

Manchester City Council Report for Information

Report to: Economy Scrutiny Committee – 7 September 2016

Subject: Implementation of the Greater Manchester Area Review and Devolution of Skills

Report of: Director of Education and Skills and the Head of Work and Skills

Summary

The purpose of this report is to provide an update on the Greater Manchester Area Based Review which concluded in June 2016, although the final recommendations are still to be signed off by the Secretary of State. The Area Based Review was a BIS led process with the involvement of the Combined Authority through the Steering Group process and in contributing to the evaluation of options. GM FE and 6th Form colleges were asked to put forward options that met the criteria and which ultimately will need to be signed off by individual governing bodies and the Secretary of State, now DfE.

This report considers the implications of the Area Based Review for post-16 education and training in Manchester and within the wider GM skills devolution. It also provides an update on progress with the key devolved skills programmes; the Adult Education Budget and the Apprenticeship Age Grant and other GM skills initiatives.

Recommendations

Members are requested to note and comment on progress to date.

Wards Affected: All

Contact Officers:

Name: John Edwards
Position: Director of Education and Skills
Telephone: 0161 234 4314
E-mail: j.edwards@manchester.gov.uk

Name: Angela Harrington
Position: Head of Work & Skills
Telephone: 0161 234 1501
E-mail: a.harrington@manchester.gov.uk

Introduction

The first Greater Manchester Devolution Agreement signed in November 2014 granted powers to the Greater Manchester Combined Authority across a number of key areas, critical to delivering the ambitions in the Greater Manchester Growth and Reform plan, including employment and skills. The GMCA's vision is to "create an integrated employment and skills system, which has the individual and employer at its heart, and that better meets the needs of residents, business and contributes to the growth and productivity of the GM economy."

The Devolution Agreement in 2014 gave the following powers to the GMCA: commissioning the Adult Education Budget (post-19) from 2018; Greater Manchester's share of the AGE (Apprenticeship Grant for Employers); piloting and expanding the Working Well programme and co-commissioning the Work and Health programme (successor to the Work Programme) with DWP. A subsequent deal agreed in November 2015 granted the CA Intermediate Body Status in relation to EU funding.

Devolution gives the Combined Authority some but not all of the tools to deliver its work and skills priorities. However, the LEP has decision making authority on Skills Capital Funding and there is Local Growth Fund and ESF funding to support the above priorities. By integrating these at GM level and working with national initiatives e.g. the apprenticeship levy to ensure that they are connected locally, there is the opportunity to make a positive impact on the above priorities.

This report will focus on the skills elements of the Devolution Deal, as the employment initiatives are being covered in a separate report although both are clearly connected. The first part of the report focuses specifically on the GM Area Based Review, with the latter part providing a summary of some of the other GM initiatives.

Background to Area Based Reviews

Area Based Reviews form part of the national reforms to the post-16 education sector, with the stated aim of raising productivity and economic growth. The reviews are intended to provide an opportunity for institutions, localities and BIS to come up with a plan about how to restructure provision in their area to ensure it is tailored to the changing economic and fiscal context, sustainable and designed to achieve maximum impact.

BIS guidance on Area Reviews provided in September 2015 set out the context, purpose, governance and process of area reviews and stated that they were to deliver:

- Institutions which are financially viable, sustainable, resilient and efficient and deliver maximum value for public investment;
- An offer that meets each area's educational and economic needs;
- Providers with strong reputations and greater specialisation, with reviews to consider the scope for establishing a new Institute of Technology (IOT);

- Sufficient access to high quality and relevant education and training for all, including 16-19 year olds, adults and learners with Special Education Needs and Disabilities;
- Provision which reflects changes in Government funding priorities and future demand, including having enough capacity to support the delivery of 3 million apprenticeships over 5 years.

Greater Manchester Area Review

Scope and Steering Group

Greater Manchester was in the first phase of Area Based Reviews and because of the Devolution of skills budgets, the Combined Authority was given a formal role in the process. The Area Review covered 21 FE and 6th form colleges but did not include adult education or private training providers. The Steering Group, was chaired by Theresa Grant, Chief Executive of Trafford, and included: the Chairs and Principals for all colleges; the FE Commissioner; Sixth Form College Commissioner; the Regional Schools Commissioner; an SFA representative; an EFA representative; a BIS representative and CA and LEP representation.

Process

The Area Based Review in GM ran from September 2015 to June 2016, longer than originally intended because of the complexity of the post-16 landscape. Greater Manchester CA agreed a set of criteria based on the needs of residents, businesses and the economy; taking into account post-16 travel to learn patterns in GM; the need to be able to offer qualifications at level 3 and below in each local authority area and the need for centres of excellence for higher level and technical skills linked to the needs of growth sectors. Detailed LMI and evidence base from the deep dive work undertaken by the New Economy was provided in early stages of the review process.

The BIS team visited each college in scope and gathered a significant amount of information on the curriculum offer, financial position, leadership, capital infrastructure and strategic plans of each college. There were additional workshops with the 6th form colleges and FE colleges separately and KPMG was also involved in the financial assessment to provide additional capacity and an independent view.

Ultimately, the colleges in scope were invited to put forward options that met the criteria and that they could put to their respective boards for approval and deliver. The GM criteria were used as a filter, a member of New Economy staff was involved and the BIS team was responsible for evaluating the options and putting the final recommendations to the Steering Group. Although the Combined Authority has considered Area Review at various stages in its development, the final options chosen are not the decision of the GMCA, but of the FE Commissioner, Secretary of State and College Boards.

GM Area Based Review Recommendations

The final recommendations were presented to the Area Review Steering Group on 24 May. College governing bodies were asked to make an 'in principle' commitment to deliver the recommendations, subject to due diligence, statutory consultation, and the agreement of creditors where required. The final steering group met on 20th June and agreed the recommendations. However, given government changes over the summer the final recommendations have not yet been signed off by the Secretary of State so are not in the public domain. Ultimately, the business case and plan for implementation will need to be approved by the college boards prior to any changes actually taking place.

The CA considered the Area Review at its meeting on 27 May and remained to be convinced that the proposed outcomes would deliver the integrated learning infrastructure that is needed, taking GM as a whole, rather than focusing on individual institutions. The CA welcomed the aspiration in some of the proposals but felt that others did not go far enough and had concerns that some would deliver short term solutions that may not be viable in the future to address the needs of individuals and the economy. They also had questions about how the curriculum offer would deliver the proposed outcomes. They requested that the Secretary of State give GMCA, working with Government, the power to make further changes to the ABR proposals should it become clear in the implementation phase that the proposed options could not deliver a GM wide learning infrastructure that met its needs, deliver high performance and in financially viable institutions. The part A report that went to the Combined Authority is attached to this report and it sets out the implementation next steps. Timescales have been elongated because of changes to national Government.

Implications for Manchester within the GM and National Context

The proposed Area Review recommendations won't significantly alter the post-16 landscape in the City. As we understand it, Loreto and Xaverian 6th Form Colleges, remain as stand alone institutions which are financially robust and provide a high quality education choice for young people and their parents. The Manchester College has already moved to its LTE structure, which was outlined in a presentation to Economy Scrutiny earlier this year. The College is in discussion with the City regarding its estates strategy. The GM Area Review recommendations provide a route for the DfE to approve the new LTE structure and the potential to add Trafford FE college as a strong institution in its own right can strengthen it further. It would allow for specialisation across both colleges and the development of centres of excellence in the conurbation core, while maintaining each with its own identity and delivery under the LTE umbrella.

The risk to the City is that some of the other proposals could require significant financial support and capital investment with implications for how GM resources are spent. Once the Adult Education Budget has been devolved to GM, where an institution becomes financially unviable it will become a shared problem /risk for the CA. Devolution of the Adult Education Budget is predicated on the recommendations of the Area Review being agreed. During a period of transition it will be important to maintain a quality post-16 offer for GM residents throughout the process.

The approach to the Area Review in Greater Manchester mirrored what is happening elsewhere in the country and is set within the context of there being an estimated net liability of circa £1.5bn in the post 16, education and skills system nationally. Furthermore SFA funding for adults has fallen by 30% and recent OFSTED inspections of post-16 institutions show a declining trend in quality. The Government is currently working on an insolvency process for colleges to pass into legislation in this term of government, which will allow colleges to become insolvent for the first time.

Therefore, it is most helpful to see the Area Based Review as making a contribution to putting in place some of the infrastructure that is needed to deliver the skills system in Greater Manchester. Work remains to be done on removing duplication and improving the quality of the offer and financial viability of institutions, where they are weak. The process of reviewing the curriculum offer has begun with the sector deep dives currently been undertaken by the New Economy. They will provide the basis for reviewing the curriculum offer across the totality of the post-16 education and training provision in GM with the core and growth sectors of the economy. There will be a need to look at providing positive progression pathways for GM young people and adults whatever their starting point. Quality of provision, travel to learn patterns and the opportunity to develop centres of excellence for higher level and technical skills and the potential for an Institute of Technology are important considerations.

GM Skills Devolution

Adult Education Budget

The Adult Education Budget will be devolved to the Greater Manchester Combined Authority and from 2018, the CA will take the decisions and manage the AEB budget. There are a number of pre-conditions that will need to be met before the AEB budget is devolved and the New Economy on behalf of the Combined Authority has been working closely with BIS and more recently with DfE, as responsibility for skills has transferred in recent Government departmental changes. In advance of the AEB budget being devolved to local areas, the SFA is going to move towards an area allocation, as opposed to lagged funding directly to institutions based on their performance the previous year. The allocations to areas will be weighted and factors such as the number of adults requiring basic entitlement (English & Maths at level 2) and levels of deprivation will be taken into account.

To inform the commissioning of AEB and other GM skills initiatives, the process of developing a draft outcomes framework with input from key stakeholders including providers and employers has begun. The starting point for the outcomes framework is the scale of the work and skills challenges in Greater Manchester and determining the outcomes we require. These challenges are articulated in the GM Work and Skills Strategy which highlights the need

- To plan for population growth of 300,000 over the next twenty years, to create 220,000 new jobs and replace 170,000 who retire or leave the labour market.
- To meet the increasing demand for higher level skills where half of all new jobs are likely to be at Level 3 and above

- To raise skill levels and thereby the GM employment rate from 69.5% to the national average of 73.2%
- To reduce the number of GM residents holding no qualifications (11%) compared to 9% nationally
- To upskill the 352,000 19+ adults who do not have functional English and maths
- To reduce the unemployment rate from 7.2% to the national average of 5.6% (Sept 2015)
- To ensure that key high employment sectors in GM continue to up skill their workforce and encourage progression facilitating movement up skill levels and not 'trapping' citizens in low income employment reliant on in work benefits.

Through the processes of devolution and Area Based Review, the ambition in GM is to develop an Outcomes Framework which not only addresses the challenges above but also ensures we meet the following overarching objectives:

1. **Employers** will be at the heart of our skills and work system and be incentivised to invest in, and utilise, the skills of their workforce
2. **Residents** will be given support, whenever they need it, to make informed choices about their employment and career progression options
3. **Young people** will leave compulsory education well prepared for the world of work and further study
4. **Further education and training providers** will progress more people in to intermediate and advanced level skills in areas linked to Greater Manchester's growth sectors
5. **Locally commissioned work and skills initiatives** will provide integrated support targeted at the unemployed and those furthest from the labour market
6. **Health commissioning** will be integrated with skills and work support to capitalise on the fact that 'good work is good for your health'

The initial focus in the outcomes framework will be where the majority of 'AEB other' (non-apprenticeship) is currently delivered:

- Young adults aged 18/19 Late learners/'accidental adults who didn't get Level 3
- Young adults aged 19-24 who are not employed or 'unemployable'

- Long term economically inactive, likely to be in receipt of inactive benefits and with limited employment history
- Unemployed adults in receipt of JSA and other active benefits
- Adults recently unemployed and close to the labour market requiring relatively little intervention
- Those in employment needing to upskill, particularly those in receipt of in-work benefits

However, the outcomes framework will go beyond what AEB can realistically fund (level 2 and below) to consider the outcomes needed to deliver higher level and technical skills, which will be funded through a variety of routes including apprenticeships, FE loans and employer investment. As the devolved AEB budget covers only post-19 skill, there is an agreement to work with the DfE on pre-19 skills funding through the development of an MOU.

Apprenticeships and the AGE Grant

City Deal funding supported the development of an apprenticeship hub in Greater Manchester. The Hub's role is to increase the number of apprenticeship opportunities and the number of GM residents accessing them. The Hub has worked with employers, local authorities and training providers and has commissioned CEIAG activity with schools; large scale marketing campaigns to raise awareness of apprenticeships such as #seedifferent and practical on the ground initiatives such as the apprenticeship ambassadors.

Although the responsibility for the funding or delivery of apprenticeships has not been devolved, Central Government devolved AGE (Apprenticeship Grants for Employers) as part of skills devolution. The grant was based on GM's share of the national grant and initially worth £5m with a further £5.1m allocated in 2016, as the scheme was extended.

While the core elements of the funding remain the same to provide a grant of £1500 to SMEs that haven't employed an apprentice in the previous 12 months, GMCA flexed the AGE grant to focus on GM Work and Skills priorities. Nationally the grant is available only to companies with a workforce of fewer than 50 staff whereas in GM it is open to all SMEs with up to 250 staff. Nationally an employer can claim up to 5 grants, while in GM it is 3. However, in GM, employers can apply for additional grants each worth £1,000 if within 4 weeks of a young person completing a traineeship, they offer them an apprenticeship; or for an advanced or higher level apprenticeship.

By the end of May 2016, in GM a total of 3,269 grants were approved, 500 of which were in Manchester. The AGE grant has been successful in targeting small and medium companies that have either not previously recruited an apprentice or haven't for a long time. An independent evaluation will be carried out on the overall effectiveness of the scheme and how it has delivered to the GM priorities.

The national context for apprenticeships is changing with the introduction of the apprenticeship levy and digital apprenticeship service for employers with a pay roll that exceeds £3m. The levy will be 0.3% of payroll. There has been a consultation on the introduction of an apprenticeship target for public sector bodies of 2.3% of the workforce. As large scale employers and the public sector scales up apprenticeships, it will be important in GM to continue to promote and support SMEs to employ apprenticeships as part of their workforce development strategies. The focus on SMEs will be the specific focus of an employer engagement contract, which the apprenticeship hub is commissioning.

GM initiatives beyond Devolution

As well as what has been formally agreed with Government as part of devolution deals, there are a number of other skills and careers initiatives that work at Greater Manchester level. Implementation of the Raising the Participation Age (RPA), includes engagement with schools, CEIAG (Careers, Education Information, Advice & Guidance) and work with the Careers and Enterprise Company. The improved labour market information and deep dives being produced by the New Economy help inform that work at GM and local authority level. There are links between this work and the work of the GM Employability and Education group, which the Director of Education and Skills is a member of.

The LEP has decision making powers and is accountable for £25m of skills capital funding, which can be used to contribute to the learning and skills infrastructure required in GM and the Combined Authority is commissioning ESF employment and skills programmes aligned with GM priorities. Employer engagement is critical if employers are to be at the heart of the GM skills system and the Chair of the LEP has recently agreed to champion a new approach with employers.

Conclusion

Greater Manchester works well as a functioning economic area and the GM Work and Skills Strategy sets out the priorities needed to address skills gaps for GM residents and employers. The importance of skills and employment was recognised in the first GM Devolution Agreement in November 2014, which gave the Combined Authority some devolved powers in both areas. Integrating employment support and skills and with the wider public service offer, is critical particularly for those furthest from the labour market and the report on Working Well sets out that approach in more detail.

The devolved skills budgets and powers on their own can only deliver some of the GM Work & Skills priorities. It therefore important to co-ordinate them with other GM programmes and initiatives and engage with relevant stakeholders; employers, education & training providers, DWP and welfare to work providers to maximise their impact. GM will continue to press for further devolved powers in this area.

The Area Based Review was a separately initiated BIS process but adoption of its recommendations is a pre-condition of the Adult Education Budget being devolved. The final recommendations are not yet in the public domain but as indicated above within the overall skills context, the Area Based Review can make a contribution to

putting in place some of the infrastructure that is needed to deliver the skills system in Greater Manchester but on its own will not be transformational.



Date: 27th May 2016

Subject: Greater Manchester Area Based Review: Option Recommendation: Part A

Report of: Councillor Sean Anstee, Portfolio Lead for Skills, Employment & Worklessness and Theresa Grant, Portfolio Lead Chief Executive for Skills, Employment & Worklessness

PURPOSE OF REPORT

The paper provides an update to Leaders on the likely final stages of the Area Based Review (ABR).

The information contained within this report is subject to change following final appraisals and recommendations as part of the ABR process.

The Part B report will outline the options but due to the confidential nature of the information it is not for public circulation until after the final Steering Group in June.

BACKGROUND

Leaders will recall the outline GM criteria covered the following statements:

- an offer that meets each area's educational and economic needs;
- sufficient access to high quality and relevant education and training for all;
- providers with strong reputations and greater specialisation
- provision which reflects changes in government funding priorities and future demand.
- institutions which are financially viable, sustainable, resilient and efficient, and deliver maximum value for public investment

The Area Based Review process includes the 10 General Further Education Colleges (GFE) and the 11 Sixth Form Colleges (SFC) across GM.

RECOMMENDATIONS

1. To review and comment on the paper.
2. To agree GM involvement in implementation stage.

CONTACT OFFICERS:

Gemma Marsh, New Economy
(gemma.marsh@neweconomymanchester.com)

Risk Management – GMCA will want to ensure that following the Area based Review process GM has a high quality, financial sustainable FE Sector to respond to current and future skills needs across GM and local communities.

Legal Considerations – None identified

Financial Consequences – Revenue – None identified

Financial Consequences – Capital – The use of future Skills Capital is referenced in Para 3.16.

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution (paragraph 14.2) or in the process (paragraph 13.1 AGMA Constitution) agreed by the AGMA Executive Board:	No
EXEMPTION FROM CALL IN	
Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?	No
AGMA Commission	TfGMC
	Scrutiny Pool

1. INTRODUCTION

1.1 Leaders will recall Government has set out objectives for post-16 education reforms, these are:

- Providing clear, high quality professional and technical routes to employment, alongside robust academic routes, which allow individuals to progress to high level skills valued by employers;
- Better responsiveness to local employer needs and economic priorities, for instance through local commissioning of adult provision, which will help give the sector the agility to meet changing skills requirements in the years ahead.

1.2 It is felt that the objectives set out above for the Area Based Review can only be delivered by strong institutions, which have the high status and specialism required to deliver credible routes to employment, either directly or via further study. This policy context led BIS to the decision of carrying out a review of post-16 education across the country. The reviews provide an opportunity for institutions and localities to restructure their provision to ensure it is tailored to the changing context and designed to achieve maximum impact.

1.3 For GM, the reviews will play a key role in further developing, and ultimately implementing, the skills flexibilities agreed through the devolution deal. In particular, the process will provide an opportunity for us to take a more detailed look at the capacity and financial stability of the institutions to inform our decisions around redesigning the FE system, ensuring that future provision is responsive to both the labour market and our local funding mechanisms. The process will contribute to GM's ability to implement the current devolution deal in a way that proactively moves us towards our long term vision not only in terms of skills but the wider devolution deals around transport and Health & Social Care which skills support.

1.4 Each option will need to show how it will support GM's ambition for Growth & Reform as well as financial sustainability, curriculum that meet the needs of lower level skills in each area as well as specialisms to support GM Growth at higher levels.

1.5 Where curriculum rationalisation is required in a place between the GFE & SFC, we should also recognise the opportunity for a blended academic/vocational offer to those who need it and where this can be shown to be necessary and sustainable.

2. AREA BASED REVIEW (ABR) PROGRESS

2.1 The penultimate meeting of the ABR Steering Group is set to take place on the 25th May 2016 which will set out the recommendations that will be submitted to the Secretary of State.

2.2 The GM team has worked over the past few weeks with many colleges to strengthen their submissions in terms of GM. The GM appraisal only forms part of the process and it should also be worth noting it is a subjective view of what is written, GM will need to ensure what is described in the text is embedded in the implementation stage outlined in Section 3.

2.3 Although the submissions have developed significantly since the last Steering Group there is still a substantial amount of work to do to ensure the effective implementation of options that will support GM's growth & reform agenda.

2.4 The Implementation section below sets out some areas that will require GM involvement to ensure a comprehensive post 16 offer across all areas. Curriculum and transport are two areas that GM will look to lead following the competition of the ABR. This will ensure high quality provision at all levels in an area or where there is specialisation adequate transport links for residents.

As Leaders will recall, the options chosen are not the decision of the GMCA, they are up to FE Commissioner, Secretary of State and College Boards (which are still incorporated bodies which no one has the right to close at present. This is changing in the future with BIS making the legal move towards a College being able to go into insolvency and not be rescued by public funding. However through the extended conditions set out in the recent Devolution Agreement the GMCA will have a stronger role in the final decision making so this will ensure that all aspects of the GM ambition are considered and it does not just become about financial sustainability. This includes the full devolution of the Adult Education Budget from 2017/18 whereby GM will set out an Outcome Framework to which all providers will need to show how provision will support GM including localities, learners and employers.

3. IMPLEMENTATION

3.1 At the penultimate stage of the area review college governing bodies will be asked to respond to review recommendations. This is an 'in principle' commitment to deliver the recommendation, subject to due diligence, statutory consultation, and the agreement of creditors where required, and the business case and plan for the structural change being approved by the college's board prior to the change.

3.2 At this stage, it is important to be clear about the terms of a change. In some cases the merger may represent a coming together of colleges in a similar position, to create what would be a newly established college. In other cases there are new models of working together that will need exploring. The important outcome is for good quality relevant provision in the right places in

the local area and that any new formation is supportive of the GM ambition of growth & reform. New formations of colleges across GM will need to continually work together in the future to harness growth opportunities.

3.3 Now that GM is nearing the end of the ABR process it is important to focus our resource on the implementation stage. This will include direct involvement or influence, subject to agreement by the Commissioners and Steering Group in the following ways: (this list is not exhaustive)

Leadership

3.4 GM, along with the newly formed infrastructure needs to ensure the necessary skills and leadership are in place to take forward a change process of this scale. Effective implementation requires a different skill set to that required to run an institution which is in a 'steady state'. Skills to keep the business running on a day to day basis will still be needed, but change management and project planning skills are essential to take forward implementation.

3.5 Implementation will require the support of Leaders and Local Authorities to ensure a GM approach to provision at all levels in all areas is achieved. The outcome of the ABR may mean a different structure & governance of colleges within a place to support the GM & local ambition but close working between the college, Leaders and Local Authority will be necessary to ensure the local and GM needs are met and support colleges through this transition.

Due Diligence

3.6 Once the strategic business plan is in place which is the first stage of implementation, boards will wish to commission due diligence to provide assurance to them on the decision they are making. Government is commissioning a project to consider how to align due diligence activities to minimise cost (for example as far as possible to align the arrangements for collecting due diligence information that governing bodies, banks and indeed government when there are claims on the restructuring facility, will all require). Forward looking due diligence, focussed on the business plan for merger is likely to be particularly constructive (and aligned with bank requirements), rather than simply evaluating the current position of a merger partner.

Curriculum

3.7 Although a curriculum mapping exercise was carried out by the ABR Team during the process, this did not give the length and breadth required for GM to analyse and embed a more responsive curriculum that meets the GM criteria at all levels.

3.8 Each option submitted by the colleges tackles curriculum in a different way and until GM can see the extent of provision and the quality of that provision across all areas it cannot evaluate need. Overall GM requires a curriculum that meets the ambition for Growth & Reform in localities and as a whole both at lower level skills in each area as well as specialisms to support GM Growth at higher levels.

3.9 In considering the options from the Area based Review, GM will also factor in the potential cumulative impact from a range of decisions on changes to public services in an area e.g. Local Authority, Health, Courts and JCP (i.e. a placed based approach).

3.10 Where curriculum rationalisation is required in a place between the GFE & SFC, we should also recognise the opportunity for a blended academic/vocational offer to those who need it and where this can be shown to be necessary and sustainable.

3.11 This work led by New Economy and supported by the ABR Implementation team and colleges will look at all provision across GM, including Independent Training Providers (ITP) to establish over supply and gaps. This will support a place based approach to curriculum and ensure the mix and blend at all levels is available to learners & residents. This will also consider quality of provision through the SFA success rate measures, which will help determine the most appropriate provider in an area.

Transport

3.12 Transport has a key role to play in the successful implementation of the ABR. Given the GM criteria has stated that there needs to be L2 and below provision in all areas and where there are higher levels of specialisation there must be adequate transport levels for learners.

3.13 Following the outcome of the ABR and in parallel with the curriculum exercise it will be important to ensure that learners have accessible transport links to support the potential movement in curriculum. Although GM has been clear that at L2 and below this provision will be available in all areas due to the nature of travel to learn patterns at this level. Where there may be a specialisation of provision across a number of sites in GM, transport will be critical to ensure all learners can benefit and have equal access. This work will need to link with the Greater Manchester Transport Strategy for 2040.

Quality

3.14 Quality must be a key element to the development of a sustainable post 16 sector across Greater Manchester. This work will be carried out through the curriculum analysis exercise and will need to involve the SFA, EFA, colleges & independent training providers.

GMCA should also work with Ofsted to ensure the criteria used to grade colleges is fit for purpose in GM and that the local offer and work across GM is taken into account.

Estates

3.15 Estate rationalisation will form part of the merger proposals but GM should ensure that all colleges are aligned to the 'one public estate' agenda across GM so that all estates are utilised. Estates will also need to be considered in terms of higher level specialisms to ensure wherever these are located have good facilities and transport links.

Use of Skills Capital

3.16 GM currently has passed the applications for Skills Capital until after the competition of the ABR. Many colleges have indicated that they will need to make a call on both the restructuring fund and the skills capital funding in order to ensure their plans are fulfilled.

A Government Transaction team has been set up to assist colleges with this process and it has been agreed that GM will form part of the analysis team to ensure any funding is aligned and that the need is evidence based.

As part of the process GM will also be submitting an Expression of Interest for an Institute of Technology and a collective approach to growing Apprenticeships across GM Colleges. The following sets out these intentions:

Supporting enablers	Rationale
Institute of Technology	Greater Manchester's Area-Based Review will put post-16 Education and Training Institutions on a stable footing for the future. As well as being financially viable and resilient, the institutions will provide accessible and high-quality provision and, alongside academies and 6 th Form Colleges, offer routes towards higher level technical and professional education. An Institute of Technology is now vital in GM to complete the overhaul of the skills system and provide that higher level education in technical and professional skills.
Apprenticeship Hubs across GM	It has been identified by each of the colleges that there will need to be an increase in Apprenticeships across GM Colleges in order to respond to Government policy and the opportunities presented by the Levy. GMCA will look to ensure a strategic approach to the growth in apprenticeships across colleges.

4. NEXT STEPS

- Steering Group 5: 25th May 2016
- Board meetings and consultation begins
- Final Steering Group: 20th June 2016
- Report submitted to Secretary of State
- Due diligence needs to be undertaken by each college
- Applications to the restructuring fund will need to be made within 6 months of the final ABR Steering Group.
- Implementation begins
- GMCA to agree influence and involvement in implementation stages.

Annex 2

Based on the background outlined above, in January 2016, GM agreed a set of criteria which will be used to support the appraisal of options within the ABR; in summary these are outlined below:

- **An offer that meets each area's educational and economic needs**

Using GM Labour Market Intelligence and future skills requirements we must ensure that provision better delivers the higher level and technical skills required by GM's core and growth sectors in every locality. Employers must play take a stronger role in future provision by being proactively involved with shaping the curriculum and embedding work experience, enterprise skills and knowledge transfer. We must create an integrated approach to skills & employment provision which includes Careers, education, information, advice & guidance (CEIAG), increasing English/maths attainment, reducing levels of NEET young people and exploration of different models of all post-16 provision.

- **Sufficient access to high quality and relevant education training for all**

All individuals should have access to a strong academic post-16 offer from L2/3 and below provision in their local area, including sufficient provision for adults and learners with Special Educational Needs / Disabilities. Specialist higher level provision should be limited to specific sites in GM that have excellent transport connections - recognising travel to learn patterns. Provision at all levels should have clear pathways for progression supported by strong collaboration between institutions and employers to ensure these progression routes are seamless across geographies.

- **Providers with strong reputations and greater specialisation**

In order to create a system that does not unnecessarily duplicate provision, both at local level and across GM specifically for L3+), we should build on the existing strengths of institutions to support greater specialisation including the opportunity for an Institute of Technology. In line with growth projections, there should be a focus on enhancing provision in line with GM's key sectors where skills shortages are emerging and impacting on growth.

- **Provision which reflects changes in government funding priorities and future demand**

With the national focus on Apprenticeships, we must ensure that we effectively stimulate demand for Apprenticeships particularly at Level 3+ in order to grow and deliver increasing numbers of Apprenticeships in GMs key

sectors. In order to reduce reliance on public funded provision we must enhance provision that is funded through adult loans, the Apprenticeship Levy and direct employer investment. Provision should meet changing future demand and should incorporate new models of delivery and virtual learning.

- **Institutions which are financially viable, sustainable, resilient and efficient, and deliver maximum value for public investment**

We must create a system that is financially viable and has greater efficiency against key cost drivers, meeting at least national benchmarks set out by the FE Commissioner. To achieve this we must make more efficient use of land, buildings and technology in line with 'one public estate'; ensure strong leadership and management of institutions that lead to the creation of the right infrastructure for the future, for GMs learners and the economy and we must explore all models of delivery including greater commission of activity from third parties and businesses.

It has been recognised that local devolution is likely to deliver different outcomes in different areas, and each area will have its own priorities. The Area Review outcomes will feed into the development of GM's local outcome agreements, providing a framework for new local arrangements in line with devolution objectives.

It is important to remember that under devolution GM was keen to ensure the ABR process supported our growth and reform agenda, as well as enabling the creation of an effective infrastructure across the post-16 education and training landscape that met the needs of the GM economy as well as individual localities, communities and learners.