
**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 25 May 2016

Subject: Strategic update – The Manchester College

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(LTE Group)

Summary

This strategic update aims to help members to understand the college's recent and future journey in context – for both the city and the sector.

Very wide ranging and far reaching changes are now in progress across England in Post 16 Education and Skills.

This update is probably the most significant in recent memory and attempts to describe the greatest changes in the sector for 30 years. The long term strategic implications of these changes will likely shape the sector in a way that we have not seen since the Butler Act in the summer of 1944.

The report seeks to update and brief members on four key things:

- 1) A general overview of the challenges in the post 16 sector
- 2) An update on the already very significant changes to provision in Manchester since 2010/2011
- 3) An update and explanation of the draft recommendations from the Greater Manchester area review project.
- 4) An overview of the implications of Area Review for Manchester

1.0 A current overview of the sector

Currently the net liabilities of the post 16 skills and education sector are estimated to be circa £1.5bn. At the time of this update to members, around 80 colleges (40%) are in formal or informal discussions about mergers. In recent weeks' further announcements about more closures of UTC's, large losses in colleges and private training providers (some well in excess of £10m) paint a picture of a sector in significant transition. With significant risk to provision for learners, employers and communities in certain parts of the country. Over the last five years funding has fallen by more than 30% in key areas like Adult Education and as natural pressure on inflation based costs increases, it effectively means that colleges are needing to deliver efficiency improvements of between 40% and 50%.

At the same time the general trend on quality through OFSTED inspections is a worsening trend across the country.

In parallel the government is working on an insolvency process for colleges to pass into legislation this term and across England a review process rolling out in several phases until late 2017. To ensure that provision can be sustainable in the future, this essentially will mean many fewer colleges and private training providers.

2.0 The changing landscape in Manchester 2010–2015

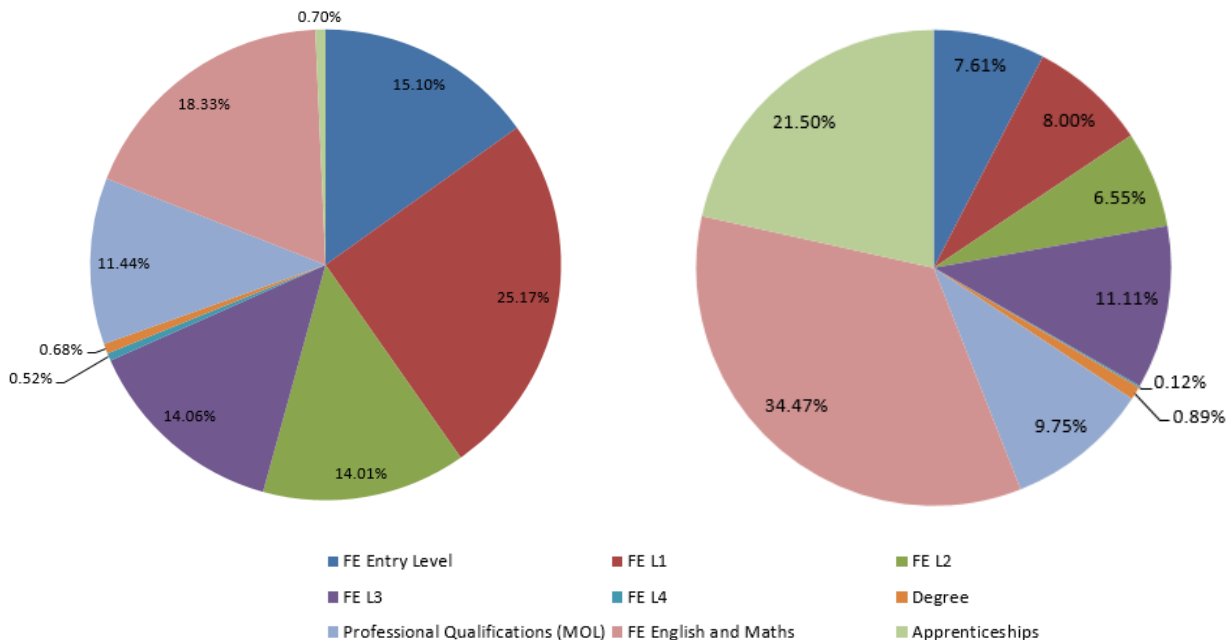
In Manchester we anticipated many of the changes in 2012/2013 and have had a plan to deal with them. By growing other income from commercial work we have been able to protect communities, learners and employers by subsidising things like ESOL or neighbourhood sites and delivery. Close working with the Manchester City Council has kept strong alignment between plans of other colleges, schools, private training providers and FE to avoid many of the problems seen elsewhere.

However, what is clear is that the nature of what learners, communities and employers want has changed significantly. The charts below show the change over time in what, and how, people are learning and studying over a five-year period.

Manchester FE & Skills Provision – Enrolment Change 2010/11 to 2015/2016

% Enrolments 2010/11

% Enrolments 2015/16



Members can note the very significant shift from traditional learning to work based learning, a doubling of demand for English and Maths and a gradual shift away from entry level, and Level 1 or Level 2 qualifications.

There are a number of things driving this:

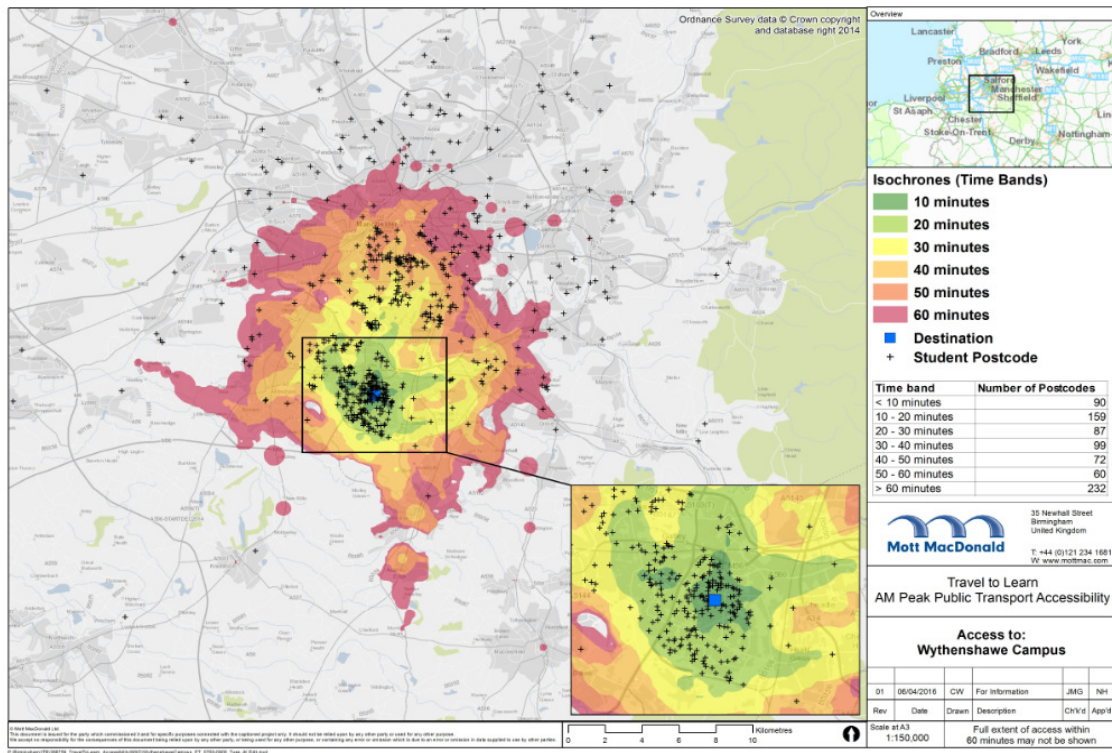
- 1) A steady five-year improvement in schools' attainment is driving more need at Level 3 and above, but in work based learning as well as academic.
- 2) Some gaps in the wider education system coupled with a shift in national policy, have increased demand for English and Maths, in many cases re-sits or top up qualifications. So much so, that Manchester College now has the equivalent of a large 1200 pupil high school studying for GCSE and more.
- 3) Government funding has partially shifted demand from adults into apprenticeships but so has demand from employers who want employees with more applied learning and skills
- 4) More requirement at Level 3/4/5 is increasingly being seen from employers who have well paid and unfilled vacancies at this level.

In essence, the college many of us knew from the late 1980's and early 1990's has changed forever, largely through responding to the needs of the City, but partly through national policy changes.

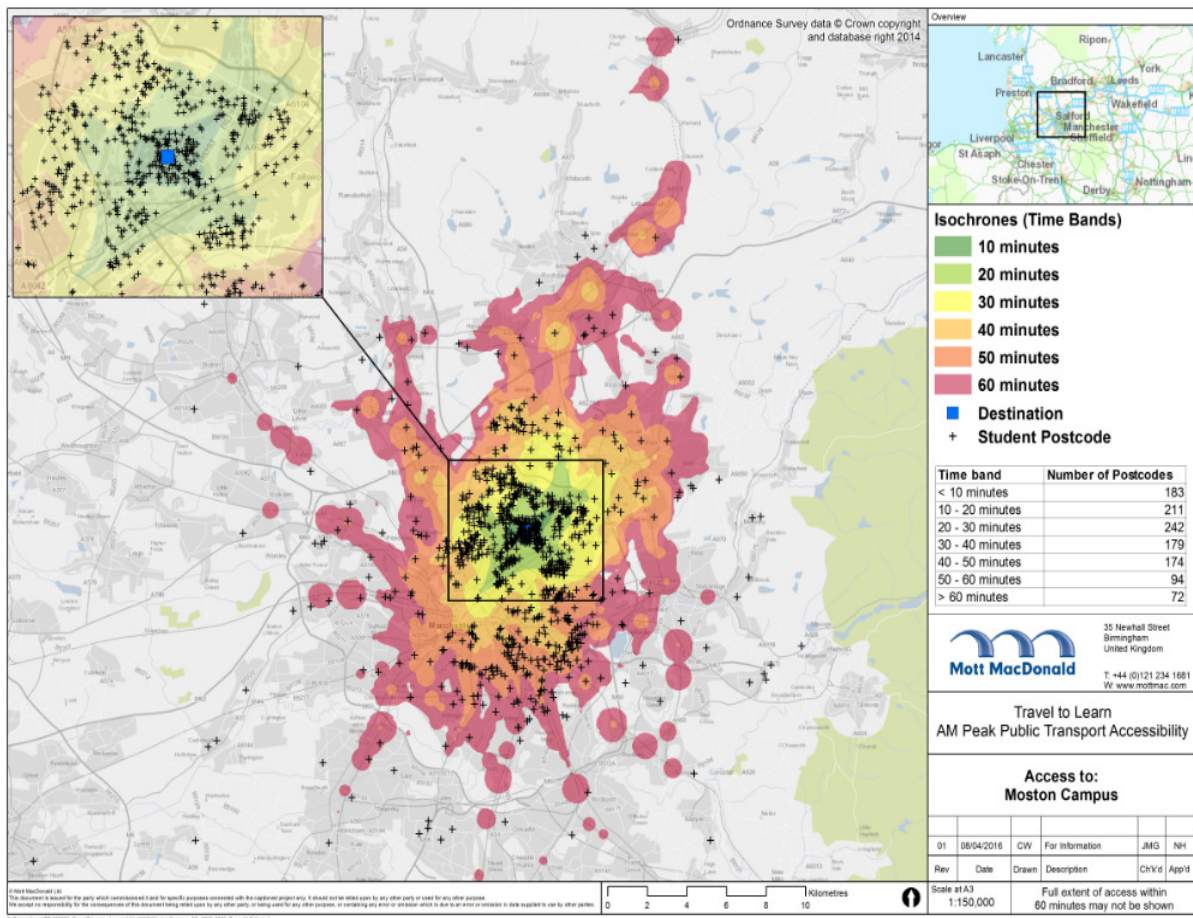
Other significant factors are at play, the nature of the infrastructure, trams, cross city bus, rail expansion plus more choice and options for young people and adults. These are all combining to change the way people behave and learn.

The charts below show the travel density maps of some of our college locations. Over time how people travel to learn has changed markedly. We now have over 9000 learners who don't learn at college sites at all but do so alongside their work. Interestingly what were traditionally our neighbourhood hubs are now visited from quite sizeable distances. What we are now seeing is that learners and employers are more aspirational and will travel a reasonable way to access the right offer and the right quality.

Travel to Learn Maps - Wythenshawe - Average adult learner travels 10.3 miles



Moston Campus – Average young person travels 4 miles. Average adult 4.6 miles



What does this mean?

It means that these trends are starting to accelerate rapidly. FE and skills provision is now being demanded in different ways and in different locations. It means that increasingly we need to invest in supporting very large numbers of learners who learn and work remotely from educational buildings. It means that we need to invest in more specialist facilities for people and employers wanting higher level skills.

From August 2016 government policy is now set, that most learners over the age of 19 who wish to study a Level 3 or above qualification will need to fund their learning with a student loan. Equally, employers going forward will need to contribute to the apprentice levy.

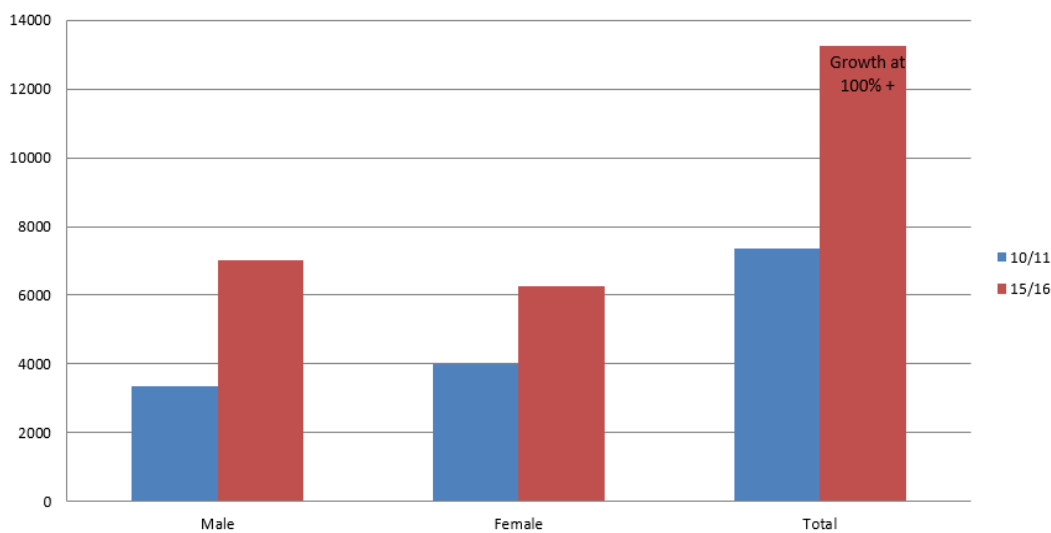
This in turn means the city needs to have the same aspiration level on estates, sites, facilities and technology for post 16 education and skills as we have historically had for the University Sector. Asking a young adult to take a loan to learn in an inappropriate learning environment or old out dated facilities is likely to be a barrier to development of our communities and economies.

So in many ways we have the opportunity of a generation, and the challenge of a lifetime at the same time. We have a city and an economy growing quickly, we have

an opportunity to create the environment for more residents in the City of Manchester to share in that success. We have to overcome a tight public purse, think and deliver for our city differently but we also now know that the status quo is not sustainable in many ways.

Some practical examples

ESOL – Despite more than 30% funding cuts the college has managed to grow the numbers of residents with access to ESOL, over 100% growth, but we heavily subsidise this from our commercial work, and are happy to do so. Yet despite this we still have over 2000 people on the waiting list. Budgets to 2020 appear to steadily reduce in this area.



* Data refers to enrolments, not unique learners

The Manchester College currently has 2,073 ESOL applicants on its waiting list, and at current resource levels can offer places to a maximum of 300 new starts

Learner support – The college funds and supports over 2100 tram and bus passes for students this is subsidised not funded by government. Students are demanding more of this and less neighbourhood local delivery. In most cases we now have more learners from wards where we have a neighbourhood site who study in the City Centre or specialist site than we do who study at the site down the road.

So essentially if we are to support the City and Greater Manchester ambition to 2025 we need to re think how we deliver. In changing the way we deliver to use innovation, efficiency and locations to create headroom for us to invest in more relevant locations, better quality for learners and better facilities linked to jobs and work in the right sectors.

We propose to start to consult wider with communities, employers, elected members and stakeholders from June 2016 on a post 16 education and skills model for

Manchester that will meet the needs of current and future generations and ask for the support of the scrutiny committee to do so.

3.0 The Greater Manchester Area Review

As part of the government drive to improve the sustainability of the skills sector a series of reviews were started in Summer 2015. Greater Manchester was in wave two and so far is the largest and most complex. The review was initially planned to complete in December 2015 but will make its draft recommendations on 25th May, the same day as this Scrutiny Committee.

The draft proposals essentially are to a number of new groupings in the FE sector:

- a. A group in the North to comprise Bolton College, Bolton University and Bury College.
- b. A group in the East of Stockport, Oldham and Tameside colleges.
- c. A group in the Centre, West and South, which will be a broader group of organisations comprising of Trafford College, Novus (a charity helping hard to reach groups and supporting offenders), Total People (an award winning apprentice and training provider), MOL a leading provider of professional qualifications, and The Manchester College. It is important to note that it is **not** proposing a merger of Trafford and Manchester colleges. Rather a group of organisations with their own funding streams and income, operating together, with their own local accountability and boards. Supported through common group and shared services. Thus allowing all to be more efficient and sustainable, to remain locally accountable and to lead in improving quality whilst re investing in better services and facilities.
- d. There are some FE colleges yet to declare.

What does this mean?

The group will have the following features:

1. It will support Manchester and Trafford across at least six of the nine GM skills priority areas.
2. It will have two good performing Grade 2 colleges and very capable commercial provision for employers.
3. It will offer more choice and better specialist provision to learners and employers.
4. On day one, it will be the largest and most comprehensive provider of apprenticeships in Greater Manchester. This is key as 40% of all new jobs created in GM to 2025 will be in Trafford and Manchester.
5. On day one it will also be the largest and most comprehensive provider of Higher level qualifications and degrees in the GM FE sector. Filling a need to

bridge the gap between FE and full university that has emerged in recent years.

6. The group will employ around 5000 staff, have assets circa £150m, and turnover circa £220m.

All of these capabilities will be combined to provide sustainability, future proofing, and much better capability for the people of Manchester and Trafford.

4.0 What are the implications in Manchester?

Firstly, the committee should be reassured that in terms of the idea of a group of organisations working separately but as part of a whole to support the City. We have been working in Manchester College like this for two years now. So the addition of other organisations is an evolution not a radical change. However it does mean new and different things.

It will mean new and different legal and governance structures. We have been working with BIS for two years on this. The new entity will be called the LTE group (Learning, Training and Employment). It will be a social enterprise with charitable status and the Manchester College and Trafford College will continue to operate within that. It will be the first of its kind in the social enterprise and the charitable sector.

Secondly, it will mean looking at where and how we locate services and provision much more intelligently and in a much more aligned way to transport infrastructure and how people have already started to learn. This is likely to mean we will reconfigure our locations to offer differently in neighbourhoods, have some specialist locations, and we will have a need for a much broader offer in the City centre.

Finally, it will mean re configuring our shared services like IT, HR, Marketing and more to be as efficient as the best in industry. We have already started this journey a year ago. Naturally a key part of the ethos of the new group will be to share the learning and best practice of all organisations to bring maximum benefit to the people of Manchester and Trafford as well as to support the GM skills priorities to 2025 in a sustainable way.

We plan to develop a broad consultation plan for the future as soon as the Area Review recommendations have been agreed. We anticipate being able to publish a timeline for consultation within three weeks of today.