

EMPLOYER VOICE PLACE-BASED CASE STUDY

GREATER MANCHESTER

BACKGROUND

Located in the North West of England, the city of Manchester has grown rapidly over recent years, driving the growth of the Greater Manchester City Region and the North West region. The City Region is 1 of 5 sub-regions, the others are Merseyside, Lancashire, Cumbria and Cheshire and Warrington.

While still affected by deprivation and economic restructuring, the Greater Manchester City Region has managed to halt its population decline, and has higher average earnings than most other major English cities¹. The City Region has a population of 2.6 million people². The Gross Value Added (GVA) of Greater Manchester in 2006 was £44.8bn representing around 40% of the North West (£113 billion) and 5% of the English total³.

The City Region was one of the main centres of trade during the Industrial Revolution, home to a thriving textiles economy—particularly cotton. The decline of textiles, and then heavy industry in the 1970s, damaged the city's economic profile. However, since the late 1980s, Manchester city centre has been substantially regenerated as a result of both public and private investment and strong Local Authority (LA) leadership and partnership. The ten Local Authorities of Greater Manchester (AGMA) have worked closely together since the late 1980s. AGMA brings together Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan and has set the economic development agenda for the whole conurbation.

Greater Manchester has some key skills and employment challenges that it is currently aiming to address. The proportion of young people achieving 5 GCSEs at A*-C has risen to 59%. However, 44% (522,000) of the working age population do not have a level 2 qualification and 11% have no qualifications at all. Greater Manchester is a net importer of skills with only 25% of the resident population qualified to HE level.⁴

The City Region faces many challenges in tackling worklessness with 34% of the economically inactive population having no qualifications. Currently 6.8% of the working age population is unemployed in comparison to 5.9% in the region⁵.

STRUCTURES

The Regional Overview

The Greater Manchester mechanisms for employment and skills informally link to the wider regional context. The North West transformed its Regional Skills Partnership into the Regional Skills and Employment Board (RSEB) in the latter part of 2008. The RSEB is a partnership of the core public sector partners and employer representative organisations⁶. In addition, a representative of each of the five sub-regional partnerships sits on the RSEB. The sub-regional partnerships were set up by

¹ Urban Development Unit, The World Bank (October 2008). Directions in Urban Development, City Regions: Emerging Lessons from England, Kieran Larkin and Adam Marshall, Centre for Cities (UK).

² The Regional Intelligence Unit (2009). Greater Manchester Area Profile Factfile, www.nwriu.co.uk.

³ The Regional Intelligence Unit (2009). Greater Manchester Area Profile Factfile, www.nwriu.co.uk.

⁴ The Commission for the New Economy (November 2008). Manchester's Skills and Employment Strategic Framework consultation document.

⁵ The Regional Intelligence Unit (2009). Greater Manchester Area Profile Factfile, www.nwriu.co.uk

⁶ Public sector partners - Learning and Skills Council (LSC), Northwest Development Agency (NWD), Government Office (GONW), Jobcentre Plus, Association of Colleges (AoC), Northwest Universities Association (NWYA) and the Higher Education Funding Council (HEFCE). Employer representative organisations - The Alliance of Sector Skills Councils (SSCs), Chambers of Commerce, Federation of Small Business (FSB) and the Confederation of British Industry (CBI).

NWDA to assist in the development and implementation of the Regional Economic Strategy (RES) although some now have wider remits.⁷ Over time, the sub-regional partnerships representatives will be replaced by the sub-regional Employment and Skills Boards (ESBs), where they exist. For Greater Manchester, the Commission for the New Economy (Manchester Enterprises) is both sub-regional partner and the ESB and its CEO sits on the RSEB. The RSEB is chaired by the CEO of Northwest Development Agency (NWDA).

A conscious decision was made to include employer representative organisations, as opposed to individual employers, on the RSEB as direct engagement with employers takes place at both a national level (through the SSCs) and a local level (through the sub-regional partnerships or sub-regional ESBs) and so can be fed into the RSEB via these routes. The RSEB's aim is to bring together the national and local employer voice and stimulate the provider infrastructure to meet demand based on aligned plans and investments. The employer representative organisations are responsible for feeding back out into their networks as well as representing the collective employer view at the RSEB.

The RSEB is currently in the process of agreeing a series of outcomes. It provides collective effort to support its individual members in the achievement of their respective organisational targets and challenges to ensure appropriate prioritisation and pooling of funds where appropriate.

The RSEB has 3 sub groups: Services to Business which looks at integrated employment and skills (IES) from the employer perspective and is chaired by the LSC; a Regional Employability Group which looks at IES from an individual perspective and the impact of downturn and is chaired by Jobcentre Plus and; a Sector Skills Group which focuses on bringing together collective employer demand signals from the various channels and is chaired by Alliance of Sector Skills Councils (SSCs). All 3 groups are currently under review.

The region is currently taking forward the development of an Integrated Regional Strategy (IRS), as one of the recommendations from the Sub-National Review⁸. The RSEB is developing the skills and employment element of the IRS. The timeline for publication of the IRS is Sept 2010 following consultation starting December 2009.

The region has established a Joint Economic Commission (JEC) in October 2008, chaired by Beverley Hughes, the Minister for the region, as a response to the recession. The RSEB is taking forward the labour market workstream for the JEC with a key role for the employer representatives on the RSEB to ensure intelligence on current state-of-play and skills requirements for the upturn help to shape investment decisions.

The Alliance of SSCs is newly established in the region and has a newly appointed regional manager. The SSCs have a history of working with regional partners through Sector Skills and Productivity Alliances (SSPAs) which were funded by the NWDA. That funding has now ceased. For some sectors, SSPAs still exist where they have successfully developed and delivered. Other SSPAs have morphed into different models acting as the skills arms to some of the industry fora that have been created by the NWDA.

The Alliance is playing a key role on the RSEB feeding in the collective employer voice and chairing the Sector Skills sub-group. Some SSCs have also been actively involved with the Commission for the New Economy, previously supporting the development of its annual statement of priorities and now contributing to its Skills and Employment Strategic Framework consultation.

⁷ £600k was given to each sub-regional partner to develop sub-regional action plan that would develop strategic added value for the sub-region and guide NWDA investment. The sub-regional partner's role was to act as a single voice for the sub-region and provide opinion and a mechanism for consultation etc. for NWDA. NWDA are in the process of reviewing their sub-regional approach.

⁸ DCLG (November 2008). Prosperous Places: Taking Forward the review of the Sub-National Review.

Jobcentre Plus has a national, sectorally driven approach to employer engagement. They work with specific SSCs at a national and regional level to ensure that the sector offer is relevant. This approach results in a standard national offer which includes pre-employment training routeways and employment toolkits. Key sector activity is currently being driven in the care, security and health sectors.

Jobcentre Plus work closely with the 2 Coalitions in the region (Greater Manchester and Merseyside). At a national level they also conduct an annual employer survey to ensure employers' views help to shape policy. Employer views are also gathered through close links with the Recruitment and Employment Federation and ACAS at a national and regional level.

In addition, they work with individual employers through the development of Local Employment Partnerships (LEPs)⁹ and have a monthly performance check which involves contacting a percentage of employers to ensure their services are meeting demand.

The North West Higher Level Skills Partnership (NW HLSP, formerly NW Higher Level Skills Pathfinder funded through the Higher Education Funding Council for England (HEFCE)) is led by North West Universities Association (NWUA), and is now funded by NWDA until 2011. The purpose of HLSP is to increase employer engagement in the development of higher level skills provision and increase employer demand for higher level skills. The HLSP focuses on a range of sectors including advanced engineering and materials, digital and creative industries, business and professional services, construction, Energy and Environmental Technologies, Food and Drink and Biomedical. The partnership has high engagement with SSCs and also with employers in taking forward specific development activity.

Greater Manchester City Region

AGMA (the Association of Greater Manchester Authorities) is an executive body of all of the 10 Greater Manchester LA leaders where joint decisions are made about the City Region. It has been in existence for approximately 20 years.

With the development of the Government's devolution agenda, AGMA recognised the need to create a new governance structure to ensure an integrated and holistic approach could be taken to the City Region's development. 6 commissions have, therefore, been created covering: health and inequalities, public protection, environment, housing and planning, transport, economic development and employment and skills. All except the latter are LA led.

The Commission for Economic Development, Employment and Skills was formed on the 2nd October 2008 and replaced the Board of the Manchester Enterprises company, which adopted the Commission's name and acts as its Executive. (Manchester Enterprises is the registered company name of the Commission.) The Commission for Economic Development, Employment and Skills was renamed the Commission for the New Economy (the Commission) on April 1st 2009. There is also a recently formed 7th Commission that has been set up to look at cross-sector issues and efficiencies.

The Commission is chaired by a private sector employer and has 12 members: 6 are LA leaders (self-selected from the 10) and the remainder are private sector employers, including a Principal of an FE College. There are a number of advisers to the group. This includes NWDA, the Learning and Skills Council (LSC), Jobcentre Plus, Greater Manchester Chamber of Commerce, higher education and Government Office North West.

⁹ Local Employment Partnerships (LEPs) are a deal between Jobcentre Plus and individual employers looking to recruit and jointly tackle the increasing recruitment and skills challenges of the labour market and economy.

The Commission wanted an actual employer view on the needs of the economy and so involved employers as opposed to employer representative organisations. A Business Leadership Council (BLC) has also been set up to advise the Commissions and AGMA. It is made up entirely of employers.

The Commission has 5 sub-groups which all have private sector representation, as well as advisors:

- Enterprise sub-group, chaired by a private sector representative from the Commission's Board;
- Investment sub-group, chaired by a private sector representative from the Commission's Board;
- Innovation sub-group, chaired by a private sector representative from the Commission's Board;
- Skills and Employment sub-group, chaired by the Chair of the Commission's Board who is from the private sector. Members of the BLC also sit on the Group;
- 14-19 sub-group, chaired by the Leader of Salford City Council. Two private sector members from the Commission's Board also sit on the Group.

The Commission, together with Greater Manchester Chamber of Commerce and its training arm, Manchester Solutions, has also begun to establish a series of Sector Councils reflecting Greater Manchester's key employment sectors. Their membership, including the position of Chair, is restricted to sector-specific employers and businesses either based, or trading substantially within Greater Manchester.

A Greater Manchester strategy is currently being developed (it will replace the current sub-regional action plan). The development and timing of the strategy has been influenced by 2 key factors:

- Greater Manchester City Region forerunner status was announced in Budget 2009. An announcement is expected at the end of July as to whether this status is officially confirmed;
- The Manchester Independent Economic Review (MIER) was commissioned. This is an independent group of researchers who were asked to look at the economic effect of Greater Manchester and provide the baseline evidence for the development of the forerunner bid and the Greater Manchester strategy. It was originally due to report in 2008 but had its timescale extended due to the recession.

A Skills and Employment Strategic Framework consultation was launched by the Commission during November 2008 and will form a strand of the Greater Manchester strategy. In it the Commission states it aims to establish the first Employment and Skills Board (ESB) outside of London, enabling it to have devolved powers in relation to employment and skills.

The Commission (in its previous guise of Manchester Enterprises) has led the development of the City Strategy Pathfinder in June 2007 which tackled worklessness. It also led the development of the Multi-Area Agreement (MAA) which was signed off in July 2008 and established the early stages of devolution and increased flexibilities.

Greater Manchester also has a Coalition. The Coalition sits on the Commission's employment and skills sub- group and on the RSEB Regional Employability sub-group. It is also co-located with the Commission enabling strong linkages to be developed.

The Coalition is a team of 4 executive staff and an employer board of 15 – 20 employers. The employers on the board are generally HR Directors or MDs and they are targeted for their understanding of the employment and skills system, their ability to drive change, their advocacy abilities and their company "name".

The Coalition also has a network of about 600 employers. Once employers stop recruiting they step down from the board and become part of the broader network. Employers that grow in prominence in the sub-region are then invited onto the board.

The functions of the Coalition are to:

- Influence the system – board members are asked to sit on key groups to present the Coalition's voice;
- Act as advocates –present key messages at key events persuade other employers to participate in recruitment programmes;
- Put jobs on the table – be prepared to use new recruitment programmes, share experiences of the programmes and use collective demand to influence how a programme works.

The Coalition has a strong relationship with Jobcentre Plus and meets formally with them on a regular basis. The Regional Director of Jobcentre Plus is a member of the board. New Coalition members are linked into an LEP or other appropriate programmes.

The Coalition sits on Local Strategic Partnerships (LSP) where there is a specific need or project that they will benefit from linking into. There are Coalition HR Fora in 2 of the LSP areas.

Department of Work and Pensions (DWP) funding through the Coalitions' central parent company, Working Ventures, will cease in 2011 and they have been asked to pursue a "localisation" agenda.

IMPACT

The following areas were identified as having a significant impact in the North West and Greater Manchester by either establishing the foundations for a greater employer voice or delivering as a result of strong employer influence:

- The RESB supported the Joint Economic Council in planning a package of support to address recession issues. The package of support was developed very quickly and communicated to regional partners and employers so that it was clearly understood and accessible. The RSEB also produced piece of research on skills for the economic upturn to inform partner strategies.
- The RSEB is actively exploring how to ensure partners enable the greatest impact from the Future Jobs Fund despite the fact that bids were invited in a short timescale and from individual LAs.
- The HLSP is a strong partnership that brings together partners to develop effective solutions in response to employer needs. In most cases, SSCs and employers collaborate with partners to shape provision and enhance the higher education offer from providers. Examples of the solutions developed by the HLSP range from the development of short courses for continuing professional development to specific units of learning for masters programmes and a range of sector specific foundation degrees.
- Recognising that Greater Manchester is an economic powerhouse, with GVA second only to the South East of England, AGMA has aligned policy and governance through the development of the Commissions in a way that takes advantage of this for the economic benefit of the City Region and the region.
- The Commission for the New Economy has effectively pulled together the key partners from across the City Region to drive the development of the City Strategy Pathfinder and also the MAA. The strength of partnership developed has provided the basis for the ongoing work of the Commission.

- The MIER is a significant body of work and its impact is far reaching as it provides the basis for the forerunner plan and the Greater Manchester strategy. It has identified a greater focus on issues that have previously not been recognised such as refocusing funding to support SME growth indirectly through an inward investment strategy and to focus more policy at pre-school initiatives to enable and support the contribution of individuals and families to the economy.
- The Coalition has supported key employers develop their recruitment programmes in a way that has changed their behaviours in relation to recruitment practice and the recruitment of particular client groups. The Coalition has also developed an employability framework that is a practical tool that can be used with individual clients and the employer.

STRENGTHS AND WEAKNESSES

The partners interviewed to inform the development of this case study were asked to identify strengths and weaknesses of the current system. They identified the strengths of the current arrangements in Greater Manchester (and the wider regional level) as follows:

- A mechanism exists through the RSEB for the sub-regional employer voice and the sectoral, national voice to come together and provide a rich and collective source of demand for partners to act on;
- A strong LA partnership, e.g., AGMA, supported by effective partnership working across the region, e.g., the Commission through the development of the City Strategy Pathfinder and MAA, the RSEB's response to the recession;
- A strong and well-connected employer Chair that understands the employment and skills system, e.g., the Commission, the Greater Manchester Coalition;
- Strong and effective employer support, e.g., the Commission through its BLC and Sector Councils and the history of working with employers since its Manchester Enterprises beginnings in 1999;
- Practical programmes where employers and the system can see direct benefits of engagement, e.g., the Coalition's employability framework and work on recruitment.

In addition, weaknesses of the current structures and mechanisms were identified as:

- A range of different and potentially duplicating employer voice structures and mechanisms across spatial levels as a result of policy from different government departments;
- Tensions at the different spatial levels between different structures which creates fragmentation;
- Employer confusion and frustration with the structures and mechanisms they are invited to contribute to caused by:
 - Unclear expectations of employers and their role on structures and mechanisms;
 - The amount of different funding streams and initiatives and entry points into the learning and skill system for employers as influencers or customers;
 - The language used by the public sector in strategy documents and formal structures;
 - Lots of strategy development but no real delivery;
 - Lack of follow through or outputs and outcomes as a result of their interaction / input;
- A concern by partners the same employers are repeatedly "used" by the public sector so the same messages are repeatedly heard with the smaller employer voice often getting lost;

- The Alliance of SSCs is in an early stage of development. Some SSCs have limited capacity at a regional level and have an even further challenge to interact at a sub-regional / local level. The Alliance regional manager will, however, help to address capacity issues;
- Inability of structures and mechanisms to drive change due to the following barriers:
 - Inability to align and pool resources due to national policy decisions, e.g., through the City Strategy Pathfinder where resources from the deprived area funding was allocated to LA level;
 - The Government often imposes new initiatives that do not make use of existing structures and mechanisms, e.g., the Future Jobs Fund;
 - There are many structures and mechanisms that are evolving from former structures or are newly developed as a result of new national policy directive so there is a lack of ability to demonstrate actually impact other than the formation and development of the partnership itself;
- Lack of collective employer voice drawn together from all sources at a regional level to influence key policy decisions.

A CASE FOR CHANGE

As part of this case study development, the partners that were consulted were asked to identify any changes they would make to the current system. Suggestions for improvements and / or simplification of the system at a national, regional sub-regional and local level to ensure the employer voice is strengthened fell into 4 areas:

- Clarity;
- Effectiveness of employer input;
- Build on what's working and;
- System redesign.

CLARITY
<p>Join up government policy across the Department for Communities and Local Government (DCLG), the Department for Business, Innovation and Skills (DBIS) and DWP across all employment, business support and skills issues and particularly in relation to ESBs and similar structures.</p> <p>Join up target setting for individual organisations at government department level to ensure partnership activity can add real value.</p> <p>Establish clear definition for the employer voice and employer engagement that is accepted by partners and employers.</p> <p>Clarify the sector role at a national, regional, city region, sub-regional and local level supported by:</p> <ul style="list-style-type: none"> • A formalised relationship between the sectoral and spatial levels; • An endorsement (through relicensing) of the extent of SME engagement an SSC has established.
EFFECTIVENESS OF EMPLOYER INPUT
<p>Provide clear guidance on the role employers can play on structures and mechanisms, e.g., scrutiny, lobbying, advisory, single employer perspective or group employer perspective etc.</p> <p>Ensure that employers understand why they need to engage with one part of the system as opposed</p>

to another and what they are ultimately influencing.

Ensure that employer involvement results in tangible outputs and outcomes that are timely and measureable and directly relate to issues that employers have fed into the system.

Involve employers in the early stages of policy development rather than once priorities have been set or programme has been developed – work with the employer as a partner.

Establish clear linkages between the various employer voice groups and build a collective employer voice that can be translated at different spatial levels.

In the development of strategies or the running of meetings, use language that employers can relate to and ensure a simplified offer helps them access solutions to meet their needs, i.e., they have a basic need to create an environment where they can make money and find the right people to work for them. Ensure the structures and mechanisms are working to address these needs.

BUILD ON WHAT'S WORKING

Ensure that new policy requirements make use of existing structures and mechanisms.

Clarify the purpose of the key employer voice structures and how they link to each other at the different spatial levels and make use of these structures to ensure a period of stability in order to establish a collective employer voice.

SYSTEM REDESIGN

Put the money in the hands of the employers by either allocating funds to them (in the form of vouchers, for example) or giving them a commissioning role over provision. Combine this with a mechanism that can develop interventions for the strategic skills that the economy needs.

Simplify the system to reduce the number of policy makers, delivery organisations and new initiatives and streamline the services to employers. Quality-assure initiatives and remove the ones that do not add value for employers.

City regions covering a 'labour market' require powers or authority to ensure that the delivery of national and regional services (through e.g., business support simplification) is integrated with existing provision and not simply parachuted in.

Transform the system so that employers are shapers of the system rather than receivers of a service or range of services. Reverse the mindset of "businesses have things done to them".

Develop the provider base in each 'labour market' into a much more organised and coherent set of training organisations with greater stability so that groups of employers (similar to Group Training Associations) can commission and develop longer-term relationships with demonstrably effective providers.