



Greater Manchester **LOCAL SKILLS IMPROVEMENT PLAN**



A SKILLS PLAN FOR EVERYBODY



Funded by
UK Government



Greater Manchester
Chamber of Commerce

This Local Skills Improvement Plan has been approved by the Secretary of State in line with the approval criteria set out in the Skills and Post-16 Education Act 2022, and in accordance with the LSIP statutory guidance.

TABLE OF CONTENTS

4

Introduction

6

Methodology

12

The Greater
Manchester
Economy

19

Why action is
needed

27

Initial Findings

29

Sector Priorities

40

Local Area
Priorities

42

Strategic
Priorities

44

Changes Needed -
Recommendations

48

Delivering the LSIP
Priorities

49

Actions

51

Other Issues

52

Summary and
Next Steps

54

The GM LSIP
Team

Introduction

In August 2022, Greater Manchester Chamber of Commerce was named as the designated Employer Representative Body (ERB) for developing and delivering the Local Skills Improvement Plan (LSIP) for Greater Manchester.

Local Skills Improvement Plans are a new initiative from the Department for Education (DfE) and form part of a new vision to transform the provision for post-16 technical education by putting employers at the heart of the skills system. Introduced in the Skills for Jobs White Paper in January 2021 and now part of the Skills and Post-16 Education Act, LSIPs provide a far-reaching opportunity to give employers a much stronger voice in local skills planning. This builds on existing work ensuring there is an active partnership between business and education and training providers. This relationship will reflect and react to market changes, responding to new challenges and providing the skills required by employers in a fast-changing labour market.

In the March 2023 Spring Budget, details of the new Trailblazer Devolution Deal for Greater Manchester (GM) were revealed and a brand new approach to skills provision in GM was outlined building on, amongst other areas, the Mayor's stated ambition for an Integrated Technical Education City Region. This new approach will have the GM LSIP at its heart and will ensure that future provision matches demand better and has the flexibility to respond rapidly to changes in the labour market.



Clive Memmott OBE
CEO, Greater Manchester
Chamber of Commerce

Chris Fletcher, Policy Director at the Chamber, explains what the LSIP is and why businesses should get involved.

Video Placeholder



To view Video, preview your project



Introduction

Whilst the Devolution Deal covers post-16 skills, it is important that GM works with all educational institutions to ensure young people have a clear line of sight to the labour market at earlier ages. The idea of providing credible, attractive and informed choices to young people pre-16 is a popular one with employers, but obviously the necessary powers are not part of the Devolution Deal and no powers currently exist to enable this to happen. This is a significant ambition but is only one part of the solution to deep-seated skills issues. The LSIP has identified issues that employers and employees face with in-work training and skills development; upskilling to meet new demands in methods and technology and reskilling for many traditional sectors that have seen rapid decline in employment, and workers are left with no option but to look at different career paths and opportunities.

In addition to the above, current labour market conditions are setting a challenging environment for employers. The GM LSIP sets out the Strategic Priorities for GM as regards key growth locations, sectors, occupations in demand, and levels of provision and training using a mix of existing data, new intelligence and analysis at a scale that has not been done before. It highlights the priority areas and occupations for action and why it is important to tackle these for the GM economy and its residents. Recruitment difficulties are covered as well as a range of other issues that have been highlighted by employers that all impact on their ability to recruit and train the staff they need and which, ultimately, act as a barrier to growth in GM.

There are actions that will need to be taken forward, some are more obvious than others, and, in the current state of change as GM develops a new style technical skills system, additional solutions may be identified later in the Stage 2 process of the LSIP. This Plan sets out the key priorities and changes needed in local areas to make post-16 technical education or training more responsive and closely aligned to local labour market needs; it will develop and evolve, responding to employers' needs as part of an ongoing dialogue between employers and providers *and* linked to the strategy of the GMCA.

Thanks must be given to everyone who has played a part in the development of the GM LSIP: other business representative organisations, employers, college principals and their staff, GMIOT, GMLPN, GMCA staff and a significant number of partners and stakeholders willing to take part in what is a significant and potentially transformational piece of work.

"...a mix of existing data, new intelligence and analysis at a scale that has not been done before."

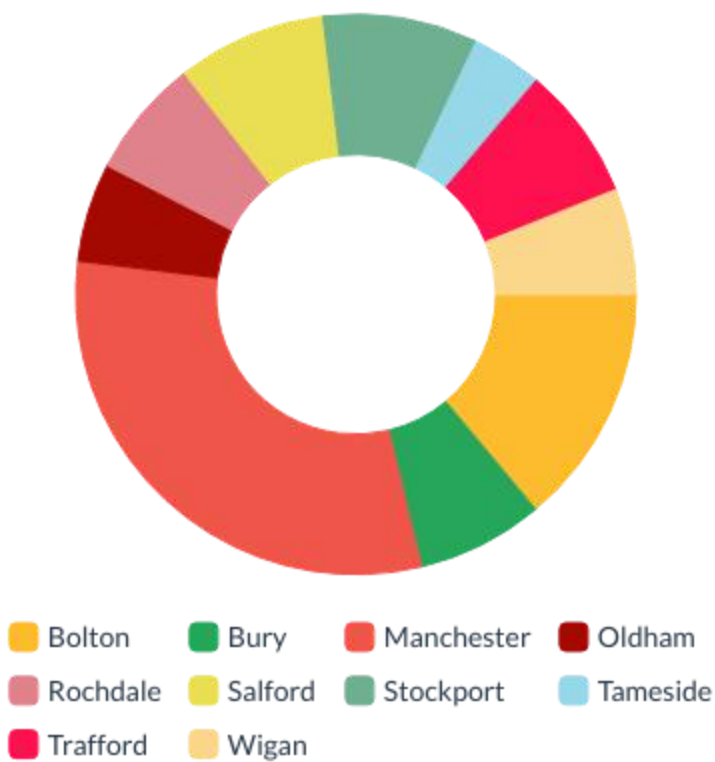
Methodology

In order to produce the Greater Manchester LSIP, the team undertook a ‘no stone left unturned’ approach to its data and intelligence gathering and employer engagement activities.

Data Collection

Throughout the duration of the data collection period (October 2022 – May 2023) we developed three different surveys for employers to complete: our main survey, which asked generally about the types of skills shortages businesses were experiencing; a survey focusing on digital skills shortages; and a survey focusing on green skills shortages. Launched at different times throughout the data collection period, collectively these surveys obtained over 3,000 responses from employers.

Local area breakdown of survey responses



To raise awareness and encourage participation in the data collection process, initial meetings were held with our stakeholder groups to explain the context of the LSIP and the part each group could play in contributing to it. Communications toolkits were deployed to help stakeholders disseminate the survey link and messaging around the LSIP to their own business networks, and a variety of methods and channels were used to engage with our own networks to encourage participation in the LSIP.

The LSIP team attended networking events in all 10 boroughs of Greater Manchester to speak to businesses face-to-face about the LSIP, as well as events tailored to businesses within different sectors, for example, property and construction, and engineering and manufacturing. The team also attended non-Chamber events and meetings, both online and in person, led by a wide range of organisations, to raise awareness of the LSIP and encourage survey responses. Concurrently, we used data from a range of online platforms to contact Greater Manchester employers outside of our networks to gather further data.

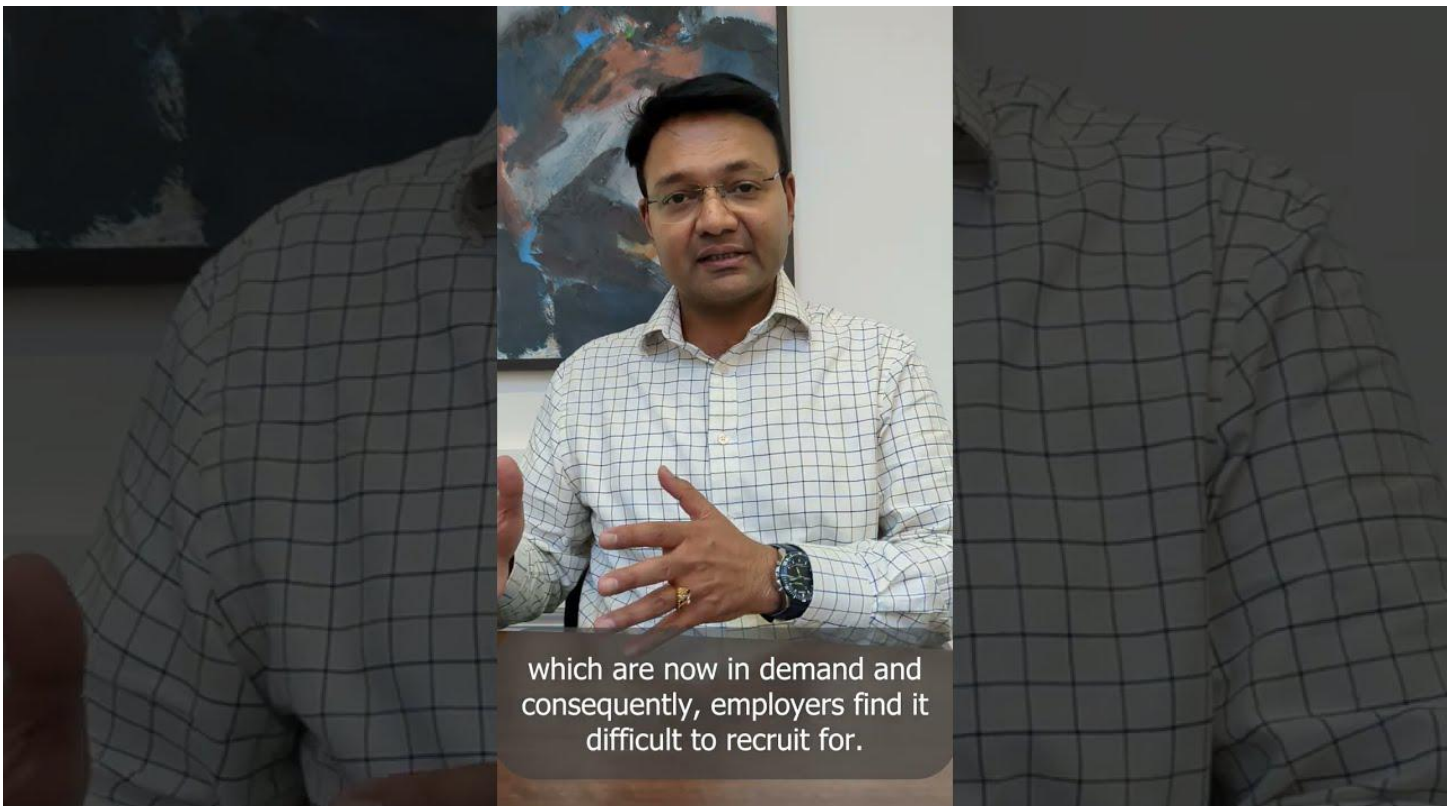
Methodology

Interviews

In addition to collecting survey responses from employers, we conducted face-to-face and online interviews with over 100 individuals from different sectors between January 2023 and May 2023. The interviews were conducted either on a one-to-one basis, or in small industry-specific groups. The sectors represented included: property and construction, digital and creative, health and social care, hospitality and tourism, net zero, legal and accounting, finance, online retail, education and childcare, logistics and manufacturing. These interviews were designed to collect qualitative evidence and explore some of the issues around skills shortages in greater depth. Quotes from some of the employers we interviewed are included within this report.



Subrah Krishnan-Harihara, Deputy Director of Research at the Chamber, explains the value of the qualitative research in the video below.



Methodology

A range of additional data sources and reports were used to inform the development of the LSIP and to add value and credibility to the articulation of employer skills needs in Greater Manchester.

- The initial point of reference was the Employer Skills Advisory Panel's Local Skills Report & Labour Market Plan. In addition to providing a background to the skills and employment landscape in GM, ESAP reports helped in establishing areas of strength and some areas that needed improvement.
- The second point of reference was the Chamber's Quarterly Economic Survey (QES), which is part of the UK's largest regular survey of businesses.
- Dashboards published by DfE's Unit for Future Skills were used to obtain an understanding of current employment, qualification achievements and outcomes for learners. This was supplemented with analysis produced by GMCA's Skills Observatory and Work and Skills boards of the Local Authorities in Greater Manchester along with regular meetings and updates.
- ONS datasets such as the Business Register and Employment Survey, UK Business Counts, Regional Gross Value Added for NUTS1, NUTS2 and NUTS3 regions amongst others were used in the analysis to understand the local economy and business demography.

Numerous other reports and academic papers were used in the desk research. Examples include:

- Reports published by ERBs and sector bodies such as CBI, CIPD, CIM, FSB, Logistics UK, Make UK, Tech Nation and Tech UK.
- Reports published by Government departments and Parliament.
- GM Local Industrial Strategy, GM Independent Prosperity Review, Local Authorities' strategic growth plans and skills plans.
- Reports on green skills such as 'Closing the UK's green skills gap' published by the Green Skills Alliance and Skills for a Green Economy published by HM Government.
- Job postings data from Adzuna, supplier of vacancies data to the ONS.
- Construction sector data from Barbour ABI, supplier of construction projects information to the ONS.



Methodology

Providers and key stakeholders

We had good connections with a range of providers throughout Greater Manchester prior to work starting on the LSIP. We had already supported previous bids that the GM Colleges Group had submitted for SDF and our Deputy Director of Research is a non-exec director on the board of the GM Learning Provider Network.

It was identified early in the process that the Further Education (FE) Colleges would be a critical element of this work, so much of the initial focus was centred on them. The first priority was to meet all Principals individually to explain the LSIP and the workplan and methodology we would be using. Other presentations were arranged with college boards, governors and other groups to support the development and rollout of the LSIP.

Building on from this, data and intelligence was collected about delivery provision, as well as where colleges had existing Industry Advisory Boards and other, similar groups of local employers that met to identify skills needs and develop provision.

By combining the benefit of a strong working relationship with data obtained around provision, we could establish an accurate picture of current provision by the FE Colleges and focus in on areas where employers and other data had highlighted shortfalls in provision and demand.

Coupled with this was ongoing work with other non-general FE providers including Sixth Form Colleges (SFCs) and independent providers. Similar methods were used to engage with Principals in SFCs building on personal contact and collection of provision data.

Regular updates and meetings were held with providers, and initial data highlighting emerging priorities around skills and training demands was sent to providers in March 2023 to assist with the development of Accountability Agreements.

Methodology

Concurrent with this activity, work was taking place analysing the various GM level growth reports and strategies, e.g., Greater Manchester Strategy, Local Industrial Strategy, etc. This work identified key growth sectors and then referenced these with local growth plans and strategies in each Local Authority area.

This activity, cross-referenced with provision and supply side data, produced and highlighted local priorities for sector growth, future economic developments, future job roles and occupations and expected gaps in provision. This information was broken down on an area-by-area basis to give providers and others a genuine local overview in line with the approach taken to develop the LSIP. Subsequent activity enabled this information to be aggregated up to give GM level priorities.

To assist with this, we used some of the process that had been outlined by ThinkUK in the joint sessions with DfE about the assimilation of data and intelligence to cross reference and highlight shortages in occupations or sectors. Whilst the resultant information does not follow their model exactly, it was helpful in establishing a format and process that we could use.

In addition, the Chamber was also engaged with an ongoing SDF project looking at how Higher Technical Qualifications in construction can be developed and rolled out across FE. Engagement in this work helped with raising awareness of the LSIP, building new engagement opportunities, identifying some critical areas of skills shortages, and establishing an effective mechanism to bring forward solutions with employers and colleges working together.

Greater Manchester Learning Provider Network is the membership body for Independent Training Providers (ITPs) in GM and, as the Chamber's Deputy Director of Research is a non-exec Director, we were able to ensure that there was engagement with, and information provided to, ITPs throughout Stage 1. In addition to the Board, there is an Advisory Board, made up of ITPs and some of the client employers, at which the LSIP was discussed several times and feedback received. There are also regular network meetings held which are open access and three of these during the Stage 1 data collection period contained items on the LSIP.

We have held sessions with JCP/DWP including an informative session with Job Coaches to highlight issues and barriers that clients were experiencing when going for job interviews, and any findings from these relating directly to skills shortages.

Methodology

Greater Manchester Combined Authority

The GMCA has been an integral part of the LSIP project, from the initial application to ongoing activity, in helping ensure that the GM level activity, including strategic developments, have been included in the work.

GMCA have shared data and insights as part of the development of the LSIP.

In addition to regular meetings with the GMCA skills team to update and discuss developments, staff have also been engaged with various groups run by the CA such as the skills observatory, as well as attending meetings of the ESAP of which the Chamber CEO is a member. These have been important in not only giving briefings on activity but allowing feedback and input to the plan to ensure that it will meet ongoing needs.

We have also met with key groups and leaders from within GMCA, such as the Careers & Enterprise Co-ordinator and the Higher Skills and Employer Engagement Manager responsible for expanded work experience in education and linkages with employers from schools into a variety of other non-traditional institutions such as HMP.



The Greater Manchester Economy

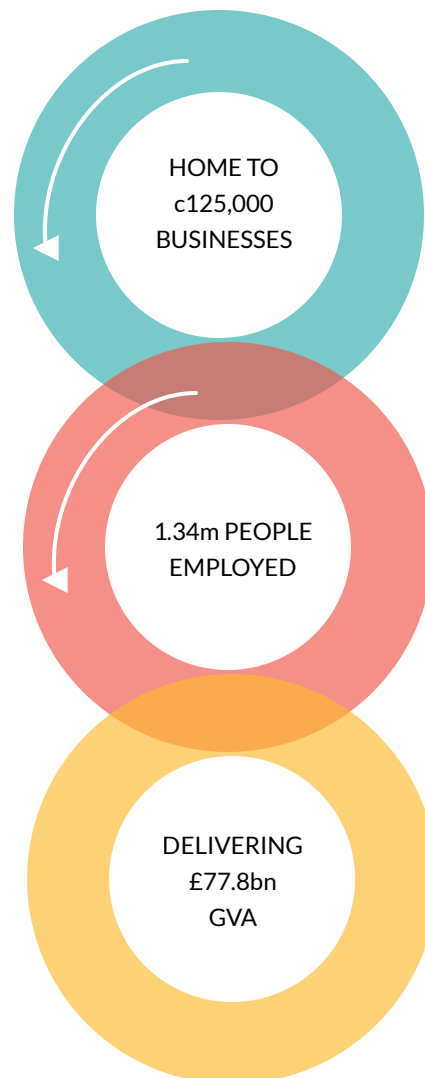
Greater Manchester City Region is home to c125,000 businesses who between them employ 1.34m people. Its economy delivers £77.8bn GVA (2022) and the City Region has an ambitious strategy for growth that aims to provide wider opportunities for its residents to access and benefit from jobs that are well paid, secure and offer good employment opportunities that will, ultimately, benefit businesses and residents in GM and beyond.

The Greater Manchester Strategy vision is one of 'better lives for all'. A significant part of this is about creating conditions for a fairer, greener, more prosperous GM so that its residents and businesses can look forward with confidence and ambition.

Employment in Greater Manchester

- The finance, professional and business services sector, including ICT and media, grew by 10.7% between 2017 and 2021.
- Manufacturing grew by 4.9% on average every year since 2017.
- The retail, hospitality and leisure sector is still smaller than it was in 2019.
- GVA of the primary industries group comprising agriculture, mining and utilities grew the most between 2017 and 2021, but this group remains relatively small.

The Greater Manchester City Region



The GM economy is estimated to be worth £77.8bn. In the last two years, the economy has grown by almost 15% buoyed by strong services in Manchester city centre combined with the advanced manufacturing cluster in the North East of the city region and a strong construction pipeline in all Local Authority areas.

Subrah Krishnan Harihara - Deputy Director of Research at GMCC

The Greater Manchester Economy

To deliver a strong economic foundation for the Greater Manchester strategy vision, 6 key growth clusters have been identified from the 2021 GM Growth Location Update. They are:



Airport/Southern Growth Corridor
Manchester Airport is a vital link for international trade and tourism. Future growth plans will see the expansion of existing businesses in Airport City with a focus on distribution, warehousing and logistics .



Central Cluster
Located in Manchester and Salford and planned to create 90,000 new jobs in digital/creative/media and professional services with strong links to universities and R & D facilities to build on the innovation strategy.



Eastern Growth Cluster
Centred around Tameside to take advantage of growth in advanced manufacturing with a focus on coatings, plastics and textiles. Tameside has invested in its digital infrastructure and this will continue to attract new hubs for future growth.



North East Growth Cluster
Based around Rochdale, Oldham and Bury, the centrepiece is Atom Valley with a focus on early stage developments around advanced manufacturing, materials and other product development and research businesses.



Wigan and Bolton Growth Corridor
Focused on logistics, manufacturing (especially food) and health innovation/life sciences; 12,000 new homes to be built and significant upgrades to existing infrastructure including a new mainline station at Golborne.



Western Gateway
The ambition is to build on links with Liverpool Freeport by establishing a tri-modal freight hub – Port Salford. 25,000 new jobs will be created around logistics, distribution, advanced manufacturing and a focus on low carbon technologies in Trafford Park.

The Greater Manchester Economy

To support growth, the Chamber's LSIP team has identified the following seven key sectors based on: evidence from local authority growth plans, the four GM frontier sectors identified in the GM Local Industrial Strategy and those sectors which have growth potential vital to Greater Manchester:

Manufacturing and Engineering

Greater Manchester has always had a strong manufacturing and engineering heritage and industry. Whilst developments over the last 30 years have seen the decline of major industrial plants, the sector plays an increasingly vital role in identifying new, innovative technologies, making high value supply chain components, vital for high tech and precision engineering and has specialist areas in food manufacturing and advanced materials.

Whilst workforce numbers are in decline the GVA of the sector continues to grow and with net zero becoming increasingly important, ongoing developments in the sector will ensure there will be a continued demand for highly skilled employees for years to come.

Financial and Professional

The cities of Salford, Manchester and other areas in GM have seen a rapid rise in Financial and Professional jobs over the last few decades and that growth is set to continue but may evolve and require fewer but better skilled employees. Outlying areas adjacent to the city centre are also now experiencing an overspill of job creation for the sector and new sector hubs are being set up.

Whilst new technologies, most notably AI, are now beginning to play a part in businesses thinking about future developments, there is still a high demand for a range of office based roles and especially for managerial positions.

Digital and Technology

Greater Manchester is an established centre - second only to London - with a number of national companies headquartered here and new offices have opened up for organisations like GCHQ that need the skills available in the city region for work in international/global Cyber Security.

Across all 10 local authority areas new hubs and clusters are being developed to ensure that the sector's growth continues.

In the GM Digital Blueprint 2023-2026, it is predicted employee numbers in digital roles will reach 95,000 and GVA for digital, data and technology will reach £7bn by 2029. And with the evidence and data showing that employees in all sectors will require some degree of digital knowledge and aptitude in the future, there is an immediate challenge around making sure that accelerating demand can be met.

The Greater Manchester Economy

Creative, Culture and Sport

A large part of the GM economy is based around this sector. In addition to the income it brings from tourists and visitors from home and overseas, it offers employment opportunities for a large number of people as part of an extensive supply chain.

There are new venues being built and further investments being made. With retail facing post-Covid challenges, alternative attractions and destinations are needed and the sector will be a driving force behind this.

Construction and Green Economy

For a number of years the construction sector has underpinned GM's economic growth and is a significant employer. With £5bn planned developments to be delivered in years 2023/24 as part of the growth corridor and clusters and other construction and infrastructure developments, there will be a steady increase in future demand for jobs.

Estimates are for 11,000 new jobs by 2027 - in 'traditional' skill sets and trades as well as new and emerging methods and technologies around low carbon construction and a significant uplift required around the retrofit of existing properties.

Education and Early Years

To have an effective and well-trained workforce it is vital that they have access to well-trained teachers. However there are significant issues and shortages of staff to train as teachers throughout the whole education system in key subjects such as STEM, English and Digital that form the foundation for later skills development and training future teaching staff. Whilst labour shortages play a part, a dedicated approach is required to target those subject areas that are critical to deliver longer term growth ambitions. As regards early years provision over the next 3 years there may be an increase in demand responding to new childcare entitlements announced in the Spring Budget 2023.

Health and Social Care

This sector is vital not only to ensure there is immediate provision to deal with current and projected demand but to also ensure that there are adequate resources devoted to future growth and development.

New technologies, new applications and techniques are being developed as part of a major focus on life and health sciences in GM. This has been the subject of significant investment and attracting new industries to Greater Manchester.

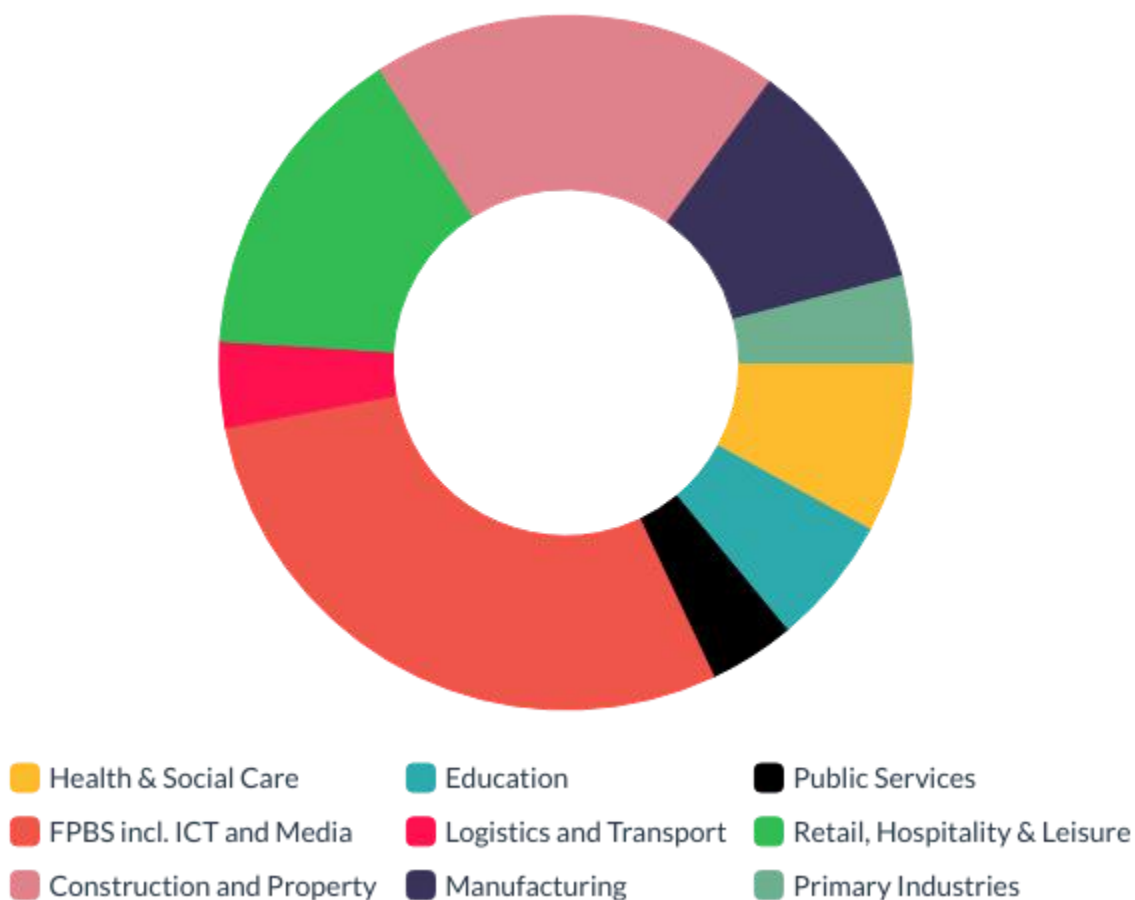
Work is currently ongoing by GMCA to assess what impact and further opportunities the Trailblazer Devolution Deal may have on the growth locations and key sectors. The data that has been collected for the LSIP will be vital within this process in ensuring that future activity matches employers' needs.

The Greater Manchester Economy

Data underpinning the LSIP was collected at a local level across all 10 local authority areas in GM that make up the Greater Manchester City Region and has been used by colleges to complete their Accountability Statements. This data has been aggregated up to the GM level to match with key growth sectors and locations whilst still reflecting and focusing on local strengths and variances.

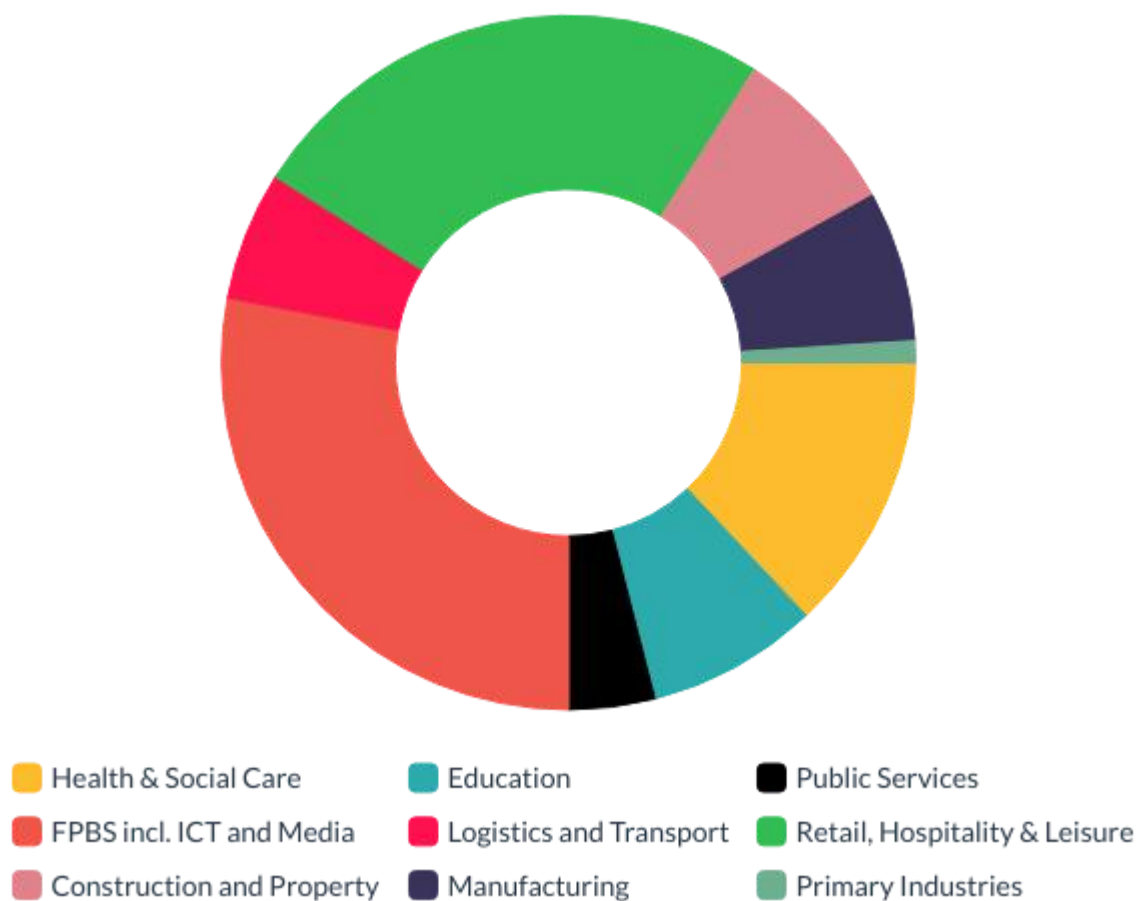
Presented here is the GVA data for Greater Manchester, showing sector by sector breakdowns and the percentage of employees in each sector.

Greater Manchester GVA by Sector



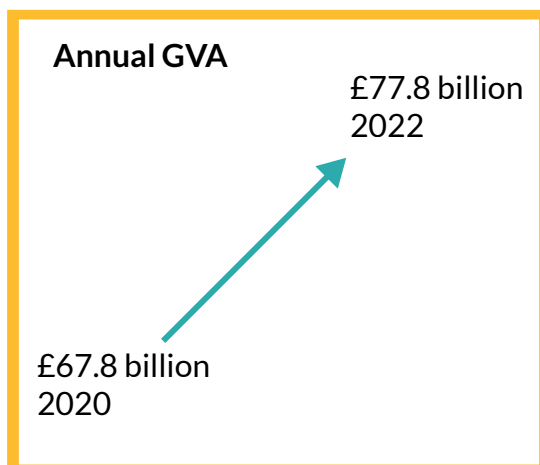
The Greater Manchester Economy

Employment by Sector - Greater Manchester



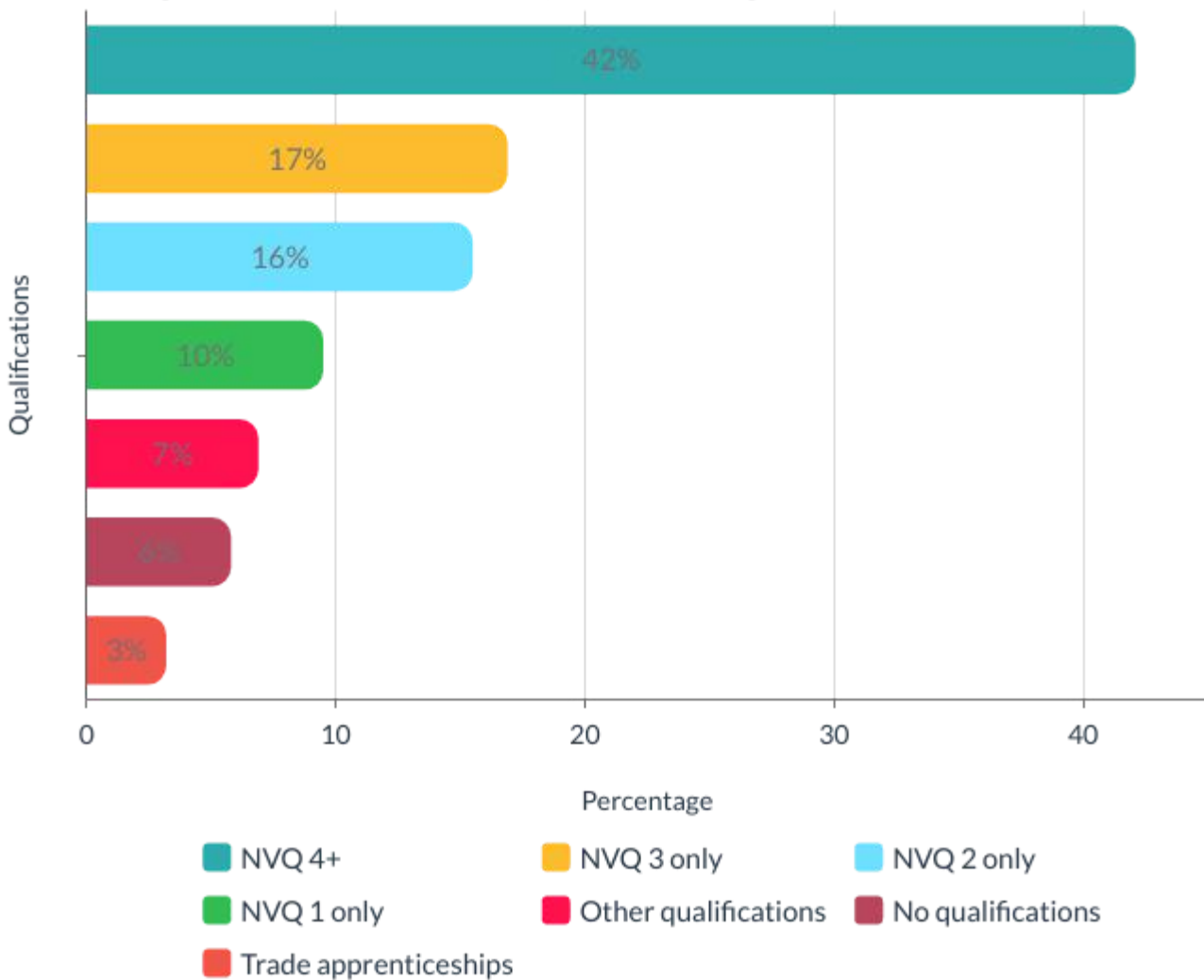
Employment – 1.34 million

- Construction recorded the largest increase in employment between 2017 and 2021.
- Employment in all sectors within the FPBS incl. ICT & Media group increased between 2017 and 2021.
- While employment in the Retail sector decreased, Hospitality saw an increase in the same period.



The Greater Manchester Economy

Percentage of economically active population (age 16-64) with qualifications



Why action is needed

There are a variety of well-established and well-known reasons why businesses often struggle to recruit staff. There are issues around **skills shortages** i.e. applicants for roles do not have the required level of skills to fulfil all or part of the role requirements; **labour shortages** where employers report difficulty in attracting applications for roles advertised; and finally, the **job conditions** themselves with prospective employees identifying issues around unsocial hours, remote locations, etc., that prevent them taking up positions.

The UK is currently facing **tight labour market conditions** with a significant shortage of available workers relative to the demand for labour. The last 12-18 months have been characterised by a **low unemployment rate**, a historically **high number of job vacancies** and an increase in the number of those who are **economically inactive**, particularly through the rise of the long-term sick post-Covid. Training alone will not resolve these shortages; there must be a recognition about **pay and conditions** as well as short to medium term access to **migrant labour**.

The **unemployment rate** for January to March 2023 stood at **3.9%**, which is on par with the figures recorded before the pandemic, and lower than the pandemic era peak. **Economic inactivity**, currently at **21%**, remains at a higher level than pre-pandemic times. In the months preceding the pandemic, the economic inactivity rate was 0.7 to 0.8 percentage points lower than the current level. The recent **decrease in the economic inactivity** rate has been driven by people in the 16-24 age group entering the workforce – such as students leaving education and part time working. However, this cohort experiences the second highest economic inactivity rate after the 50-64 age group, who are leaving the workforce in significant numbers. As experienced workers in the latter group leave, the labour market also loses the **indispensable skills** and experience they have gained. The combination of low unemployment and higher economic inactivity levels cause labour shortages and recruitment difficulties, evidenced by the high vacancy rate in the UK.

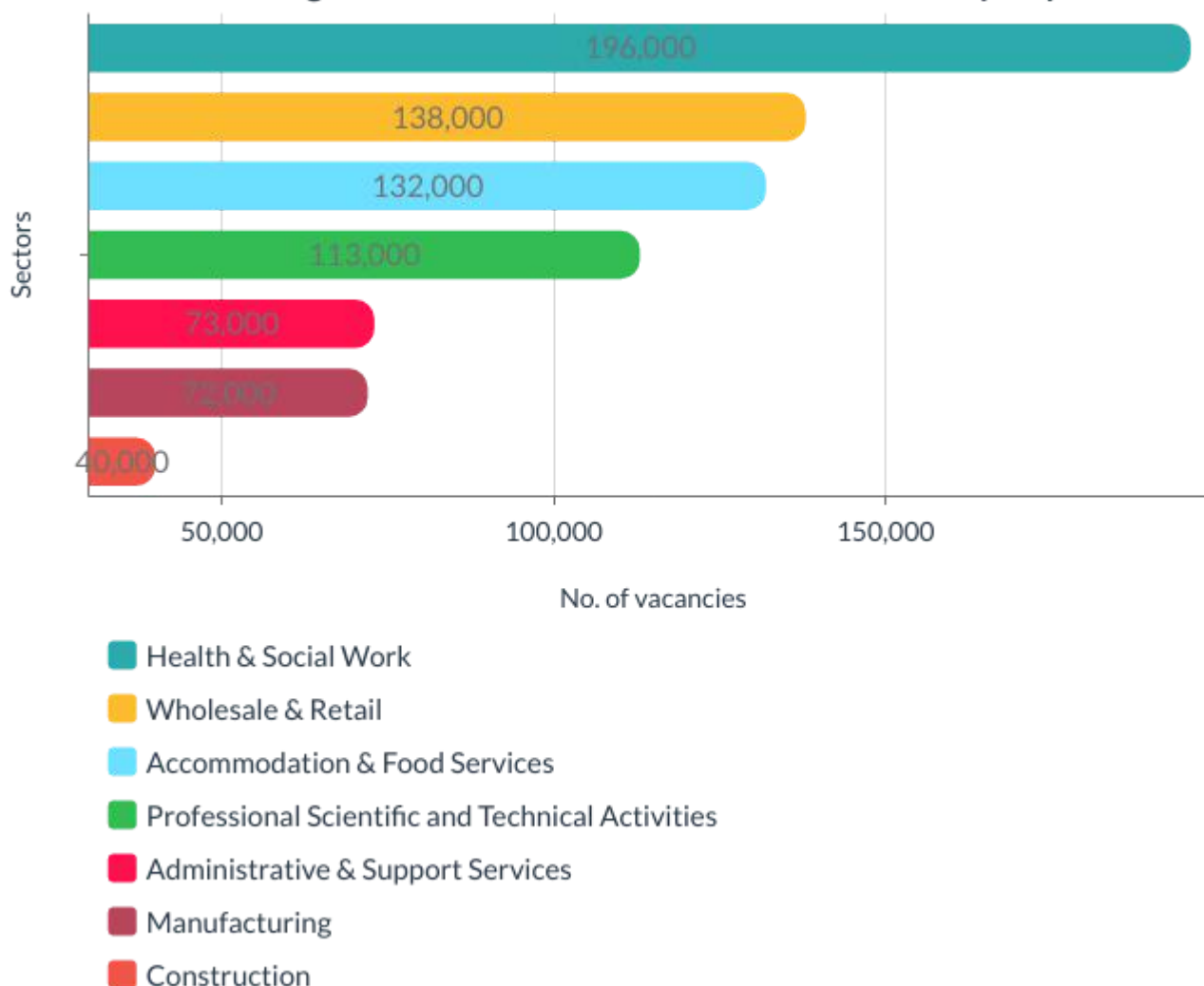


Why action is needed

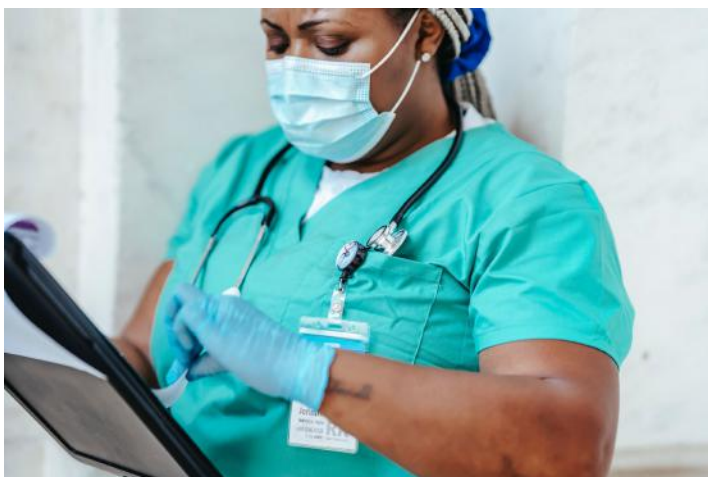
In the three months from March to May 2022, the number of **open vacancies in the UK peaked at 1.3 million**. Although they have now decreased to 1.08 million, this level is still 31.1% higher than the period just before the pandemic. The number of vacancies in November 2019 to January 2020 and December 2019 to February 2020, were 822,000 and 826,000 respectively. The chart below shows the sectors with the highest number of vacancies in the UK between February and April 2023.

These **sectors are vital contributors to the Greater Manchester economy** and continued labour shortages could curtail their ability to expand operations, innovate and invest in new projects, potentially limiting overall economic growth.

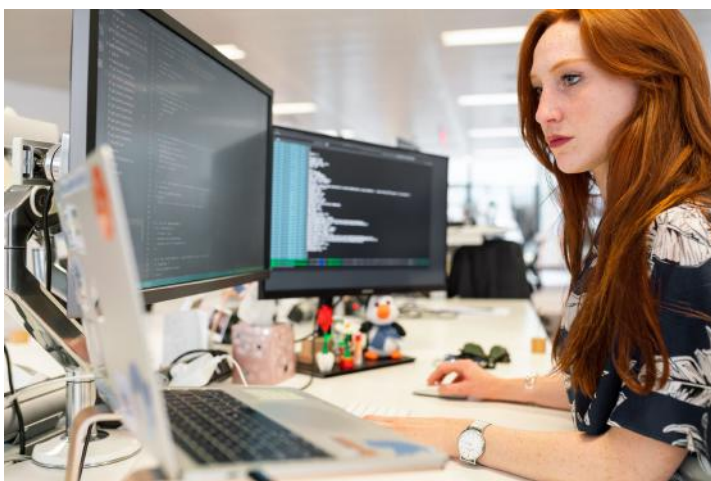
Sectors with the highest number of vacancies between February - April 2023



Why action is needed



Data gathered from the LSIP survey and interviews with employers reveal that many employers are **struggling to find individuals with the specific skills and qualifications** required for certain roles. Skill shortages are particularly prevalent in sectors that demand **highly specialised or technical skills**, such as healthcare, digital and technology, manufacturing and construction. **Tight labour market conditions** mean the competition for workers is high, driving wages higher as employers attempt to attract and retain talent.



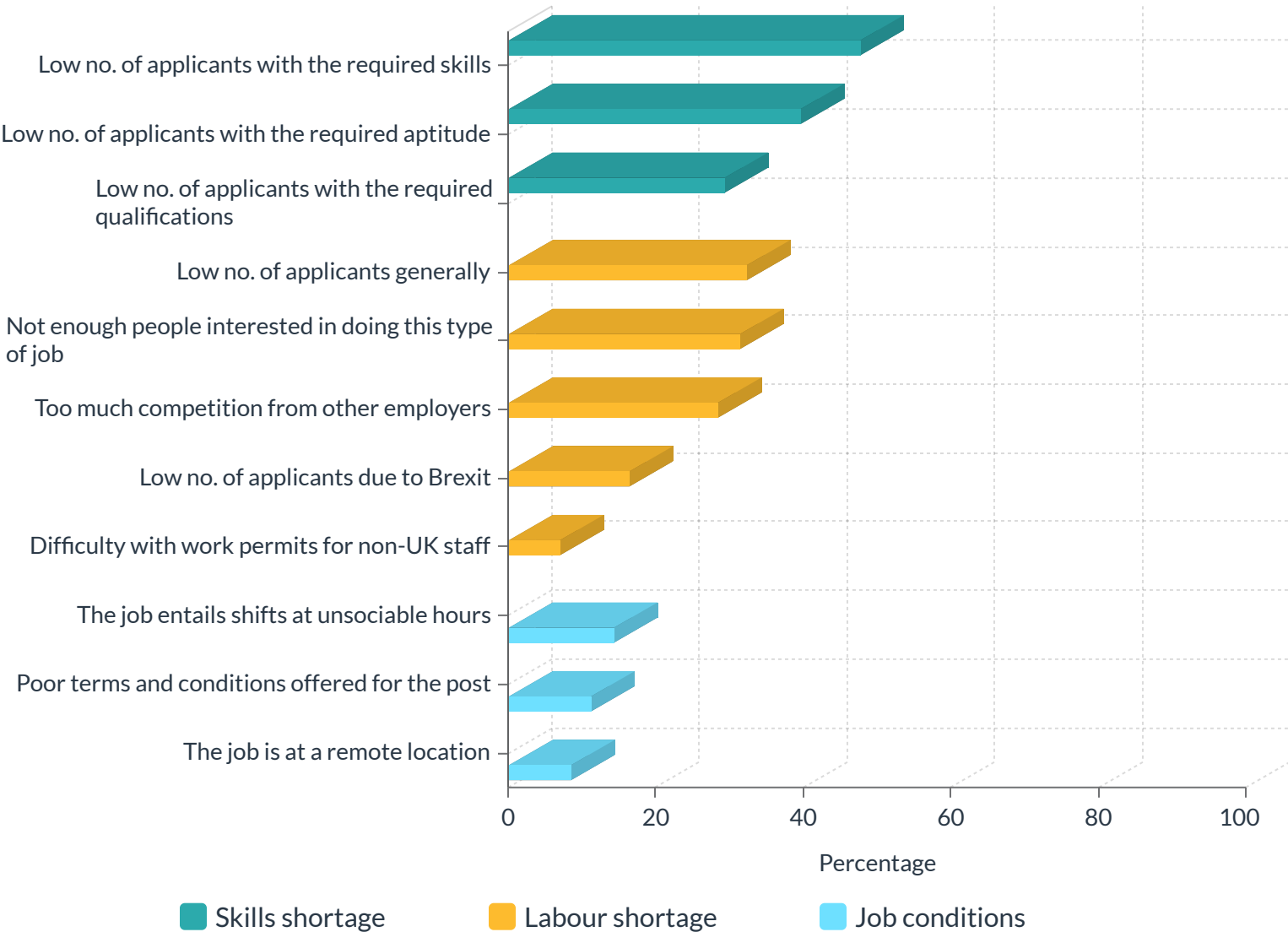
Our research has shown that **wage inflation continues to pose challenges** for business while also contributing to potential inflationary pressures on the broader economy. **Constraints in the labour market** pose particular challenges for SMEs as they struggle to compete with larger enterprises to attract skilled workers. Whilst the causes for labour shortages and recruitment difficulties are not all attributable to skills deficits, Greater Manchester based employers have clearly said that they are **struggling to recruit workers with the relevant skills**. Addressing current labour market challenges will require **significant investment in skills development and creating training programs** to bridge skill gaps through strengthening collaboration between employers, learning providers and employer representative bodies.



Why action is needed

The following chart breaks down employers' answers to the survey questions posed on recruitment issues.

Reasons for Recruitment Difficulties



Why action is needed

The data analysed for the development of the LSIP show that salaries offered to staff are an important determinant of recruitment difficulties. Within Greater Manchester, there are **large variations in the salaries offered to staff for the same role**.

For example, Adzuna data shows that in 2022 (before the increase in NLW in April 2023), the median salary in job postings for social care workers was £19,831 in Greater Manchester. **Demand for social care workers measured by the number of job postings was the second highest of all occupations in the conurbation.** For the same role, the median salary offered in Tameside was £18,818, while the adjoining borough of Stockport offered £20,042.

These fall below either or all of the National Minimum Wage (£19,851), the National Living Wage (£20,319) and Real Living Wage (£21,255). A similar trend can be found in other roles such as Warehouse Worker (Logistics & Transportation sector) and Customer Service Assistant (Hospitality sector).

At the lower end of the pay scale, a 5% - 7% difference is likely to have a significant impact and **affect decisions about where people seek to take up employment**. These differences are not limited to lower paid roles. It emerged from the LSIP survey and interviews that openings for Quantity Surveyors were hard to fill. The role is also believed to earn higher than median salary. Yet, the salary offered for Quantity Surveyors varied between £45,000 to £60,000 in different boroughs. At the lower end of the pay scale, marginally **higher salaries and perceptions about difficult working conditions can shift workers from one sector to another** or from one part of the sector to another. It's clear that the high demand for roles in Hospitality (with better pay) was encouraging lower paid workers in Health & Social Care to seek work in that sector. An interviewee from a NHS trust said that the difference in pay between what is offered by the NHS and what care homes offer was certainly prompting workers to seek employment in the NHS, as soon as they acquired the minimum skills and/or qualifications to do so, and create more issues around shortages in care homes.

Variations in pay across different boroughs for the same role

Social Care Workers:
Tameside = £18,818
Stockport = £20,042

National Minimum Wage:

£19,851

National Living Wage:

£20,319

Real Living Wage:

£21,255

"Workers are moving from care homes to the NHS as soon as they have the minimum skills because of the difference in pay."

Why action is needed

Another important barrier relates to business uptake of **employee training**. The Chamber's Quarterly Economic Survey shows that, predating the pandemic and many of the current challenges that businesses state as distinct barriers to growth and investment at present, **business investment in training has reduced** and continues to stay well below the historic average compared against the national average, which shows a huge long-term decline over the last 20 - 25 years.

Some attempts to rectify this situation have led to already higher-qualified employees having more provision. Despite the importance for business training in upskilling, reskilling and improving worker productivity, **businesses are not always willing to offer training to their workers**. Reports published by the OECD and CIPD highlight that the lack of training opportunities particularly affects workers possessing lower skills and on lower pay. The LSIP survey helped identify some connected issues.

Employers tend to associate skills shortages with the recruitment process and not always with learning and development needed by their workforce

It's evident that many employers do not always recognise the value of staff training and treat it as an additional cost, rather than a productivity and retention enhancing investment. Even when employers recognise the value of training, they fear that well trained and higher skilled employees might be lost to competition, particularly in a tight labour market.

Consequently, many employers '**attempt to recruit their way out of a labour shortage**' and try to recruit workers with all the required skills and experience rather than taking on candidates with potential whose specific skills needs could be addressed with training.

Despite the importance of upskilling and re-skilling, businesses are not always willing to offer training to their workers.

Why action is needed

Most businesses (61.3%) reported that they have provided some type of training to their staff, either on-the-job or external courses. However, **training provision varied widely across the type of business.** A regression analysis with the LSIP survey data showed that the larger the business, the more likely it was to provide training to the staff. The Employers Skill Survey 2019 (ESS) and the Employers Pulse Survey 2021 (EPS) verify these findings. Both surveys found that SMEs are lagging behind larger enterprises in training. Usually, larger businesses have more organisational and economic resources than smaller businesses.

Several respondents identified **internal and external obstacles to training.** Difficulties in releasing staff for training, more than the cost of training, was the major internal barrier to offering training. **Whilst 32.4% of businesses reported that their staff did not have time to undertake training, 23.3% reported that their managers lack the time to organise it. 30.5% of businesses cited budgetary constraints.** These findings may be understandable, but employers do need to be more proactive to help address this. At a time businesses are facing labour shortages, releasing existing staff to undertake training could disrupt the business but the cost of not doing this is obvious. The finding also highlights the need for workforce planning within businesses.

When asked about external barriers to training, **course prices and local availability** were cited as the main obstacles. External courses were reported as being too expensive by 35.3% of businesses. Moreover, **20.1% expressed the concern that there were no courses available in their local location, while 15.8% reported that there were no relevant courses in their field.** Some respondents mentioned that there are many online training courses available, but there are not enough face-to-face courses. Many respondents preferred in-person training and expressed the view that face-to-face training was not just preferable but critical in areas such as 'leadership and management'. This finding highlights the need for raising awareness about available training options.

Moreover, some independent training providers are often willing to work with the business to identify specific training needs and create bespoke courses that best meet business needs. Considering that businesses generally feel that the skills 'system' is not easy to navigate, these findings emphasise the role of anchor institutions such as ERBs to facilitate discussions between employers and training providers and in helping employers access the training they need, as opposed to the training they are told they need by providers who will sometimes push subsidised provision.



Why action is needed

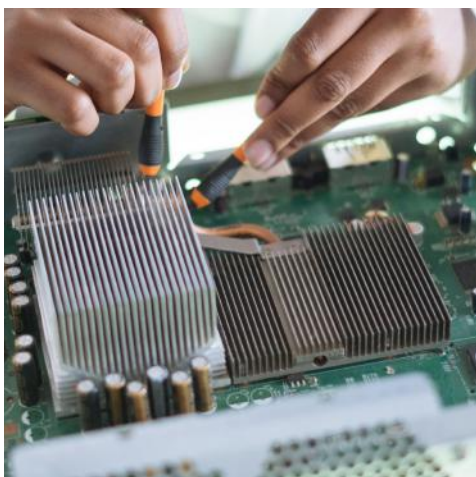


The LSIP will primarily focus on how skills shortages in key sectors can be addressed in order to maintain the forward dynamic growth in the GM economy.

Our data showed that, **overall, 60% of job roles took longer than 3 months to fill.** Whilst the main focus of the LSIP will be on skills that are required to 'do the job' there is still a significant number of employers that use the phrase '**soft skills**' as a descriptor for areas of skills shortage in recruits and existing employees. We drilled down into this area to establish what employers mean by this. For the purposes of the plan the phrase has been used to help employers identify shortages but, evidence shows some of the areas of soft skills shortages can be classed as specific, technical skills dependant on sector.



Combined, **labour shortages and skills gaps pose a vital challenge to businesses** because they hamper the ability of a business to maintain production or service delivery, impede profitability and cause increased workload for other staff, which can in turn affect employee wellbeing. It is also widely documented that the UK has a productivity deficit relative to other OECD countries, and skills gaps are a contributor of low productivity. **Shortages of skilled labour also creates wage inflation,** whilst affecting the delivery of new projects and the adoption of productivity-improving technology.



Greater Manchester has clear ambitions to grow and develop its economy and, with further devolution, the ability to now deliver these plans has never been better. But to do this there has to be a **relentless focus on ensuring the pipeline of future skills will meet demand.** Young people will need to be better aware, guided and ultimately trained to ensure they can take full advantage of the opportunities before them. Employers will need to be better engaged in helping identify areas of need and playing a greater part in helping address those problems in partnership and collaboration with providers and local authorities. These are significant ambitions but ones that will need to be delivered in line with the priorities and recommendations identified in the LSIP. The following section looks at what those priorities for action are.

Initial Findings

Combined with our extensive interviews with employers (over 100 individual meetings) initial findings showed that:

Employers linked skills shortages with recruitment as opposed to the need to upskill their workforce with around 70% of employers saying skills shortages were evident when recruiting staff, but 70% said that their workforce had sufficient skills for current and future needs.

Digital Skills – whilst there was existing awareness of shortages of high-level ‘technical’ digital skills – software devs, coders etc - it became increasingly clear that there are significant gaps in digital skills at all levels and across all sectors. Basic functional skills such as being able to use Office applications or operate digitally controlled machinery and equipment are lacking, and these have become and will be increasingly fundamental for all job roles in the future.

Leadership & Management – Many employers highlighted the lack of adequate leadership, management and supervisory skills both in their existing workforce and when recruiting for specific roles. Cross referencing with many of the ‘soft skills’ gaps, skill sets around time management, presentation skills and managing/motivating staff are missing in recruits and staff. The default response seems to be employers promoting staff who are ‘good at their job’ into managerial positions without proper training resulting in poor outcomes in terms of operational efficiency and staff morale.

Soft Skills – This phrase has been used for a number of years by employers to describe those skills that an employee needs outside of those specific ‘technical’ skills to do the job. On a sector-by-sector basis for some employers, certain attributes may be less important than others e.g., customer service is a priority for retail, hospitality and sales but less so in a production role or potentially a trades role. Soft skills are a major issue for employers and this is also recognised by providers. Whilst some technical skills shortages may be easier to address, it would be wrong to ignore the issue of soft skills if current and future skills and recruitment issues are to be tackled successfully.

Employers linked skills shortages with recruitment, with 70% saying skills shortages were evident when recruiting staff.

There are significant skills gaps in digital skills across all sectors, and a lack of adequate leadership, management and supervisory skills.

Soft skills are a major issue for employers and cannot be ignored if skills and recruitment issues are to be tackled successfully.

Initial Findings



Net Zero – The huge focus on net zero and the low carbon economy means many businesses want to deliver aspects of this around retrofit of properties, energy management, EV technologies etc or, at the least, looking at ways of ensuring their business meets new legislation and guidelines and takes advantage of new technologies to reduce bills. As Net Zero impacts on a number of sectors it can be described as 'cross-cutting' similar in some ways to digital, but a lot less developed when it comes to clarity and understanding of what businesses need to do and what staff and skills they need to develop. Whilst there has been a **steady growth in net zero related training and courses, overall, the evidence is that this will need to be significantly stepped up** over the next few years to ensure targets are met – in GM the accelerated net zero target date is 2038. **Fully effective deployment of net zero skills through the workforce will enable the unlocking of other activity that will further boost economic growth.** Basic carbon literacy skills through to forward-looking business development and planning skills will be at a premium unless wider, faster more effective provision is enabled. It is vital that bottlenecks are not allowed to develop and employers have a voice in this by looking further ahead, rather than being reliant on existing order books with 'traditional' work. The switchover in demand will happen and it is important to ensure this happens quickly and effectively.

Essential Skills for Work – The level of satisfactory literacy and numeracy levels coming into post-16 education is still a significant issue for many FE providers, with a huge effort made and a lot of public money spent to ensure that shortfalls are made up. From our work with employers, many still report **issues around employees' abilities to write reports satisfactorily, communicate well via email, utilise basic numerical skills and a range of other work-related skills areas.** Many employers see there being a set of essential work skills needed that takes core subjects such as Maths, English and Digital into account, and a focus is made on the functional application of these in a workplace setting. With government focusing on boosting maths attainment until 18, employers are concerned that without a focus on how these skills are to be applied in the workplace relevant to job roles and career pathways, then the situation will not improve sufficiently and the problems will persist.

Sector Priorities

Looking at the key sectors in GM, referencing the local growth areas and where demand is expected to grow matched with current provision, the following sector by sector roles and occupation priorities become clear. Labour market factors have also been referenced where these have a significant impact on supply, such as in Health and Social Care where critical labour shortages are the primary factor impacting the sector as opposed to this being down solely to lack of training provision.

<u>CONSTRUCTION</u>	<u>PRIORITY FOR ACTION</u>
Retrofitting	Urgent Priority
Steel Erection	High Priority
Structural Fabrication	High Priority
Construction Process Management, Site Engineering, Project Management	High Priority
Quantity Surveying	High Priority
Building Envelope Design	Medium Priority
Digitalisation in Construction Methods	Medium Priority, but provision will need to be increased and become more specialised
Core Construction	Currently low priority, but increasing demand means the volume of courses will have to expand to meet demand.

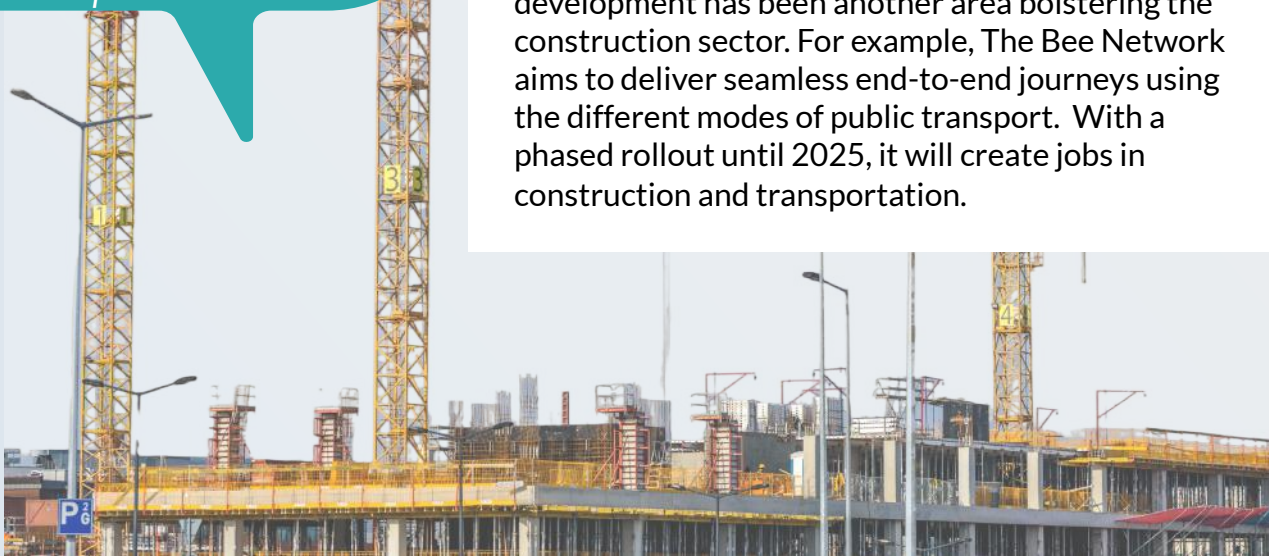
Sector Priorities - Construction

There's a lack of skill sets within contractors who can implement net zero solutions having a skill set to retrofit buildings is another key gap. And that's not just in technology, but also in building fabric, the ways and means of insulating with minimal disruption and maximum efficiency”

Director of a sustainability consultancy.

Infrastructure and Future Developments in GM

1. The increase in development projects across Greater Manchester provides significant opportunities for further growth in the construction sector. The development of residential and commercial areas, science hubs and education facilities amongst others, requires construction work in varying capacities, especially in the initial stages of development.
2. Construction projects are scheduled to take place across the whole of Greater Manchester. Key developments in Manchester include the new 23,500 capacity arena, and residential, commercial and mixed used buildings like the Ducie Street development.
3. There are similar projects in Bury, like the Longfield Centre - £100m investment; Millgate shopping centre redevelopment; Radcliffe Civic Centre - £40m investment; and the Bury Market Flexi-Hall.
4. Transport infrastructure expansion and development has been another area bolstering the construction sector. For example, The Bee Network aims to deliver seamless end-to-end journeys using the different modes of public transport. With a phased rollout until 2025, it will create jobs in construction and transportation.



Sector Priorities - Digital and Technology

DIGITAL AND TECHNOLOGY

PRIORITY FOR ACTION

Cloud Computing

High Priority

Data Analytics

High Priority

Emerging Technologies (AI)

High Priority

Software Development

High Priority and demand is increasing

Cybersecurity

Medium Priority, but increasing demand and levels of importance

Essential IT skills for business

Low Priority, but demand is increasing as employers become more aware of gaps and shortfalls.

Future Developments in the sector in GM

1. The Factory, in Manchester, a £1 billion investment project set to be a new centre for arts and culture. Targeted continuous investments in creative, innovation, tech and digital industries in NOMA are also taking place.

2. Developments in St Petersfield, Tameside, are said to be multi-purpose facilities but also have the potential for innovation within the digital and creative field.

3. Immersive Technologies Innovation Hub are exploring applications for immersive technologies in the entertainment, education, health, built environment, and manufacturing sectors, helping businesses to design, develop and test new solutions for the metaverse.

4. The Memorandum of Understanding between GMCA, Innovation Greater Manchester and Innovate UK commits the parties to closer collaboration to support business innovation. This has implications for the digital sector specifically, with more R&D going into it.

"Those skills that are really going to be needed more are in the fields of machine learning and AI. Cybersecurity is huge, so there's a lot of uplift in cyber data science. After that will be UX and cloud."

An interviewee from the technology sector.

Sector Priorities - Education

Infrastructure and Future Developments in GM

1. Investment in different sectors to attract employment in Greater Manchester has had a trickle-down effect. As investments are being made in housing and education to support the different growth clusters, the development of educational infrastructure is required to increase.

2. There are plans to include an education centre at Therme Manchester, a wellness resort being developed in Trafford, for schools and community groups to learn about nature and sustainability.

3. AR EdTech For Hydrogen Skills – Blair Project – an education technology (edtech) platform providing hydrogen skills training content for the manufacturing, construction, transport and energy sectors. This helps individuals develop skills relevant for a multitude of industries employing technology and green skills in education.

"We're finding we've got more special needs children with quite complex needs. Finding teaching assistants who want to work with children with those needs long term is a challenge. At the moment, most of our teaching assistants are supporting special needs. For the majority of the time, they don't want to do that long term."

Employer in the education sector

EDUCATION

Teaching - STEM and Digital - High Priority
Teaching - Low

Supporting Teaching and Learning

PRIORITY FOR ACTION

High Priority - current provision demand is met, but severe labour shortages are impacting the sector.

High Priority - current provision demand is met, but severe labour shortages are impacting the sector.

Sector Priorities - Financial, Business & Professional Services

Future Developments in the sector in GM

1. In Greater Manchester, the FBPS sector is one of the largest employers and the largest in some local authorities. The sector continues to grow, and more talent will be needed to meet future expansion.
2. The set of business and mixed-use facilities around Greater Manchester would result in the expansion of businesses into these areas. More business in Greater Manchester would create an increased demand for professional services.
3. Stockport in 2022 approved plans for a low carbon eco business park in Cheadle Town, aimed at attracting a range of diverse businesses with a common, low-carbon theme.

"I think customer service is transferable to life. I think sales is transferable. Those two things would be really useful to see in apprenticeships. I know you can do an apprenticeship in customer service, but still, there's a lack of sales apprenticeships."

Interviewee from a telecoms business.

FBPS

PRIORITY FOR ACTION

Sales and Business Development

High Priority for Sales courses – widespread feedback from employers that these skills are in high demand.
Medium Priority for Business Development

Accountancy and Finance

Medium Priority

Law

Medium Priority though labour market conditions are impacting supply

Administration

Low Priority but demand is increasing beyond traditional office roles.

Sector Priorities - Health and Social Care

Future Developments in the sector in GM

1. There will be an increased demand for the services of the health and social care sector given the ageing population of Greater Manchester. There is a current and rising demand for occupations like adult care and support workers, nurses and specialist occupations like mental health professionals.

2. Health innovation has also become increasingly important in Greater Manchester, with multiple projects currently underway. For instance, Greater Manchester launched a health accelerator programme that invited companies to collaborate with the NHS and research organisations. The programme ran until June 2023, focusing on AI & digital technologies, medical devices, biosensors, genomics & precision medicine, diagnostics, biopharmaceuticals, and applications of advanced materials, aiming to support the introduction of new health and care innovations.

3. In Trafford, proposals for a care home offering specialist dementia care have been submitted, to be incorporated into their project, Trafford Waters, which is expected to create 5000 jobs, overall.

4. Bury has invested nearly £60 million recently in new Health Innovation and STEM facilities at Bury College. This expansion creates new opportunities across healthcare and digital technology.

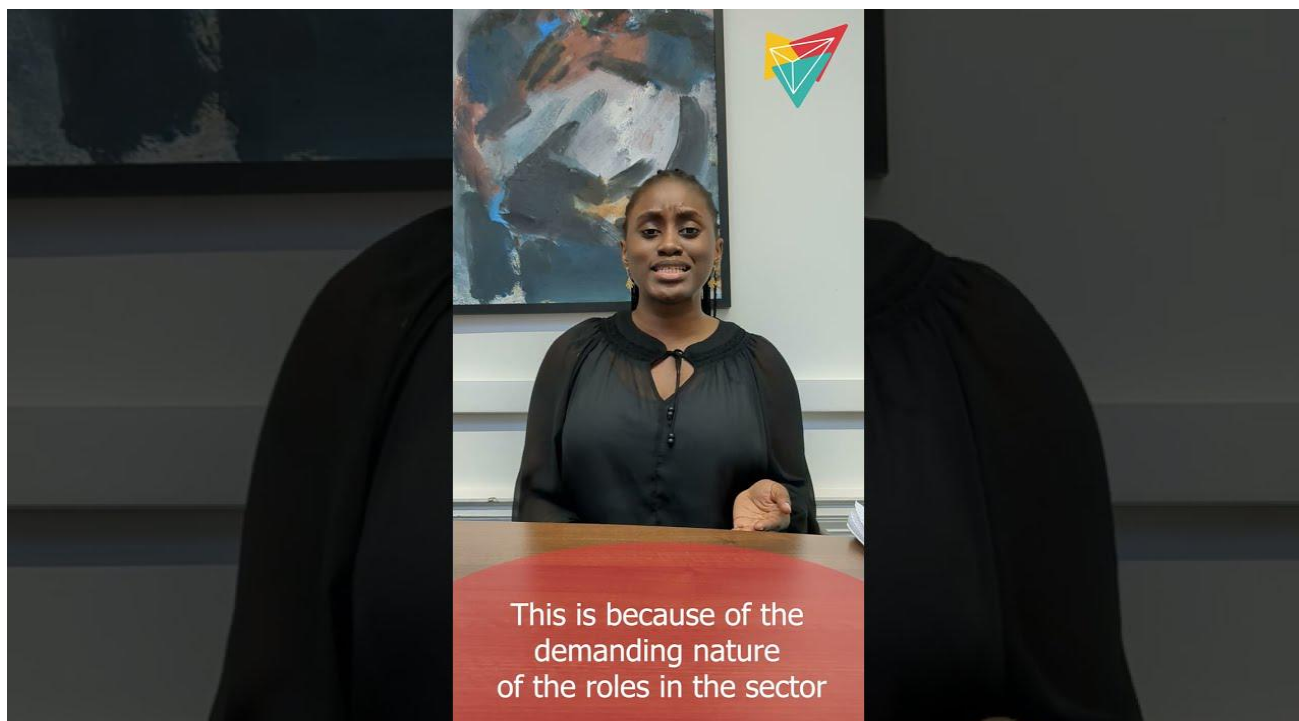
5. In Manchester, Foundation Trust and Bruntwood are planning to transform the Wythenshawe Hospital Campus, through major investment in the estate, its infrastructure and the local community. Development will include a range of new top-specification research facilities to support the Trust in delivering innovation in healthcare. There is also a continued investment in the Manchester Science Park such as the £60m investment in the highly specialised lab space by Bruntwood SciTech.

“There’s just not going to be enough people and we can’t just import the rest of the world’s carers to solve a problem. So that’s a real challenge for the future. And it’s a challenge for the social care sector and the NHS and for the whole country really, because there are going to be a massive amount of people who need care.”

Employer from the social care sector

Sector Priorities - Health and Social Care

Toluwanimi Ojutiku, one of the Chamber researchers working on the Local Skills Improvement Plan, talks about some of the findings from our survey work in relation to the health and social care sector.



HEALTH AND SOCIAL CARE

Nursing

PRIORITY FOR ACTION

Urgent priority for provision - the degree route for nursing is impacting greatly on recruitment numbers, plus there are specialist areas in critically high demand, such as mental health.

Social Care

High priority - chronic labour shortages are impacting more than skills provision. Employers reluctant to release staff for training in a sector with a severe labour shortage. It is also difficult to attract staff into this sector.

Sector Priorities - Logistics and Warehousing

LOGISTICS AND WAREHOUSING

Future skills in logistics

HGV and bus driving

Forklift operation

Warehousing

PRIORITY FOR ACTION

Urgent priority for operational skills around use of automated lines/drones, etc.
High priority for general software skills and coders for equipment/picking lines.

High priority – increasing demand coupled with labour shortages.

High priority – rapid increase in demand with new warehouses and failure for provision to keep track.

High priority – labour market shortages impacting recruitment . Little provision for upskilling in operational managerial skills.

Infrastructure and Future Developments in GM

1. Greater Manchester has predicted that there will need to be at least 3 million sqm. of warehousing floorspace by 2037.
2. In Bolton, the Bewshill Farm Development would be designated as industrial and warehousing floorspaces. This will complement the adjacent development of the Logistics North site and the logistics park in Wigan, all of which are linked to the Bolton-Wigan Growth Corridor.
3. The Western Gateway will improve connections with the Port of Liverpool through the development of a tri-modal freight hub at Port Salford. This ground-breaking development is to include an inland port, rail link, container terminal facility and 1.5m sq. ft of logistics floor space, with operations commencing in 2023.
4. The expansion of air freight activities undertaken by Manchester Airport would create more opportunities for the sector. Manchester's Airport City is forecasted to create 11,600 jobs, overall. This includes a dedicated industrial & logistics park, housing a fulfilment centre for Amazon and a facility for ALPHA Logistics, among others.

“The obvious skill shortage areas which are persistent are HGV driving, forklift truck operators, and any skills that require a licence to practise that are associated with those roles.”

Employer from the logistics sector.

Sector Priorities - Manufacturing and Engineering

Future Developments in the sector in GM

1. Greater Manchester aims to be a world-leading region for innovative firms to experiment with, develop and adopt advanced materials, make smarter technologies in manufacturing and facilitate the design of new products and processes through its Local Industrial Strategy.

2. The North East Growth Corridor focuses on developments in Bury, Oldham and Rochdale. The most important of which is Atom Valley, which will place a key focus on manufacturing innovation across advanced materials, advanced machinery and the circular economy.

3. In Tameside, the creation of a Mayoral Development Zone will build upon the existing strengths in advanced materials and manufacturing of coatings, plastics and textiles.

4. Advanced Machinery and Productivity Institute (AMPI), in Rochdale, is focused on machinery innovation including automated and autonomous robotic systems.

5. The University of Salford won grants to fund projects on advanced manufacturing and productivity. Companies can benefit from linkages with academic partners to test new technologies through initiatives such as the North of England Robotics Innovation Centre (NERIC), which will provide a hub for collaboration and innovation.

“Throughout the manufacturing process you need people with a scientific background, not necessarily a PhD, but somebody from a sciences education background, and those people are just in very, very short supply.”

Manufacturer from the medical technology industry.

Sector Priorities - Manufacturing and Engineering

MANUFACTURING AND ENGINEERING

Green Skills, Lean Manufacturing and Sustainability

Robotics and Automation Technologies

Electrical Trades, Electricians, Electronics Engineers and Technicians

Computer Aided Manufacturing and Digitalisation in Manufacturing

Traditional Manufacturing/Engineering Skills

PRIORITY FOR ACTION

Urgent priority especially around energy efficiency/waste management. These skills are transferable into other 'trade' sectors

High priority

High priority

Medium priority but demand will continue to increase and pace of technological change will also need to be managed.

Medium priority - Welders are in demand but currently there is adequate provision. This could change, however, with a small increase in demand.

Low priority for machine operators.
Medium priority for fitters but labour shortages are impacting on the supply of labour and attracting new entrants to the industry.



Sector Priorities - Retail and Hospitality

RETAIL AND HOSPITALITY

Chef and cooking skills

Customer-facing skills

PRIORITY FOR ACTION

Low priority but very big labour demand with increasing competition

Medium priority - staff with good skills are in high demand. There are also labour shortages due to recruitment issues for the sector. Some of these issues will be mitigated by part-time labour e.g. students, but issues remain around skill levels.

Future developments in the sector in GM

1. Investments are being made across GM to reshape city centres, while some Local Authorities, like Salford, have put forth proposals for the development of new city centres, increasing opportunities for retail, leisure and hospitality-based businesses.
2. Trafford City is also set to become home to the first surfing lagoon in the region. The £60million scheme would be the first inland surfing facility to open in the region by 2025 and create 100 jobs in the area.
3. Bolton has plans for the restoration of Hulton Park, and the provision of a Ryder Cup standard golf course and associated leisure and tourism facilities.
4. Stockport Exchange is a modern business district being developed in phases, with phase 4 currently underway. It is expected to house a town centre hotel, and leisure and retail facilities.
5. Manchester's Airport City is forecasted to create 11,600 jobs, overall. This includes shops, bars and restaurants.

"It's got significantly more challenging in the last two to three years... Five years ago, if you put an advert out for a chef, working in the day, you'd get 10 or 20 applications. Now, one, two or three maybe."

Interviewee from the hospitality sector speaking about the difficulty in obtaining chefs

Local Area Priorities

Using data from local authority growth plans, below we have identified the priority sectors for each area in Greater Manchester. This information also reflects the GM priorities and plans, highlighting where future focus for economic growth needs to be.

	<u>BOLTON</u>	<u>BURY</u>	<u>MANCHESTER</u>	<u>OLDHAM</u>	<u>ROCHDALE</u>
Construction	X	X	X	X	X
Logistics	X	X			
Health	X	X	X	X	X
Education	X	X	X	X	X
Health Innovation	X				
Green/Net zero	X	X	X	X	X
Manufacturing	X	X	X	X	X
Hospitality		X		X	
Professional Services		X	X	X	X
Digital, Creative and Media			X		

Local Area Priorities

	<u>SALFORD</u>	<u>STOCKPORT</u>	<u>TAMESIDE</u>	<u>TRAFFORD</u>	<u>WIGAN</u>
Construction	X	X	X	X	X
Logistics	X	X		X	X
Health	X	X	X		X
Education	X	X	X		X
Health Innovation					
Green/Net zero		X	X	X	X
Manufacturing	X	X	X	X	X
Hospitality			X		
Professional Services	X		X	X	X
Digital, Creative and Media	X		X		



Every area in GM has unique strengths and characteristics. As a result, the requirements for skills are not uniform across the city region. For the development of the LSIP, we took into account these local characteristics so that we could clearly determine employer requirements at a local level. By bringing together relevant findings from the various streams of research, we have obtained granular intelligence for every local authority area in Greater Manchester.

Subrah Krishnan Harihara - Deputy Director of Research at GMCC

Strategic Priorities

From the evidence gained through our survey work and employer interviews the following, broader issues came up time after time as recurring evidence around skills shortages or barriers to recruitment. It is important that they are recognised as strategic priorities and connected with the sector/occupation specific skills shortages in the previous section to give an overall approach for taking action. It should also be noted that these issues have been around for a number of years and will require a longer-term plan to resolve them.

Basic IT/Digital Skills



"One of the big things particularly is around digital skills, basic IT and computer literacy. I met with a chap the other day who couldn't access his e-learning. He just didn't know how to get onto Teams, didn't know how to log on to the computer, couldn't handle the fact he needed a password, it was just too much for him.....I think there'll be loads of skilled workers who don't get jobs because of a lack of computer literacy."

Interviewee from the construction sector

Leadership and Management



"People get promoted because of seniority and they don't get the commensurate managerial skills to go with the job. We would like to see more provisions around giving people those 'people' skills, so they can better motivate and manage the workforce. That would clearly have a beneficial impact upon the employer through productivity and staff retention and less strife in the workplace."

Interviewee from the logistics sector

Essential Literacy and Numeracy Skills

"We had a learner as an apprentice who was on for 18 months doing a great job, fantastic, offered a position at the end. They'd passed the housing element of the apprenticeship, but they just could not pass the maths. So they couldn't qualify...We can't take them on if they're not qualified. So particularly in construction without stereotyping and generalising, you do get a lot of younger apprentices who haven't passed Maths and English who are joining as plumbers, plasterers, electricians. They will be outstanding at the job, more than competent at the trade element, but they can't do that final assessment because of the Maths and English."

Interviewee from the construction sector



Strategic Priorities

Net Zero/Sustainability



"There's a lack of skill sets within the contractors who can implement net zero solutions.... having a skill set to retrofit buildings is another key gap. And that's not just in technology, but also in building fabric, the ways and means of insulating with minimal disruption and maximum efficiency."

Interviewee from the sustainability sector

Basic, soft skills specific to the workplace

"It's just finding the quality of staff. I think there's plenty of people out there that want to apply and think that the job would suit them. But then when you interview them, the skills are just not there. They haven't got the interpersonal skills for speaking to customers on the phone or by email. They just don't seem to have the general basics of being able to interact with customers."

Interviewee from the FPBS sector



Whilst these issues will not be immediately resolved solely by a new qualification or provision, and may, in reality, prove more difficult to address, the weight of evidence from employers show these to be of such a high level of concern that they cannot be ignored. However, addressing some of these issues requires significant structural change at all stages of the education journey that is outside the current scope and ability of the LSIP.

Because of their importance, long-term nature and far-reaching impact, these Strategic Priorities should form a framework around which sector-specific skills and training can be built.

Basic IT/Digital Skills

Essential Literacy and Numeracy Skills

Leadership and Management

Net Zero/Sustainability

Basic, Soft Skills

Changes Needed - Recommendations

Over the past few years, through GMCA-led work with a range of partners across GM, work has started to address some of the long-standing skills issues affecting the city region. The announcement of the Trailblazer Devolution Deal will address significant issues identified, with greater local control to respond quickly to emerging labour market challenges. Evidence shows that employers want a greater focus on technical and vocational education and enhanced provision for numeracy, literacy and digital skills to make them more suitable for the demands of a modern workplace. These must be positioned within a wider context rather than just allowing learners to make choices at a certain stage in the educational journey.

There are other actions needed to bring about the level and scale of change that is needed. Some of these listed here are strategic and high-level changes across the city region - others less so, but, as a set of changes, they are an effective and realistic response to the priorities identified and allow levels of local delivery where appropriate. It should also be stated that these will be worked on and implemented in partnership with employers, providers and the GMCA.

1. Build a Strategic Priority Framework that supports occupation/sector specific training

This will ensure that the long-standing and critical needs that employers have identified as critical skills gaps and shortages underpin all future technical/vocational training, ensuring that both immediate technical skills needs are met and steps are taken to resolve deep-rooted and long standing skills issues.



2. Greater focus on technical and vocational skills and training for young people

This will raise awareness of jobs and careers available. The announcement of the integrated technical city region, and increased focus on the technical/vocational pathway and the ongoing conversation around this, will establish a roadmap for how this will be delivered in GM taking advantage of the new Devolution Deal. It is important though that the other key issues that have been identified around broader but equally as important, non-technical skills shortages are not ignored. This also helps more young people from disadvantaged backgrounds to be included to help begin to break cycles of poverty.



Changes Needed - Recommendations

3. Workforce development and upskilling must be significantly improved/enhanced

This will help focus on making sure employers are encouraged to assess their current workforce skills levels and look ahead to future requirements in line with the findings from the LSIP. Employers have to significantly increase investment on training and development of their staff. This does not equate to a purely financial investment, but also recognition that this will involve allocating time for staff to attend courses, whether externally or internally. It is important that this message is promoted extensively to employers outlining the benefits of staff training. This will require a big cultural shift in many businesses to address a long-term decline that has been deeply damaging.



4. Develop and deliver more shorter courses to support in-work training and employee development

Evidence shows these to be effective and better suited to dealing with pressures of releasing staff for long periods from the workplace, which does have a significant impact on certain sectors, for example, Health & Social Care. The work done as part of the SDF bid looking at the development of HTQs in Construction provides great evidence of how, if done successfully, these types of courses can be successful and attractive to employers and staff. More of this method of course delivery will be needed to complement more established training provision.



6. Ensure that the local elements of the LSIP remain an integral part of the work

This will build on the work done in Stage 1 to build up from the ground level a clear and detailed picture of current demand and provision. Whilst the top level of activity will be at a GM level it is important that, operationally, the ability for local businesses and local providers to have a clear overview of what is happening in their local labour market is critical. This will help with the development of growth corridors and industrial zones, as even though they go across borders, these offer a great opportunity for a geographical 'base' for ongoing work gathering data and delivering provision.



5. Use economies of scale

Build on existing collaboration within the colleges and GMLPN to address GM wide issues, such as the need for a basic set of essential work skills, i.e. essential literacy, numeracy and digital/technology. This is not the sole responsibility of an individual college or provider but is a city region-wide issue that could be tackled better with a collaborative approach to bring resource efficiencies and a level of consistency that will help employers. This should be considered as a way to resolve issues identified under the 5 strategic priorities.

Changes Needed - Recommendations

7. Employers need to be more aware of existing provision and access points into it

This will be an ongoing element of Stage 2 work to fully maximise the range of opportunities on offer and guide employers to these, where applicable and suitable, as a first option. Current activity is inconsistent and can appear piecemeal often delivered on the back of a national campaign – better, more localised activity matched to need is required. There must be a concerted effort to link employers with providers to ensure that awareness of current provision is up to date taking in established options such as Apprenticeships and ‘newer’ options such as T-Levels and a range of shorter course options around HTQs.



8. Better tracking and forecasting mechanisms built on research and analysis

Building on the expertise already in the city region this will be needed to ensure that supply better meets demand across all sectors and areas, not just for priorities, but to identify and bring forward a pipeline to better anticipate and plan for pinchpoints in provision, or where there may be surges in particular sectors, e.g. major inward investment/construction projects. The ideal solution would be a real-time all the time approach to match market volatility.



9. Expand involvement and engagement between employers and education

Some of this is being delivered successfully but it needs to be done at a significantly greater scale and involve the ability of providers to utilise the knowledge and skills of employers and their workforces to ensure course content is up to date and relevant, and that curricula match immediate and future needs and changes in technology and methods.

The GM IoT offers a way for curriculum development that blends industry needs and priorities to provision. Greater use of on-site training should be considered to give ‘real world’ experience where possible. Whilst T Levels offer practical experience and work placements relevant to courses, there will be supplemental areas of training that this type of activity could address effectively.

Employers are already engaged in helping co-design skills bootcamps and some colleges are working with employers to adapt delivery models to support staff release. It is vital that where this is effective the activity continues and can be used to support other areas. The digital sector is a prime example where current working knowledge, methods and technology often significantly outstrip the content being taught by providers.

With better collaboration, and more ‘live’ engagement with front-line staff building on good practice in industry knowledge exchange, provision will begin to match demand and better reflect the real-world situation.



Changes Needed - Recommendations

10. Ensure there is sufficient funding to cover requirements for new training resources

This will help cover additional costs where different courses are identified to respond to new requirements, or where there needs to be an uplift in provision to meet new demand or ensure provision continues to meet demand. This should not necessarily be public sector funds and the role that employers could and should play in supporting new provision should not be ignored. However, this is not purely about financial contributions from business and there are a range of ways that employers can be more engaged within the development and deployment of provision that does use some of their resources, but could be based around knowledge exchange for example. In addition, many employers feel frustrated by the way that some potential sources of funding, such as the Apprenticeship Levy, do not seem to assist them and there could be some mileage in exploring alternative ways to finance courses. The LSIF will play a role in this, supported by the LSIP, but more may need to be done.



11. Improved definition and understanding of what the skills requirements are around retrofit and the expected growth in net zero

Construction needs around specific products e.g. heat pumps is established, but there is little by way of clarity around actual delivery or skills support to allow this to happen. There also needs to be a concerted effort to bring together a supporting framework for relevant qualifications, which is currently missing and which is something that many employers and providers are asking for.



12. Significant uplift in the way that careers advice and guidance is given

Through a greater use of employers and employees within education to help set out careers, opportunities and rewards to ensure that sectors facing difficulties in recruitment through labour shortages or 'image' start to tackle these issues for young people. It was unrealistic to expect the schools and colleges to provide this without the support of employers. It is also important that advice and guidance is available for existing employees to guide them through their career, looking at upskilling/reskilling opportunities. and for so-called 'sunset roles', action is taken to redeploy staff and their skill sets to new roles or within some form of training support capacity.

Delivering the LSIP priorities

The recommendations from the LSIP will play a pivotal role in the development of the new Integrated Technical Education City Region into and beyond Autumn 2023 and will help guide and ensure activity matches employers' needs.

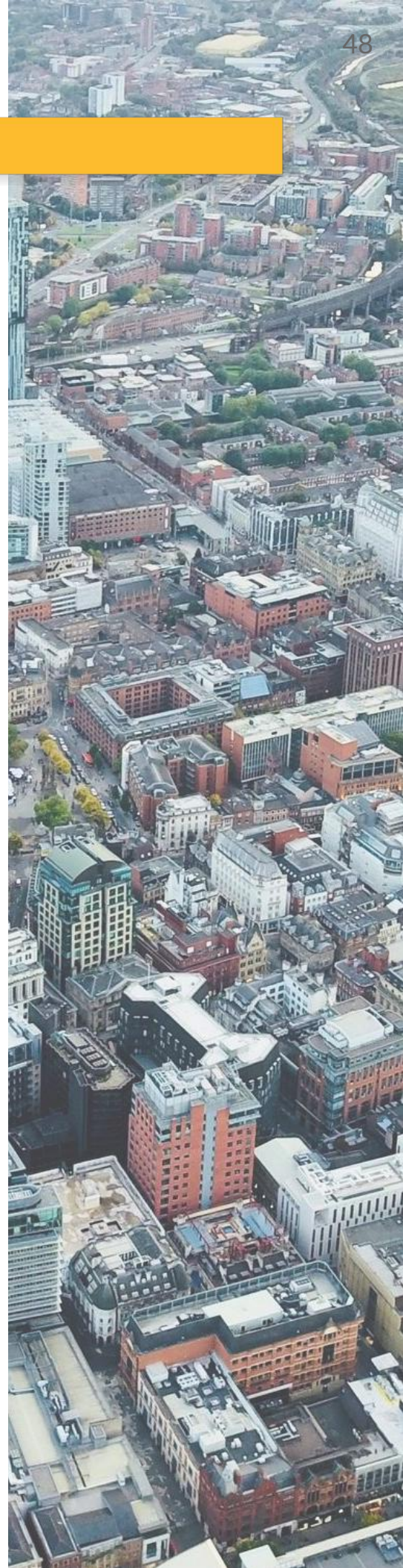
It is critical that the recommendations, changes and extensive data and analysis we have collected is maximised and fully utilised to support the development of the future structure and activity for technical and vocational skills in GM.

This activity will also reflect the outline guidance issued for Stage 2 of the LSIP and ensure that where delivery of priorities can be implemented now, then it is done, and where further work is required, recognising the scale and complexity of the GM economy, this is undertaken as soon as possible.

Underpinning this will be continuous monitoring and analysis of the local labour market to ensure that information is current and can be actioned as quickly as possible where issues arise. Part of this will be addressed under the new proposals being developed for the Integrated Skills System which build on the existing ESAP and other groups and will be guided by the new governance arrangements set out in the Devolution Deal.

Whilst these top-level governance arrangements are important, it is vital that there is continued engagement between providers and employers at a local level with other engagement including 'continuous' survey work. This will provide the data for the supporting system to act on. In addition to the changes being considered for the skills model in GM, there are other streams of work ongoing that will have an impact on skills and employment. The most notable of these involves potential new powers around the Growth and Investment Zones announced in the Spring Budget. This is a 'live' piece of work within the GMCA and it will be imperative that the LSIP feeds into and responds to the decisions taken around these.

The collaborative relationship GMCC has with the GMCA will ensure that both parties are kept fully informed and engaged with this so that any necessary changes can be quickly made to ensure that the LSIP remains central to these developments and employers, providers and other stakeholders can quickly respond to guide provision needs where necessary.



Actions

Away from the more strategic elements, there are a range of actions that can be continued or quickly implemented. In many cases these will run throughout Stage 2 and beyond.

ACTION: Deliver clear, structured activity for priority sector qualifications and curriculum planning that includes the five strategic priorities.

Drill down to confirm and identify provision, qualifications and other non-qualification based training such as bootcamps to establish where gaps exist and, more importantly, persist. Link with existing activity such as HTQs in Construction to make sure that this is part of the overall delivery activity in GM and matches employers' needs. Promote expansion if required. Ensure the five strategic priorities are included within this work to act as a wraparound series of activities to address long-standing, high demand, critical skill shortages.

WHO: GMCC, Providers, Employers, GMCA.

TIMESCALES: Ongoing - first overview to be delivered by the start of Autumn '23 to feed into subsequent delivery plans.

ACTION: Support and advise on the development of the Integrated Skills System.

Feed in employer needs and supporting data to maximise the opportunities from the new Devolution Deal and set up new ways of delivering technical skills training in GM. This needs to ensure that GMCC as the designated ERB - on behalf of GM businesses - plays an integral role within the structure and, where required, can effectively 'sign off' or support LSIF funded projects as per the Devolution Deal.

WHO: GMCC, GMCA, Providers, Employers

TIMESCALES: Work ongoing. Ongoing review and engagement.

ACTION: Plan and deliver skills activity to support development of GM growth and investment zones.

These zones have been identified and a good picture exists of current and planned provision, but it is vital that skills delivery and ongoing identification of demand is embedded in the new opportunities coming out of these areas that are vital for GM's future growth. Ensure that businesses within these zones are fully aware and engaged in activity.

WHO: GMCC, GMCA, Providers, Employers

TIMESCALES: Work ongoing. Ongoing review and engagement.

Actions

ACTION: Increase and improve employer engagement with providers

Build on existing, strong activity at a local level between providers and Employer Boards/Groups. Support development of groups identified, where needed, to assist with the GM Integrated Skills System and continued development of the overall GM LSIP to ensure ongoing demand and needs are met.

WHO: GMCC, Employers, Providers, GMCA.

TIMESCALES: Review activity by Autumn 2023 and identify gaps and where links could be strengthened, especially around priority sectors.

ACTION: Collect data and skills intelligence - survey, research and analysis real-time, all the time - that accurately presents demand and supply.

Ongoing 'continuous' collection of data and intelligence from employers and providers to help ensure that existing analysis is still correct and that the work can react to the volatility of the labour market. This can and should be linked with existing employer engagement through providers. This model worked effectively during Stage 1.

WHO: GMCC, Employers, Providers, GMCA.

TIMESCALES: Three surveys per year – Spring, Summer, Winter with capacity to focus on particular sectors/issues such as net-zero or digital where more in depth analysis may be required. Ongoing qualitative data through interviews and other face-to-face opportunities.

ACTION: Deliver an effective communications plan and reporting mechanism for skills activity feeding into and out from the LSIP.

Take forward and enhance the model used in Stage 1 around communications to ensure that LSIP results and activity are communicated effectively to a wide audience across GM. This will also integrate with regular review processes to ensure that the LSIP is on track and changes in emphasis/focus are taking effect. Success with this should encourage greater engagement going forward by employers and others who may not have been involved with Stage 1 work.

WHO: GMCC, Employers, Providers, GMCA.

TIMESCALES: Monthly activity plans to track comms and review activity, delivery and progress against any targets.

Other Issues

In addition to the actions, there are a number of issues that have been identified during the course of Stage 1 that bear consideration for further work as part of Stage 2 activity.

As regards the work involving more sector-based work, some feedback and evidence shows that the removal of certain qualification levels has created barriers for entry and increased the likelihood of students dropping out of apprenticeships, etc. This is an example of where the reason for a shortfall in provision is not immediately obvious and is more than a course just not being delivered. It is important we can pinpoint the real reasons around lack of take up for training.

There is also a significant issue around the supply of trained staff across education especially those with specific skill sets in STEM subjects and digital, for example. Whilst recruitment of more staff is urgently needed, this will take time to deliver. There is a willingness for providers and employers to work closer together and we must build on this. Employers must actively engage and participate in helping providers to improve the curriculum and deliver provision that is required by employers.

Through working with other stakeholders, ongoing activity has been identified that we will continue to develop in Stage 2 as we feel that this is beneficial in helping to address wider skills issues:

- We have started work with the EY Foundation on activity involving engaging young people, primarily from low-income backgrounds, with employers. The purpose of this is to help break down barriers to recruitment. This work is in its early stages and further activity will take place within Stage 2.
- We are also re-establishing links with Primary Engineer specifically around broader STEM engagement with primary schools. This is something we have worked on in the past but is an area that has generated interest from employers and has been a great way of widening the appeal and awareness of this sector, which is a vital part of Greater Manchester's future growth plans.

Summary



The Greater Manchester Local Skills Improvement Plan presents a detailed illustration of a variety of labour market issues that employers have highlighted, set against a city region with a fast moving and dynamic local economy whose performance has implications at a national level. It is also a city region with a range of new devolved powers and funding that has skills at its heart and in which the LSIP will have a pivotal role.

The plan identifies priorities and actions based on extensive engagement with employers and providers and also highlights a range of other issues that need addressing. For example, Brexit has introduced new challenges for the labour market especially in sectors like healthcare and hospitality, where reliance on EU workers is high. In a tight labour market, there is significant wage inflation but also wage inequality because pay for lower skilled workers has stagnated.

Addressing these challenges requires a multi-faceted approach and collaboration between GMCA, learning providers, employers and employer representative bodies to decide on impactful investment in skills development as well as working together in potentially new ways.

The GM LSIP has identified numerous actionable priorities to enable this to happen and, looking ahead, the spirit and willingness of employers, providers and other stakeholders to get involved to develop the plan will be needed in its delivery to ensure its success.

Next Steps

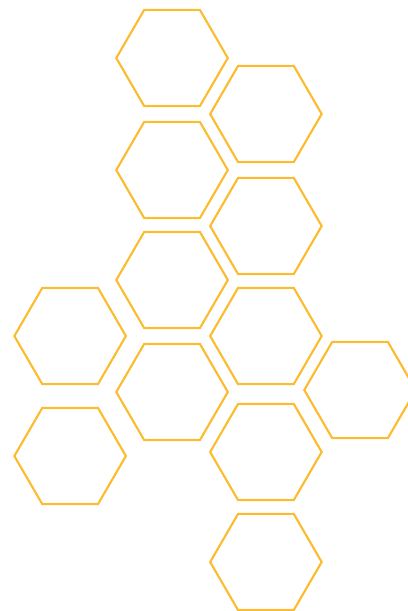
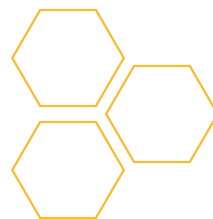
Stage 2 of the GM LSIP will run from August 2023 to March 2025.

The primary aim of Stage 2 will be to embed the LSIP in the Local Skills System. In GM there is work underway to maximise the opportunities from the Trailblazer Devolution Deal which will allow more local say and control of key post-16 skills delivery.

Our survey work will continue and the skills landscape looks set for significant changes in GM over the next few years with greater partnership and collaboration between employers and providers.

The continued, ongoing input from employers will be needed to monitor and assess changes identified in the LSIP and from elsewhere. This will ensure that future skills delivery continues to keep pace with and match what employers need.

To feedback, contribute to or comment on the GM LSIP, email the team via gmlsip@gmchamber.co.uk



The GM LSIP Team

To develop and deliver the Local Skills Improvement Plan for Greater Manchester, a team from the Chamber was assembled at the start of the project that was able to carry out research and analysis of skills needs and labour market issues at a granular level. Below is a list of the individuals behind the GM LSIP:



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