

Manchester City Council Report for Resolution

Report to: Economy Scrutiny Committee – 6 December 2017

Subject: LTE Group performance update and Manchester College estates programme update

Report of: John Thornhill, Chief Executive – LTE Group

Summary

Further to the report the Committee received in January 2017, this report covers the following themes:

- Quality and performance update
- Update on College estates strategy, challenges and risks for wards
- Update on new education and skills projects for Manchester

Recommendations

The Committee is requested to:-

1. Note the update and provide any comments;
 2. Consider when it schedules future updates in a way that enables a fuller report on SAR, national comparators and benchmarks; and
 3. Consider how the Council can provide help/support to ensure all wards and constituencies are aware of the key point the Group is now at and the associated risks in relation to the College Estates Strategy.
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Wards Affected

All Wards

Contact Officers

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Follow on update – The Manchester College - Economy Scrutiny Committee – 4 January 2017

Introduction

At Scrutiny Committee in January 2017 Members noted that the formal creation of LTE group to better serve the very broad and diverse skills needs of Manchester and Greater Manchester was underway.

I am pleased to inform Members that we received formal support and notification from the Secretary of State for Education to legally create LTE Group with effect from 1st June 2017.

In parallel senior leaders from LTE met with Anne Milton the Skills Minister and senior civil servants in October to develop the next stages of our delivery structure. This will maintain our status as a social enterprise, with charitable status, but allow us to set the commercial benefits of the group in support of the public mission and values. In turn this will help us support the investment, quality improvements and new services the people of Manchester need over the next five years. The Minister has promised a speedy response to our request.

Content

This report to scrutiny covers the following themes and also comes with some asks:

- Quality and performance update
- Update on College estates strategy, challenges and risks for wards
- Update on new education and skills projects for Manchester

The first ask is that scrutiny schedule our update in a way that helps us do a fuller report on things like SAR, national comparators and benchmarks. Typically the SAR and the national benchmark data are fully published end of January.

1) LTE Group Performance Update

Final high-level outcomes for learners, for Total People (apprenticeships), The Manchester College (academic and vocational) and Novus (Prison education and hard to reach groups) are shown at Appendix 1.

The agreed transition of apprentice delivery from the Manchester College to Total People has been completed successfully. The final transfer of learners took place on 31st July creating a single highly capable apprentice provider for Manchester, Greater Manchester and Cheshire. Total People were formally inspected by Ofsted during the transition work and the full Ofsted report was published in June 2017. Ofsted graded the provision as a strong “Good” overall and made note of a professional and well managed transition. As Members can see from the data in Appendix 1 outcomes for learners continues to consistently exceed the national averages. In July Total People were again awarded accreditation to the “Matrix” standard for a further three years. This is an important accreditation for training providers that assesses and accredits the quality of advice and guidance to learners and employers. Overall, Members can take comfort that we have now built a high quality, resilient and broad scale apprentice offer that is ready for the levy and has

strong foundations to support Manchester learners and employers for the foreseeable future.

The Manchester College also showed year on year improvements for learners which is pleasing to see and compares very favourably against our peers. Yet it also appears somewhat at odds with the college Ofsted inspection report from April 2017.

Some Members will be aware that there were great concerns about the college Ofsted inspection from many areas. Tone, style and nature of the inspection, strong feedback from representatives on our stakeholder panel which included employers, NW Counter terrorism and interim mayor.

Given the nature of events and the significant negative reaction from staff, stakeholders and some learners at the time. The college wrote to Ofsted asking for the information that supported many of the claims in the report. Over the course of four formal letters under FOI, pre action disclosure, and the formal Ofsted complaint process between May and July. Ofsted refused to provide the supporting information to support their findings. In August this year we wrote again on the basis of a legal precedent established by a school in London and earlier in November finally received a bundle of redacted reports and documents that our team can now formally review.

Whilst that review is ongoing it would be helpful for Members to note some of the key themes coming out from the report and also the various investigations.

Firstly, there are a number of things in the report that the college agrees with and had already flagged in the SAR.

- The non-Total People based apprentice offer was below par and needed resolution. In September 2016 we met with Ofsted and the ESFA and outlined our plans to integrate this with the much larger and higher quality Total People offer. This has now been successfully implemented and was 70% complete when Ofsted visited;
- The growth of study programmes places a very significant burden on colleges for extra provision such as work experience placements and we also knew through our own SAR that there was work to do here; and
- The several hundred percent increase in learners needing to re-sit English and Maths after failing at school was a significant and growing challenge fuelled by policy changes and we needed to support this better.

Secondly, the report and feedback during the inspection throws up some concerns that Members need to be aware of and that the college, LTE group and our stakeholders will need to make strategic decisions about. Some examples are:

- The new inspection framework appears to place a disproportionate emphasis on a new set of measures sponsored nationally by DfE. These are measures that track learner progress at Level 3 in a specific way. For Manchester College this reflects only 7% of the offer for learners but appears to attract a significantly higher weighting in the Ofsted assessment; and
- With regard to “Prevent” Ofsted inspectors appeared to be unaware of their own best practice visits to Manchester and the latest thinking developed here. We are a location that has actual experience of the impacts of prevent strategies, counter terrorism work, and support for young people affected by it. The Ofsted team during inspection week recommended approaches to our staff and had open discussions with students that were directly against the current working practices and advice from GMP and CTU.

This gives a flavour of some of the concerns and why we are working professionally, diligently and steadily through the very detailed individual inspector reports that have now been released to us.

When we have completed our review we will update Members fully. Naturally, as Members would expect, we have, as per our normal practice, already begun to implement a post inspection action plan.

On the issue of work experience linked to study programmes, the college has committed that every Level 3 learner will receive 70 hours work experience with an employer engaged in their field of study. For Level 2 learners we have committed 35 hours; this approach is supported by our colleagues in MCC Skills team and by the GM Chamber. However Members should note that the scale of the aspiration is for 5000 young people to have meaningful work placement and experience.

On the issue of study programmes we have added new staff, created a dedicated teacher coaching team and invested in quality roles in every department, ramped up our employability hub and are tracking in year learning differently with every learner access to their own personalised learning portal. At this point in the year we have over 800 work experience opportunities either completed or committed and booked with employers. We are also taking place in the national work placement pilot with over 100 learners matched to employers for a 6-7 week work placement.

On English and Maths the already planned work is paying dividends and year on year improvements are now feeding through.

As I write we have had no formal contact from Ofsted about the appointment of an improvement team or allocation of a named lead. So will want to bring back a full and detailed update specifically on the college Ofsted report and our response to it in the spring.

Novus had a successful year and remained the leading provider for education and skills for offenders, ex-offenders and hard to reach groups. Their award winning “Enigma” project for English and Maths was formally recognised by the “number 10” policy unit. I was fortunate enough to meet some of the learners who described how life changing it had been. One learner described how he had been able to spend time working through maths homework with his son, for the first time ever, at the age of 42. Novus outcomes for learners are also reported at Appendix 1.

MOL extended their on line provision and launched the UK’s first on line only Level 7 masters programme. In 2017/2018 our expectation was for around 30 learners and we have now exceeded 80 with learners as far afield as Singapore and Australia. MOL continued to retain the highest level of accreditations with the professional bodies in HR and has also successfully launched programmes in Law. All designed to help working mums and dads get better qualified, improve their career prospects and improve their earnings but doing so flexibly in a way that works for families and juggling busy lives.

Higher education and degree programmes continued to perform well in the college. More and more local learners who otherwise would not get the chance to go to university are studying full undergraduate programmes with us. The year ended with the college achieving a silver accreditation in the new “TEF” (Teaching Excellence Framework) beating many established universities in the process.

Finally, Members will increasingly be aware of struggling FE organisations, lots of activity on mergers and bail out funds for failing providers. I attach at Appendix 2 some data that we shared with the Skills Minister that I hope will reassure about our position in Manchester. This shows the actual performance on Ofsted inspections (we average 15 a year) correlated against financial sustainability for the last four years.

I hope this demonstrates we have the capability and track record to support the City through any current challenges, as well as those that will come as we prepare to meet the challenges posed by Brexit and inevitable increased need for support on skills and education.

2) College Estates Strategy

Members will know that we proposed a series of changes to the college delivery model as part of the GM area based review process in September 2015. Over the last two years in parallel with area review we have consulted widely across the city and GM on proposals.

The proposals are designed to ensure the college is sustainable long term, that we can align where and how we deliver to the spatial strategy for the city and city region. The proposals ensure that we can re-invest savings from efficiencies in increased capacity and quality for learners. This increased capacity will support three key things, a rapid growth in school leavers at age 16 and general population growth, the right capacity in skills areas that support new job growth, and increased capacity at higher levels to support more Manchester residents into higher paid roles alongside the governments national policy on “T-levels”, institutes of technology etc.

Our scheme is unique in the UK and will enable us to self-fund a significant element (70%) of the plan ourselves. However a critical part is 30% match funding of the capital cost by GMCA or Central government.

The data at Appendix 3 and 4 shows what is now becoming an urgent case for change. New Economy research shows that across Greater Manchester we will need to upskill an additional 158,000 people by 2025 to support the social and economic aspirations of the GM and Manchester strategy. In addition the rapid growth of 16-18 years old school leavers planned for in 2015 is now imminent and we do not have the right capacity to support this without the estates plan.

The new job growth predicted is strongly focused in Manchester and Trafford and without adding more capacity we risk more of these higher paid roles being done by workers who travel in to Manchester rather than those who are resident in Manchester.

The college estate has only 9% of its accommodation at grade A, too many learners are based in buildings that date from the mid 1800's or early 1900's. The gap between what Manchester FE learners experience and what the schools system or university system offers is now unacceptable and we must now champion an urgent change for young people and young adults. When considering the challenge that we face to offer 5000 work experience placements, we also need to support employers by having work relevant and modern environments, that they also can use and work with.

The plans also assume that we will release some sites to help the City with much needed school places and land for much needed affordable housing development. Timing is now also important, while we have delayed to support the GM ABR process Glasgow have opened their new city centre facilities, Nottingham have built their case and funding for a new city centre development, and LTE has also been advising colleagues in Leeds, Birmingham and Bristol about their plans also. There is a real danger Manchester and Greater Manchester are losing ground.

The college appointed advisors, architects, and property consultants a year ago. The first property moves start in January and this year we will fund £5m of investment ourselves in the initial phase. Heads of terms have been issued to land owners and developers to acquire a City Centre site. Support from the City and its officers has been very strong so far but we are now at the point where the urgent support we need is political.

Overall the capital cost of the scheme is currently forecast at £168m across several different locations. The group has bid for £50m of this as match funding from GMCA. In turn the scheme delivers £1.25bn of GVA as well as a range of community benefits.

The scheme compares very favourably to all other schemes in the UK at the moment and to any in recent FE history. Early indications are that GMCA funds are over subscribed and we may have less than half of the requirement needed. Which puts the overall viability of the scheme in doubt. We are working collaboratively with

GMCA and with leaders from Manchester City Council through December and January but realistically need to commit or stop at end of January 2018.

There are now some very real risks that we would want to flag to Elected Members.

These are set out below:

- 1) Capacity for those young people who do not choose a traditional “A Level” and university route will not be available from 2018 without these plans. The spike shown in the appendices, for schools leavers, cannot be supported without changes to the college estate;
- 2) Capacity to offer programmes at Level 3, 4 and 5 will not be available to support more Manchester and GM residents into the new jobs being created, especially the higher paid roles;
- 3) As well as the very significant gaps on skills shown in the appendices, there is a strong likelihood that restrictions on free movement of labour post Brexit, will significantly exacerbate the need to upskill more local residents as fewer EU nationals locate here. These challenges are also likely to appear in some low and semi-skilled sectors as well as high skilled areas. We are already seeing growing gaps in construction, hospitality and leisure, as well as areas such as semi-skilled manufacturing;
- 4) We will be unable to make the Manchester FE provision sustainable in the long term and deliver the area review recommendations. In turn poor, aged facilities, dispersed across many different locations will not support the aspiration to build outstanding quality into our provision long term;
- 5) As other strategic plans in the city and city region gather pace there is a real risk of unintended consequences during the period of the Manchester and GM strategic plan. For example there is a genuine possibility that advances in transport infrastructure will progress faster than the skills infrastructure. Electrification of rail lines to Liverpool, Leeds and beyond could result in anomalies where it is easier and faster for a learner from Harpurhey to get to college in central Liverpool than travel into central Manchester and back out to Wythenshawe. It is now critical that we provide the right capacity for learners in Manchester and Greater Manchester linked to how people live, work and travel; and
- 6) It is clear other major UK cities have developed and are continuing to develop their post 16 education and skills infrastructure. Mergers in London in November have created new very large colleges (over £100m turnover) with strong plans to develop further. There is a real possibility that other regions will have a better skills offer to support inward investment and economic growth than Manchester and Greater Manchester.

So our ask is for help/support to ensure all wards and constituencies are aware of the key point we are now at and the associated risks. As well as support for a greater level of match funding to allow us to build the capacity the City and GM needs.

3) Education and Skills Projects for Manchester

Higher Education – In January 2018 LTE group will launch a new higher education offer to support residents who need to study while working, for residents who otherwise would not get the chance to go to university or who need a local offer with greater learning support and smaller group sizes. The offer is not designed to compete with local universities but to compliment the broader offer in the City Region and build on the existing 1500 higher education learners. It will also offer alternative progression opportunities for Manchester College students.

T Levels – Members may be aware that the government is developing a new range of technical qualifications with the first three skills areas recently announced. Our teams are actively involved with DfE nationally in the development of these and have recently undertaken exchange visits to Norway and Holland to share learning and best practice.

Institutes of Technology – The government is developing a tender process for Cities or regions, to bid for investment in new institutions, or delivery groups. To focus specifically on scarce skills in technology sectors or new high growth sectors. LTE is supporting three regions in their bids. Greater Manchester through the work on the IoT steering group is likely to be led by GMCA, Cheshire where a collaborative model of employers, public and private providers is being co-ordinated via the LEP, and Lancashire where a “lead college” model is being developed.

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Appendix 1 - Outcomes – LTE group – 2016-2017

Learner Outcomes

TMC					
Retention rates	14/15	15/16	16/17	National Average	TMC vs National Average
16-18	91.9	93.3	94	90.1	+3.9
19+	90.3	92.7	94.9	92.8	+2.1
Total	90.9	92.9	94.5	91.3	+3.2
Pass rates	14/15	15/16	16/17	National Average	TMC vs National Average
16-18	82.5	85.6	86.4	87.8	-1.4
19+	91.9	93.9	94.9	92.8	+2.1
Total	88.6	90.7	91.3	90	+1.3
Achievement rates	14/15	15/16	16/17	National Average	TMC vs National Average
16-18	75.8	79.9	81.2	79.1	+2.1
19+	83	87	90	86.1	+3.9
Total	80.5	84.3	86.3	82.1	+4.2

Apprenticeship Outcomes

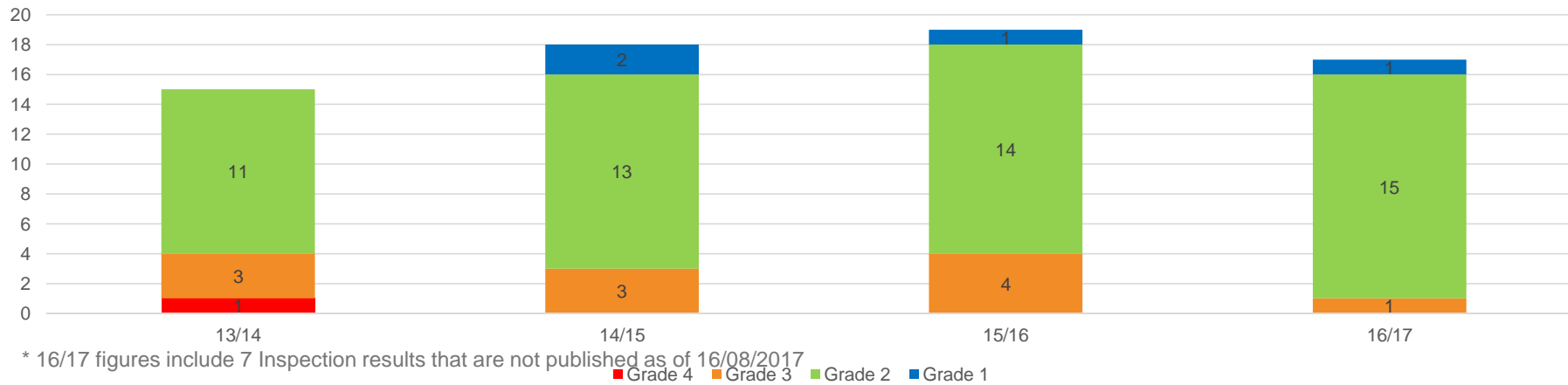
Total People					
Overall Success rates	14/15	15/16	16/17	National Average	TP vs National Average
Total	75.12%	76.06%	76.95%	67%	+9.95
Timely Success rates	14/15	15/16	16/17	National Average	TP vs National Average
Total	66.10%	66.28%	65.27%	58.70%	+6.57

Novus Outcomes

Novus					
	14/15	15/16	16/17	National Average	Novus vs National Average
% Retention Rate	96%	98%	99%	N/A	N/A
% Success Rate	90.00%	91%	92%	82.1	+9.9



Appendix 2 - LTE group - Quality at Inspection and Financial Surplus (2013/14 - 2016/17)

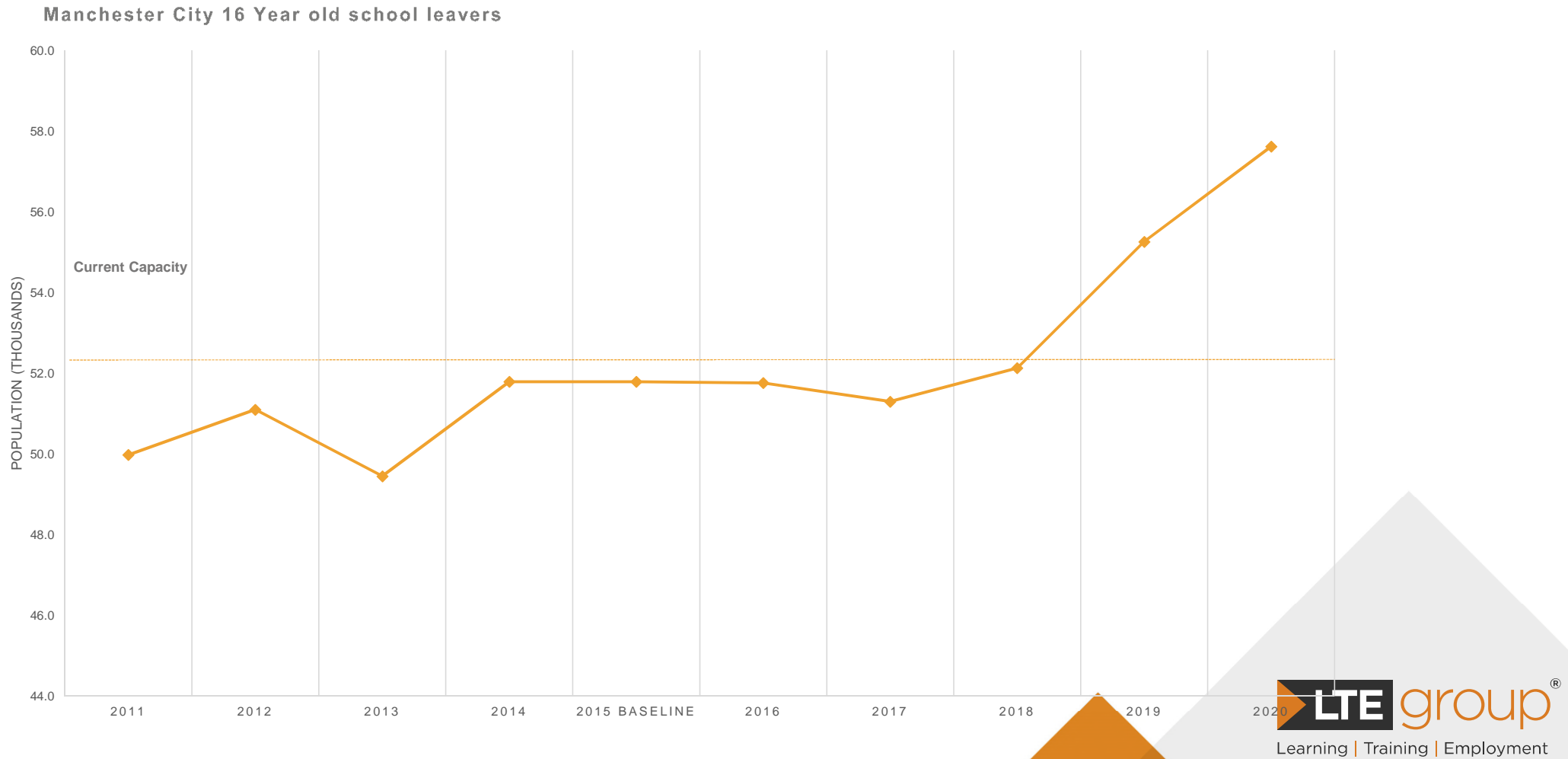


Group Financial Performance – Profit/Loss

£M	2013/14	2014/15	2015/16	2016/17
Budget	2.3	1.1	0.1	0.8
Management Accounts (Actual Performance)	3.2	1.0	0.1	1.3



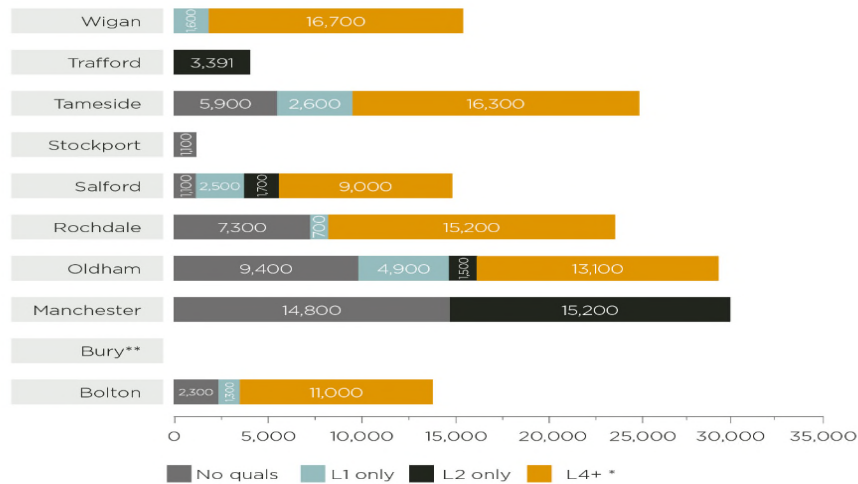
Appendix 3 - Manchester School Leaver Profile



Appendix 4 - Manchester and GM Skills Challenges

GM Skills Gap by Borough

Numbers of residents requiring upskilling to meet English average by GM district, 2015



* This includes all qualifications from BA's and BSc (level 4), higher level apprenticeships, up to PhD's (level 8).
** It should be noted that Bury's skills population is largely above the national average and therefore doesn't have a deficit of skills.
Source: New Economy from Annual Population Survey/LFS 2015, accessed via Nomis

Job growth by Sector

New GM Job Roles by Sector to 2025

SECTOR	EMPLOYEES
Financial and professional services	235,000
Health and social care	152,000
Retail	115,000
Education	100,000
Hospitality and tourism	83,400
Construction	54,000
Logistics	53,000
Advanced manufacturing	51,600
Digital and creative	45,000