

Manchester City Council Report for Resolution

Report to: Economy Scrutiny – 6 December 2018
Executive – 12 December 2018
Council – 30 January 2019

Subject: The Manchester College – City Centre Campus

Report of: Strategic Director (Development) and City Treasurer

Summary

The purpose of this report is to provide an update on the LTE Group's progress in acquiring a city centre site located within the Northern Gateway Great Ducie Street Regeneration area (part of the former Boddingtons Brewery site) for the Manchester College city campus, which is a key part of its estates strategy. It will provide fit for purpose, 21st century learning that will deliver to the City's objective to become a Highly Skilled City. The proposed location at the former Boddingtons site means that it will be highly accessible for learners in Manchester and Greater Manchester and the city centre location means it is well placed to further develop links with businesses in key growth sectors, to meet their skill needs.

A separate report at Part B of this agenda, sets out proposals for the Council to support the Manchester College in these plans.

Recommendations

Economy Scrutiny Committee is invited to comment on the report and endorse the recommendations to the Executive as detailed below.

The Executive is recommended to:

1. Support LTE Group's plans to deliver a new Manchester College Campus on Great Ducie Street (on part of the former Boddington's Brewery site) which would be a centre for excellence for skills in Creative & Digital (Phase 1) and Business, Financial & Professional Services (Phase 2);
2. Note that the LTE Group has committed to work with the Council to ensure that new development proposals comply with and support approved planning policies for the City Centre, and to work with the Council to bring forward a new development framework for the site;
3. Note that the arrangements include a proposed loan of £27.6m to LTE Group the details of which are set out in the separate Part B Report.

The Council is recommended to:

1. Approve a capital budget increase of £27.6m (£17.6m in 2018/19 and £10m in 2019/20) funded by borrowing.

Wards Affected:

Cheetham and Piccadilly

| Manchester Strategy Outcomes | 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 major economic driver, not only as an employer but in providing skills training and learning pathways to underpin a wide range of key growth sectors in the city. 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 enables significant numbers of students in Manchester to be equipped with the right skills to access existing and new jobs, and employment pathways 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 to improve the learning and skills outcomes of all our residents. |
| A liveable and low carbon city: a destination of choice to live, visit, work | The Manchester College has a strong commitment to environmental sustainability. 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 intend to deliver a new world class facility, which will continue to support the city's 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

Note that the arrangements include a proposed loan of £27.6m to LTE Group the details of which are set out in the separate Part B Report.

Contact Officers:

Name: Eddie Smith
Position: Strategic Director - Strategic Development
Telephone: 0161 234 3030
E-mail: e.smith@manchester.gov.uk

Name: Carol Culley
Position: City Treasurer
Telephone: 0161 234 3406
Email: carol.culley@manchester.gov.uk

Name: David Lord
Position: Development Manager
Telephone: 0161 234 1339
E-mail: d.lord@manchester.gov.uk

Name: Angela Harrington
Position: Head of Work & Skills
Telephone: 0161 234 3171
Email: a.harrington@manchester.gov.uk

Name: Pat Bartoli
Position: City Centre Regeneration
Telephone: 0161 234 3329
E-mail: p.bartoli@manchester.gov.uk

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.

The Manchester College Estate Strategy 2017 – 2022 - Report to the Executive, 13 November 2017;

The Manchester College, New Campus - Report to Executive, 25 July 2018

1.0 Introduction

- 1.1 A report considered by the Executive in November 2017, set out the Manchester College Estate Strategy for the 2017 – 2022 period. The strategy set out proposals for the College to seek to develop leading edge facilities for post-16 education and skills training, serving Manchester and the wider Greater Manchester (GM) Area. This was followed by a more detailed report in July 2018, which set out the College's plans to acquire a site to locate a new city centre campus.
- 1.2 The LTE Group has entered into an Option Agreement for part of the former Boddingtons site, where it will develop a centre of excellence with a strong focus on the skills required by the City's growth sectors: Creative & Digital; and Business, Financial & Professional Services.
- 1.3 A separate report at Part B of this agenda sets out the contractual, financial and commercial arrangements required by the LTE Group to support the development of the City Centre campus and how the Council will support the Manchester College with these plans.

2.0 Context

- 2.1 Improving skills levels has been identified by the Industrial Strategy at both a national and local level, as a key driver of economic growth and critical to addressing the national and Greater Manchester productivity challenges. The Government in response to the Sainsbury Review published its Post-16 Skills Plan, which seeks to create 3 clear pathways for post-16 education: academic; apprenticeships and technical education. The Government view is that the academic pathway is clear and works well. Apprenticeships have been subject to a number of recent changes including the introduction of apprenticeship standards and the apprenticeship levy, which have seen a substantial reduction in the number of apprenticeship starts nationally, not reflected in the local position. The intention is for apprenticeships to grow as a route to skilled employment for young people and adults.
- 2.2 Technical levels (T-levels) are being introduced for skilled occupations where there is a substantial requirement for technical knowledge and practical skills. They cover 15 occupational routes: Agriculture, Environmental and Animal Care; Business and Administrative; Catering and Hospitality; Childcare and Education; Construction; Creative and Design; Digital; Engineering and Manufacturing; Hair and Beauty; Health and Science; Legal, Finance and Accounting; Protective Services; Sales, Marketing and Procurement; Social Care; Transport and Logistics. Technical levels will be a full 2 year programme and include a significant industry placement of 45 days. There will be a transition year for young people who are not ready to access technical levels at age 16. Successful completion would lead learners to a higher level technical education; a higher level or degree level apprenticeship; or employment.

- 2.2 T-levels will be rolled out nationally, on a phased basis between 2020 and 2022. It will involve a transformational change in the way that FE is delivered. It is unlikely that any one college or area would offer all 15 pathways. In Manchester, the Manchester College will be the key provider of T-levels and has some valuable learning through its work experience pilot for the College, wider LTE group and other GM providers. The work that the College is doing with employers to co-design and co-deliver curriculum is also an important foundation for T-levels, as well as delivering to the Greater Manchester and City's ambition to have employers at the heart of the skills system. The estates strategy and the development of the centres of excellence will underpin the College's ability to successfully deliver T-levels and its wider skills proposition.
- 2.3 The Adult Education Budget (AEB) is being devolved to the Greater Manchester Combined Authority from the 2019/20 academic year. Circa 70% of the budget will be plan led and grant funded to the 10 GM FE colleges and adult education providers. Currently the budget is used predominantly to fund ESOL, basic skills: English & Maths, employability skills and level 2 qualifications and below in vocational education. Manchester Adult Education Service (MAES) and the Manchester College are the two biggest providers in the City. Commissioning by the GMCA and the development of a plan /partnership approach will mean that there is a greater focus on outcomes and integrating skills, with employment and other support for learners who are furthest from the labour market. The learning hubs will be critical to the delivery of better outcomes for NEET young people, unemployed adults and returners to the labour market. The devolved AEB arrangements will also allow for some innovation to better meet the needs of GM residents and businesses.

3.0 The Background

- 3.1 Manchester College is part of the LTE Group, which is a very large education and skills social enterprise comprising of 5,000 staff in 120 locations, and more than 100,000 students and learners, the LTE Group reflects the combined strengths and services of five organisations:
- The Manchester College – delivering 16-19 and adult further education across all levels
 - UCEN Manchester – delivering technical and professional higher education to level 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.
- 3.2 A separate report to the last meeting of Economy Scrutiny provided a detailed update on how various parts of the LTE Group deliver to the City's work and skills priorities. In particular, it provided performance information on the

improvement journey that the Manchester College has been on since its last Ofsted.

- 3.3 The College has a long and successful history in the City, and currently offers post-16 education and skills at 24 sites across Manchester, two thirds of which were built before 2,000, and over a quarter of which are in relatively poor condition. The estate, as currently configured doesn't provide a 21st century learning environment that supports the College's wider education ambitions for the City, nor does it place it in the best position to deliver T-levels and benefit from the proposed changes in the post-16 landscape. In addition it is not efficient or cost effective to run.

4.0 The Manchester College Estates Strategy

- 4.1 The Executive reports in November 2017 and July 2018, set out the Manchester College's estates strategy in detail. In summary, the proposal is to consolidate the estate from 24 disparate sites into three centres of excellence in the City Centre and Openshaw, supported by learning hubs within the centres of excellence, with two additional learning hubs in Harpurhey and Wythenshawe. The centres of excellence are well aligned with Manchester and Greater Manchester growth sectors. The new City Centre campus will be a centre of excellence for business, finance and professional education; and creative and digital skills, complementing the small health centre of excellence located in Citylabs on the Oxford Rd Corridor, all of which will provide routes to HE, as well as employment. Openshaw will have centres of excellence in construction, logistics, health, social care, sport and wellbeing.
- 4.2 The learning hubs will offer a broad curriculum, up to a learner's first level 3 vocational /technical education level with clear routes to the centres of excellence, apprenticeships and other progression opportunities. They will also offer an engagement curriculum for learners with low skill levels, lack of confidence and /or those with additional needs. These learners will be supported with mentoring, student pastoral care and good quality Careers Education Advice & Guidance. The learning hubs will work in partnership with other agencies to integrate additional support for young people at risk of becoming NEET, and for adults with additional needs. Basic English and Maths and ESOL provision will be delivered through the learning hubs.
- 4.3 Delivery of the College's Estates Strategy will increase capacity, enabling a 12% growth in the post-16 learning opportunities for 16-18 year olds, which will be needed to accommodate the increased number of children and young people coming through the City's school system. There will be an increase in the number of 16 to 18 year olds and HE students accessing centre of excellence provision in the City Centre. The strategy also projected that the new estate will increase basic skills provision by 9%, which is needed in particular to address the needs of adults with low skills in the City, and a 23% growth in the number of technical and professional HE learners, needed to address the skills gaps in our growth sectors, as well as boosting productivity. Once delivered the College's estate will be more efficient, with better space

utilisation, and reduced running costs, all of which will have a positive impact on the College's overall sustainability.

5.0 The Manchester College City Centre Campus

- 5.1 The new campus will focus on Manchester's employment growth sectors and new markets, where technological change require a more highly skilled and adaptable workforce. The City Centre site will also accommodate higher education and the College's A level centre, providing academic routes into Higher Education.
- 5.2 In order to meet its ambition to develop a new City Centre campus, the College needed to acquire a suitable site: one which is accessible by public transport and creates a high quality and safe environment to inspire students and learners to achieve, with adequate provision of external space/ public realm. It is important to the College that the campus is in a location that showcases its modern education and training facilities, to improve the skills of current and future generations, and attract learners from across the City and City region.
- 5.3 One of the primary attractions of the City Centre is its excellent access to public transport; as it will be important that the new campus has easy and safe access to bus, rail and Metrolink services, and good access to the highway network as well as a network of safe cycle lanes. The College will need provision for visitor and disabled parking. The Manchester College will be listening to and working with existing communities as it develops its plans. Located on land at the former Boddington's Brewery, the site presents a prime opportunity for redevelopment and help the College's deliver its vision to enable every learner to 'Be Amazing', creating the skills needed by the City's residents for the City's growth sectors.
- 5.4 The LTE Group began a site selection process in May 2017. College Governors have been involved in the process throughout. Six sites were shortlisted against criteria agreed by the College Board, and the land to the east of Great Ducie Street (former Boddingtons site) was chosen as the preferred site for the new City Centre campus. An Option Agreement has been entered into with the owner for the site. The College will also retain Shena Simon College, as additional capacity in the short to medium term.
- 5.5 The College is committed to developing a sustainable campus on the site, reducing energy usage and CO2 production and achieving a BREAM excellence rating for its new campus. It is anticipated that the Great Ducie Street location will mean an increased use of public transport by students and staff. The College is in the process of appointing its design and professional teams.
- 5.6 The existing Strategic Regeneration Framework covering the Boddingtons site does not include the provision of a college. The LTE Group working in partnership with the Council, will bring forward a new development framework for the site they have acquired, which incorporates a college campus and

appropriate development across the remainder of the site. The redevelopment is seen as a key part of Manchester City Council's strategy of expanding the 'Northern Fringe' of the city centre. The regeneration of the former Boddingtons Brewery site sits alongside the Great Ducie Street Strategic Regeneration Framework.

6.0 The Manchester College City Centre Campus: Funding

- 6.1 The College's estates strategy will be funded through a mix of LTE Group borrowing, consolidation - allowing for the sale of learning facilities no longer needed by the College - and GM Skills Capital Funding. The GMCA has agreed in principle to support the Manchester College's estates strategy with a grant of up to £25m, subject to the outcome of detailed evaluation and due diligence. Council officers will track progress and timescales and take into account any Skills Capital Funding grant conditions that are relevant to or impact on the Council's proposed loan facility.
- 6.2 A Part B Report to July Executive included a proposal for the Council to provide some additional support in terms of loan finance to support the college's estates strategy, which was up to £36m depending on the overall funding package, costs and VAT treatment of the site acquisition. Any financing arrangement was also to cover the Council's financing costs and comply with the State Aid position. Following ongoing discussions the amount of support requested has been confirmed as a loan funding package of £27.6m. Further details on the likely terms of the support are contained in the confidential Part B report on this agenda.

7.0 Concluding Remarks

- 7.1 The acquisition of the former Boddington's site to develop its City Centre Campus, is a major step forward for the Manchester College's estates strategy. It will provide a high profile and accessible site for both learners and businesses in the City and will significantly increase the scale and quality of learning provision, with an increased emphasis on priority sectors and higher level & technical skills. The College's approach with employers, and the proposed development of the City Centre campus, means that the City will be well placed to deliver the new technical pathways which are being proposed as part of the Government's Post-16 Skills Strategy and critical to the delivery of the Industrial Strategy.
- 7.2 Supported by the community learning hubs, the College will continue to be the major provider of post-16 education and skills in the City for residents at all skill levels. The new estates strategy will support its ambitions to deliver clearer career pathways for all of its learners through education, skills and employment. The estates strategy is timely in terms of the College being well placed to meet the skills requirements of the Industrial Strategy, both nationally and locally, and allows the College to future proof its offer through a high quality, efficient and sustainable estate.

8.0 Recommendations

8.1 Recommendations can be found at the front of the report.

9.0 Contributing to the Manchester Strategy Outcomes

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

9.1 The Manchester College is a major economic driver, not only as an employer but in providing skills training and learning pathways to underpin a wide range of key growth sectors in the city. 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

9.2 The Manchester College enables significant numbers of students in Manchester to be equipped with the right skills to access existing and new jobs, and employment pathways within the Greater Manchester economy.

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

9.3 The Manchester College is committed to working with all communities within the city to improve the learning and skills outcomes of all our residents.

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

9.4 The Manchester College has a strong commitment to environmental sustainability. 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

9.5 The Manchester College intend to deliver a new world class facility on the UX site, which will continue to support the city's growth ambitions over the next decade.

10.0 Key Policies and Considerations

(a) Equal Opportunities

10.1 Manchester College's new city centre campus would enable even more local residents to acquire the right skills to access existing and new jobs, particularly in key employment sectors. The Manchester College is committed

to working with all communities within the city to improve the learning and skills outcomes of all our residents.

(b) Risk Management

- 10.2 The Financial arrangements will be managed and monitored over the life of the loan to ensure compliance with all the terms set out therein and the Council's duties and functions.

(c) Legal Considerations

- 10.3 The Council's Commercial Legal team will continue to support and advise the project team to ensure that the necessary arrangements are put in place, which sufficiently protect the Council, and comply with all relevant legislation.