

Manchester City Council Report for Resolution

Report to: Executive - 15 November 2017

Subject: The Manchester College Estate Strategy 2017 - 2022

Report of: Strategic Director, Development

Summary

This report sets out The Manchester College Estate Strategy for the next five years during which the College will develop leading edge facilities for post-16 education and skills training serving Manchester and the wider Greater Manchester (GM) Area.

Recommendations

The Executive is recommended to:

- 1) Note the contents of this report and the detail of the Manchester College Estate Strategy as set out in Section 4 of this report;
 - 2) Note the College's ambitions to ensure that any estate disposals, whilst offering best value to the College, align to the City Council's strategic plans for economic, residential and skills development in the city; and
 - 3) Note that further reports will be submitted to the Executive in due course in respect of the development of new facilities or as part of the proposed rationalisation strategy for The Manchester College estate as set out in Section 4 of this report.
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Wards Affected: All Wards

Community Strategy Spine	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Manchester College is a key economic driver within the city not only as an employer but in helping to underpin a wide range of key sectors in the city as it is the largest provider of 16-19, adult and higher education in Greater Manchester, with more than 25% of Greater Manchester's learning provision undertaken by the College.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The Manchester College supports significant numbers of students in Manchester to be equipped with the right skills to be employed within the Greater Manchester economy.

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The Manchester College is committed to working with all communities within the city actively and energetically.
A liveable and low carbon city: a destination of choice to live, visit, work	The Manchester College has a strong commitment to environmental sustainability and this is embedded within the management of the existing estate and the plans for the new estate.
A connected city: world class infrastructure and connectivity to drive growth	The Manchester College Estate Strategy seeks to deliver new world class assets across the city that will continue to support our growth ambitions over the next decade.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None

Financial Consequences – Capital

There are no immediate capital consequences arising as a result of these proposals.

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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.

None

1.0 Introduction

- 1.1 The Our Manchester Strategy clearly sets out the city's ambition to be a place where world class and home grown talent can flourish in order to support Manchester's current and future economic success. That strategy clearly recognises the need to better connect the skills and education system with employers in the city, so that skills, training and apprenticeships clearly relate to the city's growth sectors, and creating a pipeline of employable people with the necessary qualifications to succeed. Such an approach is clearly central to the Strategy's related ambition of ensuring that everyone in the city has an opportunity to make a positive contribution by unlocking the potential of our communities. The Manchester College has, and will play, a pivotal role in realising these ambitions for the city.
- 1.2 This report sets out The Manchester College Estate Strategy for the next five years during which the College will seek to develop leading edge facilities for post-16 education and skills training serving Manchester and the wider Greater Manchester (GM) Area.

2.0 The Manchester College

- 2.1 The Manchester College is part of the LTE Group - the first integrated education and skills group of its kind and the largest social enterprise in the country dedicated to learning, training and employment. With around 5,000 staff in 120 locations, and more than 100,000 students and learners, the LTE Group reflects the combined strengths and services of four organisations:
- The Manchester College – providing further and higher education programmes from level 1 to 7
 - Total People – providing work-based learning, apprenticeships and training provider.
 - Novus – the UK's largest national justice sector training and education specialist.
 - MOL – a national provider of online and blended professional training, qualifications and accreditations.
- 2.2 The Manchester College is one of the largest FE colleges in the UK. The College is the largest provider of 16-19, adult and higher education in Greater Manchester, with more than 25% of Greater Manchester's learning provision undertaken by the College.
- 2.3 The College's five-year strategy - College 2020 - is being embedded across the city region, to respond to changes and opportunities arising from sub-regional devolution, the appointment of Metro Mayors, the Post-16 Skills Plan, the Industrial Strategy and the Northern Powerhouse. It is on this landscape that the College will seek to transform its estate in order to provide high quality teaching and learning environments for students, staff and employers including a new city centre campus.

3.0 The Manchester College: the Wider Context

- 3.1 Four years ago, the LTE Group's strategic review set an aspirational vision to align its delivery to the Greater Manchester Skills Plan to 2025 and beyond.
- 3.2 This was set against some major strategic challenges for the city region, in terms of skills shortages, population trends and emerging priority skills sectors. The Group's strategy, and in particular the estates strategy, is crucial in delivering this, and has support from across the city region.

Meeting the Greater Manchester Skills Level Challenge

- 3.3 Greater Manchester has a number of challenges with its skills levels:
- Out of 39 Local Enterprise Partnership (LEP) areas in England, Greater Manchester ranks at number 27 in terms of the proportion of 16-64 year olds with at least a level 2, with 71.6% of its population having achieved this level
 - Regarding level 4+, GM performs slightly better, but not well: it ranks at number 20 with 33.6% having achieved this level ;
 - In terms of people without any qualifications, low numbers are most desirable. GM is 32nd out of 39 with 10.1% without any qualifications
 - The gap between the resident and workplace wages in Manchester is decreasing but that gap is the widest amongst core cities.
- 3.4 There is a rapidly growing population in Manchester creating specific skills and employment requirements, along with opportunities to leverage the benefits of the city's integrated transport system. Manchester's population grew by 2.1% between 2015 and 2016, compared to 0.9% in England. Overall, the GM conurbation experienced a significant population increase of 6.6% from 2001 to 2011, growing to 2.7 million people, with the City of Manchester increasing by 19% - the fastest growing of England's major cities. Projections suggest that the population of Greater Manchester will exceed 3 million by 2040 and that at least one in four people will be over the age of 60.
- 3.5 There is a Greater Manchester wide need to raise achievement levels to meet the growing demands of the nine key skills sectors which supply the regional economy. These nine priority sectors in terms of growth, employment and productivity are shown below, with total employees (full-time and part-time):

Sector	Employees
Financial and professional services	235,000
Health & Social Care	152,000
Retail	115,000
Education	100,000
Hospitality & Tourism	83,400
Construction	54,000

Sector	Employees
Logistics	53,000
Advanced Manufacturing	51,600
Digital & Creative	45,000

Addressing the Greater Manchester Skills Challenges

- 3.6 Closing the productivity and prosperity gaps is a major challenge for Greater Manchester, and for LTE Group, as the largest provider of post-16 skills and education in the city region. There are two key elements to economic growth facing the city region:
- Productive Growth - combining a higher skilled workforce across all sectors and employment growth predominantly driven by higher value jobs, raising average earnings across the workforce.
 - Inclusive Growth - with higher levels of economic participation, learning and employment, raising household incomes and reducing the numbers of workless households.
- 3.7 Skills are central in addressing both of these challenges - LTE Group is uniquely placed to support the city region, in upskilling the workforce and reaching all student groups to deliver a high skilled and productive workforce. Last year, The Manchester College launched 'College 2020' - a major commitment to providing high quality education, work-based learning and professional training services even more cost-effectively across the wider region.
- 3.8 Finally, Raising the Participation Age will ensure that every young person in the City at the age of 16 has a post-16 offer. Today the College is the largest post-16 provider in the City. Looking forwards there will be a need to increase provision to accommodate the growth in the number of children and young people that are currently coming through our high school system.
- 3.8 Taking all of the issues set out above into account there will be a pressing requirement for the Manchester College to provide an outstanding teaching and learning experience for all students, staff and employers. The remodelling and transformation of the College Estate will be pivotal to realising such an ambition going forwards.
- 4.0 The Manchester College: the 2017 – 2022 Estate Strategy**
- 4.1 The Manchester College is fully committed to the direction of travel set out in the Post 16- Skills Plan and has already embarked upon changes based on partnership with industry. Greater Manchester is committed to a co-branded, co- created and co-delivered vocational training system with industry helping to design and deliver appropriate training for business needs. However, the skills strategy cannot be achieved without investment in a new estate.

- 4.2 The Manchester College facilities in Manchester reflect the history of the further education sector and the various expansions, contractions, rationalisations and mergers over several decades. The result is a Manchester College estate which has 24 sites in various parts of the city. The inefficiency of such a large and disparate estate include:
- the additional costs of operating smaller centres, which limits specialisation;
 - the limited offer at some locations and in reverse, the availability of some provision in less accessible locations outside of the immediate neighbourhood; and
 - the impact on the credibility of provision from older and old fashioned training facilities on both learners and employers.
- 4.3 Manchester College operates from buildings on 24 sites across Manchester. Only 31% of the estate was built since 2000, just 9% is Condition A and 26% is Condition C and D - 26% of the College's estate dates back to the 1850s. The current estate is not capable of providing the sector focussed centres of excellence needed to support the priority sectors which will drive economic growth.
- 4.4 As a result, the College has developed the 2017 - 2022 Estates Strategy, which proposes a radical change in the number and location of its facilities. Central to the Strategy is the College's approach of working with industry to co-design and co-deliver more relevant vocational and technical skills provision.
- 4.5 The combination of a modern estate of campuses, built for priority sectors and accessible learning centres, and a co-created and co-delivered training system will result in a marked increase in terms of the quality of people trained and the quality of the outcomes. In simple terms, better-trained people with relevant qualifications and skills, responding to the Greater Manchester Work and Skills Strategy.
- 4.6 The Strategy, agreed by the Governing Body in September 2016, consolidates the Manchester College's estate to five sites as set out below:
- A New City Centre Manchester College Campus Centre of Excellence
- 4.7 A new Campus focusing on Creative & Digital and Business, Financial & Professional Services, where the majority of Manchester's employment growth is expected and new markets and technological change require a higher skilled workforce. The City Centre site will accommodate the College's A level Centre, providing academic routes into Higher Education
- 4.8 Delivery of a new city centre campus requires the College to acquire a suitable site – one which is accessible to public transport and creates a quality, safe and aspirational environment for students and learners, with adequate provision of external space/ public realm. The College will require a location

that showcases its role in educating and training current and future generations from across the city region.

- 4.9 One of the primary attractions of the city centre is very good access to public transport; it will be important that a new site has easy and safe access to bus, rail and Metrolink services, and good access to the highway network for cars, and where possible, cycle lane access. The College will need some provision for car parking, to include space for visitors and disabled visitors.
- 4.10 The College has already started a procurement process in May 2017 to secure a city centre site. Any site must meet the College's requirements for accessibility, space and an enhanced learner experience.

City Labs Centre of Excellence

- 4.11 Providing access to the Medical Sciences Centre of Excellence at City Labs, located on the Oxford Road in the City Centre within the Corridor Manchester health cluster.

The Openshaw Centre of Excellence

- 4.12 Campus focusing on Construction and Logistics, plus Sport, Health and Wellbeing, including health, social care and childcare. Serving east Manchester, the campus would also offer an engagement curriculum for harder to reach learners or those who have not yet determined a route into specialisation. A broader curriculum offer would provide pre-employment, information, advice and guidance and welfare.
- 4.13 Capital investment is required to ensure the accommodation available meets the needs of this provision. Proposals include for the provision of a sports hall and all weather pitch and an extension of the college's workshop space. Re-modelling of existing space in the Whitworth building will be required to accommodate the new curriculum offer. External spaces will be enhanced and car parking arrangements changed. In the medium term, the college will vacate and demolish some smaller existing buildings and this will create future expansion space if needed.

The Wythenshawe Learning Hub

- 4.14 Serving south Manchester, the Wythenshawe campus would offer an engagement curriculum for harder to reach learners or those who have not yet determined a route into specialisation. A broader curriculum offer would provide pre-employment, information, advice and guidance and welfare.

The Harpurhey Learning Hub

- 4.15 Serving north Manchester, Harpurhey would offer an engagement curriculum for harder to reach learners or those who have not yet determined a route into specialisation. A broader curriculum offer would provide pre-employment, information, advice and guidance and welfare.

- 4.16 Consolidation into these five sites will significantly improve the quality and attractiveness of the learning offer for residents and employers. The rationalisation of the estate will substantially reduce operational costs, increasing the number of learners supported. However, as a result of the strategy, the College will exit and vacate the majority of existing properties, of various sizes, occupied under various tenures. This includes some significant freehold properties.

The Manchester College Estate Rationalisation Opportunities

- 4.17 Investment in a new city centre campus and in Openshaw, Wythenshawe and Harpurhey will enable the College to vacate a number of existing properties progressively over the next five years. Some of these properties are owned freehold, some on long leases and some are leased. Exiting these properties will deliver operating revenue savings for the College and this is an important part of the business case for the new investment. The capital receipts derived from disposing of assets are critical to the funding of the planned investment programme.
- 4.18 Over the last 12 months the Council has worked very successfully with the College to enable the College to exit from St Matthew's, the Wythenshawe Forum and One Central Park in a seamless and cost effective manner for both parties. In respect of the remainder of the College's estate from which it wishes to exit from over the next five years plans and alternative uses for these surplus sites have been explored with the Council. These exploratory work has revealed that there are a significant number of these sites where, because of the Council's interest in those sites or that they are clearly aligned with the City Council's strategic plans – thematically and spatially, there is a need for both the College and the Council to work collaboratively to ensure that disposals, whilst offering best value to the College, provide strong opportunities to align to the City Council's strategic plans.
- 4.19 The sites which the College wish to exit from progressively from (if the consolidation strategy referenced above in paragraphs 4.7 to 4.16 above is successfully delivered) are as follows:

Moston

- 4.20 Further Education teaching activity at the site has significantly reduced and the College could dispose of this site quickly. In anticipation of this the Council has initiated discussions with the College about the potential to acquire the site.

Fielden

- 4.21 This important site in West Didsbury should be the subject of a Development Framework but the presumption on this site should be for residential uses. There are some constraints on the site, and the lower part of the site is not possible to be developed due to flood risk and green belt designation. The

Council own a small parcel towards the Barlow Moor Road frontage. The Council would require the Development Framework to be the subject to community consultation. The agreed framework would guide the scale, typology of residential development and design of development on the site.

Northenden

- 4.22 As with the Fielden Site the presumption will be that this site should be for residential purposes. It is also proposed that a Development Framework is brought forward for this site which would again be the subject of community consultation to guide the scale, typology of residential development and design of development on the site.

St John's

- 4.23 The College's existing St John's site is located between the Spinningfields development which is now wholly developed out and the St John's development area (largely the former ITV/Granada Studios land). The college building could be re-modelled for office use but a preferred alternative would be for the site to be re-developed.

Shena Simon

- 4.24 This site is located close to Piccadilly Station. The building is listed Grade II. The building could be suitable for conversion to residential use subject to careful design and respect for the listed designation and historic character of the building.

Nicholls

- 4.25 This site includes a Grade II listed building and facilities include the Arden theatre school and all weather pitches. The pitches have extensive community use. The site is occupied by the college on a long lease from the Council and there are legal covenants restricting the use to education. There are further development constraints due to graveyards under part of the site.
- 4.26 The preferred long term use of the site is for school use, helping to meet the City's need for additional places. The challenge is whether school use can be introduced in advance of new sports pitches for the college being completed at Openshaw and in advance of a new theatre space being provided in the city centre.

Welcomb Street

- 4.27 The space occupied by the college forms three industrial units used construction trades training. The units would become vacant following completion of works at Openshaw. The opportunity to align the facilities on Welcomb Street with the City Council's ambitions to relocate businesses and retain employment in the city are currently being explored with the College.

Financing the 2017 – 2022 Estate Strategy

4.28 The College has access to a range of funding sources, including:

- Capital receipts - from the sale of surplus assets;
- Grant funding (for example Greater Manchester Skills Capital Grant Funding); and
- College borrowing capacity.

In addition, the College is in a unique position where it can also give further guarantees against borrowings and support to the scheme. As a result of being part of the larger LTE Group further support for the scheme can be secured from the LTE commercial units.

4.29 The new estate will allow Manchester College to reduce its property related overheads, with significant annualised savings to be reinvested, allowing more resources to focus on teaching, and increased resources will be focused on the priority growth sectors which underpin higher productivity in Greater Manchester. Lower overheads will be important in allowing Manchester College to borrow money commercially at lower interest rates. The College will be one of the largest employers in the city, supporting an extensive supply chain in the conurbation.

4.30 The delivery of the five sites set out in paragraphs 4.7 to 4.16 is estimated to require grant funding of £50m and the College have applied to the Greater Manchester Combined Authority (GMCA) for £50m of Skills Capital Funding which is administered by the GMCA. Decisions on such an application will be known shortly before Christmas 2017. Should the level of grant funding not be secured the College will review their Estate Strategy and consider a phased approach over a longer time frame. In doing so the College would, in all probability, be seeking to secure sources of grant for particular elements of their Estate Strategy and to deploy their borrowing capacity and capital receipts accordingly. Compared with delivering all of the proposals as a single investment programme such a phased approach would be more costly and not deliver the educational and skills outcomes needed as quickly.

5.0 Concluding Remarks

5.1 The Manchester College proposals for estate transformation will be central in delivering productive growth and inclusive growth, increasing productivity and household income in Greater Manchester. The support for skills training in support of productive and inclusive growth delivered through the combination of Centres of Excellence and Learning Hubs makes the Manchester College proposals for estate transformation a priority for Greater Manchester.

5.2 The need to reform vocational and technical skills training is clearly set out in the Post-16 Skills Plan and the Government's recently published Industrial Strategy. The importance of the technical skills challenge has been set out in The Greater Manchester Work and Skills Strategy

“Greater Manchester needs a transformational education, skills and employment system that delivers the higher level and technical skills needed to drive productivity in GM’s growth sectors, and to deliver a step-change improvement in basic and generic skills, including English, maths and digital”

- 5.3 The Government has recently set out ten pillars of the Industrial Strategy and the Greater Manchester work and skills strategy and the Manchester College proposals address seven of them, including creating the right institutions to bring together sectors and places, upgrading infrastructure, supporting businesses to start and grow, cultivating world leading sectors and delivering growth.
- 5.4 Greater Manchester’s own analysis shows a mismatch between the current curriculum and the skills needs of the priority growth sectors. Increase workforce productivity and household incomes across the conurbation requires an increase in the scale and the quality of Level 3 provision through specialist vocational centres of excellence.
- 5.5 Manchester College’s proposals to both modernise the estate and introduce a closer working relationship between employers and key sectors and training providers is well advanced, tailoring skills training to jobs in the local economy. The co-design and co-delivery model, working closely with sectors, business groups and networks will provide a more relevant and forward looking learning offer built around the needs of industry.
- 5.6 The new Manchester College facilities will significantly increase the scale and quality of learning provision, with an increased emphasis on the priority sectors. By 2024/25 learner numbers will have increased to 6,400 16-18 year olds, 6,600 adult learners, and 2,000 higher education learners. Over a ten year period the impact on the economy will be considerable and central to Greater Manchester delivering the economic and employment growth.
- 5.7 Detailed recommendations appear at the front of this Report.

6.0 Contributing to the Manchester Strategy Outcomes

(a) A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities

- 6.1 The Manchester College is a key economic driver within the city not only as an employer but in helping to underpin a wide range of key sectors in the city as it is the largest provider of 16-19, adult and higher education in Greater Manchester, with more than 25% of Greater Manchester’s learning provision undertaken by the College.

(b) A highly skilled city: world class and home grown talent sustaining the city’s economic success

- 6.2 The Manchester College supports significant numbers of students in Manchester to be equipped with the right skills to be employed within the Greater Manchester economy.

(c) A progressive and equitable city: making a positive contribution by unlocking the potential of our communities

- 6.3 The Manchester College is committed to working with all communities within the city actively and energetically.

(d) A liveable and low carbon city: a destination of choice to live, visit, work

- 6.4 The Manchester College has a strong commitment to environmental sustainability and this is embedded within the management of the existing estate and the plans for the new estate.

(e) A connected city: world class infrastructure and connectivity to drive growth

- 6.5 The Manchester College Estate Strategy seeks to deliver new world class assets across the city that will continue to support the city's growth ambitions over the next decade.

7.0 Key Policies and Considerations

(a) Equal Opportunities

- 7.1 An outcome will be to capture local employment opportunities and ensure that local residents have the opportunity to compete for such job opportunities.

(b) Risk Management

- 7.2 Not Applicable

(c) Legal Considerations

- 7.3 None at this juncture