work benefits, (DWP, May 2006 & Census, 2001, S028)

<sup>4</sup> DWP, May 2006

<sup>5</sup> Census 2001, S108, for ages 16-74.

<sup>6</sup> Census 2001, S028

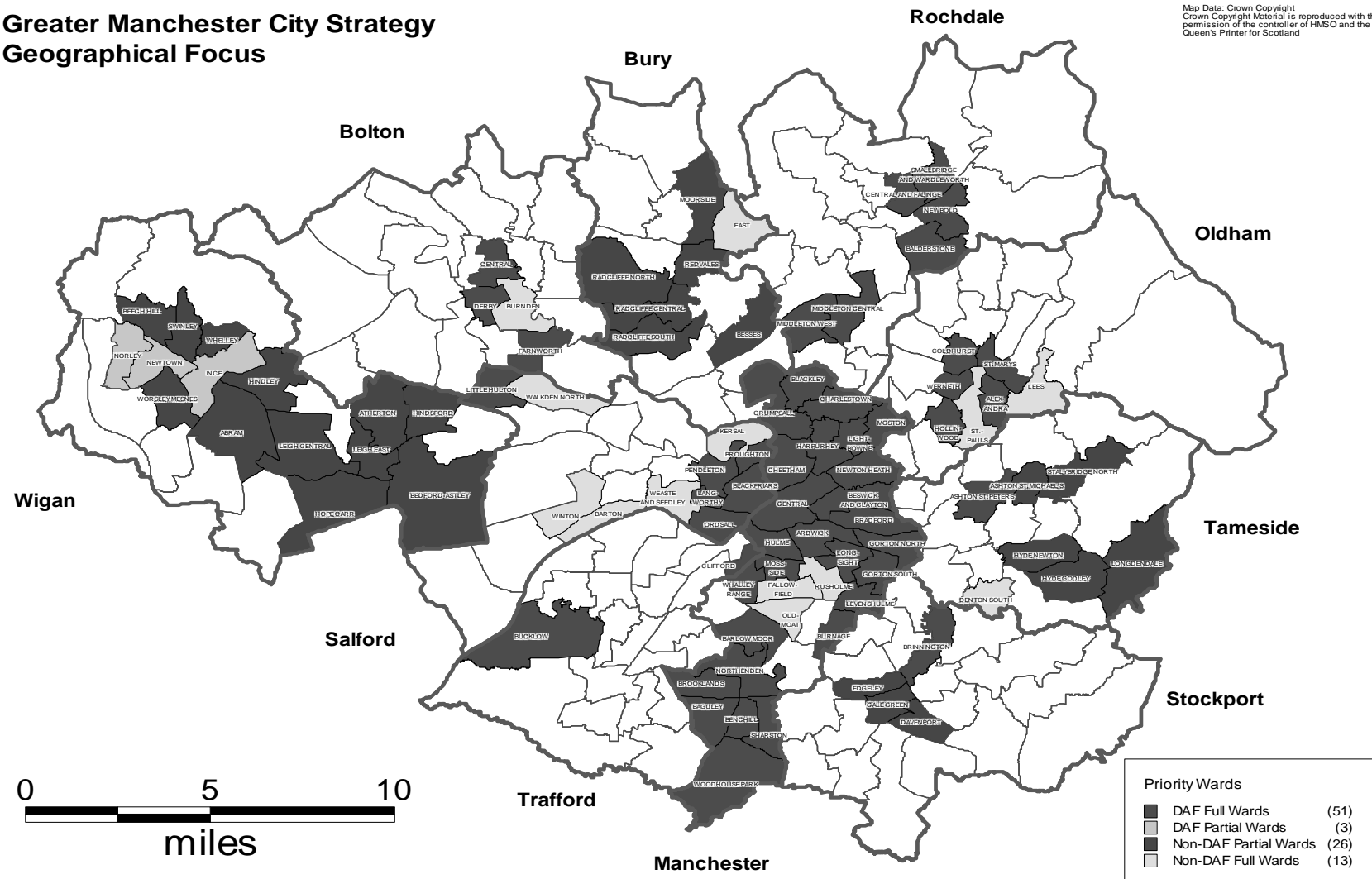
<sup>7</sup> All figures from DWP, May 2006

<sup>8</sup> IMD, 2004

<sup>9</sup> IMD Child Poverty Index, 2004

# Greater Manchester City Strategy Geographical Focus

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Whilst reliable data on skill levels is not available at ward level, the GM qualification profile for the economically inactive working age population lags behind national averages at all levels:

- 53% of the economically inactive working age population are not qualified to Level 2 compared with a national rate of 49% - ie nearly 180,000 people;
- 35% have no qualifications compared to a national rate of 29% - ie over 121,000 residents;
- There are some wards in Manchester where over 40% of residents lack basic literacy and numeracy skills<sup>10</sup>.

In relation to labour market and skills demand, GM is in a unique position of having a large and growing jobs base. Employment growth is set to continue with forecasts suggesting that the number of jobs across GM will rise by more than 200,000 between 2005 – 2021<sup>11</sup>. The growth in employment demand will primarily be led by financial and professional services, life sciences and construction. In addition, current forecasts indicate a net employee replacement demand in excess of 220,000 over the next three years - with the largest volumes of opportunities in elementary, administration/clerical, management and sales occupations<sup>12</sup>. In addition to the high demand for labour, GM is also experiencing skills shortages and gaps in key sectors, with approximately 12,500 vacancies being classed as hard to fill<sup>13</sup> and skills gaps identified in sectors such as Manufacturing, Aviation and Retail.

To meet the forecast labour demand we need to ensure considerably more people are available for work, and that they have the skills that our economy needs. The GM workless population represents a huge untapped resource that could meet our economy's growing labour demand and deliver our growth potential. However, there is a clear need for residents both in and out of work to upskill if they are to become, or remain, competitive in the GM labour market. The forecast skills requirement for all employment sectors to 2021 shows that the demand for Level 2 qualifications or below is reducing and that nearly 600,000 of GM's job opportunities will require NVQ Level 3 skills or above<sup>14</sup>. Many of our target residents already lack the skills to be competitive for local jobs, with higher skilled commuters travelling into GM alongside increasing numbers of international economic migrants flowing into entry-level employment in parts of GM. This has contributed, in part, to the sharp increases in JSA rates over the last eighteen months.

City Strategy, therefore, also has a strategic role to support wider growth aspirations by meeting the skills and labour demand of a growing economy,

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<sup>10</sup> Basic Skills Agency, 2001.

<sup>11</sup> GM Forecasting Model

<sup>12</sup> GM Forecasting Model

<sup>13</sup> The 2005 GM Employers Skills Survey identified approximately 12,500 skill shortage vacancies. Reported vacancies were primarily in Financial and Professional Services, Life Sciences, Hospitality and Tourism, Manufacturing, Public Sector, Retail and Construction.

<sup>14</sup> GM Forecasting Model

therefore supporting the delivery of productivity growth and enhancing GM's competitiveness.

## Client Groups

In line with the issues relating to the mismatch between the current workless population and the forecast skills and labour demand highlighted above, we intend to target activity on the following groups within the designated priority wards: -

- **Incapacity Benefit (IB) / Severe Disability Allowance (SDA) claimants.** Although the overall volume of IB claimants in GM has fallen in line with national trends, they still represent by far the largest proportion of workless residents, and tend to stay on benefit for longer periods. Whilst Pathways to Work is now operating in three of the GM Local Authority areas, only a very small proportion are engaged with mainstream support. A substantial proportion of this client group have severe and enduring health conditions, together with skills and confidence issues, but local pilot programmes have shown that many claimants can be supported back into work with the right interventions.
- **Lone parents.** The primary mechanism for reducing child poverty and breaking long-term cycles of exclusion in GM will be to support more lone parents into sustainable employment. Whilst a substantial proportion of lone parents are claiming Income Support (IS), far more are contained within the JSA and IB figures. Whilst lone parents with children over the age of 16 are required to engage with Jobcentre Plus (JC+), a substantial proportion of lone parents with school age children are not engaged in any work-focused activity. In addition to increasing the engagement of lone parents, we will seek to upskill those lone parents seeking to enter work whilst improving the availability of affordable childcare and flexible working practices to support retention rates.
- **Job Seekers Allowance (JSA).** Over the last year GM has seen a 14% increase in the volume of residents claiming JSA - a sharper increase than the national rise of 10.3%<sup>15</sup>. Redundancies are also forecast across our manufacturing base – primarily in areas such as Oldham and Rochdale. Whilst the JSA client group are in regular contact with JC+ as a condition of their benefit, and two thirds of claimants in our target wards have been on JSA for fewer than six months, it is likely that, in line with national trends, the majority of new claims are made by people who have claimed before.<sup>16</sup> Although we do not currently have access to the DWP / HMRC Longitudinal Survey (see Enabling Measure 5 – Annex 2) and we are therefore unable to determine the exact proportion of our residents who are accessing

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<sup>15</sup> ONS Claimant count October 2006

<sup>16</sup> More than two thirds of all new Jobseeker's Allowance claims (nationally) are made by people who have claimed before - John Hutton's speech December 18 2006.

work for a short time then returning to benefits, we are confident that interventions which improve skill levels, for those in or out of work, will have a dramatic impact on the churn and therefore the employment rate.

Although our primary aim is to reduce the volume of residents claiming IB/SDA, JSA and lone parent IS benefits in the targeted wards, in order to deliver these reductions the specific barriers to employment faced by the following groups will also need to be addressed:

- **BME** – GM, and the core of the conurbation in particular, is a highly diverse and dynamic community. While there is a paucity of data on BME worklessness it is clear that employment rates are well below the national average. This is in part a reflection of low skill levels, particularly in English, and the discriminatory practices of some employers.
- **Over 50s** – the long term restructuring of the GM economy and the voluntary nature of the New Deal regime have combined to increase worklessness among over 50s. Key barriers to employment faced by this client group are a lack of up-to-date current skills, competition for jobs, the attitudes of some older male clients towards jobs in the service sector, poor health and caring responsibilities.
- **People with no qualifications** – as highlighted above, a lack of skills and qualifications can and will continue to be an insurmountable barrier to work within an increasingly high skilled labour market.
- **Ex-offenders** – there are currently 25,000 ex-offenders under a community supervision order in GM according to Probation Service figures, and 75% are not in employment. Over 25% of these are on IB. Whilst ex-offenders have access to both LSC and JC+ provision, employer attitudes often act as a key barrier to employment, whilst a substantial proportion will have ongoing mental health and confidence, as well as skills, issues that also need addressing. Supporting ex-offenders into work is not only expected to increase the employment rate but also to reduce re-offending and therefore have a positive impact both on the public purse and social cohesion/issues.

Further information and data relating to these groups will be gathered and analysed to support the development of further strategic and operational activities.

## **2b: Mapping current Provision**

The charts mapping LSC, JC+ and 'other' (primarily the Local Authorities') provision are set out at Annex 3, and include the following:

- JC+ targets for contracted provision in 06/7. Given the dissimilarities between 05/6 and 06/7 provision it is more appropriate to present

current provision rather than last year's. With regard to JC+ performance in 2005/6, the total points target for the two GM Districts was 195,461, of which 180,635 was achieved.

- LSC targets for contracted provision for 05/6, alongside 05/6 performance information where available. When we have been unable to present 05/6 performance information (as it has not yet been submitted to the LSC) we have set out the 04/5 figures as a proxy.
- Local Authority targets for contracted provision for all programmes that will be in operation during the period of the City Strategy – ie April 2007 onwards. Again, given the dissimilarities between 05/6 and 06/7, 07/8 LA-funded provision it is more appropriate to map current and future provision rather than last year's provision.

Within the timescales of completing the business plan we have been unable to map the full range of health and voluntary / third sector provision that will also be supporting the delivery of the City Strategy outcomes. For example, there are in excess of 5,000 voluntary sector groups in Manchester alone. This exercise is however underway and should be completed in the first quarter of 07/08.

The headline messages, including gaps and/or areas of fragmentation that impede effective service delivery to the target groups or to employers, and the implications for programme design, are considered in the next section.

## **SECTION 3: PROGRAMME DESIGN**

### **3a: Approach and Programme Design**

In line with our strategic objectives, we have agreed the principles of a delivery framework/programme design that works in three linked areas:

- Improving the engagement of workless residents
- Improving the basic employability and occupational skills of those not in work
- Engaging with employers to support them to recruit workless residents and retain people in work (Employer Engagement - section 3c)

Fundamental to our approach is the notion of simplifying and streamlining the workless client's journey from welfare to workforce development, providing a seamless engagement, training, recruitment and advancement service that meets the needs of both workless residents and employers. This will be delivered both by integrating commissioning arrangements to ensure that provision is strategically aligned, as well as coordinating the activity of providers at a very local level. By training both the economically inactive and the existing workforce in skill shortage and skills gap areas we will also be delivering the workforce required for Greater Manchester to fulfil its growth potential.

## ***A Strategic Planning, Commissioning and Management Framework***

The overarching element of programme design is to build a strategic planning, commissioning and management framework in order to improve the relevance and focus of work-focused provision, and to integrate provision such as childcare and healthcare support to remove clients' barriers to both accessing and retaining employment. The framework will be embedded in the business plans of our Consortium partners to ensure that there is sufficient capacity across mainstream agencies to achieve the intended reduction in worklessness.

Our key challenge is to ensure the right employment and skills provision is in place for each of our priority groups and is targeted on the priority wards. At present a range of different agencies and partnerships commission and procure services in different ways and at different points in time. This is inevitably at odds with a "joined up approach", as individual agencies issue invitations to tender often without prior discussion with their strategic partners and/or analysis of gaps/duplication in provision. As a consequence, too often:

- The individuals who most need help are not the ones who access it;
- Programmes are not flexible enough to allow local solutions to local problems or according to individual client need;
- Local agencies fail to join up their provision, either as a requirement of the funding or through weak contract management, causing unnecessary duplication or complexity;
- Insufficient support is provided to overcome the non-employment and training-related barriers that clients face; and
- Commissioning and contract management take place in an un-coordinated manner within specific funding streams with differing degrees of awareness of the bigger picture.

Traditionally, standard practice in DWP has been for the department to design interventions, and for JC+ either to deliver in-house, or to contract for delivery. City Strategy implies the beginnings of a move away from this centralised, standardised approach, towards flexibility, variation, and increased local accountability. It will also deliver a greater degree of employer input to programme design.

Much of our existing provision has already been contracted and committed for the next 18 months, so an early priority for us is to minimise the confusion over existing provision through improved co-ordination, planning and evaluation of services that fall within scope of the City Strategy. We will do this by establishing a Commissioning Advisory Sub-Group to develop an integrated commissioning framework that has a common language and approach. We will develop more flexible procurement models that ensure providers have sufficient freedom to respond to shifts in employer demand and areas of current labour market failure. The Sub-Group will also make recommendations to the City Strategy Steering Group on aligning existing commissioning arrangements and identifying opportunities for the alignment and pooling of future funding streams. Key aspects will include the following:

- Agreeing a definition of commissioning to which all agencies and partnerships will work.
- Establishing principles by which commissioning is undertaken so that interventions can be effectively measured and monitored.
- Differentiating between levels of commissioning - from nationally driven JC+ programmes through sub-regional services to targeted services focusing on City Strategy priority groups and/or geographic areas.
- Assessing needs and identifying priorities and outcomes to ensure service delivery within LSP-wide targets to priority groups meeting borough-wide and neighbourhood needs.
- Making the best use of available and new resources.
- Sharing expertise in terms of procurement and contract management techniques and reviewing and aligning procurement strategies where appropriate.
- Exploring opportunities to develop approved supplier lists through co-ordinated and strategic purchasing
- Ensuring that the principles of contestability, promoting competition and choice (for individuals and employers), and ensuring that the performance and capability of an organisation in moving priority groups into sustained work is given significant weight in procurement and commissioning decisions.

An early start will be made on implementing this approach by undertaking the following:

Firstly, this approach will be piloted with the LSC's next round of ESF funding. The LSCGM will be launching its sixth ESF Open and Competitive Tendering prospectus in January 2007 and it has been agreed that the £1,962,600 of available funding will be aligned to the City Strategy priority of tackling worklessness. Projects will start delivery on 1 April 2007 and run for a maximum of 12 months. Two measures will be tendered for (measures 1.2 and 3.2), both of which support the three strands of the Consortium's delivery framework. Activities will include

- the provision of vocational, social and key skills including additional support such as confidence building
- the delivery of local partnership intermediate labour market projects and
- supporting employers, particularly SMEs, by equipping the workforce with the right skills

The City Strategy Steering Group will be used as the consultation vehicle for development of the tender specifications and the LSCGM, along with the City Strategy Steering Group, will ensure strategic fit with mainstream and other programmes operating in the sub region. The LSCGM will also look to align the future ESF Co-financing programme which runs from 2007 to 2013 to City Strategy priorities where possible by using the strategic advice capability of the City Strategy Steering Group and GM Economic Development, Skills and Employment Board.

Secondly, in Year 1 the Commissioning Advisory Sub Group will also explore the feasibility of adopting framework agreements/securing preferred bidder status with a number of providers for generic services (such as ESOL and pre-recruitment). This model of procurement is widely used in an economic development context and was an approach that was adopted to deliver the successful City Pride New Deal Community and Environmental Employment option (CEE). It would enable City Strategy partners to commission new provision from a preferred provider promptly in response to demand rather than being delayed by procurement rules such as a minimum 3 month tendering process. This type of model would also provide sufficient flexibility to allow increases/variations in contract volumes for the best performing providers in an effective manner.

Thirdly, an early priority for the Commissioning Advisory Sub-Group is to engage fully with the provider of the Pathways to Work service in GM East and West JC+ District (see Enabling Measure 1 – Annex 1). Although the roll out of Phase 1 has been driven nationally, thereby giving little opportunity for the GM Consortium to influence the process, we will seek to ensure that the City Strategy is effectively represented in the decision making process when the preferred supplier is selected in each delivery area.

### **3b: Key Programme Elements**

Within this overall approach, three key elements of our programme will improve the client journey from welfare to work. These are set out below and will be taken forward with the development of a detailed action plan:

#### **(1) Improving the engagement of workless residents**

Effective client engagement is fundamental to the successful delivery of our objectives. We recognise that there is a need to further develop and embed an integrated and cohesive approach to targeting and engaging residents from the key priority groups. We will build upon the existing client engagement infrastructure and increase both the range of access points to employment support and the relevance of provision in meeting clients' needs. A better-integrated approach will engage with the health sector, community and voluntary organisations, and other public agencies to raise awareness and improve the visibility of employment support services in local neighbourhoods. The key issues identified through the provision mapping exercise and our planned interventions are set out below.

There is a key gap in relation to engaging economically inactive residents. The vast majority of Incapacity Benefit and Income Support clients, and therefore the vast proportion of our workless population, are not required to engage with JC+ on a regular basis as a condition of their benefit. We therefore have to find and engage with those inactive residents before we can even begin to start supporting them into employment. Whilst Pathways to Work will require most new IB claimants to receive back-to-work support, it is unlikely to make much of an impact on the *existing* IB load. It is however likely

that the majority of IB claimants are already in some form of contact with a public agency, even if it is just a relationship with their GP to have their medical certificate renewed on a regular basis. In addition to the formal relationships that workless residents may have with public service providers there will also be other points of contact within the community, for example with their Registered Social Landlords, library services, children's centres, community and voluntary organisations, tenants groups, welfare advice advisors, education providers and clubs. These informal contacts may carry more credibility and a stronger relationship with workless individuals than formal public services, and are more likely to be situated in areas with the greatest concentrations of workless residents than existing employment / training-specific provision. Integrating these additional services with employment / training programmes will offer clients a more holistic service, and one which is more likely to negate barriers such as childcare, health and debt problems which effectively prevent residents from participating in training or returning to employment.

Work is already underway to develop coherent referral mechanisms between these engagement routes and employment and training at both a sub-regional and neighbourhood level. Building on the best practice from Action Teams, this approach will be continued, with some examples as follows: -

- *Setting up a separate health-focused sub-group involving colleagues from PCTs, Mental Health Trusts and Public Health, to determine how best healthcare provision can be coordinated more effectively with existing employment / training provision.* This group would initially focus on increasing referrals from healthcare practitioners, including GPs, Health Trainers, Community Nurses and mental health workers, to IB programmes such as Pathways – effectively promoting ‘employment on prescription’. In the medium to longer-term this group would lead on analysing local clinical provision to determine whether it is meeting the needs of the IB client group. All of the Pathways to Work evaluation reports have identified either real or perceived improvements in health as the main factor influencing whether or not an IB claimant enters work. Building on the results of the mapping exercises undertaken for the Pathways Condition Management Programme, and the mapping of IB claimants’ health issues by Super Output Areas (SOA), we will seek to ensure that clinical provision is restructured, in terms of location, content, availability and referral procedure, to directly support our IB clients to return to work.
- *Integrating employment and training advice with community-based services such as Childrens’ Centres, RSL offices and libraries, working with providers and engagement organisations to provide a more ‘holistic’ front line service.* Salford will be piloting an approach to integrate IAG, JC+ and LSC services with Childrens’ Centres, Sure Start, Extended Schools and other childcare provision in wards with the highest IS claimant counts and child poverty. More generally we will work with Local Authorities to ensure that they deliver their responsibilities under the Childrens’ Act and Regional Economic

Strategy to 'secure a sufficient supply of childcare places to meet the needs of working parents'. This will include developing targeted additional provision such as holiday care, weekend provision and childcare that is more flexible in supporting part-time and shift workers. This is expected to have a particular impact on the lone parent client group, alongside those residents on other benefits—on other benefits with younger children.

- *Integrating employment support with advice services, ensuring both that clients are aware of the impact on the household income of accessing work, as well as being able to manage any debt repayments once in work. We will also pilot the use of specialist teams to support clients moving from benefits into work with their Council Tax and Housing Benefit claims in order to support the sustainability of their employment.*

#### **Case Study - RE:Generate**

Wigan MBC has funded RE:Generate trust using NRF resources to develop social enterprise in Wigan. The process developed is both unique and innovative and involves engagement at a very deep level within the community. The target is to engage with 25,000 people within the local population of 48,000 living in the areas of highest deprivation. The process involves 'Animateurs' going out into the community promoting community involvement, self-help, volunteering and employment to the most marginalised people. They are using the 'Listening Matters' model, which involves a multi-level networking process, which enables them to engage deeply with people at a neighbourhood level and effectively to promote, animate and encourage voluntary action and learning and employment by under-represented and disaffected groups. There are many organisations involved in assisting people into training and employment, and there are well-established networks, so there is no requirement for Wigan to set up alternative structures to those that exist already. The Animateurs are trained and supported by RE:Generate to identify the needs of a community. These needs are then used as the basis for developing sustainable markets for enterprise. The key difference about the Animateurs is that they do not go into the community with any agenda (e.g. Social Services, Community Engagement, Housing, Police etc.) They are trained to listen more effectively and to record and collate information that is useful and can be shared with all partners. The Animateurs will be recruited from within the community itself, although some key agency staff will also be seconded/recruited.

The way that we fund engagement activity is critical. Whilst JC+ mainstream and the majority of discretionary LSC and Local Authority engagement and training funds are focused on the City Strategy target client groups, investment specifications are currently not specific enough in the targeting of our priority wards, or sufficiently prescriptive in the need to link up project activity with existing provision. Whilst services are available to 50+ residents, lone parents, BME communities and residents with a health condition, our commissioning framework will need to specify engagement or job outcome/progression targets for each client group by geographical area.

Building on our overall approach to strategic commissioning, we will work closely with funding bodies to:-

- develop funding specifications that clearly articulate both the client type and geographical locations to be targeted.
- be pragmatic in our understanding of the length of the journey faced by many of our priority groups. By placing unrealistic goals on providers we discourage them from working with our real priority groups, and there is a risk that valuable 'first steps' engagement activity is lost with the setting of restrictive outcomes that are inappropriate for certain customers. Employment is not always a realistic outcome for activity primarily aimed at engaging residents who have been away from the labour market for some time, and the requirement to deliver substantial job outcomes often encourages providers to 'cherry pick' clients so as not to underperform against their targets. There will also need to be an acceptance that as we engage with and support more inactive clients into work, the number of work-ready clients will reduce and we will inevitably be targeting those furthest away from the labour market. They will then need more intensive, and costly, interventions.
- develop an effective mechanism to measure client progress where employment or qualifications are not a realistic outcomes. This may include a RARPA (Recognition and Recording of Progress and Achievement) type measuring system. An example of where this approach has been piloted is set out below.

**Case Study - Neighbourhood Learning in Deprived Communities (NLDC) Fund - The Manchester Prospectus**

The LSC and Manchester City Council agreed that the 2006/07 round of NLDC funding would be aligned to the GM City Strategy. The NLDC fund has been used to support Manchester residents that are workless and have not been engaged in learning in the previous three years. The aim of NLDC is to build the skills levels of residents while complementing and providing progression routes to further learning and employment support. In order to achieve this, specific local criteria were added to the NLDC prospectus which support the delivery of the City Strategy and address the most urgent needs that can be met within the LSC's criteria for the use of the NLDC Fund. Successful projects were required to use existing key points of access and deliver a programme of support that leads into employment or employment support in innovative, original and effective ways. A further mandatory requirement was also included that all participants will be referred to JC+ or specific local IB projects for employment advice/support.

However, even when more coherent referral structures between all of these activities are operational, we are still unlikely to be able to engage with all of the 125,000 IB and lone parent claimants resident in our target wards. As a result, we are seeking access to JC+ systems in order to improve the targeting of Consortium-managed interventions (see enabling measure 2) In addition, we are seeking agreement for JC+ systems to capture data on clients' ethnicity, family and skill level status. This will also enable us to improve the targeting of our interventions, and ensure that clients are given the support they need with any barriers to accessing employment or training as soon as possible.

## **(2) Improving the basic employability and occupational skills of those not in work**

Building on the Leitch recommendations, we are proposing to deliver a local integrated employment and skills service, drawing together existing services such as JC+, LSC, LA and RDA-funded activity, to ensure both that more workless residents are able to access provision that improves their competitiveness for local jobs, and that their journey from benefit through training and into work is as swift and clear as possible. We propose to move away from an eligibility-led approach to provision and move towards a single gateway with basic minimum standards of service for all, followed by targeted/bespoke routeways and packages of support that are specific to the needs both of our workless residents and the GM economy. The key issues and proposed activities relating to this are as follows:

There is currently a key gap in relation to the proportion of workless residents accessing employability and occupational training. Whilst New Deal programmes provide workless residents with basic employability and occupational training, only about 10% of the overall JSA client group are likely to qualify for this intervention. In parallel, LSC and discretionary-funded training programmes are seeking to recruit clients to their interventions. There is a clear need to improve referral mechanisms between JC+ and other front-line staff and the full range of LSC and discretionary-funded provision to ensure that all benefit claimants have access to the basic employability and training support they need at the earliest opportunity. Linking these programmes together into recognised career pathways will substantially increase the likelihood of all clients securing sustained employment.

We will put in place a system which supports clients on all benefits to access the most appropriate basic employability / training provision, 'account managing' the transition from benefits, through training into employment and in-work support. This service will have a particular impact on JSA clients who have been unemployed for six months or more and who are not yet eligible for mainstream JC+ provision. The service will consist of: -

- JC+ automatically referring clients who have been unemployed for six months and who are ineligible for New Deal provision to an independent local IAG provider. Whilst this system is beginning to operate through Skills Coaching, we will use this option more extensively for the JSA client group, and will have early entry criteria. For example, benefit claimants who have clear basic skills need or who have been made redundant in a declining sector. This service will also be available to clients who already have a Level 2 qualification and as a consequence are not currently eligible for NextStep support.
- The independent IAG provider will provide a basic package of support which will include a skills needs assessment, diagnostic, personalised action plan, help with CVs and interviews, vacancy analysis and job matching, and support with issues such as childcare, transport and welfare rights. This will include referrals to personal financial planning sessions such as the One Parent Families 'money magician' project aimed at lone parents. The IAG provider will then refer on to the most

appropriate provision – whether it is LSC (the forthcoming LSC-funded pre-recruitment pilot programme is likely to be a key avenue for these clients), NRF, ESF, voluntary sector or Business-Link funded. The menu of available provision will be updated regularly by partners and will be accessed via the NextStep website. This website will also be made available to a range of partners, including advice agencies and the voluntary sector in order for them to make appropriate referrals for their clients. This approach will be complemented by the local coordination of employment training services at a regeneration area / district level. The LSC are piloting the Adult District Learning Model in Manchester, ensuring that a range of providers are brought together on a regular basis to improve cross referral mechanisms, identify and fill gaps, and reduce duplication.

- Should the client not have accessed employment through their initial employment/training programme, the IAG provider will then continue to support the client into additional provision/job brokerage programmes. The IAG provider will then continue to support the client once in work, including advising on relevant Train to Gain provision and other progression support. This will ensure individuals receive effective support to get into work, stay in employment and progress. An example of how the proposed client routeway could operate is set out in Figure 1 and the case study below.

#### **Case Study - Oldham**

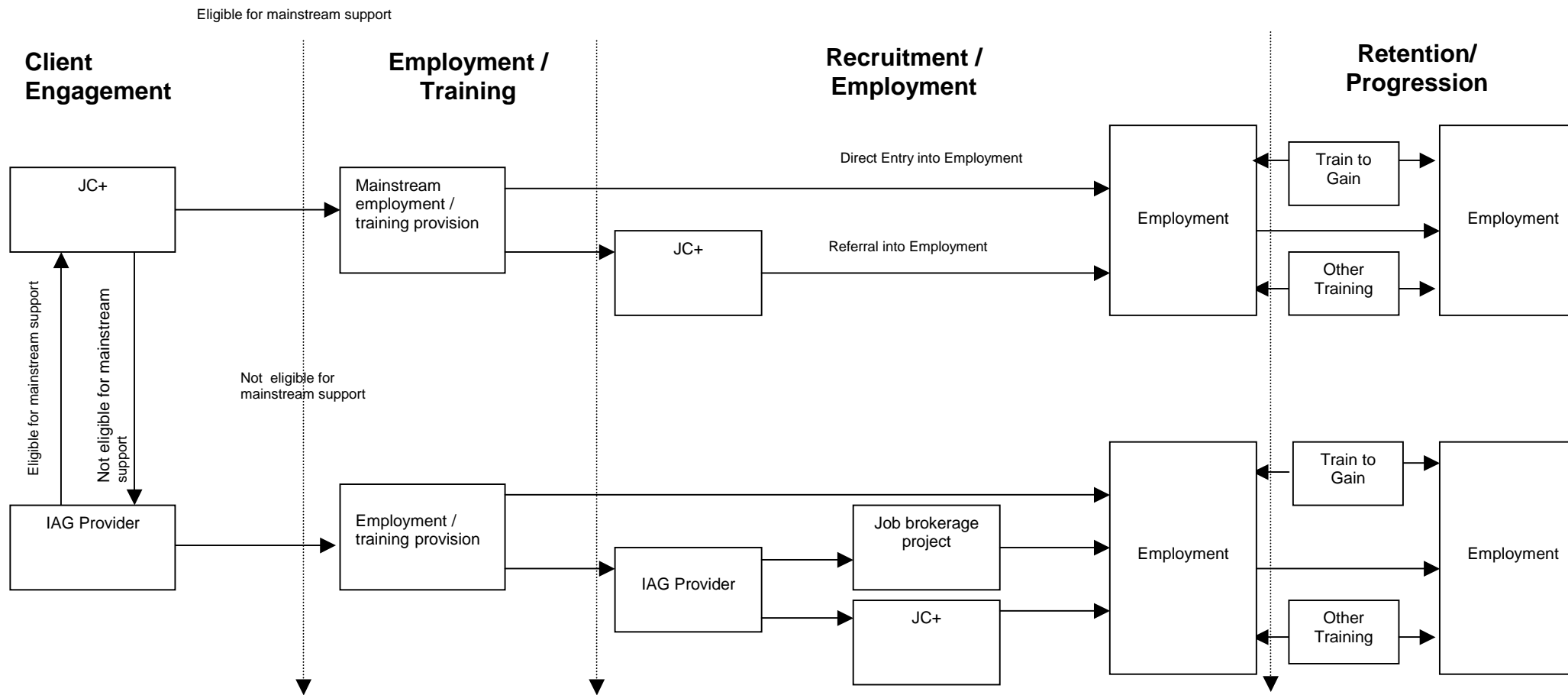
Typically, a training pathway will comprise: *Engagement* > *Programme* > *Progression*. Within Oldham, the *Programme* element is generally considered to be satisfactory but, with sixteen separate employment and training projects running across six different organisations, there is some need to sharpen the process of *Engagement*. In part, this relates to the potential for confusing (and possibly alienating) the client with multiple options and, in part, there is a concern about the impartiality of advice. The LSP proposes to address these issues by expanding the adult IAG service, to incorporate additional elements of the good practice which exists pre-19. This adult IAG service will have three essential elements:

1. An initial assessment to establish the existing skills and future aims of clients
2. Impartial advice to clarify the most appropriate training pathway(s)
3. An online Progress File or Skills Passport, which records these essentials for the benefit of the client.

Underpinning this, a Data Warehouse will store information on individuals who have consulted the IAG service or are currently within existing programmes. This intelligence-based service will support the *Progression* element of the training pathway, enabling the IAG service to contact individuals approaching the end of a training programme to offer advice on future progress along the skills escalator and/or to guide individuals into local employment opportunities.

Training organisations will benefit from the improved intelligence in terms of programme planning and, crucially, a clear justification for the recruitment of permanent, appropriately-skilled staff to guarantee quality provision. Employers will benefit from having a single co-ordinating body for advertising employment opportunities and pursuing active recruitment programmes.

**Figure 1 – Client routeway**



Whilst simplifying the routes into LSC and discretionary-funded programmes for JC+ clients will have a positive impact on the volumes of, and the speed at which, workless clients become competitive for employment, the impact on the JSA client group will be limited if we are unable to allow clients to acquire skills and qualifications within a reasonable timeframe. Current eligibility rules prevent JSA customers from participating in training for more than sixteen hours per week yet we are clear that a substantial proportion of our unemployed clients need to improve both their basic employability and their vocational skills if they are to compete in the current labour market. For example, JC+ and discretionary funds have been used to purchase short pre-recruitment programmes linked to ring-fenced vacancies within NHS Trusts. The content and length of the pre-recruitment course has been designed in conjunction with the NHS, with much of the training delivered 'on-the-job', and gives workless clients both the basic employability and the job-specific skills and experience they need to secure the job on a permanent basis.

However, whilst JSA clients are able to undertake a short period (up to three weeks) of such employability and vocational training, the remaining six weeks of the programme can only be delivered on a part-time basis in order to comply with JC+ eligibility rules. If this provision were to be delivered on a full-time basis, either through an extension of the Work Trail period to up to ten weeks, or through the designation of this training as 'eligible' for the exemptions available for the Adult Learning Option, our clients would be able to acquire the skills they need to be able to secure employment within a shorter timeframe. This would enable them to leave benefit within a shorter timeframe, and deliver cost savings to the Treasury. The process of recruiting and training workers in this way would be faster, making it an appealing recruitment option to a wider range of employers. We are therefore seeking an enabling measure (enabling measure 4) to allow six-month plus JSA clients to access training on a full-time basis where there is clear evidence that it would improve their chances of securing sustainable employment and meet the needs of the local labour market.

In tandem with granting more JSA customers the flexibility to acquire the skills they need to compete for local jobs, there is a more general need to introduce flexibility across the full range of JC+ mainstream provision in order to meet both the needs of the individual client and those of the local economy. For example, whilst clients accessing New Deal provision receive support to improve their basic employability and vocational skills, the programmes are often insufficiently tailored to the needs and interests of the individual. As a result, only about a third of New Deal participants enter work at the end of the programme. Experience of working with the IB client group in Manchester through the Stepping Stones project has shown that training programmes designed and purchased on an individual client basis have proved more successful in moving claimants into work than mainstream JC+ programmes. As a result, the Consortium is now seeking an enabling measure to allow JC+ discretion to re-allocate mandatory New Deal funding to purchase bespoke solutions instead of using contracted New Deal provision. (See enabling measure 3.)

This issue is, however, wider than just New Deal provision. Rather than conforming to current eligibility constraints, there is a need to introduce more flexibility both regarding the maximum number of interviews/hours of support an individual is entitled to and the *level* of training provided by mainstream services. Introducing more flexibility to the number of teaching hours Train to Gain providers can deliver to clients would improve qualification outcomes for those who need them most to retain employment and have a chance of progressing, whilst increasing the amount of NVQ Level 3 support available through the mainstream would both ensure that more of our residents are qualified to compete for the existing and future jobs in the GM economy and that provision better meets the need of employers. One key issue, highlighted by NextStep providers, is that mainstream funds will not support residents with an existing Level 2 qualification to upskill to Level 3 even though their Level 2 qualifications may be redundant, eg in a declining industry, or are not relevant to the types of jobs available in the GM economy. In the short-term, whilst we will continue to use flexible funds such as NRF, ESF and RDA to fund IAG and training programmes up to Level 3 for those clients with an existing Level 2 qualification and a clear need to retrain, within the lifetime of City Strategy we need to be in a position where the mainstream is funding the interventions that will best meet the needs of both clients and the economy.

Finally, there are some clear gaps and shortages in provision for specific client groups. For example, demand for ESOL is outstripping current provision, and changes announced in this year's Annual LSC Statement of Priorities will mean that from 07/8 refugees and asylum seekers will have limited access to such provision. As part of the City Strategy activity, the LSC will be reviewing ESOL provision to establish:

- If provision is being delivered where it is needed geographically
- The number and geographic locations of specific BME communities, identifying the types of education and training provision needed
- Whether ESOL needs to be more vocationally focused, meeting the particular needs of key sectors / employers within a particular area
- Whether there is a need for shorter, perhaps unaccredited ESOL provision, or an opportunity to accredit shorter community-delivered informal ESOL courses.

Gaps have also been identified in the provision of post-16 programmes for clients with learning difficulties / disabilities and deaf people. The LSC and JC+ are already working with Local Authority Adult Social Care teams to determine how best these gaps can be filled through joint commissioning and funding arrangements. In addition the Consortium will explore the feasibility of using the 'Individualised Budgets' scheme being piloted in Manchester and Oldham as a mechanism of funding the individually-tailored learning support these clients need to become competitive for work.

The third element of the delivery framework/programme design is detailed in the next section of this plan.

### **3c Employer Engagement**

We recognise that current mechanisms for employer engagement within GM are highly fragmented. There are a host of agencies and organisations seeking to ensure employer input to strategy and planning. These include an Employer Coalition, the Chamber of Commerce, JC+, LSC GM, Manchester Enterprises, ten Local Authorities, the Sector Skills and Productivity Alliances and the Regional Skills Partnership. Although we have a strong record in collaboration across these strategic partnerships, bringing greater clarity and simplicity to this situation is vital if we are to achieve our strategic objectives.

Our business plan represents an important first step in implementing the transition to a high performing, demand-led employment and skills system. It is in line with the Leitch Review, and is based on strengthening employer input and leadership, ensuring greater clarity of service delivery, through definition and alignment of five types of Employer Intervention:

- Influencing Employer Behaviour
- Recruitment Services
- Retention and Advancement Services
- Multi-agency Redundancy Service
- Demand-led Capacity Building for Intermediaries

These have been designed to ensure maximum potential contribution by employers to our employment rate aspirations.

#### **Existing context**

Our current approach to strategic planning involves widespread sector analysis to construct GM's Annual Statement of Skills Priorities. This uses the GM Forecasting Model to predict changes in employment sectors and occupations across the sub-region, considering both expansion and replacement demand requirements. This raw data is then scrutinised with strategic partners, employers and sector skills councils to ensure projections take account of sectoral and occupational developments that are not built into the modelling. Additionally, JC+ and Local Authorities collect and analyse demographic data.

Whilst service delivery level employer engagement appears fragmented from a business point of view, the employer experience is, in reality, less confused than the strategic overlaps implies as the current system ensures a certain level of competition and choice. JC+ is the key Consortium member that services employers' vacancies. It refers a variety of job applicants and each year manages circa 285,000 vacancies from employers across the sub-region. This employer offer is enhanced by a variety of products linked with wage subsidy (New Deal), pre-employment training interventions, Access to Work support for people with disabilities, as well as more in depth support to empower greater workforce diversity. JC+ offers a good quality of service to all employers across GM, consciously differentiating its delivery to provide the

most extensive help to employers in sectors where disadvantaged customers can best compete.

GM has made significant progress on implementation of the Train2Gain initiative, learning extensively from its participation in the Employer Training Pilot. JC+, LSC GM and the Train2Gain brokerage have agreed enhanced local cross referral and marketing protocols to ensure that whatever an employer's entry point to the employment and skills system they have the opportunity for comprehensive recruitment and workforce development services.

The next tier of employer engagement comes directly from contracted employment and skills providers offering a specific human resource solution linked to delivery of contracts, for example recruitment support and workforce development training. Due to a combination of factors including funding structures, programme design, contract requirements and provider expertise, much of this provision is supply-led. Shifting provision to more demand-led models and characteristics represents a significant opportunity for performance gain.

In addition, GM has further established processes to support employers with human resource practices and other business support issues which provide important assets for the Consortium to build upon, including:

- Partners manage and/or participate in around eight local Human Resource practitioner forums – this reaches over 500 HR Decision Makers
- JC+ Account Managers in GM deliver a face-to-face account management service to approximately 80 of the largest employers
- GM Chamber of Commerce has a membership in excess of 5,000 local businesses
- Our Train2Gain brokerage service will establish relationships with approximately 7,000 businesses each year
- Our Business Link franchise works with approximately 30,000 businesses each year
- The GM Employer Coalition works with around 300 businesses each year specifically to help them recruit, retain and advance City Strategy priority groups through new approaches and innovations
- TUC's Union Learner Representatives – housed particularly within employers in declining sectors.

Given the over-arching role of Local Authorities in leading the economic and social renewal of their communities, via Sustainable Community Strategies and other strategic development frameworks agreed with key partners, we intend to draw and build on existing best practice within GM to ensure that employer engagement services and activities across the sub-region are robust, consistent and customer-focused. For example, partners will seek to embed the lessons learned from the successful actions of places such as Bolton, which has worked with strategic investors at employment sites of regional significance, including Middlebrook and Wingates, to secure

relocating and growing companies' workforce requirements, whilst maximising the access of residents in greatest economic need to the job opportunities created. This way of working is now enshrined within Bolton's LAA actions and applied by key partners on the ground, and this framework together with other similar examples from across GM will inform the development of a sub regional approach to effective employer engagement.

### **Strengthening Employer Input and Leadership**

The Leitch Review presents a robust model for ensuring employer leadership and input into the employment and skills system. We welcome the call for an integrated local employment and skills board and, throughout our first operational year as a City Strategy pathfinder, we will devise a clear strategy for making the transition from current structures and strategic governance to one that fits with both the Leitch Review and emerging GM governance proposals currently being discussed with the Department for Communities and Local Government.

The GM Consortium represents a strong partnership between the public and private sector. Employers have had an ongoing input into the evolution and leadership of our proposals, and three of the Consortium members are Private Sector-led organisations. It is our intention to appoint a senior local business leader as Chair for the City Strategy.

Collectively, these organisations represent the majority of GM's business community, and in particular those individual leaders who are making the biggest personal and organisational contribution to strategy and policy developments in either a broad economic development context or a specific employment and skills context.

- **Manchester Enterprises** – is the lead agency for labour market forecasting and broader economic development. This includes the annual expansion and replacement demand projection work that currently underpins the production of Greater Manchester's Annual Statement of Skills Priorities. This projection tool will be expanded to underpin and direct the City Strategy employer engagement and marketing activity.
- **Greater Manchester Chamber of Commerce** – represents a business constituency of approximately 5,000 local businesses. As the UK's largest Chamber of Commerce it is an excellent 'route to market' for City Strategy partners and it is a trusted business voice and intermediary.
- **Greater Manchester Employer Coalition** – uses its employer leadership, demand and commitment to test and devise new labour market interventions. This research and product development role will be targeted specifically at addressing identified areas of market failure as well as contributing to improving the evolution and performance of current initiatives.

During the 2007/08 operational year the Employer Coalition will design and test a new Customer Relationship Management system to measure and demonstrate the influence and contribution made by individual employers to the evolution and development of the City Strategy. It will provide quantifiable data on employers' strategic input, their changes in human resource practice and their commitment to offering job opportunities, to City Strategy partners and providers. This will enable easy identification of champion employers to support campaigns and projects; facilitate greater levels of employer to employer 'selling' and underpin the strategic and operational direction of service developments whilst providing the opportunity to continuously monitor and upgrade the commitment of key employers to City Strategy.

## **Employer Facing Interventions**

Our City Strategy proposal is built around a series of five intervention types that focus on ensuring the greatest level of input and commitment by employers to recruiting, retaining and developing our priority groups which, taken together with employer leadership, will drive the demand-led principles and practices through all City Strategy activity.

Ensuring that these interventions deliver a high quality service is fundamental to our success and central to our strategy. From an employer perspective our offer is simply a comprehensive human resource support service.

Although diversity and corporate social responsibility are important to many businesses, particularly many of our current employer partners, these five intervention types are all designed to maximise the commercial benefit to businesses of working with City Strategy partners. This ensures long-term engagement and a clearer rationale for sustained involvement and investment by employers in City Strategy.

## **Employer Intervention Type 1 - Influencing Employer Behaviour**

***Supporting employers in developing their human resource policy and practice*** – This work will be essential in opening good quality jobs for priority groups; removing demand-side barriers to job entry, retention and advancement, and ensuring employers are placed at the heart of our City Strategy. Activity will build on many existing strands of work led by JC+, GM Employer Coalition and GM Chamber of Commerce.

We will develop a campaign timetable for employer marketing and influence, using a variety of tools and interventions which will focus activity around a specific theme at a specific time - maximising the impact of business messages. This will be drawn up within the first operational quarter, alongside plans for community engagement and programme delivery. For example, in advance of a particular community engagement intervention aimed at encouraging Lone Parents to return to work partners could encourage the development of flexible working conditions amongst employers through case study publicity, HR Practitioner Forums, GMCC members briefings; GMEC

employer events and JC+ Account Manager interventions. An example of this is set out below.

We will collect and utilise existing case studies of excellence in employer recruitment and diversity. Historically, this has been accomplished through the Employer Coalition's Annual Employer Awards, which recognises those businesses making the biggest difference to our priority groups through their own action. Each year this process communicates with over 2,000 local businesses with 200 major local employers attending the presentation evening.

This strand of activity challenges demand-side barriers to work; it also provides the cornerstone of our work to increase employer commitment to diversity and the 'bottom-line' benefits of so doing.

#### **Case Study – Nurturing Talent, Releasing Potential**

In support of the launch of the Pathways to Work initiative, GMEC, GMCC and JC+ delivered a conference to 69 local employers about all aspects of Workplace Health and Disability. Practical solution-focused workshops looked in detail at how to target recruitment activity, the legal requirements, vocational rehabilitation, making workplaces healthier as well as a host of good practice employer champions and advocates including Best Companies Ltd. Clock Creative, Chess Ltd. and Hope Hospital. The programme evaluation showed the event was a tremendous success and feedback indicated a significant commitment by employers to re-examine policies and employment practices.

### **Employer Intervention Type 2 – Recruitment Services**

***Ensuring employers have access to an efficient and competitive recruitment service*** - This service is led by JC+ and complemented by the services of providers and other brokerage agencies. Key areas for development are as follows:

- **Empowering greater relationship management** - As outlined above GM has agreed enhanced protocols for joint working between the Train2Gain broker and JC+. These enhanced protocols will ensure a greater flow of information, leads and strategy between the two primary brokerages in the sub region. Similar protocols and principles will be developed with key partners resulting in an informal network of hundreds of Relationship Managers.
- **A universal offer with targeted investment** - From this position we will implement a simple approach to empower all employer brokerage partners to make a bigger contribution to employment rate aspirations. We will define a universal recruitment offer for all GM employers that will be simple, straightforward and easy to access. This will enable other brokerages (e.g. Train2Gain, Business Link) to broaden their services offer and ensure that resources (e.g. pre-employment training, job brokerage) are deployed where they are likely to have the biggest potential impact.

- **Achieving more from existing opportunities** - JC+ receives around 285,000 job vacancies each year across GM; historically it has found up to 15% of these are defined as hard to fill. These hard to fill vacancies present City Strategy with an opportunity to have a significant impact on overall employment rates. By focusing on these areas of labour market failure we can have a substantial impact on our ability to broker and supply a world-class recruitment service to local businesses.
- **A unified public sector offer** - A multi agency approach has been successfully implemented in Tameside and is being replicated in Rochdale. Local partnerships in these areas have developed a high quality co-ordinated service offer to major employers, particularly those undergoing relocation or expansion, to provide a single point of contact that acts as an intermediary articulating their employment and skill needs through the partnership and its associated supply chain. A similar integrated approach will be used as part of a wider Project Value Management Programme which aims to maximise the local economic benefit that is derived from the substantial and ongoing capital investment programme within the sub-region. The programme will engage major capital clients and develop skills and procurement initiatives to connect people to jobs – identifying where employment opportunities in the public and RSL sectors either currently exist or will be created as a result of capital build programmes.
- **Building Job Brokerage Capacity** – we will explore how additional capacity can be added to our ability to broker jobs on behalf of priority groups. Job brokerage represents a comparatively low cost intervention but a high value added service to employers and priority groups. We propose testing different approaches to building job brokerage capacity throughout the first operational year, including:
  - *Adding additional capacity to existing brokerage* - through enhanced JC+ / Skills Brokerage / Business Link protocols / IAG
  - *Embedding Job Brokerage capacity into existing provision* – We will build intermediary capacity (Employer Intervention Type 5) to reposition existing pre-employment interventions to become more adept at direct job development and brokerage.
  - *Partnership Job Brokerage service provision* - This will be piloted in support of the major new business park development at Kingsway (Rochdale) where brokerage services will cut across the skills and human resource needs of this new premium business destination.
  - *Specialist Job Brokerage* – We will also design and test new approaches to recruitment service development. This will include the pilot of a ‘Job Developer’ to examine the impact of

specialist job brokerage provision on both the employment prospects of offenders and ultimately its potential contribution to reducing re-offending and recidivism rates.

### **Employer Intervention Type 3 - Retention and Advancement Services**

**Create careers and reduce benefit 'on-flows'** - To have a sustained impact on GM's employment rate it is essential that individuals that are placed in employment do not return to benefit.

There are factors and strategies that have a proven and demonstrable impact on encouraging long-term retention and advancement. We will examine how these can best support employers to retain employees.

- **Ensuring the right match** - Our proposals, including developing job brokerage capacity were outlined in Intervention Type 2 and this is fundamental to ensuring sustained outcomes.
- **Opportunities for progression** – The opportunity for professional development, salary development and career progression are key-determining factor in job retention. We welcome the Leitch Review proposals for a Unified Adult Career Advice service and expansion of Train2Gain services and wholly endorse the need to translate the economic value of skills interventions and their impact on productivity and individual earning potential. Locally we have already undertaken significant work that lays the foundation for these future developments; particularly around the employer Train2Gain offer. We intend to maximise linkages with TUC Learner Representatives to increase the proportion of the workforce accessing Train2Gain or other provision. This is particularly important for City Strategy for two clear reasons: firstly, as an individual progresses in employment this creates a good source of entry-level jobs for our priority groups; and secondly, many of our priority groups, once placed in employment are at greater risk of falling out of the labour market. The opportunity for career progression will contribute to increased job retention.
- **Providing ongoing support to employers and individuals** – We propose the testing of a radical approach to post employment support that draws on the lessons learnt by both the Ambition and Employment Zone initiative. Previous approaches to post-employment support have met with mixed success and it is clear that a generic “one size fits all” post-employment support offer is not particularly effective; particularly where first contact with employer or individual occurs after employment.
- **Reducing the on-flow to Incapacity Benefit** - Manchester City Council will pilot an approach to assist employers to proactively manage health in the workplace and work more flexibly to accommodate chronic health issues amongst their staff by providing practical support to employers to access personnel support and

occupational health/vocational rehabilitation advice. The project will work with public and private sector (including SME) recruitment managers on issues of sickness management and improving workplace practices to increase their ability to retain people in employment. This activity will complement the work of GM Workplace Health Connect to offer more extensive / intensive occupational health and condition management services to both public and private sector companies in Manchester.

#### **Employer Intervention Type 4 - Multi-Agency Redundancy Service**

***Reduce the impact of structural industrial change*** - A recent multi agency approach to the announcement of large-scale redundancies at Northern Foods provided an early opportunity for City Strategy partners to test and refine our employer offer in relation to redundancy support. JC+, LSC GM, North West RDA, Union representatives and the Local Authorities of Salford, Trafford and Manchester worked with the employer to agree a joint delivery plan for the 690 people affected by this business change.

This experience provides partners with a platform for developing a sub-regional approach to tackling future redundancies and industrial structural changes. This use of local and existing resources as a first stage response ensures “Rapid Response” resource is then able to target gaps, where it can have the biggest possible impact.

#### **Case Study – Northern Foods - outputs achieved by implementing this approach:**

##### Support Accessed

372 x CV workshop (61%)

369 x Interview workshop (60%)

17 x attended skills for life training (3%)

144 x staff attended 1-2-1 interviews (107 through Skills Coaching and the remainder through JCP advisers)

##### Training Agreed/Accessed – Multi Provider Delivery

44 x have received FLT conversion training

37 x have been referred for Full FLT training

10 x have been referred for IT skills through

12 x 16<sup>th</sup> Edition (11 Passed)

3 CEIH

2 Bendy FLT

##### Employment

67 staff left Northern foods prior to 24th November 06, 45 of these with a new job which represents an immediate success rate of over 67%.

## **Employer Intervention Type 5 - Demand-led Capacity Building for Intermediaries**

***Improve the ability of all publicly-funded labour market interventions to meet the needs of employers*** - Employment interventions are more successful and high performing when they are demand-led. Employers are also more likely to use a service if they have had input to the services design and delivery. Our consultation with providers clearly indicates that this view is shared by a wide variety of delivery partners but there remains a distinct scarcity of employers being wholly embedded into the delivery of welfare to work services. This indicates the potential for significant performance gains from current providers and provision if we are able to increase their ability to identify and meet employer needs. This assertion is underlined by the Leitch Review, which concludes that a system that is directed by real demand, rather than centrally planned, is more likely to achieve ambitious employment and skill aspirations.

The scope of this intervention type is any organisation or individual that has a publicly resourced interest in moving City Strategy priority groups into work. Primarily these can be split into three broad categories.

- Advisors (Including JC+, Next Steps and others)
- Employment and Skills providers (including all LSC, JCP and NRF funded activity)
- Community Organisations

Each category represents a slightly different point in the journey from inactivity to career, yet the principles of understanding and meeting employer requirements need to be embedded throughout. This is a particular role and historic priority for the Employer Coalition, but the additional input and focus of the Consortium will ensure a step change in the way strategic partners and providers approach meeting employer requirements.

The tools used to improve the capability of providers to be more demand-led are tried and tested and have a significant impact on the behaviour and performance of providers and intermediaries. During our first 12 months of operation we will:

- Increase the broad sector and occupational understanding of Advisors, building on our Industrial and Occupational Knowledge experience (see case study ).
- We will expand the piloted “Employer Engagement Lab” (see case study ) and embed it into other provider events and initiatives.
- We will closely examine the Working Ventures UK “Programme for Change” provider capacity building pilot to evaluate the cost effectiveness, performance gain and potential for local replication for Greater Manchester’s provider base. Currently 2 of the 15 providers on this national programme are GM-based.

### **Case Study – Greater Manchester Employer Coalition – Provider Conference 2006**

This intervention included a number of approaches to building the capabilities of employment and skills providers to identify and meet the needs of 69 employers. It provided practical examples of employer-led initiatives, shared the learning from pilots such as 'Fair Cities' and 'Ambition' and gave practical advice and help in improving an organisations' ability to engage employers. Amongst the more cutting edge innovations was the pilot of "The Employer Engagement Lab". This intensive workshop gave providers the opportunity to test out their approach to engaging employers and 15 local employers (including the BBC, the Co-operative, Fujitsu and BUPA) participated in the workshop.

### **Case Study – Advisor Industrial and Occupational Knowledge (IOK) building**

In GM there is a long history of using IOK activity in a co-ordinated and highly effective way. IOK interventions are a tool used most effectively in support of a significant labour market demand. The principal aim is to upskill individuals who are responsible for advising and/or training priority groups by increasing awareness of an employer and that employer's recruitment requirements.

This has been used successfully on both a sectoral level (e.g. Logistics, Construction and Retail) and for an individual employer (e.g. British Gas, Royal Mail and Fujitsu). It also has a significant impact on ensuring greater diversity and community penetration of employment outcomes.

## **National Employment Panel's Business Commission**

The Consortium has welcomed the opportunity to work with the Business Commission to support achievement of the following objectives:

- Strengthening our general employer engagement strategies;
- Bringing better coordination and dissemination of good practice in ethnicity focused employment programmes;
- Bringing a greater focus on narrowing the gap in the employment rate between white and non-whites across our City region.

Whilst the Business Commission's remit is the employer contribution to the employment gap, we intend to embed this into a holistic consideration of ethnic minority employment issues. We will coordinate supply-side projects with overarching and sector specific employer-led programmes through a stand-alone action plan with clear links to the Consortium's main Business Plan. We recognise this will bring resource efficiencies, improved performance for those offering employment support for ethnic minority residents, and easier access to support for employers wishing to address race equality in their workplace.

Early in 2007 the Consortium will host a workshop to draw local conclusions from national research undertaken by the Business Commission. This will

focus on the Business Commission's key questions regarding appropriate levers for delivery and suitable performance management structures for measuring improvements in ethnic minority representation in the private sector. We will use the workshop to gain intelligence both from employer representatives and the Sector Skills Councils, as well as identifying local stakeholders and drivers of the action plan. The outcomes of this workshop will feed into the development of our action plan outlined below, which is focused on the finance and professional services, retail, ICT and manufacturing sectors:

- **Mapping and evaluation of supply side activity** – Whilst a top level mapping exercise of existing ethnicity focused employment interventions has identified some examples of good practice on the supply side, it demonstrated that delivery is fragmented, with programmes engaging inactive ethnic minority residents or supporting ethnic minority jobseekers largely disconnected from employer-led or focused initiatives. The Consortium intends to carry out a comprehensive, cross-City Region assessment and evaluation of the myriad of localised ethnic minority engagement projects in place to formally identify what has and has not worked, and to ensure appropriate links can be made with employer engagement activity.
- **Developing best practice guides and employer leadership** - The initial scoping work for the Business Commission identified over 80 employers who have recently taken steps to address race equality in their workplace, many from the private sector – including the BBC and ITV-championed Cultural Diversity Network. We intend to develop a reference manual of good practice from these case studies; for use by employers alongside identifying senior private sector champions such as the Business Commissioners who will be able to influence other GM employers on this agenda.
- **Consider a minimum service offer** – Our initial scoping work also highlighted the level of support offered to employers to address race equality varied considerably amongst those working to this agenda. Building on the Code of Practice on Race Equality in Employment we will engage with the public sector agencies that have supported these employers recently with the intention of agreeing a minimum service offer for private sector agencies.
- **Baseline public sector performance and foster leadership** - we intend to commission a survey of public sector employers across GM in early 2007 to complement the Business Commission's private sector employer survey. Our survey will facilitate a direct comparison between the public and private sector of the use and application of equal opportunities policies and the reporting and monitoring of ethnic minority employment, enabling us to assess the level we can draw on public sector experience to inform our private sector strategies. In addition, it will identify what type of support public sector employers would value to aid delivery of their Race Equality schemes and targets. We will also use this work to identify public sector partners who will demonstrate high profile leadership in adopting the Business Commission's recommendations to the Chancellor.

## Action Plan

In line with the above, an Action Plan will be produced which sets out the full range of activities to be delivered, together with named leads and timescales. These will build on existing responsibilities and will draw together the actions being taken forward by individual LSPs. We have established three sub-groups to drive forward the three strands of the Consortium's activity. These will help to develop policy, ensure approaches are tailored to the specific needs of each priority group, share best practice and oversee pilot approaches. The Action Plan will develop over the lifetime of the Consortium and will be a key tool to enable the Steering Group to monitor progress and the contribution of each partner agency.

Estimates of the specific impact of each interventions on our target groups will be assessed as part of developing policy and reviewing funding priorities, but our approach will be to articulate the specific interventions that will need to be delivered within each individual LSP area in order to deliver both the borough wide worklessness target and the targets relating to each priority group. This will also be evaluated as part of our local evaluation which will be developed in conjunction with DWP.

### **3d: Voluntary and Community Sector engagement, including social enterprise**

The Consortium values the important role that the Voluntary and Community Sector (VCS) can play in taking forward our City Strategy aspirations, including the practical role in driving up service delivery for workless residents.

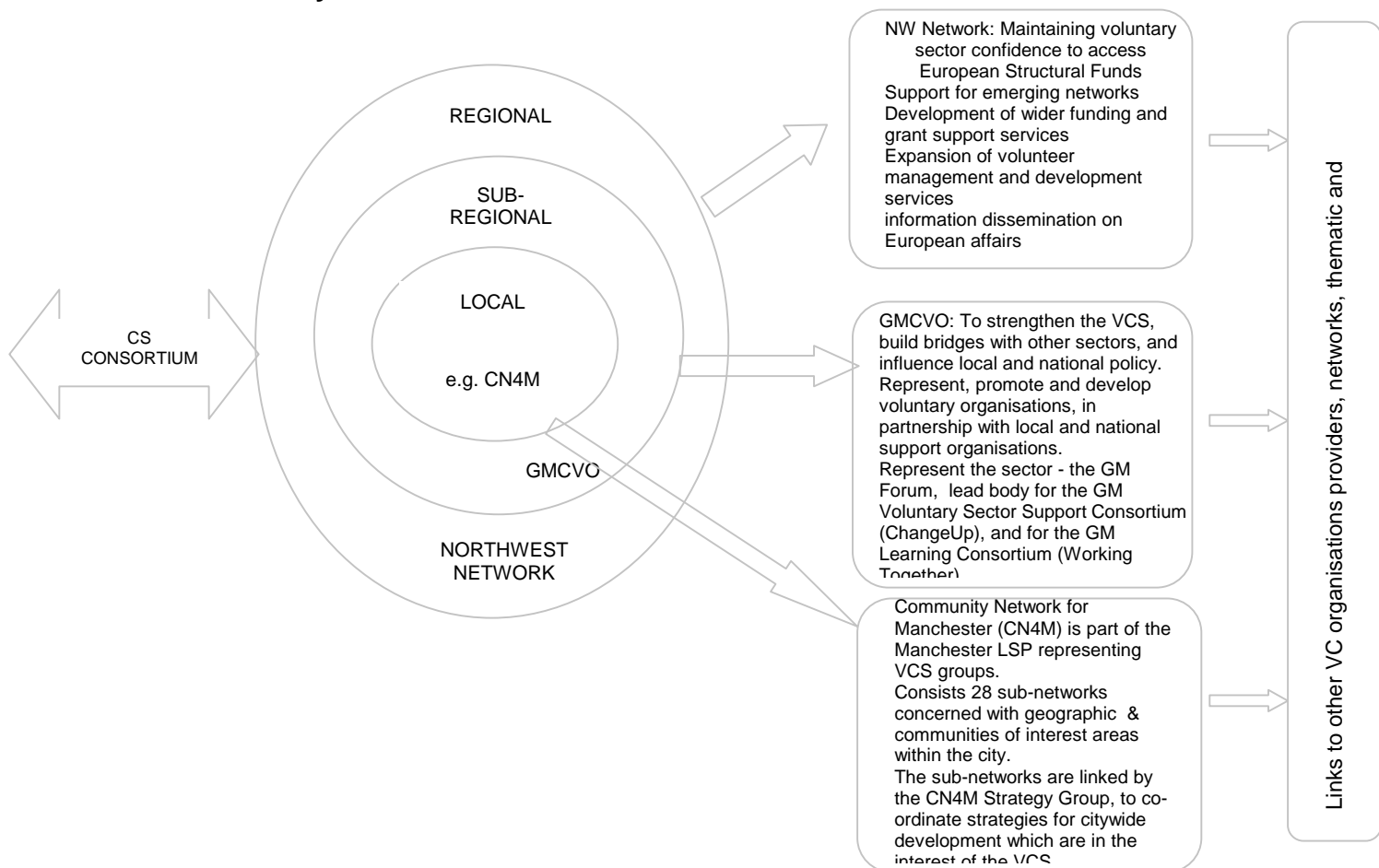
In GM the VCS is vast and wide-ranging, including long-established charities and trusts to community groups and social enterprises. There are over 10,000 VCS organisations, equating to roughly 6% of the national sector. The VCS is the largest and most diverse outside London and employs 36,000 paid staff (3.6% of the GM workforce) and has 1.2 million volunteers. The sector owns assets worth £4 billion and has an annual income of £1.6 billion, with activity in a variety of sectors including health, housing, transport, employment, media, care, education, the environment, and skills/service delivery.

The Consortium will work with the VCS to support and develop the capacity of local and independent organisations that are working within disadvantaged neighbourhoods, generating community confidence or being innovative in their field. It already has robust links with regional, sub-regional and local networks via the Greater Manchester Centre for Voluntary Organisations (GMCVO), which sits on the City Strategy Steering Group and GM Forum. GMCVO is the lead body for *ChangeUp* and *Working Together* in GM and at the local level liaises with each Council for Voluntary Service (CVS) in each Local Authority area. Figure 2 illustrates how City Strategy will engage at different levels with VCS organisations.

Influencing Programme Design and Delivery - One of the conclusions from the recent GM City Strategy provider conference, which had strong representation from the VCS, was that engagement with our priority groups is already happening, but a significant increase in levels and stability of funding is required to support the continuity and development of this provision. Much more work is required to connect front line engagement activity and support with mainstream service delivery, to sustain ongoing engagement with individuals whilst supporting their progression and movement into employment. We will therefore work with GMCVO, as a focus for connecting with the VCS and a local Manchester-based network, to move this agenda forward. This will include a pilot system for measuring a client's progress from initial engagement to employment - taking full account of the length of journey the client may have to travel. This will then be used to help us demonstrate the value of early, first step interventions that traditionally are harder to measure and fund due to the intensive and long-term nature of the support required.

Another pilot project we intend to undertake in Manchester is to develop a 'Statement of Community Engagement' to identify the structure and processes required to effectively engage the VCS in local programme design, delivery and review. This will involve the local VCS network in contributing to the development of local City Strategy operational plans and, as a result, influencing the nature of service delivery and commissioning arrangements.

**Figure 2: How City Strategy will Engage with the Voluntary and Community Sector**



More generally, we will utilise existing contacts and consultation mechanisms to draw upon the expertise of a wide variety of VCS organizations already engaged in delivering services. We will target specific sub-sectors for consultation or focus groups through the well-trying cascade systems that GMCVO and local networks have in place, also engaging on a thematic and geographical basis. We will access gateway infrastructures with links to smaller and less well-integrated groups, and, at the sub-regional level, we will use GMVCO's diversity steering group and related project in order to improve access to capacity building support and resources for disadvantaged groups including BME, refugees, disability groups, lesbian, gay, bisexual and transgender groups.

Where VCS organisations are delivering activities that provide added value or align with City Strategy priorities, whether directly funded or not, we will engage with them to ensure that outcomes are recorded and measured. We also recognise excellent activity within the community that works in engaging people and ensure that good practice is shared throughout GM.

Social Enterprises, as part of the Third Sector, also have an important role to play in tackling worklessness. For example, many play key roles in the delivery structure for core LSC and JC+ programmes. They also access and work with people from local communities in a way in which some statutory organisations find difficult to achieve. We will work with Business Link on a sub-regional level alongside local delivery organisations to engage with social enterprises more efficiently. We will continue to encourage social enterprises to offer employment opportunities for workless people in the communities in which they operate.

Capacity Building - Building on existing good practice, we will support the development of models and structures to enable the VCS to successfully compete for employment and training contracts alongside private providers. For example, LSC GM is currently working with GMCVO to develop a sub-regional Learning Consortium to enable voluntary sector organisations to deliver high quality accredited and non-accredited learning and skills provision to priority groups, particularly those that mainstream provision does not currently engage well. The model is being promoted nationally as an exemplar of good practice. The VCS is also working at a sub-regional level with the Probation Service to develop a project bank for voluntary organisations to assist with the resettlement of offenders and probationers. We will use these pilot approaches alongside more traditional VCS capacity building support to explore how the VCS can be supported to tender for larger public sector contracts as appropriate.

In order to deliver effectively against our targets, the VCS has identified that some investment may be required in professional leadership skills. Within the sector there is increasing demand for higher-level qualifications (NVQ 4/5). Some VCS managers may be perceived as being under-qualified and some need to learn new skills to assist their organizations in dealing with the changing economic climate and the demands that will be made of what are small and medium sized enterprises. We will therefore ensure that the sector

is equipped to upskill a substantial percentage of small/medium enterprises in skill areas particularly sustainable funding, business planning, contracting, ICT investment and management, marketing and performance monitoring so they can deliver more effectively.

It is anticipated that the VCS may lose up to a third of its funded organisations over the next five years as grant funding streams cease. Those organisations that survive are likely to obtain a larger proportion of their income from trading and we would expect to see some rationalisations and mergers resulting in slightly larger organisations. We will therefore work with the sector to develop capacity and ensure that front-line engagement and provision is not lost. By supporting the management of these changes rather than letting them occur in a haphazard way we will reduce the loss of both expertise and innovation.

The sector has expressed interest in developing a new model of engaging deliverers and decision-makers in finding a common purpose to their mainstream delivery, using a series of distinct formal and informal programmes that will be set up to 'fill the gap' between local and sub-regional structures. We expect this approach will initially be developed and piloted in Manchester, as development work is underway, and then rolled out sub-regionally.

### **3e: Targets**

Our headline objective is to increase the employment rate within Greater Manchester's worst performing wards to the aspirational target of 80% in 25 years. To be on target to deliver this we have calculated that we will need to reduce the volume of residents claiming key out of work benefits (OOWB) by 16,650 over the lifetime of the City Strategy (to 2010). Delivery of this target will reduce the gap between the overall worklessness rate for England and the performance of the Local Authority wards with the worst initial labour market position, thereby supporting the worklessness priorities as set out in the Local Area Agreements.

Annex 4 maps the three elements that will play a part in achieving this objective. Firstly, it details the expected fall in out of work benefit claimants as a result of existing provision and macro-economic conditions. This is expected to reduce the number of claimants in receipt of OOWB by just under 6,500 by 2010. Clearly, this is not enough to achieve our objective.

Secondly, it identifies the performance that could be expected if seven of our ten Local Authority areas were to meet their mandatory NRF benefit rate target by the end of 2007/8. If the 1.6% reduction in OOWB were to be achieved we would expect an additional reduction in the benefit load of just under 2,500 by March 2008.

Finally, the chart details the stretch in performance we would deliver through City Strategy to achieve our 16,650 target reduction in OOWB claimants by 2010. This amounts to nearly 7,750 additional OOWB claimants leaving welfare and entering work.

The City Strategy target has been set on the basis that this is the maximum possible stretch that could be delivered should all enabling measures be granted and all key partner actions implemented within our proposed timescales. The targets have also been based on stretching current levels of performance, but as we are currently unable to ascertain the proportion of churn in the system, how much a sustained job outcome actually costs, or which interventions are most cost effective in supporting the full range of our priority groups into work, we may well have overestimated the performance we can deliver within the budgets we are likely to have available over the next three years. In order to support the setting of 'realistic yet stretching' targets we are seeking access to the DWP / HMRC longitudinal survey to track the provision that has previously been accessed by our target groups to determine which interventions have proved most successful in moving workless clients into sustainable employment, as well as the likely total cost of a typical client journey. (See enabling measure 5)

In the event that all requested enabling measures are granted, our proposed targets would therefore be to: -

- Increase the employment rate within the 93 priority wards from 56.9% to 59.7%, a 2.8 percentage point increase over three years, by moving 16,650 residents claiming out of work benefits into work from the most deprived areas. This total will be made up of the following claimant categories:
  - 6,800 IB/SDA claimants into work;
  - 5,600 JSA claimants into work; and
  - 4,250 lone parents in receipt of IS into work.
- Work to significantly reduce the exceptionally high levels of worklessness amongst the priority areas' BME population. We will look to move 3,000 BME residents into work over three years. Such a rate of change would eliminate the disparity of the proportion of residents employed who are BME with the proportion of the population who are BME within 35 years.
- Focus on workless residents aged 50+ within the priority wards, across all benefit types. We will aspire to raise the employment rate for residents aged 50+ from 52.7%<sup>17</sup> to 70.0% over 25 years.
- Seek to reduce the proportion of adults within the priority wards who lack Level 2 or equivalent qualifications to match the GM average of 35.9%<sup>18</sup>.

The Consortium target of an 80% employment rate will exceed existing LPSA and LAA targets, delivering job outcomes beyond those negotiated. Clearly, achieving these stretching targets will require a step change in employment activity, by all partners. A "one size fits all" approach has consistently not tackled this issue; activity therefore needs to be focused at the neighbourhood

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<sup>17</sup> Census 2001, S028.

<sup>18</sup> Annual Population Survey, January to December 2005.

level, building on existing neighbourhood renewal and regeneration initiatives with a view to engaging and connecting disadvantaged groups with mainstream Consortium provision.

In the event that all the enabling measures are not in operation from April 2007 we will work with partners to identify realistic yet stretching annual targets 'without the enabling measures'. These will detail performance at both a GM level and individual LSP level, broken down into the different priority groups.

By the end of April 2007 we will identify:

- Revised GM targets against all of the above indicators. As ethnic minority information relating to the numbers of people on OOWBs is not yet robust (itself the subject of an enabling measure), we are proposing to set targets based on the ethnic minority employment rate across GM. A substantial proportion of the revised OOWB target will, however, only be delivered by moving volumes of ethnic minority benefit claimants into work.
- Revised targets for each LA area relating to the above indicators. In particular we will seek to agree district targets relating to a volume reduction in the numbers of people claiming OOWBs, broken down into specific benefits, and by the priority groups. These will build on existing provision mapping, performance information and LAA delivery plans, as well as focus on delivering the greatest stretch and change in those areas with the most significant need. For example, the majority of the BME employment rate targets will be delivered in Manchester, Salford, Oldham and Rochdale as these are the areas with the highest incidence of BME worklessness.

We will seek to agree these targets with DWP during the first quarter of 07/08 and these will then be annexed to the Business Plan.

Through developing the performance management framework we will also review whether additional performance indicators will need to be adopted in order to measure progress or provide 'early warning' of likely underperformance.

### **3f: Programme Budget**

As part of the mapping exercise undertaken we have identified that approximately £90 million of LSC, European and Local Authority-managed funding is currently being spent on worklessness, skills and employer engagement activity across the sub-region in addition to the JC+ mainstream.

Through the mapping of existing provision and the improved strategic commissioning arrangements set out in section 3b we will ensure that these mainstream funds are better coordinated at both a sub-regional and neighbourhood level; that all provision clearly supports our residents' journey

from welfare into workforce development; and that activity is commissioned on a sufficient scale to deliver both our LA and GM-level targets.

In addition to maximising existing resources by coordinating provision more effectively, we will use our flexible funding to pilot new approaches, tailoring interventions to meet the needs of our priority groups and build a robust evidence base with which to influence regional and national partners. An indication of the added value to performance to be delivered by our City Strategy Business Plan within existing resources is set out in the graph attached at annex 4.

With regard to the future scope of the City Strategy programme budget we intend to align the following funding streams to support the delivery of our target outcomes: -

- The Deprived Area Fund (DAF)
- Future European funding, particularly ESF co-financed programmes
- Future Neighbourhood Renewal Funds, or their successor
- Regional Development Agency funding in support of the worklessness priorities outlined in the Regional Economic Strategy – a request for £10m in support of the City Strategy is currently being considered by the North West RDA
- Local Authority Business Grant Initiative (LABGI) funding
- Future rounds of Local Enterprise Growth Initiative (LEGI)

We also intend to maximise the impact and effectiveness of healthcare, childcare and voluntary sector engagement programmes for the benefit of our clients.

Given the delay in DWP releasing the 06/7 DAF allocations to our JC+ districts and the negative impact this has had on our ability to engage, particularly where previous Action Team activity was withdrawn, we are seeking approval for these funds to be carried forward into 07/8. NRF has been a critical resource in reducing worklessness rates in our most deprived areas so the Consortium will petition both for its continuation after next year's Comprehensive Spending Review and for an appropriate proportion of it to be committed locally to the City Strategy. In relation to future European programmes it is vital that these are managed sub-regionally in order to ensure they are fully aligned with the City Strategy and are available in their entirety to meet the needs of our priority clients.

### **3g: Cross cutting themes appraisal**

A summary of the main issues relating to the cross cutting themes is as follows:

**Economic Growth** – Section 1b made it clear how low economic activity rates are constraining GM's growth as well as impacting on the GVA gap with the England average. Delivering an expanded and better-qualified workforce should enable us to fulfil the potential for growth within our expanding

economy, and by bringing more economically inactive residents into the workforce, ensuring they are trained to meet the economy's skills demand as well as supporting workers to progress up the skills, and therefore value chain, the City Strategy will have a positive impact on the sub-region's GVA.

**Health** – Both DWP and DoH research has shown that being out of work has a serious impact on clients' health. By supporting more unemployed and economically inactive residents into manageable and sustainable work, alongside supporting employers to retain workers who fall ill, the City Strategy will expect both to reduce the number of Incapacity Benefit claimants and to reduce the proportion of residents who feel they have a long-term limiting illness. Partner activity will very much be focused on improving clients' perception of their ill health, particularly for those with mental health issues, whilst in the longer term we are seeking to work closely with NHS Trusts to ensure clinical provision has a clear impact on the physical health of IB clients. In addition, by delivering our planned interventions with families and lone parents to support a reduction in child poverty, we are also expecting to have a positive effect on longer-term patterns of ill health.

**Diversity** - We will be concentrating activity and interventions on disadvantaged communities and groups in order to strengthen their economic base and to remove barriers to ensure that all individuals have an equal opportunity to access, participate, and benefit from, training and employment opportunities. In addition we will be working with employers, both at a very local level and through the NEP, to encourage diversity. We have also set stretching employment rate targets for BME communities and 50+ residents, and are actively pursuing an enabling measure which will allow us to improve the targeting and tracking of interventions for BME workless residents.

**Regeneration** – In addition to increasing economic activity within the key regeneration areas of the sub-region and enabling local residents to benefit from the opportunities being created in our economy, we will be improving the effectiveness of public regeneration funding by maximising local benefit from key regeneration and capital developments. With the substantial capital NHS and regeneration investment continuing across the sub-region, we will build on the good practice from previous Project Value Management schemes to engage major capital clients and develop skills and procurement initiatives, connecting local people with newly created jobs. We are seeking an enabling measure to use the DWP longitudinal benefits study to identify the ways that location and personal characteristics influence the probability of people moving into employment, and which interventions are successful in assisting workless people with similar characteristics into employment. If this measure is granted we will be able to use this information to better target the activities within our regeneration areas aimed at increasing economic activity.

**Social Inclusion** - Worklessness is one of the key barriers to social inclusion. Our priority groups, and in particular people with disabilities, mental health issues and ex-offenders, are amongst the most socially excluded in the community. Supporting these client groups into work will have a very positive impact on social exclusion rates. The anticipated reduction in child poverty

levels should also have a longer term impact on social exclusion rates across the sub-region.

## **SECTION 4: GOVERNANCE AND MANAGEMENT**

### **4a: Governance**

#### **Proposed Arrangements**

Wider GM governance arrangements are currently being developed in response to the Local Government White Paper (LGWP). Initial ideas for City Region governance, focusing on GM, have been the subject of three Ministerial submissions, and a further meeting took place in March 2007. Exact structures or Terms of Reference for the Commissions are still under development but the emerging proposals envisage:

- An **Executive Board**, comprising the Leaders of the 10 Greater Manchester Authorities, to act as the primary agent for key services and activities for the conurbation as a whole. The Board will be established ultimately as a body corporate to enable it to act as an effective strategic authority. It will immediately act to integrate, at a strategic level, key public agencies across the conurbation and provide a clear focal point for regional agencies and Government.
- A **Business Leadership Council (BLC)**, to complement the Executive Board by developing private sector input to key issues being considered by the Board. Whereas the Board would have a wide and detailed agenda, the BLC's agenda would focus only on key issues which are of importance to the business community and the development of the economy.
- **6 Strategic Commissions** which, once strategic direction has been set by the Executive, enable action necessary to achieve agreed targets. In some cases this will be via specific delivery bodies; in others more the responsibility of individual authorities or agencies. The Boards would develop, in close consultation with key partners, models for delivering programmes of action. They would not usurp functions of existing agencies but would help provide clear and focused direction to ensure investment is geared to the real needs and opportunities of the City Region.

Early progress is being made on the Strategic Commission for Economic Development, Skills and Employment which will provide the proposed accountability for the City Strategy Consortium. It would discharge its responsibilities through existing agencies, and oversee the delivery of employment, skills and related healthcare interventions in order to substantially reduce the volume of residents claiming out of work benefits in Greater Manchester. Figure 4 illustrates the proposed relationship between the governing body and other sub-groups.

Underpinning this may be some form of Metropolitan Area Agreement (MAA) building on arrangements already secured between partners in relation to local PSA targets and Local Area Agreements (LAAs). Indeed, LAAs will form the building blocks of this process. However, we also recognise the potential for aligning funding streams at the sub-regional level which is being explored as part of the business planning process.

The membership of the Commission will reflect its priorities. It will be private sector led and it is anticipated that the Business Leadership Council will provide the Chair and the majority of members. Key national and regional agencies (LSC/JC+/NWDA) will also be represented at a strategic level to ensure that there is an effective mechanism for aligning national and regional programmes and targets with the city-regional economy.

The Commission will discharge its responsibilities through existing agencies and be supported by these agencies in developing its strategic plans and integrating these within the strategic vision of the Executive. Key agencies are:

- Manchester Enterprises
- GMLSC
- Job Centre Plus
- MIDAS
- Marketing Manchester
- Manchester Knowledge Capital
- NWDA

As these proposals are currently under development (and there have been no appointments) it is not possible to give specific information relating to gender or ethnicity. This will be reviewed as part of its ongoing development.

The proposed Strategic Commission for Economic Development, Skills and Employment provides a natural foundation for the Employment and Skills Boards proposed by Leitch. It has a potential membership and role which aligns very closely with what Leitch proposes, not only in relation to engagement machinery but also in terms of the wider underlying aim of integrating skills and employment policy and practise more effectively. The Leitch proposals will be borne in mind as the Commission's Terms of Reference are developed.

### **Existing Arrangements**

Until plans for the Strategic Commission are agreed, in the short term the Consortium is operating within the existing GM sub-regional partnership arrangements for economic development, skills and employment. This means that the Greater Manchester Forum and Manchester Enterprises Board perform this function, ensuring that City Strategy is properly aligned and feeds directly into existing structures, including the Regional Economic Strategy. This relationship is set out in Figure 3.

The diversity of these existing structures reflects the diversity of partners' workforce. Members of the GM Forum and the ME Board have been nominated and chosen on the basis of their skills, knowledge and experience, alongside ensuring relevant membership from the wider family of agencies working across GM.

The GM Forum currently acts as the Sub Regional Partnership (SRP) for Greater Manchester. It contains representatives of the private and public sectors, voluntary sector, trade unions, the LSC, Jobcentre Plus, FE, HE and other partners, and has been well supported since its establishment in 2003. The ME Board has representatives from both the private sector as well as several local authorities and other partners. Of the 13 members, 3 are women and one is from an ethnic minority.

At the operational level the City Strategy Steering Group comprises key partners, including all ten Local Authorities, Jobcentre Plus, the Learning and Skills Council GM, the GM Employer Coalition, the North West Regional Development Agency, Government Office North West, Greater Manchester Centre for Voluntary Organisations, the Trades Union Congress, Greater Manchester Passenger Transport Executive and representatives from the healthcare sector, and is taking forward the day-to-day activities of the City Strategy Business Plan. This includes Local Authorities identifying appropriate linkages with their respective Local Strategic Partnership and/or relevant thematic group to ensure that there are clear links between both the very local and the wider sub-regional approach to this agenda. Terms of Reference for the Steering Group, including procedures for handling conflicts of interest, have been agreed.

Membership of the Steering Group reflects the diversity of partner agencies' workforces. 11 of the 25 members are female. Members of the Steering Group have been nominated for their skills, knowledge and experience and have been chosen as the most relevant person to attend by the required partner agencies. It is important to note that the Steering Group has representation from all ten LSPs, who have themselves been subject to wider guidance and scrutiny in relation to the diversity of their membership.

#### **4b: Programme Management**

Manchester Enterprises, as lead co-ordinating organisation, has formal responsibility for overseeing the preparation of the Business Plan; overall programme management to secure implementation of actions identified in the Business Plan; secretariat; communication; and performance management. Manchester Enterprises will also act as budget holder for the Consortium in the context of DWP Seedcorn funding and 2007/08 DAF.

Figure 3 – Existing City Strategy Governance Arrangements

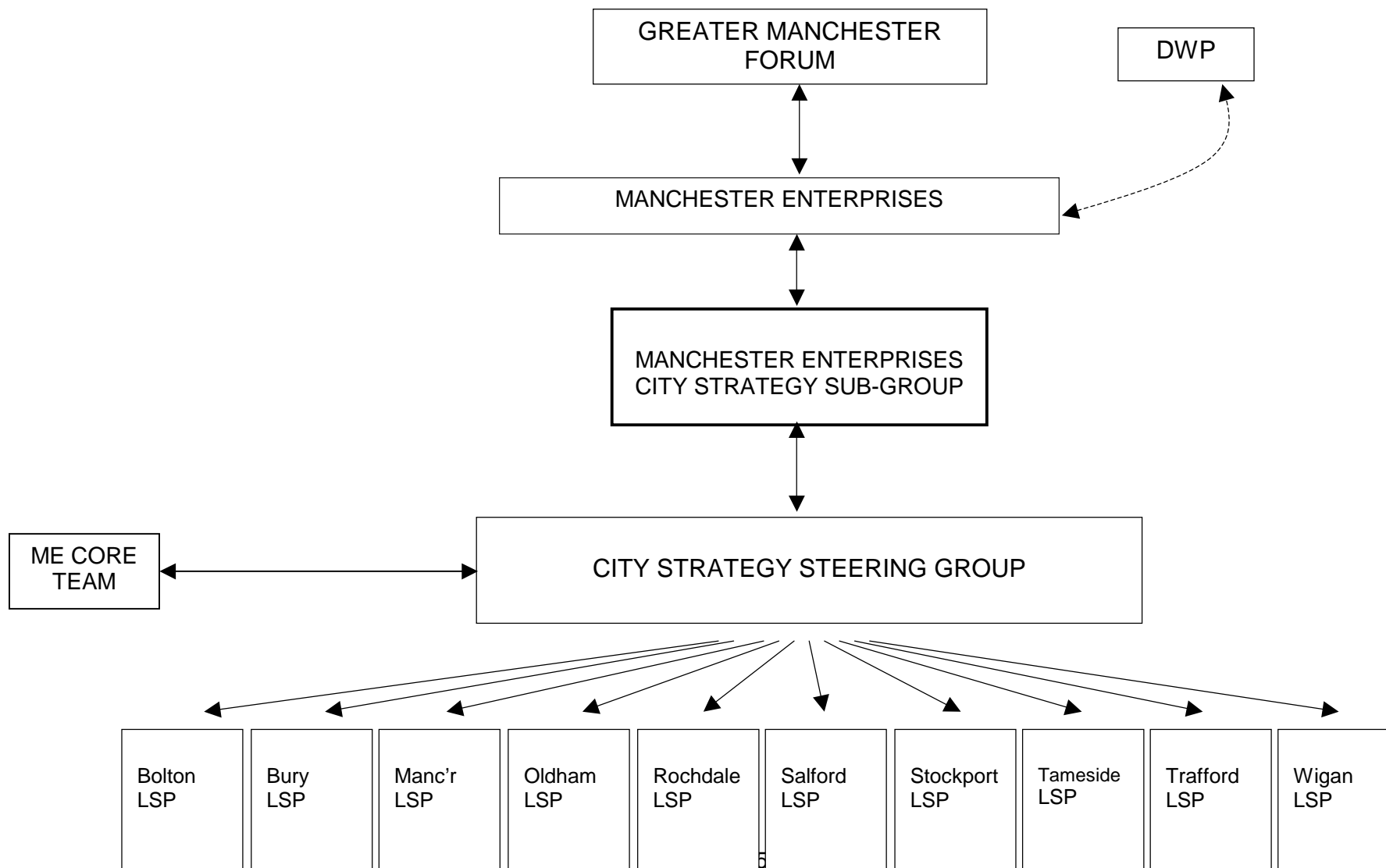
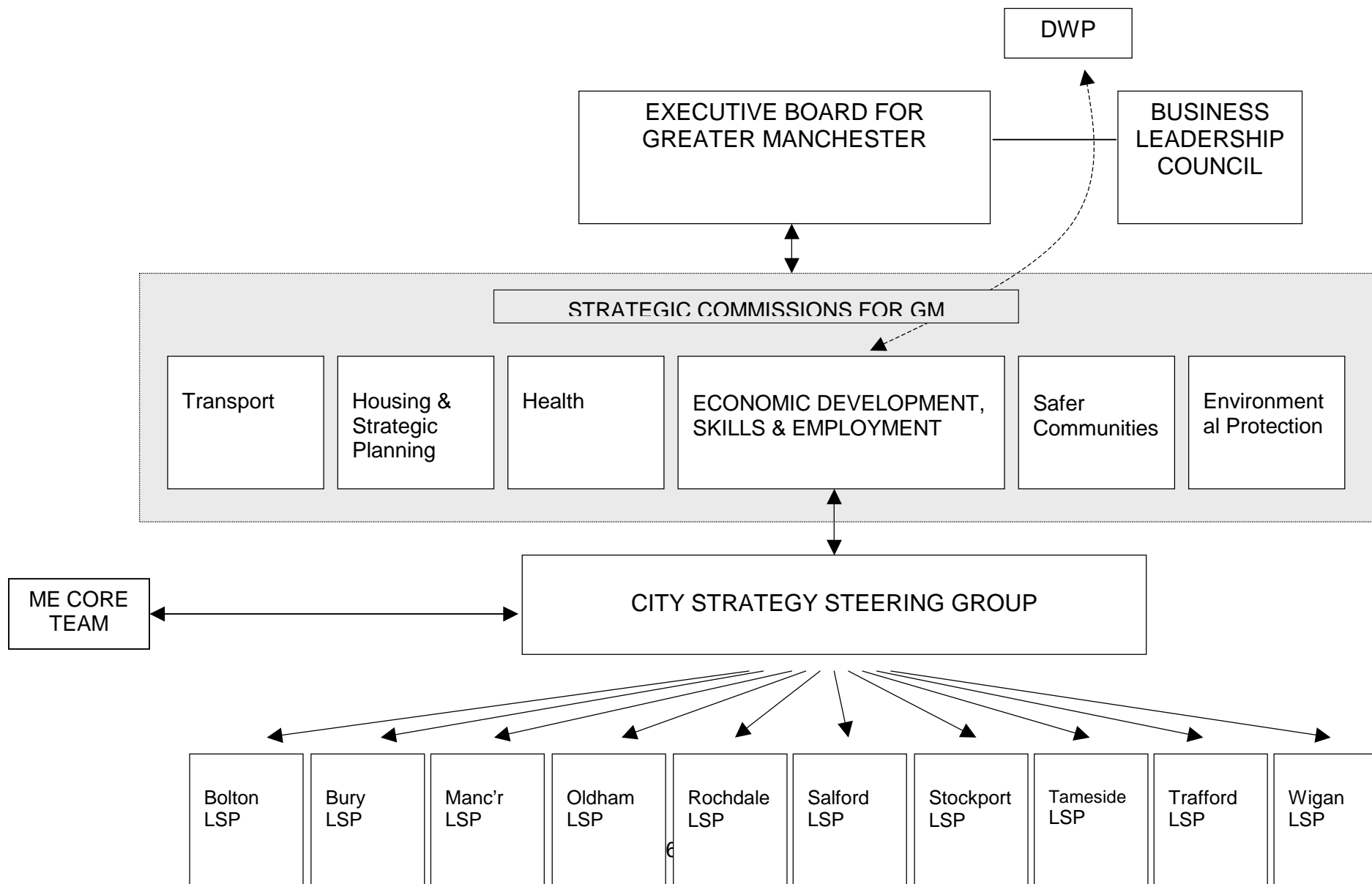
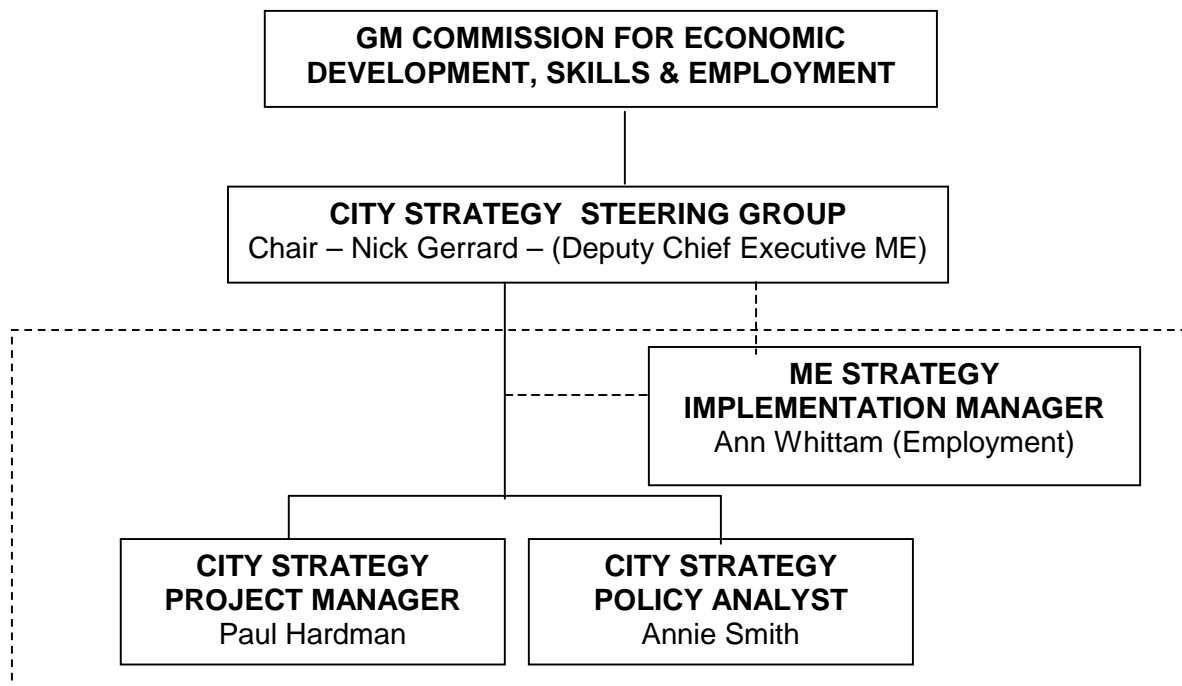


Figure 4 – Proposed City Strategy Governance Arrangement (still under development)



The day to day management of City Strategy is being undertaken by a City Strategy Project Manager, and policy support provided by a Policy Analyst. Both posts are employed by Manchester Enterprises and line managed by Manchester Enterprises' Strategy Implementation Manager responsible for employment matters who in turn reports to the Deputy Chief Executive of Manchester Enterprises. Together they comprise the core team. An organisation chart illustrating the management structure is below:

**Figure 5 Management Structure**



**4c: Performance and financial management**

Effective contract management is an essential component of City Strategy management arrangements. In the same way as we need joint commissioning we also need joint contract management arrangements in order to ensure there is no duplication/double counting of outcomes, and that all providers are making appropriate cross referrals.

The City Strategy Steering Group will receive regular performance reports and will be the key means by which the Consortium manages underperformance. Where it is clear that the underperformance of one or more partners is jeopardising the delivery of City Strategy priorities or targets then this will be reported to the Strategic Commission for Economic Development, Skills and Employment for action, or the Manchester Enterprises Board in the interim.

On a day-to-day level, individual commissioning agencies will continue to be responsible for managing the performance of their own programmes, particularly in relation to contract-managing providers, but performance will be reported to the Consortium in order to identify any areas of underperformance which may impact on delivery of the overall targets. Options for improving the

effectiveness of local delivery and maximising the performance of providers with existing contracts will be explored in Year 1. This will build on existing examples of good practice such as the Manchester Adult District Learning model, where all providers in each regeneration area will be brought together on a regular basis to ensure that all of the provision is coordinated and meets the needs of a specific geographical area.

The full performance management framework is still under development but key components will include: -

- Regular monitoring by the Steering Group of progress against activities set out in the Action Plan. All actions have named responsible leads and timescales for completion, and progress against these will be reviewed at Steering Group meetings every quarter.
- Regular reporting against agreed LSP-wide and GM City Strategy Targets. Progress against each of the indicators set out in section 3e will be reported to the Steering Group. In addition, we will seek to align all LSP-wide City Strategy targets with the LAA framework to ensure that performance is managed and monitored within each LSP, reporting annually to Government Office, as well as by the Consortium.

Through developing the performance management framework we will review whether additional performance indicators will need to be adopted in order to measure progress or provide 'early warning' of likely underperformance. This is likely to include a range of datasets but the key ones we envisage using to track progress include

- Job Outcome Target information, broken down by ward and priority group
- Benefit claimant rates for SOA, ward and district level
- JC+, LSC and other contracted provision performance information broken down by priority group and area. This will include financial and output monitoring as well as project manager progress reports.
- In consultation with DWP we will also explore the feasibility of establishing a Consortium-wide database, allowing us to track the progress of all clients who touch City Strategy-managed provision.

With regard to financial management, existing organisational infrastructure and financial regulations will ensure that expenditure is properly authorised, verified and monitored. Consortium partners, particularly the mainstream agencies and local authorities, have their own well-established systems to ensure effective budget control and sound financial management. These systems, procedures, financial protocols and practices should provide the overall level of governance required. Through these mechanisms the Steering Group (with support from the Commissioning Advisory Sub Group) will ensure that funding and related provision is strategically aligned to the City Strategy priorities articulated in this Business Plan.

#### 4d: Administrative Budget

In line with the previously submitted seedcorn bid, our administrative budget is broken down into the following activities: -

|                             | <b>06/07</b>  | <b>07/08</b>  | <b>Total</b>  |
|-----------------------------|---------------|---------------|---------------|
| <b>Staff related costs</b>  | 41525         | 137612        | <b>179137</b> |
| <b>Support costs</b>        | 14301         | 16453         | <b>30754</b>  |
| <b>Research/consultancy</b> | 44250         | 39300         | <b>83550</b>  |
| <b>Communication</b>        | 10251         | 17000         | <b>27251</b>  |
|                             |               |               |               |
| <b>Total</b>                | <b>110327</b> | <b>210365</b> | <b>320692</b> |

As part of the ongoing evaluation of the City Strategy, the Steering Group will review the effectiveness of the administrative support and resource. Subject to this review we will either agree future funding arrangements or support the development of an exit strategy which allows functions to be delivered by Consortium partners within existing budgets to ensure the continued success of City Strategy.

#### 4e: Risk Management

A certain amount of risk taking is inevitable if we are to achieve our objectives. The Consortium will categorise risk at four levels throughout the City Strategy programme: strategic, programme, project and operational. These will then be categorised as low, medium or high.

By effectively managing risk performance will be improved through:

- Increased certainty and fewer surprises
- Better service delivery
- More effective management of change
- More efficient use of resources
- Better management at all levels through improved decision making
- Reduced waste and fraud, and better value for money
- Innovation
- Management of contingent and maintenance activities.

We firmly believe that the adoption of well managed risk taking will lead to sustainable improvements in service delivery. We will ensure that we have in place the skills, management structures and organisational structures to take advantage of potential opportunities to perform better and to reduce the possibility of failure. Key elements include:

- Nominated senior management individuals to support, own and lead on risk management;
- Risk management policies, and the benefits of following them, clearly communicated to all staff;

- Existence and adoption of a framework for management of risk that is transparent and repeatable;
- Existence of an organisational culture that supports well thought-through risk taking and innovation;
- Management of risk fully embedded in management processes and consistently applied;
- Management of risk closely linked to achievement of objectives;
- Risks associated with working with other organisations explicitly assessed and managed; and
- Risks actively monitored and regularly reviewed on a constructive 'no-blame' basis.

Joint working and partnerships inevitably involve more complex types of risk that can adversely affect the delivery. For example, if part of the service provided by one organisation is delayed or of poor quality, the success of the whole collaboration can be put at risk. We will ensure that each organisation knows about the risk management approaches of our partners. Sharing information about known risk and how it is managed will ensure that risks in collaborative programmes can be identified and managed in a proactive way.

Our risk log is attached at Annex 5. This will be the subject of ongoing development and management, ensuring that the Consortium and its partners have clear procedures for minimising risk and identifying risk-associated contingencies. Information relating to partners' ability to manage risk will also feature in the performance management framework to allow the Steering Group to adequately assess the probability of underperformance.

#### **4f: Implementation timeline**

Attached at Annex 6.

## **SECTION 5: CONSULTATION, COMMUNICATIONS AND LEARNING**

### **5a: Consultation**

In order to ensure that Consortium-led activity is both appropriate and effective we will consult with those that fund, deliver and support activity to achieve our aims. We are doing this by building on our experience of inclusive partner consultation by developing a comprehensive Stakeholder Consultation Plan that will be informed by a thorough stakeholder analysis and completed in the first quarter of 2007/8. To date, we have consulted and worked closely with key stakeholders (see below) on both the development of the expression of interest and business plan - all of whom fully support the approach taken by the Consortium.

The Stakeholder Consultation Plan will clearly lay out how we will continue to seek stakeholder views to shape all aspects of Consortium activity, including strategic and operational matters and programme and project delivery.

When consulting with our stakeholders we commit to:

- ensuring that our ongoing consultation has a wide reach and remit – involving those who deliver services to our priority groups or are affected by our operations, business partners and key stakeholders;
- listening to all feedback and comments. We will consider all feedback to our proposals and where possible incorporate them into our plans. Where this is not possible we will attempt to minimise and/or mitigate any negative impacts;
- working closely with sub-regional and local bodies and organisations we will listen closely to representatives to try and reflect local views; and feeding back changes and updates. We will ensure that we let people/organisations know how their comments have been considered.

We will ensure that stakeholder involvement is appropriate to the level of feedback/involvement required. Arrangements will be built on a clear understanding of the requirements of delivering our aims and will be fit for purpose. For example;

- Front loading of involvement. There will be opportunities for early involvement and a sense of ownership of Consortium policy decisions;
- Using methods of involvement relevant to the stakeholders concerned;
- Clearly articulated opportunities for continuing involvement as part of a continuous programme, not a one off event;
- Transparency and accessibility; and
- Planning for involvement. Stakeholder involvement will be planned into the process for the preparation and revision of the programme.

Initial stakeholder analysis has identified the groups which are key to programme development. Stakeholder analysis will be carried out on an iterative basis as the programme of activity develops. The table below explains how we will best utilise existing networks to consult with those with an interest in the work of the Consortium.

| <b>Stakeholder</b>  | <b>Consultation method</b>  |
|---|---|
| <b>Clients/target groups</b>  | Through consultation with front line delivery/engagement staff, both within JC+, partner organisations such as healthcare providers, Surestart and welfare rights staff. We will also engage with clients themselves, both to check the quality of services being provided and to support the evaluation of the overall programme.  |
| <b>Employers</b>  | Through employer sounding boards, sector networks, and partners who engage regularly with employers (see section 3).  |
| <b>Providers</b>  | Through both our own provider information channels and through funding partners, eg. a first provider conference was held in November 2006 to outline the Consortium's proposed approach to the City Strategy and to seek feedback specifically on issues, barriers and enabling measures. Further consultation events are planned. |
| <b>Partners, inc. LAs, JC+, LSC, LSPs, mainstream providers, health partners,</b> | Through City Strategy Steering group membership and partner-led 'viral' networks and communications channels.   |

|   |   |
|---|---|
| <b>AGMA, GM Forum, and Manchester Enterprises Board</b> |   |
| <b>VCS/3<sup>rd</sup> Sector</b>                        | Through LSPs and local/district VCS networks, also sub-regionally through GMCVO and regionally through the NorthWest Network. |

## 5b: Communications

We are currently developing our Communications Plan, which will detail how the Consortium will communicate with stakeholders and the public. It will define our key messages; audiences (defined by stakeholder analysis) and communication channels (eg existing LSP structures and sub-regional communications structures). Where gaps in such structures occur we will create additional means of communication, for example by using partners' websites or through the creation of a GM City Strategy Blog. In particular we will review our approach to communicating with our priority groups, either through direct engagement or indirectly through the agencies working with these clients, ensuring that our approach is tailored to meet the needs of each group. This approach will be developed and refined in the coming months in conjunction with partners expert in the needs of each of our priority groups. These will include front-line staff alongside local regeneration and ward-coordination staff. The Communications Plan will also explain how we will manage and measure communication.

Our key audiences are:

- Primary - Members of the GM Consortium and lead partner organisations
- Secondary - Other senior managers and employees within partner and other agencies who interact with our priority groups, including organisations that provide learning opportunities and employment support across GM.

Through the development of our action plan we will enlist the support of Consortium partners who can effectively communicate with our secondary audience. It will be vitally important keep consortium partners informed and motivated and a primary element of this will be communicating key Consortium achievements. Occasionally we will provide them with materials to pass on, and we will expect them to relay information through their own organisations using existing communication networks.

A key element of our communication plan will be to ensure that all City Strategy front line staff and fund holding managers are aware of the City Strategy key priorities, activities and targets, alongside leading examples of best practice. Whilst the sub-groups established to take forward the three strands of Consortium activity will provide a key forum for sharing best practice and facilitating ongoing learning, we will also seek to build on the successful model used for the Greater Manchester Economic Development Plan training programme to ensure that practitioners in all partner agencies

have the knowledge they need to ensure that the City Strategy priorities are delivered through the provision they manage on a day-to-day basis. This will include the communication of key priorities, local as well as sub-regional analysis, and the sharing of best practice through the presentation of case studies or other means.

### **5c: Learning & 5d: Review and Evaluation**

Although we welcome the DWP plans to carry out an evaluation of the 15 City Strategy pathfinders as a whole, we believe that local 'formative' evaluation at the GM level and below will be critical to achieving the best possible outputs and outcomes for individuals and communities across our sub-region. Our approach and methodology will complement and, where possible, inform the DWP's evaluation of City Strategy as a whole.

An evaluation of the GM City Strategy will be commissioned to provide an independent, objective assessment of the quality and outcomes of the work of the programme and of its constituent projects. The primary objectives of this will include:

- Informing on how well the project or programme is doing, and where, if at all, it is experiencing difficulties and what lessons can be learnt for future activity;
- Accounting for how money and other resources are being spent;
- Providing the projects and / or programme with an information resource that can be used to support any future funding bids; and
- Producing good practice lessons from which it, and other projects / programmes, can learn.

We will work closely with the delivery manager(s), practitioners and/or the commissioning organisation to provide a bespoke service, tailored to meet the specific needs of this initiative and, as far as possible, strive to achieve 'buy-in' from all stakeholders. This approach ensures that the evaluation will be a valued process and can be used to improve the programme/projects and inform forward strategy and sustainability. As such, it will be an integral part of our overall performance management framework.

Regular communication between the evaluation team and the delivery manager(s), practitioners and/or the commissioning organisation, are also critical to our approach and we will ensure that they are fully involved in the process and are kept informed of findings as they emerge.

We will adopt an objective and unbiased approach to the evaluation and any sensitive, contentious or otherwise problematic issues that arise throughout the process will be handled sensitively.

We intend to employ a range of research and evaluation techniques in order to fully capture the positive impacts of City Strategy across GM, which will include regular customer satisfaction surveys to gather customer feedback on our services, as well as identifying areas for improvement and further

development. Our approach will enable practitioners, managers, funders and other key partners to learn from the evaluation and help them adjust both current and future activities accordingly.

The evaluation as set out above will be operational from day one of the City Strategy and regular feedback from its findings will be used both to inform our ongoing review of programme design and to identify good as well as unsuccessful practice. These findings will be shared with the key stakeholders set out in Section 5a, but in particular the Consortium will seek to share best practice and support the development of clear local, sub-regional, regional and national evidence bases with the following on a regular basis: -

- DWP, through the performance management arrangements agreed with the Cities Team
- City Strategy Consortia and other North West partners through the Regional Worklessness Group.
- Core City partners, particularly those with City Strategy Pathfinder status
- The East London Pathfinder, with which we are twinned.