



## **NWCH Breakfast Event: Focus on Education – 1<sup>st</sup> November 2017**

The NWCH Breakfast Event brought together a panel of education experts to answer questions on the constraints and challenges around funding and capital works now and in the future. Jared Allen opened the event, held at the GM Chamber of Commerce, handing swiftly over to Roy Cavanagh CBE, host for the morning.

Roy introduced the panel members, asked questions, and fielded comments from the audience.

### **Construction, the Economy and the Skills Gap - “Construction is the one true barometer of the economy”**

Christian Spence started by setting the scene with a presentation about construction output, and its success since the double dip recession

- 2008 – Gordon Brown pushed cash hard in to the public sector to try to balance recession then in 2010 the government turned capital spending off
- He explained how a 60% increase in investment in 2012 by the then Prime Minister in education (and health) was used to bring the UK out of recession, and how this was more important to the north west relative to the country as a whole. The north west saw an increase in real terms of 120% compared to an average of 80% across all regions
- He went on to talk about the construction pipeline for the north west which shows a massive skills shortage in certain “newer” trades such as dry lining and architectural cladding.
- His question was if the sector can respond to the increase in demand – with 3% growth forecast over the next few years?
- Analysis of the pipeline identified that much of the spend in education has been by the Greater Manchester Universities, but that is starting to slow down. Whilst some of this has been funded from own budgets, some institutions have had to borrow to enable the improvements to their estates.
- Further education has been for some time the poor relation in comparison. However, devolution does offer opportunity as there is greater control of local budgets. The downside does mean that it won’t necessarily go to HE or FE as there will be much competition for the funds available.

### **FE and the funding challenge - “Colleges are often seen as the Cinderella of the education sector”**

Pat Farrell then took centre stage, responding to a question about the benefits and challenges to the FE sector of estates development and management.

- He felt it was a positive move for the LEP to take control of funding, so the decisions were being made by local people with local knowledge. However, the downside to this is that local decision-makers don’t understand or have the level of knowledge of the FE sector that was available by other educational based funders.
- The LEP is therefore undergoing a learning curve, and so the process is longer.
- He questioned how major capital projects would be funded in the future – how would he be able to replace old buildings that are coming to the end of their lives, and are currently being patched up. Pat questioned the validity of his masterplan in view of this.
- FE institutions have adapted to industry needs over the years – largely retrospectively - and are happy to meet the skills shortages identified. For example, they are meeting current government demands as regards provision of training for mental health (their current project is a Mental Health and Wellbeing centre), but are generally having to be reactive rather than proactive, due to such limited capital budgets.



- Pat called on government to match the funding provided with the skills requirement

**Attracting more young people to the industry - "Putting career choices in the hands of those who only know education is a real worry (for construction)"**

Barry Cullen, picking up the skills challenge, talking about current RICS initiatives to encourage young people into surveying as a career.

- Discussed the survey undertaken with 2,000 parents which found that 'Surveying' was the bottom of every category as a career choice – this matched Christian's category red note against surveying in his pipeline analysis
- These include working with Vloggers which has pushed a significant amount of traffic to the RICS website by drawing a line between gaming and construction technology.
- He also talked about the new qualification "Design, engineer, construct". This course has been run in Clackton – one of the poorest wards in the country with great success.
- Apprenticeships are great for diversity – attracting significantly higher proportions of women and BMEs than previously coming to the industry.

**School places in high demand – "We are land-poor"**

Sean McGonigle responded to a question on the main challenges faced by Councils by giving some hard facts: the city's population grew by 19% from 2001 to 2011.

- A massive challenge has been created, especially considering the result is an increasingly young city
- The Council has a statutory duty to provide school places, yet 13 years ago they were demolishing schools due to lack of demand
- 2009-16 has seen an increase of 29% for primary school places and 17% for secondary school places – this is due to a number of factors, from migration, more jobs in the city, an increase in birth rates and other GM authorities not having capacity either (no possibility of exporting to other schools)
- The challenge has been met by large expansions to existing schools, alongside new build. However the city is land-poor, with few suburbs and a shortage of sites. Those sites available tend to be brownfield with significant contamination. An example was given in how proposals for a school in Gorton pushed the price to £43m due to contamination
- The Council has needed to have a strong relationship with all schools – and has been welcoming of free schools into the city to address the demand issues – "Manchester is one of the few local authorities readily working with free schools."
- Growth has not been uniform across all areas, and the price of land in areas with a scarcity of places has also increased. However, land shortages have led to creative solutions for new schools – sharing leisure facilities is one example
- Areas such as Cheetham is an example of high demand but no land available, and this issue is likely to worsen as the city grows
- The Council is looking to protect sites for schools in the future



**Education procurement – Clumsy** - *“There is a need to move away from capital cost to life cycle costs – this is the key going forward”*

Mo Isap was then asked about the effectiveness of current procurement strategies for Academy Trusts.

- His initial response was that procurement was clumsy and that stamina was required from the start of the process – he suggested that there was a need for an Anthony Joshua boot camp for school procurement!
- He asked why a contractor would be interested in building a school for the EFSA when they can get far more profitable work elsewhere
- He cited an example of a site acquisition still underway - 5 years after approval given for a new school; the detrimental impact on the local community and young people mainly forgotten in the overall process “Everyone gets lost in the multi-million projects and forgets that building schools is about changing the fabric of society for the better.”
- The ESFA’s property division has been set up to alleviate some of these problems, and the Future Schools Programme will look very different, but we are currently struggling to put a world class education offer together and we need to raise the bar.
- Proper co-ordination and an effective process is essential.
- Mo spoke passionately about the skills shortages, saying that industry needs to get more involved. There needs to be bigger buy-in and better investment. “The narrative needs to change to attract young people in to the industry.”
- In response to a comment about 2 year circular apprenticeships, Mo stressed the need to get rid of inequality; encouraging young people into the construction industry by educating their parents.

*“There is too much talk. We will have another event like this one in months to come and discuss the same issues. There is a need to become proactive and move away from reactive talk.”*

**Universities and Partnerships** - *“There is a need to develop more porous boundaries between industry and educational institutions”*

Jo Purves responded to a question about the importance of partnership to universities:

- She talked about the current tension between universities and the government relating to the cap on tuition fees and inflation. This Government seems prepared to see universities close down
- Universities need employers to commit to taking on graduates and apprentices and are committed to providing the quality the industry needs for apprentices
- Dialogue is needed for this to happen effectively
- There is also a need for companies to upskill existing employees in a world where jobs are changing
- Ideally every graduate should have industry experience, and generally University of Salford has very high employability rates, except for BME students. There is still work to be done on the gender gap too.

A question about partnerships, and if it was thought that the education sector would follow the NHS route, provoked the following responses:

- Pat stated he was nervous of partnerships having seen what has happened to the NHS but it was also frustrating at times trying to engage with organisations who won’t open to door to start a discussion.
- Mo said that partnerships offered great opportunities, particularly if organisations made real changes.



**Introduction:**

Jared Allen, Interim Director of Capital Programmes and Chair of the NWCH Board

**Host:**

Roy Cavanagh MBE

**Presentation:**

Christian Spence, Head of Research & Policy, Greater Manchester Chamber of Commerce

**Panel Members:**

- Pat Farrell, Head of Corporate and Capital Development, Hugh Baird College
- Barry Cullen, Future Talent Director, RICS
- Sean McGonigle, Director of Trading Services, Manchester City Council
- Mo Isap, Co-Founder and Trustee Tauheedul Education Trust and GM LEP Board Member
- Jo Purves, Pro Vice Chancellor for International and Regional Partnership, University of Salford