

Greater Manchester Combined Authority

Date: 30 May 2025

Subject: Greater Manchester Post-16 Sufficiency Fund

Report of: Cllr Eamonn O'Brien, Portfolio Lead - Technical Education, Skills & Work
Sara Todd, Lead Chief Executive - Technical Education, Skills & Work

Purpose of Report

This report seeks Greater Manchester Combined Authority ("Combined Authority" and "GMCA") approval for the proposed use of a £10m capital grant from the Department for Education ("DfE") to create additional education and training places for 16-19 year olds in Greater Manchester that will help move towards ensuring there are sufficient places available for this growing cohort.

It also seeks GMCA approval for the proposed use of GM's recycled Local Growth Fund ("LGF") monies as match funding for the DfE grant in order to provide additional flexible capital/revenue funding to ensure that the additional space is equipped and resourced in order to meet learner demand, respond to Greater Manchester labour market priorities, and deliver growth and opportunity.

The report also requests appropriate delegated authority to take both funding streams forward to grant/contract award.

Recommendations:

The GMCA is requested to:

1. To approve option 6 as the preferred methodology for use of a £10m grant from the Department for Education ("DfE") to enable Local Authorities to ensure sufficient and appropriate education and training places are available for 16-19 year olds in Greater Manchester.
2. To approve the approach to using £10M of recycled Local Growth Fund (LGF) as additionality to the DfE funding as part of a strategic approach to ensuring sufficient education and training places are available to young people.

3. To grant delegated authority to the Group Chief Finance to Officer make final allocations and grant awards in consultation with the Portfolio Lead and Lead Chief Executive.

Contact Officers

Nicola McLeod, Assistant Director – Education, Skills & Work

nicola.mcleod@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

Recommendation - Key points for decision-makers

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	The proposal will broaden access to technical education opportunities to young people and adults across GM, including those from socially and economically disadvantaged backgrounds.
Health		N/A
Resilience and Adaptation	G	The proposal will indirectly contribute to safer and stronger objectives by giving more young people access to technical education and good jobs
Housing		N/A
Economy	G	The proposal will increase the number of young people studying further education provision which is relevant to GM's key and growth sectors and build a talent pipeline of young people on a pathways to good jobs in the GM economy. Whilst the proposal will grant colleges to use capital funding to expand their estate to increase capacity, this is likely to be through temporary means rather than construction.
Mobility and Connectivity		N/A
Carbon, Nature and Environment		N/A
Consumption and Production		N/A
Contribution to achieving the GM Carbon Neutral 2038 target		N/A
Further Assessment(s):		N/A
G Positive impacts overall, whether long or short term.		A Mix of positive and negative impacts. Trade-offs to consider.
		R Mostly negative, with at least one positive aspect. Trade-offs to consider.
		RR Negative impacts overall.

Carbon Assessment

Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance	N/A	
New build non-residential (including public) buildings	N/A	
Transport		
Active travel and public transport	N/A	
Roads, Parking and Vehicle Access	N/A	
Access to amenities	N/A	
Vehicle procurement	N/A	
Land Use		
Land use	N/A	
No associated carbon impacts expected.	High standard in terms of practice and awareness on carbon.	Mostly best practice with a good level of awareness on carbon.
		Partially meets best practice/ awareness, significant room to improve.
		Not best practice and/ or insufficient awareness of carbon impacts.

Risk Management

The main area of risk relates to the fulfilment of statutory duties (see Legal Considerations below) by GMCA and its constituent Local Authorities, and the potential impact on those duties in the event that these proposals are unable to proceed.

Any risks that might arise in relation to the proposed programme of activity and investment as it evolves will be managed/mitigated in line with appropriate regulations and good practice.

Legal Considerations

Any delays or blockages to mobilising the resources set out in this report at the earliest opportunity risk GMCA and its constituent Local Authorities being unable to fulfil statutory obligations under sections 15ZA, 15ZB, 15ZC, 17A, 18A(1)(b), of the Education Act 1996, and the power under sections 514A and 560A of that Act, relating to the provision of education and training for 16-18 year-olds in their areas. These duties and powers, historically held by LAs, were conferred concurrently upon GMCA by the [Greater Manchester Combined Authority Order 2011](#). In summary, the duties relate to:

- Securing enough suitable education and training provision for all 16-18 year olds in their area, and for those aged over 19 years for whom an Education Health and Care Plan is in place
- Maintaining a strategic overview of education and training provision so that a diverse offer is available with opportunities for learners to exercise choice, and gaps in provision are identified and resolved.

Financial Consequences – Revenue

See note on Capital below.

Financial Consequences – Capital

If approved, these proposals would take forward the investment of a £10 million capital grant received from the Department of Education to create additional teaching space in Greater Manchester's post-16 education system.

The proposals would also enable the investment of up to £10 million in two funding envelopes of £5m as match funding – recycled local funds from LGF reinvestment monies – for mixed capital and revenue use according to need (e.g. to support the costs of equipment, staffing and other resources) in order to maximise the impact of the capital

grant from Government and benefit the greatest number of residents across the city-region.

Spending will be within the grant allocation and managed through appropriate assurance processes as required.

Number of attachments to the report:

N/A

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

GMCA has previously considered and approved the use of recycled LGF monies as match funding alongside other funding streams such as DFE Capital and Revenue funding (which was an outcome of the Spending Review Task & Finish group April 2025) to amplify impact and drive positive outcomes for Greater Manchester residents and employers (May 2021, March 2023).

The LGF reached financial closure on 31 March 2021. Several projects had spend profiles extending beyond this date and as a result GM utilised the local flexibility written into Local Growth Deal under 'Single Pot' principles and a number of additional eligible projects were brought into the programme to ensure spend of the full allocation by 31 March 2021 to meet grant conditions. In March 2021, in line with the prevailing grant conditions, the Growth Deal Programme reported full spend of all of the LGF grant. Of the £25.8m of funds that are expected to recycle, £9.1m was allocated to projects still in build, leaving £16.68m for further investment (the figure in the GMCA May 2021 paper was £18.2m but further reconciliation of the funds has led to the revised figure). In May 2021, GMCA approved allocation of these funds to skills & labour market responses post Covid/ UK Exit from the EU (EU Exit) across GM. The proposed use of the remaining recycled LGF funds to deliver flexible skills and work activity in response to labour market challenges and skills priorities across Greater Manchester is in line with the principles previously considered approved, but further details will be included in a future report to the CA.

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

Yes

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 relevant Scrutiny Committee on the grounds of urgency?

N/A

Bee Network Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

1.1 Greater Manchester context and ambition

1. With the fastest growing economy in the UK, more foreign direct investment than any other UK region, pioneering new ways of tackling disadvantage/driving opportunity and a clear commitment to/vision for raising the bar in technical education, Greater Manchester is ready to play its part supporting the growth, opportunity and decade of national renewal that the Government has signalled. We have a unique opportunity to transform our economy and the life chances of our residents by tackling barriers that jeopardise growth and opportunity, enabled by the policy/funding flexibilities within the Integrated Settlement.
2. All of this activity, and the inclusive growth it will deliver, will be powered by a responsive education, skills and work system that supports our residents to progress towards, into and within good jobs in the local economy. This will require turbo-charging technical education so that Greater Manchester's talent pipeline is better able to meet the needs of employers, both now and in the future, as well as the needs and aspirations of our young people. It requires a new approach to the way that we invest in high quality facilities, equipment and teaching and learning.

1.2 The 'Sufficiency Challenge'

3. In order to spread opportunity, drive growth and offer clear lines of sight into good work, GM must offer enough places in education and training, and enough breadth of choice, for our young people when they reach the transitional 16-18 phase, a critical springboard to further/higher learning and/or good work. The case for additional capacity was strongly made as part of the ongoing Spending Review conversations between GMCA and HMG resulting in the allocation of £10m DfE capital funding.
4. A population bulge in the 16-18 cohort is creating capacity pressures within GM's further education system; some subject areas and districts already seeing the effects in terms of offering places to young people who want one, but all ten LAs will face this challenge to varying degrees between now and 2030. Current population projections suggest the increase will peak in 2028/29 before dropping, although recent analysis by some LAs based on school numbers suggests that the 16-18 cohort will continue to increase beyond 2030 in some areas.

5. Although the exact scale of increased need and the potential gap in provision is difficult to quantify due to issues with the quality and consistency of evidence (see note below re: ONS population data), current projections suggest an estimated 6,000-7,000 additional education and training places for 16-18 year olds will be needed in the coming years across all kinds of provision. In addition, while population projections might indicate the extent to which the 16-18 cohort is growing, data alone does not reveal how much the cohort and its education and training needs are changing, or address other highly nuanced factors, such as:

- varying levels of evidence around the potential gap between supply of and demand for different types of learning
- variations in the space, equipment and workforce requirements in different types of provision, particularly around in-demand technical education subjects, which skew considerations of the resources needed to ensure a sufficient and appropriate offer
- complex travel-to-learn patterns and understanding of cause/effect of learner flows in relation to capacity ie how many young people travel outside of their LA area for their 16-18 learning and why – is it the nearest institution, are options already being skewed by the availability (or lack thereof) of their preferred education/training programme in their area, or do they simply prefer to go elsewhere
- ‘The Manchester Factor’ – Manchester is a net importer of 16-18 year old learners from some neighbouring LAs:
 - 44% of Manchester’s 16-18 places are filled by non-Manchester residents (around 5% are either from outside of GM or their home LA is not known/recorded)
 - 40% of Manchester’s SEND places are filled by non-Manchester residents.

6. The Department for Education (DfE) has previously made capacity funding available, for which individual institutions have been able to bid. Most recently, allocations to a number of GM sixth form colleges from the Post-16 Capacity Fund in 2023/24 enabled the creation of around additional 2,000 places in September 2024. However, these additional sixth form places, while welcome, are mostly focused on Level 3 provision (such as A levels) and are only part of the solution.

7. Technical education places, in particular at Levels 1 and 2, are also stretched to their limits in some GM districts, with priority sector provision – e.g. construction, a vital enabler of growth – running out of space in some areas. Insights from LAs and further education providers indicate that the increased pressure on places means that young people who face the greatest barriers to participation in education and training, and/or who do not have the expected levels of attainment at Key Stage 4 (GCSE or other Level 2 qualifications) to progress to Level 3, are most at risk when faced with limited availability of places and/or consequential limited choice as they are typically later to explore and apply for post-16 options, at which point courses might already be full.
8. This capacity challenge therefore poses a number of risks which go to the heart of both growth and opportunity: failure to offer enough places and a diverse range of options and pathways could have a significant negative impact on rising NEET numbers, on the talent pipeline that our employers need to drive inclusive growth, and on our ability to attract new investment to, and drive job creation within, every part of Greater Manchester.
9. Further detail around the sufficiency obligations and the impact of this demographic change is attached at Annex A.

Members are asked to note the scale of the challenge/gap is difficult to quantify accurately as current population estimates are derived in part from the most recently published ONS projections, which are based on 2018 data. The original intention was to update the projections based on 2023 population data, initially due for the publication on 9 May 2025. However, the ONS has now delayed the publication of this data until late June, which will be too late to be considered if we are to secure places for young people by September. Whilst it is recognised that the current ONS projections are imperfect and likely understate the scale of population change across Greater Manchester, this constitutes the only constant data source we hold across the ten districts, and which is used and accepted by DfE.

2. Investing in capacity/sufficiency in Greater Manchester's further education system

2.1 A new place-based approach to post-16 strategic planning

10. GM's Pathways for All submission to HM Treasury ahead of the June 2025 Spending Review would, if successful, help to tackle this issue. That proposition sets out an integrated approach to youth opportunity that would help break down silos between

interrelated areas of policy owned by different parts of government and deliver Greater Manchester's technical education ambitions. Working with our partners and providers, that package of flexibilities and resources would help to ensure integrated NEET reduction/prevention support along with a broad and diverse technical education offer, encompassing a wide range of applied technical qualifications, T-levels, and apprenticeships, together with the enrichment activities and experiences that help to prepare young people for further/higher learning and work, marshalled around the Greater Manchester Baccalaureate ('MBacc').

11. However, that is a long-term vision, and the sufficiency challenge requires urgent attention. Greater Manchester and central government have therefore worked together to understand the specific nature of the sufficiency challenge facing GM, and to identify solutions that are in the spirit of the government's commitments in the 2023 deeper devolution Trailblazer around Greater Manchester's role in providing oversight of post-16 technical education and skills in the city-region.
12. In April 2025 the Skills Minister announced that £10million capital funding will be made available to GMCA to support capacity for the rising numbers of 16-19 year olds in Greater Manchester; this grant is for FY2025-26 and can support the creation of new places needed for the forthcoming autumn term (September 2025). It is welcome both in terms of creating vital capacity needed in the system and as a significant step forward in devolution, as it is the first time DfE has made place-based funding of this nature available in a 16-19 context.
13. The DfE funding is very welcome but represents only a partial investment solution towards solving our sufficiency challenges for the short and medium term. The additionality of the LGF at a locality level will go some way to mitigate this for the next two academic years, but a longer-term solution to working with DfE on delivering the right resources to support a strong place based 16-19 delivery model is needed.

2.2 DfE Grant - use of funds

14. The DfE funding can only be directed at statutory providers of education (further education colleges, sixth form colleges, schools and academies) for the express purpose of capital expenditure to increase capacity in the education estate for 16–19-year-olds.
15. The funding should support teaching space only, not ancillary purposes. Bearing in mind the temporary nature of the demographic bulge in this age group, the urgency of need, and the need to balance impact/value for money while ensuring that resources

are not spread too thinly to have the required impact given the limited quantum of funding available, it is not envisaged that this funding will pay for major costs such as extensive new builds or land purchase. It can be used to meet costs incurred directly in respect of creating additional 16-19 places, for example, repurposing existing facilities or converting unused space into teaching environments (an overview of eligible/ineligible costs are attached at Annex B).

16. Whilst the terms of the grant do not explicitly direct that the capacity created should be for technical rather than academic education, they make clear that the additional space must meet local and national skills requirements and be reflective of learner demand and need.
17. GMCA must be satisfied that expenditure represents good value for money; as such, funding recipients must be able to demonstrate how many new 16-19 places will be created as a result of the investment and will be encouraged to identify any match funding that has been secured alongside this investment. In addition, where possible, longer-term use by different age groups could demonstrate good value for money.

3. Options appraisal and proposed allocation approach

3.1 Underpinning principles

18. GMCA has engaged with LA partners and FE colleges to shape a fair and impactful way of distributing this funding, so that it benefits as many young people as possible in GM who might otherwise face limited availability or restricted choice in their 16-18 education and training options.
19. A number of important points of principle have guided the options appraisal:
 - **a non-negotiable requirement to be evidence-led**, harnessing the most up-to-date and reliable data, MI and local expertise/insights that will drive the added value in a place-based approach. Mindful of variations in the granularity, consistency and quality of evidence, insights have a vital part to play in the evidence base alongside data and MI: for example, population projections will show how the cohort is growing, but that must be coupled with insights around how the make-up and needs of the cohort are changing.
 - **commitment to fairness and transparency**, supported by the evidence-led approach and working with core stakeholders to co-develop the approach
 - **the need to avoid overly complex approaches**, particularly those that might create additional bureaucratic burdens for LA teams and education institutions

- **ensuring the benefits of devolution are spread**, and felt, across all districts of GM, both in relation to shared decision-making and access to resources
- **pragmatism and proportionality** - the DfE capital grant alone cannot fix the entire sufficiency/NEET challenge, nor is there time to develop a comprehensive, long-term capital investment strategy for GM's technical education and skills system. A careful balance is therefore needed between identifying the best use of resources and most impactful solutions possible in the circumstances, and the urgency of need/timelines to mobilise funds to create places ahead of the 2025/26 academic year – also recognising that the sequencing of a number of interdependent financial and strategic factors does not enable a perfect solution.

20. In addition to those underpinning principles, some key insights have emerged from discussions with LAs and colleges that have helped to inform the options appraisal:

- It does not automatically follow that highest levels of projected population change translate into the highest risk of being unable to meet demand, particularly where additional capacity exists or can be expanded within other providers of 16-18 learning, including sixth forms and the independent training provider sector.
- Nor does it automatically follow that demand is linear in terms of progressing from Level 2 learning at age 16/KS4 into Level 3 provision post-16. Significant additional capacity is needed up to and including Level 2; some colleges are already reporting higher levels of applications for entry level provision than for first year A level provision.
- There is an imbalance in the availability of technical and academic capacity in many areas: pressures are most acute in technical subjects that require specialist facilities/ learning environments and places are already at a premium in subjects including STEM/applied sciences, engineering, construction, IT/computing and media.
- Pragmatism must play in – balancing the underpinning principles with the constraints of time.
- Initial feedback from LAs indicates a mature level of support for directing funding where it is most needed rather than focusing on 'something for everyone'. While some of the options tested with LAs and providers clearly had little merit, consensus has emerged around taking a weighted approach to distributing funds, rather than either an even split or a proportional one, to reflect some of the nuances set out in this paper.

3.2 Options appraisal

21. Following a review of seven allocation methodologies with Local Authorities, the recommendation to take forward option six recognises it as the fairest, most evidence-led approach based on currently available, GM-wide data. This methodology (full detail set out below) combines multiple factors/weightings included in the calculation of LA values that influence capacity, such as NEET levels and travel to learn flows. The methodology contains some variations in the granularity of data/insights, but offers opportunities to build consensus between LAs (with whom the primary statutory duty resides) and the institutions in their areas (which have access to the most up to date evidence of applications, enrolments and - in acute cases - waiting lists), in order to generate the most insightful picture of need. With a focus on institutions that deliver technical education and a diverse offer at a range of levels and for vulnerable learners, as well as facilities in a range of locations across GM that could be used by other age groups, this has the potential to deliver greatest impact for the target cohort and wider value for money.

The component parts of the methodology used to calculate each LA-level market share are set out below.

Component	Rationale
<p>LA population change (2018-23) x normalised scores of projected population change (%)</p> <p>Data source(s):</p> <p>ONS population estimates* and subnational projections. Supplemented by local forecasting models/data.</p> <p>*In light of LA concerns around accuracy of national data, supplementing this with LA data/forecasting models offers a blend of consistent national data with more granular local data derived to give a more comprehensive picture than national projections alone.</p>	<p>Although using a single year as the baseline would be a simpler approach, population is dynamic and changes from year to year. For this purpose a multi-year approach to the baseline evens out some peaks/troughs but reflects the extent of upwards trends in each area better than a single point in time or taking a average (mean or median). For the purpose of policy decisions around capacity, using this as the baseline helps to take account growth in recent years (numbers that have already been accommodated), rather than a simple headcount at a single point in time. In taking a multi-year timeframe as the baseline, the 2018-23 period is long enough to provide a stable picture taking account of the impact of the pandemic on cohort population trends.</p>
<p>Numbers of YP not in education, employment or training</p> <p>Data source(s):</p> <p>LA level NCCIS returns (live participation/ NEET/not known data).</p>	<p>Broad agreement that NEET numbers must be factored in as there is a dual impact on capacity: first, LA successes around NEET prevention/reduction means an appropriate offer must be available for YP to move into. Secondly, although LAs are driving tangible improvements in NEET rates the growing cohort means actual numbers of YP may be slower to fall – taking account of numbers</p>

	rather than the rate / % therefore provides a more accurate picture of the potential need for 16-18 places.
Travel to learn ratios Data sources: ILR datacube and local analysis (noting some caution around reliability/consistency of data)	All LAs and colleges raised the importance of learner flows in considering capacity; many YP do not undertake 16-18 learning in their 'home' LA but the levels vary between LAs in terms of 'import/export' of 16-18 year-old learners. A ratio is therefore calculated at LA level based on the number of 16-18YO residents leaving the district for learning vs the number of non-residents learning in the LA's institutions.

22. Informed by LA steers that have recommended a focus on technical education, this blended approach would ensure funding not only follows evidence/insight but does so in ways that GM's strategic support priorities and the wider technical education ambition, using all available levers to support high pathways that offer clear lines of sight for young people into good jobs in the local economy.
23. In acting on recommendations from LAs but managing the commissioning process directly, GMCA is able to give an evidence-led structure to the allocations, negating an adversarial bidding process amongst providers within a limited funding envelope for the £10m of DfE funding, minimise bureaucracy for LAs and eligible providers and enabling GMCA to meet its accountability obligations to central Government.
24. Following feedback from LAs, the most up to date local data that is available across all districts has been gathered and included. The NEET element is based on DfE's published participation/NEET data from 2023/24. This data is provided by our Local Authorities through the NCCIS database and has been agreed with locality leads as being the most appropriate source. Based on the best data currently available, indicative shares of the DfE funding are shown below.

3.3 Proposed Allocations of DfE Capital

LA	Budget (£)	Proportion of £10m
Bolton	£556,030.85	5.6%
Bury	£500,756.87	5.0%
Manchester	£5,043,941.58	50.4%
Oldham	£437,190.69	4.4%
Rochdale	£649,741.34	6.5%
Salford	£1,203,015.00	12.0%
Stockport	£314,960.37	3.1%
Tameside	£743,426.21	7.4%
Trafford	£224,191.57	2.2%
Wigan	£326,745.51	3.3%

25. It is recommended that GMCA approve the proposed approach for use of the £10m as part of a wider strategic framework for sufficiency planning, utilising the grant from DfE as one element, and to grant delegated authority to the Group Chief Finance Officer – in consultation with the Portfolio Lead and Lead Chief Executive for Technical Education, Skills and Work.

26. These proposed allocations are subject to change, based on GMCA receiving appropriate assurance regarding the ability of GFECs to mobilise funds effectively and in time to create additional capacity by Autumn 2026, as per the terms of the grant. GMCA will set out the terms of this assurance process for recipients as soon as possible.

4. Delivering industry-standard teaching and learning in technical education: Proposed GMCA match funding £5m

4.1 Wider challenges impacting FE sufficiency

27. It has never been more important that our further education and training system is able to deliver high quality, relevant, industry-standard teaching and learning in order to deliver:

- A new Greater Manchester Strategy, underpinned by an ambitious ten-year growth and prevention plan

28. An integrated investment pipeline worth an estimated £10-15 billion over the next decade that will transform economic development and regeneration
- Commitment to a house-building programme that will create 75,000 new homes
 - A responsive technical education system/talent pipeline that can meet elevated employer demand in technical occupations across the GM economy.
29. The terms of the DfE funding direct that it can be used *“to support teaching space only”*. Yet creating additional teaching space for a growing cohort is only one part of this challenge. Adding functional capacity and breadth of choice to the technical education system also requires that the facilities are equipped with industry-standard equipment, and staffed by a knowledgeable, technically skilled teaching, training and assessing workforce.
30. Greater Manchester’s further education institutions strive to make finite resources work harder to deliver more as costs of delivery continue to rise. However, national funding models mean that the FE sector has not been in a position to invest in the facilities and workforce so desperately needed to deliver growth. As noted by the Institute for Fiscal Studies¹ in their annual report on education spending for 2024/25, of all areas of education spending, FE faced the deepest cuts in the decade following 2010, reflecting a persistent historical trend: when overall spending increases, FE tends to receive smaller boosts, and when budgets are tightened, it bears the brunt of reductions. A combination of rising student numbers and inflationary pressures mean that funding per student has not increased significantly beyond the levels in 2019–20.

Limitations on capital investment in FE

31. This position is compounded by low levels of Government funded capital investment in the FE estate across the country. Colleges have historically used four main sources of funding to ensure that sufficient and appropriate facilities are available and to keep their buildings, learning environments and ancillary spaces safe, fit for purpose and up-to-date:
- Retained surpluses
 - Receipts from sale of land/assets identified as surplus to requirements
 - Capital grants from DfE and other public bodies made available from time to time, usually via competitive application/bidding processes

¹ [Annual report on education spending in England: 2024–25](#)

- Borrowing from commercial banks or local authorities.

32. However, capital investment by government has been much lower in FE colleges than in other parts of the education system due to their ability to access commercial borrowing. This changed in Autumn 2022, when FE colleges were reclassified as public sector bodies and became subject to different financial regulatory frameworks. Since that reclassification, colleges' ability to access commercial finance via borrowing in order to invest in facilities and equipment has been severely restricted.

FE workforce challenge

33. The FE workforce challenge poses one of the biggest risks to the growth agenda; up to date industry expertise in the teaching, training and assessing workforce is essential but both difficult and expensive to attract/retain, particularly in some technical education specialisms.

34. FE and sixth form colleges enrol more 16-18-year-olds than schools and academies yet due to issues around pay and other employment terms and conditions, they face severe difficulty in competing both with schools and with industry to recruit and retain staff, particularly in the high priority sectors.

35. This is exacerbated by the specialist and safety-critical nature of many technical education subjects, which means class sizes often tend to be smaller than in many academic subjects, and teachers, trainers and assessors can rarely cover other subject areas as they might in schools.

4.2 Proposal for GM match funding

36. Re-investment monies have been identified from skills capital elements of GM's recycled Local Growth Fund ("LGF") monies as match funding for the DfE grant. The use of this recycled funding has previously been considered by the Combined Authority and approved for use as a flexible capital and revenue pot for investment in skills and labour market responses across GM (for further info, refer to 'Background Papers'). Some of that funding has already been deployed as match alongside GM's UK Shared Prosperity Fund, but there is residual funding available that can be used, in line with that earlier approval, to turbo-charge technical education in Greater Manchester.

37. Against that backdrop, investment in teaching space alone does little to ensure our anchor institutions are in a position to meet to the needs of employers or learners, or that LAs can meet their statutory duties to offer both sufficient places and appropriate choice.

38. As set out in this report, DfE's £10m is a useful injection of funding into longstanding and ongoing work on sufficiency in GM. It cannot, however, represent the totality of the response due to the size of the challenge we are facing, and is only one element of stakeholder's shared strategic direction on local capacity planning. As part of this ongoing work, it must be recognised that some areas/institutions have already invested in, or are in the process of creating, additional teaching space for 2025 and beyond, but face different funding pressures that require capital and/or revenue for purposes that fall outside the scope of the DfE funding. It is therefore proposed that local funds be invested alongside DfE's capital grant to create a flexible technical education investment fund to support Greater Manchester's Post 16 sector in contributing to the growth and opportunity elements of GMS and ensuring an Industrial Strategy/MBacc-ready education and skills system. This approach clearly recognises the other necessary elements of building sufficiency, aside from capital. Taking this into account, in addition to the allocations from the DfE grant listed in this paper:

- It is recommended that 50% of the recycled LGF (£5m) be used to flexibly top up DfE allocations, where plans for growth extend beyond 25/26. These allocations will be rapidly reviewed against criteria co-designed with sufficiency leads in each LA, who work closely with local providers, considering additional evidence to support sectoral growth, as well as increase capacity for places;
- It is also recommended that the spend profile for the remaining £5m of LGF is similarly co-designed with districts, creating a flexible pot with a suggested provisional focus on workforce and equipment, using local insights and evidence alongside GM data to take a longer-term view, the parameters of which the CA will have oversight of at a later date.

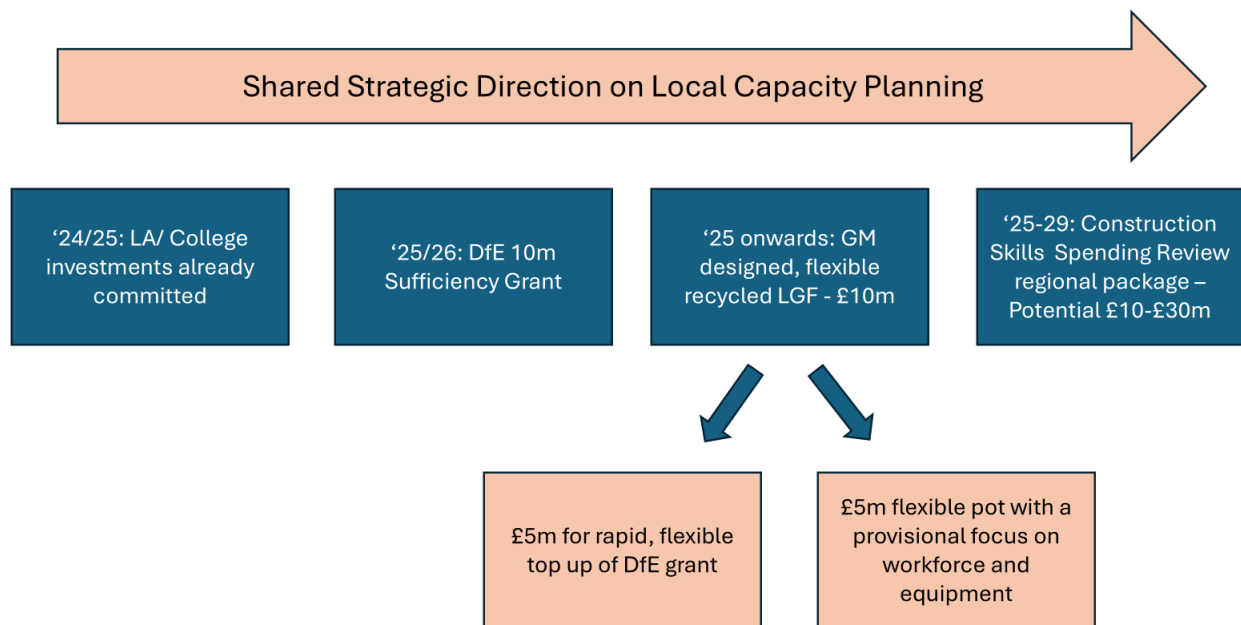
It is GMCA's intention to redistribute any underspend that GFECs are unable to utilise from the DfE grant by September 2025 through the assurance process.

By matching DfE's grant with £10 million from LGF recycled funds with additional capital of £5m and £5m for flexible revenue, this will enable GMCA to work with providers to explore other vital investments that might be required to ensure any new teaching space is able to function effectively; this might include testing workforce measures and incentives, such as market factor uplift supplements in the most in-demand occupational areas, enabling our key anchor institutions to attract and retain the specialists and experts that will help to ensure that there is a teaching, training and assessing workforce

across our FE system without destabilising the existing frameworks that govern issues around pay, T&Cs, etc.

39. By linking these two investment pots (DfE and LGF) to the enhanced skills and work evidence based being developed by GM's labour market insights unit,² and connecting it with the wider skills and employment support agenda, this will amplify and accelerate our ability to deliver the talent pipeline employers need for growth, productivity and inward investment. It will also build on GM's track record of leveraging place-based investment and collaboration, taking steps towards a more intentional and labour market responsive post-16 technical education offer.
40. If this proposed use of £10m revenue recycled LGF funding is approved, further development/co-design work and a full options appraisal will be undertaken with core partners to explore different approaches to deploying the funds. This phased approach to design and commissioning will enable a more considered investment package:
- First, it will enable provider decisions around the creation of new teaching space supported by shares of the DfE grant to proceed without delay. Consideration of other enabling investments can follow but the creation of new places ahead of the autumn term cannot wait.
 - Second, it is hoped that Government appetite for/decisions around other funding packages currently under discussion will have progressed, including GM's proposals for an integrated Construction package. Given we are not in a position to consider these potential activities as a single integrated package due to government timelines, this will at least mitigate the risk of displacement/duplication that might otherwise result from unaligned sequencing.
41. The diagram below shows the totality of the strategic flow of funding as proposed:

² The GM Labour Market Insights Unit is an intelligence and insights partnership between GMCA, GM Chamber of Commerce, GM Growth Hub and MIDAS (GM's inward investment agency).



5. Conclusion

42. Taken together, these proposals represent a potential £20 million (£10m DfE Grant; £10m recycled LGF) investment in the technical education, skills and work system across Greater Manchester that will help to deliver Greater Manchester's ambition to be a thriving city region where everyone can live a good life. Most importantly, they represent an opportunity to invest in our young people, and their steps towards and into the world of work.
43. Approval is sought for this proposed use of recycled LGF monies alongside the DfE funding; and to grant delegated authority to the Group Chief Finance Officer to make the final allocations and grant awards in consultation with the Portfolio Lead and Lead Chief Executive, utilising the LGF funding to grant/contract award to create a flexible fund to top up DfE funding as a supplementary capital reserve where areas have robust growth plans that couldn't be accounted for in the initial weighted methodology.

Recommendations:

As above.

Annex A: Background to the sufficiency duty and the impact of demographic change

The legal duty

Ensuring sufficient and appropriate education opportunities for 16-18 year olds is a fundamental responsibility of both central and local government. The associated legal duties have, historically, sat with local authorities (LAs), but the [Greater Manchester Combined Authority Order 2011](#) – the Statutory Instrument that established Greater Manchester Combined Authority (GMCA) – enables confers concurrent sufficiency duties upon GMCA alongside its constituent LAs.

Unlike other devolved functions (such as those relating to adult education), the power to exercise these functions has not been accompanied by funding or other levers; where issues of sufficiency have arisen in the past they have been at smaller/more localised scale and addressed at individual institution level with capacity funding being made available from time to time by DfE for statutory providers of education (including further education colleges, sixth form colleges, schools and academies) to submit individual applications.

Impact of demographic change

A population bulge is increasing capacity pressures within Greater Manchester's 16-19 education system to the end of the decade and beyond, requiring the creation of thousands of additional education and training places, pursuant to fulfilling these statutory duties. As noted above, it is not enough to be able to simply offer enough places for the number of young people who need them; it is vital that we offer Greater Manchester's young people choice, via a diverse range of high quality pathways that offer clear lines of sight into good jobs in GM's economy.

Population estimates and projections from the Office for National Statistics suggest that GM needs a significant expansion in post-16 capacity over the next five years:

- The GM 16-18 cohort is set to rise considerably over the remainder of this decade. We estimate that there will be an additional 6,200-7,000 16-18 students by 2028/2029
- Manchester is facing the most immediate and severe issues, with other LAs likely to experience similar pressures in the near future based on population trends. In Manchester the 16-18 population already grew by 30% from 2018-2022, with the next highest rate being Salford (18%)

- These issues have presented challenges to the delivery of technical and academic education alike, although the pressures facing technical education are particularly acute as the different spaces, facilities/equipment and teaching workforce requirements of many technical subjects tend to be greater/more costly than for class-room based academic provision.

The exact scale and nature of the gap in provision depends on several unknowns and moving parts that make it difficult to predict precisely where pressures will be most severe. Recent trends provide some indication as to where and when major issues will arise, with the need for additional capacity in general further education colleges expected to outstrip demand in other types of provider. It is likely that future need will be affected by a range of factors, including:

- Institutional flexibility across the post-16 system – e.g. how much scope is there for colleges/schools/training providers to increase capacity (recognising the different space requirements between academic and technical education). In particular, the ability to invest in facilities/staffing for a growing cohort that will peak over the coming years but is then expected to fall
- Population movements – including but not limited to increased migration trends, asylum seekers, travel to learn patterns
- Exam results/attainment – these influence not only the demand for places but shape the nature of that demand in terms of the type and level of opportunities needed
- Workforce pressures facing post-16 education and training providers, particularly in attracting and retaining teachers and assessors in some technical education subject areas
- Technical education trends – e.g. the introduction of the MBacc and other technical education initiatives that are driving the shift towards an education and skills offer more closely aligned with the needs of GM's economy
- Qualification reforms – e.g. national defunding of some applied technical qualifications such as BTECs – a policy that might narrow choice up to and including Level 3
- Future of T-levels – what will take-up look like in next few years.

Insights gathered from key GM partners have also highlighted the changing needs of post-Covid cohorts since the pandemic, with many young people developing more complex needs, behavioural challenges and facing new barriers to learning (particularly for NEET young people) that had been less common prior to the pandemic. Other complexities are

added by trends linked with increased risk of becoming NEET, ranging from increased prevalence of health as a barrier, and rising numbers in elective home schooling.

Increasing capacity in FE: Funding and capital investment

The Association of Colleges³ has summarised the case for capital investment in further education facilities, and in particular, in technical education environments/equipment:

- Fit for purpose space: Education and training requires sufficient and suitable space for students with heating, acoustics etc as considerations. Colleges educating younger and vulnerable students need to have suitable security to meet safeguarding requirements.
- Buildings that meet student expectations: Colleges compete for students with other colleges, with schools, universities and training providers. High status education institutions spend a lot on making their buildings attractive and fit for purpose which sets the tone. Where technical education is competing against academic education, attractive buildings assist. DfE-supported research by Frontier Economics (2012) and LSE's CVER (2021) has confirmed a sound economic basis for capital investment.
- Lack of an alternative way to provide technical education: Technical education and apprenticeship training (20% of which must be spent 'off the job'/away from the usual workstation/environment) can, in some cases, take place in employers' premises in specialist rooms or spaces in a larger facility. However, in most cases, employer premises are not available, safe or suitable. This creates a need for colleges to create, maintain and update buildings and industry standard learning environments that can house specialist equipment of all types that can be used in education and training so that the knowledge and skills learners acquire meet workplace needs. In cases where employers lend or donate equipment, the college still has responsibility for its safety, insurance and use, thus creating a continuing capital investment need.

³ [Capital Projects | Association of Colleges](#)

Annex B: Eligible programme activities (DfE grant)

1. Funding must be used to increase capacity for educational provision for 16- to 19-year-olds.
2. Investments should meet the following objectives:
 - to provide additional capacity in 16-19 providers, where there is a demographic increase in learners and there is not enough existing suitable capacity to accommodate that increase.
 - to ensure that provision to be delivered through the additional space developed meets local and national skills requirements and is reflective of learner demand and need; and
 - to do so in the most efficient and sustainable way possible, to ensure value for money in the investment of public funds, and to support the Government's target of achieving net zero carbon emissions.
3. Regard should be paid to the objectives of the government's skills and opportunity missions when making considerations on funding.
4. Funding should support teaching space only and not space for ancillary purposes.
5. Funding should only be directed at statutory providers of education including further education colleges, sixth form colleges, schools and academies.
6. Only capital expenditure is eligible related to increasing capacity in the education estate for 16–19-year-olds. Where funding is not used for capital spend the Secretary of State has the right demand repayment of the non-capital spend.
7. Duplication of funding should be mitigated by ensuring funds are not spent, either wholly or partially, on activities that have received separate funding from the DfE or any other government department funding streams.
8. Investments must deliver the best long-term value for money in recognition of the temporary nature of the demographic increases in this age group. Where possible, longer-term use by different age groups could demonstrate good value for money.
9. Funding should not be used for ineligible spend:
 - contributions in kind
 - payments for activities of a political or exclusively religious nature
 - depreciation, amortisation or impairment of fixed assets owned by the GMCA
 - input VAT reclaimable by the authority from HM Revenue & Customs
 - interest payments or service charge payments for finance leases
 - gifts, other than promotional items with a value of no more than £10 in a year to any one person
 - entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations)
 - statutory fines, criminal fines or penalties.

Annex C: Options Appraisal

Option 1: divide the fund equally across GM's 10 LA areas.

Rationale:

- A place-based approach to sufficiency is a novel one – it is the first time that DfE has recognised the value in tackling issues like this at place level, rather than through applications/competitive bids to a national funding pot from individual institutions. In securing this funding and splitting it across the LAs, GM has an opportunity to ensure that more areas of the city-region can benefit than would have been the case under a application-based national approach.
- An equal division of the £10m would devolve the decision-making about the use of funds to the most local level by placing the funding and decision-making in the hands of LAs. This would recognise that LAs, with their legal duty around sufficiency, are closer to the individual institutions in their area and may have more granular evidence than is available at GM level.

Appraisal:

- Whilst this option would give each LA equal funding and control over decision-making, this would be a blunt tool to address a very complex issue. It would disregard the very clear evidence which shows the capacity challenge and impacts of demographic changes are not equally split across the ten areas in either scale or urgency; a straight split at LA level would actively disadvantage those areas which have significantly higher levels of population change looming, which are net 'importers' of students from neighbouring boroughs in terms of travel to learn patterns, or which otherwise face the highest risk of unmet demand for places for their young people.
- In addition, GMCA recognises that current staff resource/capacity pressures on LA teams are significant. Whilst an injection of funding to create 16-18 FE capacity would be welcomed, passing funding to LAs would create a burden upon them to plan, deliver and oversee a capital investment programme at a time when there are multiple calls on capacity. This burden would fall heaviest on those areas in which the scale of the challenge outstripped the funding that would be made available via an equal division of the pot as they would face the most difficult decisions about how to apportion/disseminate funds. The CA would have played no active role/added no value other than as a conduit for the funds.

Option 2: divide the fund equally across GM's eligible 16-18 institutions.

Rationale:

- This would ensure every 16-18 institution in the eligible statutory provider categories as directed by DfE (general FE colleges, sixth form colleges, schools and academies) could increase capacity within their institution, enabling them to respond to/generate demand for their 16-18 offer.

Appraisal:

- This would be a blunt approach that would do more harm than good: first, in fundamentally failing to meet the challenge, and second, by disseminating resources without any reference to evidence or insight. Whilst this approach would share the funding widely, it would be spread too thinly to have any impact. In total there are

around 50 FE colleges, sixth form colleges and schools with sixth forms, resulting in very small allocations for each institution that would serve no useful purpose and fail to create the places and choices at scale that are needed.

- As with Option 1, the sufficiency challenge is not spread evenly, either by LA area or by institution type. Not all of these institutions are at, or approaching, capacity; fewer pressures are being reported in sixth forms/A level provision than in Level 1 and 2 provision. For some institutions – especially those with higher proportions of classroom-based learning typically associated with many academic disciplines – it is often easier to absorb/accommodate additional learners than institutions with high proportions of technical education provision that typically require more space, more equipment and smaller class sizes.

Option 3: divide the funds equally across GM's general further education colleges (GFECs).

Rationale:

- Whilst similar to Option 2, this would restrict the funding to GFECs rather than to all eligible institutions, on the basis that significant additional capacity has been created within Greater Manchester sixth form colleges (SFCs) in the current academic year; a number of SFCs received allocations in FY2023/24 in order to support the creation of around 2,000 additional sixth form places in readiness for September 2024, whereas there has been no similar injection of funding for GFECs to increase capacity in the same timeframe.
- GM's GFECs collectively serve around 70,000 residents every year, around half of whom are aged 16-18 and 3,000 of whom are considered high risk or amongst the most vulnerable. GFECs serve as many 16-18 year olds in GM as the other eligible provider types put together (in 2023/24 36,400 GM 16-18YOs attended GFECs, compared to 24,400 in sixth form/other 16-19 institutions and around 10,000 in secondary and independent schools).
- Creation of technical education spaces in the GFECs is vital to ensure that GM's FE system is both MBacc-ready and ready to support the national Industrial Strategy and the sector skills plans that are expected to underpin it. Yet there has been no large-scale increase in investment for technical education other than limited and specific capital funding associated with T-levels, which has not added capacity at scale.
- While GFECs deliver some academic provision to this cohort, the nine GFECs are collectively the biggest provider of technical education and training to young people and adults in GM. As such, they are well-placed to support the technical education ambitions of Greater Manchester, and respond to the needs of the local economy by building the place-based technical education pathways that lead from education into the local labour market, including progression pathways into higher technical qualifications post-18.
- The broad customer base served by the GFECs, including adult learners, would help to satisfy the UKG requirement to maximise value for money by creating capacity that could provide longer term use by different age groups. This is particularly important as the population bulge in this age cohort is temporary and numbers of 16-18 year olds will begin to fall after 2030. Demand for technical education and training from adults will, however, remain, which would ensure that this investment had longevity and added value in the longer term.

- Historically, GFECs have had a range of financing routes open to them in order to invest in their estates/add capacity, but following reclassification by the ONS in 2022, GFECs are now public sector organisations and subject to different financial regulatory frameworks/ restrictions than has been the case in the past. This means that they are no longer able to borrow to meet the costs of capital investment for this purpose in the way that they have previously. GFECs' access to capital funding to increase capacity is therefore more limited and competitive than ever.

Appraisal:

- The case to boost technical education capacity in anchor institutions across the city-region has merit on a number of levels, in particular:
 - Local insights suggest that much of the additional capacity is needed at Levels 1 and 2, and that vulnerable groups of young people are likely to be most at risk of not being able to secure a place/becoming NEET as they are often later to apply/enrol for post-16 options than their peers who might, for example, have achieved KS4 results that shape their next choices at a much earlier stage. GFECs serve these cohorts in greater numbers than other statutory providers of 16-18 education
 - This has the potential to strengthen the connection between the 16-18 offer and the needs of the local economy: GFECs have a statutory obligation to respond to local skills needs identified in the Local Skills Improvement Plan (LSIP) and, as the biggest providers of technical education in the city-region, they could focus new capacity on the priority sector/occupational areas most in demand in GM
- However, as has been noted in Options 1 and 2, just as the scale and urgency of the capacity challenge is not spread evenly across LAs, it is not spread evenly across the GFECs. Some have already had to take steps to create additional capacity and/or make choices between taking on significant numbers of young people unfunded, or limiting the number of enrolments they are able to accept, including in priority sector provision. Splitting the funding between GFECs, whilst justifiable on some levels, would therefore fall short of the requirement to take an evidence-based approach to apportioning the funding.
- It should also be noted that, whilst a significant number of additional sixth form places have been created following DfE 16-18 capacity funding allocations in 2023/24, a small number of LAs are reporting running out of places in some STEM subjects.

Option 4: competitive bidding, with bids submitted to GMCA jointly by LAs eligible institution(s) in their area.

Rationale:

- This would offer each LA an opportunity to work with those institutions in their area most in need of additional capacity to submit joint costed proposals setting out the evidence of need and the additional places/facilities that would be created as a result.
- By requiring a joint bid, this approach would ensure that eligible institutions and LAs worked together to set out the collective evidence around current and forecast demand, and the expected shortfall, in the relevant period. This approach would minimise the risk of all eligible institutions submitting bids by ensuring that there was a 'moderating' role at borough/city level considering the challenge in the round, rather than standalone institution applications.

- Should an LA consider that the additional capacity required could be accommodated by the 16-18 provider base in its totality within their area without capital investment there would be no obligation to submit a bid/business case, ensuring that more funding would be available to those areas in which the challenge is most acute.

Appraisal:

- This approach would be evidence-led, as investment would be informed by a granular picture of need, built from the ground up on a partnership basis between institutions and LAs.
- It would support LAs in the exercise of their duties around sufficiency. In ensuring they had the final say in which proposals were submitted to GMCA for appraisal it would reinforce LAs' important proactive role in the strategic planning of capacity at LA level rather than proposals being solely institution-led. It would also help LAs to ensure an appropriate breadth of choice for young people by weighing up the balance and mix of provision, particularly in priority sector pathways, and ensure accessibility to young people in all parts of their borough or city.
- However, this would create a bureaucratic burden for institutions and LAs at a time when there are significant calls on their time/resources: as noted above, LAs' education and skills teams, even in the bigger/best-resourced authorities, are stretched across a huge agenda and those facing the most acute population growth pressures would, as in Option 1, face the biggest workload in weight expressions of interest/business cases from their institutions and determining which proposals to advance.
- In addition, whilst there is merit in sharing decision-making at the most local level, a bidding model would risk positioning LAs as providers rather than key strategic partners. This would be a disservice to their vital role and expertise (and legal obligations) in this space and contrary to the spirit of the working relationship we want to foster, especially as we look to the spread the benefits and new possibilities presented by devolution and new funding models like the Integrated Settlement.
- This approach could lead to a protracted commissioning exercise that would be at odds with the urgency of this issue and the need to mobilise funding to support the creation of places ahead of the 2025/26 academic year commencing 1 August.
- Based on previous commissioning experiences, it is highly likely that the cumulative total value of bids submitted would outstrip the available funds by some distance, creating a need for potentially lengthy negotiations/downscaling of bids based on affordability which could fundamentally alter the premise of proposals and end up spreading funding too thinly to achieve the intended impact.
- Creating a competitive bidding model is unlikely to be welcomed by core stakeholders in the process. Mindful of feedback from colleges and, in particular, from LAs (including in the recent independent evaluation of devolved adult skills in GM), GMCA is also committed to simplifying systems/processes and passing on the benefits of a more integrated place-based approach to strategic planning and investment, but this would risk simply replicating elements of the national approach at GM level. Whilst any approach should of course involve a clear justification for investment and accountability for proper use of the funds to deliver the intended purpose, a bidding process is not the only way to achieve this.
- Evaluation/moderation of bids could take up significant (and scarce) GMCA ESW resource and would require potentially complex processes to ensure that maximum value and impact were being secured.

Option 5: Proportionate allocations, with values calculated by district based on the relative scale of the challenge and capacity in the system, with LAs indicating to GMCA how allocated funding should be distributed in their area.

Rationale:

- This would be grounded firmly in data, considering not only population levels/change, but also taking into account the number of young people not currently engaged in any form of education or training for whom places should be available. An allocations methodology based on these factors would be applied to give an indicative value at LA level based on objective evidence. Allocations would be derived from:
 1. *Current population in the 16-18 cohort*
This will provide the baseline view of how many 16-18 year olds there are in each area
 2. *Projected change in the 16-18 cohort in the period to 2030*
This will provide a steer on the relative levels of increased demand for places in each area based on the change in cohort size.
- High level delivery plans from the beneficiary institutions as part of the package of recommendations submitted by each LA would provide an opportunity for institutions and LAs to set out how the funds would be used, how many places would be created, any match funding secured as part of the overall package, and demonstrate the wider/longer term use by different age groups that will help demonstrate added value for money.

Appraisal:

- This approach would ensure that capital investment is directed to where there is known/projected demand from young people based on published data, but in enabling LAs to direct how allocations should be used within their areas it would also bring local analysis to bear. It would support LAs in the exercise of their sufficiency duties, especially their strategic planning role in taking account of the mix of provision required in each area to balance sufficiency of places and breadth of choice.
- Whilst this option would create some additional work for LAs and institutions in shaping the overarching business case for deployment of the funding, it would create significantly less work than if they were either allocated the funding to disseminate directly, or required to lead/participate in a competitive bidding process. It would create a reasonable and proportionate balance between the work involved in bringing together evidence to shape recommendations but stop short of the bureaucracy involved in managing the actual programme of grants; that burden would instead be shouldered by GMCA. Initial engagement/consultation with LAs suggests that some of the areas facing the most immediate increases in demand are already working closely with relevant institutions to collate evidence (including gap reports for DfE) and plan for the additional capacity in anticipation of funding being made available.
- Delivery plans would provide a level of accountability and satisfy the grant reporting requirements agreed between GMCA and DfE around which institutions have received funding, how it has been used, any match funding involved in the propositions (not a requirement but would help to demonstrate added value), how many additional places have been created as a result, and how considerations

around future growth and labour market skills needs have factored into decision-making.

- However, whilst this option would be based on objective data, some LAs have made a strong case against proportionate splits on the basis that they would not reflect complexities of travel to learn patterns and other factors which mean that population projections only give a partial picture and fall some way short of detailed local analysis/insights.

Option 6: Weighted allocations methodology that not only draws on the relative scale of the population change but also takes account of wider insights/factors that impact sufficiency and choice, including NEET levels and travel to learn patterns. GMCA would calculate LA-level indicative market share values and LAs would make recommendations to GMCA about where to direct/apportion funding to create capacity and maximise impact.

Rationale:

- As for Option 5 but with weightings applied to reflect additional factors beyond population change and NEET numbers, such as (but not limited to):
 - *NEET levels*, factoring in the inherent link between being able to offer enough places and enough choices to our 16-18 year olds and NEET prevention/reduction.
 - *Travel to learn patterns/flows*, recognising that some areas are net importers/exporters of 16-18YO learners for education and training.
 - *Additional factors that could be considered*: disadvantage; balance between technical sector subject areas.
- This approach has potential to strengthen the link between the additional capacity in the FE system and the needs of local employers/labour market by also factoring in sector subject insights and placing emphasis on teaching space for technical subject most in demand/where there is elevated employer need. GMCA would supplement local intelligence with any additional evidence available at GM level that might help to build a comprehensive picture of the balance and mix of provision, having regard to factors such as promoting particular technical education pathways where there is acute/elevated employer demand for skills.
- High level delivery plans would be required from the beneficiary institutions as part of the package of recommendations submitted by each LA in order to provide a level of accountability and satisfy the grant reporting requirements agreed between GMCA and DfE around which institutions have received funding, how it has been used, any match funding involved in the propositions (not a requirement but would help to demonstrate added value), how many additional places have been created as a result, and how considerations around future growth and labour market skills needs have factored into decision-making. These delivery plans would also provide an opportunity for institutions and LAs to demonstrate the wider/longer term use by different age groups that will help demonstrate long term added value for money.

Appraisal:

- In addition to the general benefits of Option 5, this blended approach would enable a balance between objective, evidence-led allocations and insights-led distribution of funds. The factors that would shape the LA weighted allocations would be based on

the most up-to-date published data from ONS, augmented by LA evidence and institutions' insights to shape recommended investment, creating capacity in institutions and types of provision where it will have greatest impact in tackling the space/choice challenge.

- As for Option 5, this approach would support the exercise of duties around sufficiency, ensure breadth of choice for young people, take account of relevant data/evidence, and create a reasonable balance between the amount of work required of key partners to shape the recommendations for use of funds and minimising the bureaucratic burden upon them.
- It would also enable wider consideration of how multiple cross-cutting outcomes can be secured by, for example, ensuring access to appropriate mainstream technical education for young people with SEND where additional physical space for adjustments to learning environments might be required – colleges have a statutory duty to admit young people (up to 25yrs of age) for whom an Education Health & Care Plan (EHCP) is in place, and a duty to use best endeavours to secure special educational provision for young people with SEND whether or not they have an EHCP.
- There is a risk that some of the data and evidence available is complex and might lack consistent quality to factor into a weighted allocations methodology. However, LAs and institutions have evidence/insights around these factors and many have already worked together to develop an evidence base around increased demand/enrolments for AY2025/26 and plans about the measures needed in the current financial year to increase capacity that would support their recommendations to GMCA.

Option 7: direct the funding towards new/expanded sector and occupation led facilities in accessible locations, with a focus on sector subject areas in which there is both elevated learner demand and labour market need and progression pathways in line with the MBacc ambition (e.g. construction, digital, applied STEM).

Rationale:

- Moving away from population change and geographic boundaries as the starting point towards a sectoral focus would be a novel approach to establishing new capacity that responds to place-based priorities/labour market evidence.
- Could harness the best elements of the GM Local Skills Improvement Fund activity/approach, with collaborative partnerships of eligible institutions, each with a lead GFEC, working closely with LAs.
- This would be an opportunity to revisit earlier work by GFECs around sector specialisms, updating some of the exploratory work in the context of more recent developments such as the evolving GM Growth Location clusters.

Appraisal:

- This would represent a more intentional way of shaping additional 16-18 capacity and strengthening the connection to the labour market, aligned with the MBacc ambition and sector gateways.
- This option has the potential to deliver economies of scale through shared facilities/kit, and potentially offers a vehicle to test new approaches to shared/peripatetic workforce in sector subject areas where there are challenges attracting/retaining

teachers and assessor from industry. It would also secure added value from facilities that could be used by other age groups.

- However, this is a fundamentally different approach to place-based planning that would take time to co-design with the necessary level of sophistication and risk management/mitigation.
- There is a risk that the urgent demands of population change/geographic considerations would not be adequately met as there would be challenges around ensuring a comprehensive and objectively robust evidence base that balanced consideration of learner choices on the one hand with employer/labour market demand on the other.
- Given the explicit appetite of LAs to include consideration of NEET levels in the chosen approach, in order to avoid unintended consequences it would be essential to understand the extent to which limited choice/capacity is influencing participation. Research is planned into resident voice insights around NEET determinants that will provide relevant insights but that evidence won't be available until late 2025.
- Also, risk of duplicating elements of the recently announced UKG construction package - details are not yet known of what that might look like in GM and what scope there might be to test an integrated, sector-focused investment package. This approach might, therefore, be one to test in the future but would not meet the demands of the current circumstances.