



Leading learning and skills

NORTH WEST CAPITAL PLAN

28 August 2007

Foreword

The Learning and Skills Council's (LSC) Regional Capital Plan for the North West sets out how we plan to achieve our vision of creating world-class buildings for further education by 2013.

Modern, efficient and flexible learning environments will make a major contribution to improving the delivery and quality of learning and skills which are so vital to the continued economic success and development of the North West Region.

Our Regional Capital Plan is closely aligned with the LSC's Agenda for Change reforms and supports the Government's Further Education White Paper and Skills Strategies. As it is implemented, it will also take account of the Leitch review of skills. The common goal is nothing short of a transformation of the further education sector to achieve a vibrant, high quality and responsive service to learners, employers and local communities alike.

There are already excellent examples of capital investment in the further education estate in the North West, most of which have been supported by the LSC and its predecessor, the Further Education Funding Council (FEFC). Where there has been capital investment, there has also been a marked increase in participation and achievement, reflecting the importance that a high quality learning environment plays in raising aspirations. However, it is estimated that the renewal or replacement of the existing further education infrastructure is only half complete. In order to achieve our ambitions for learning and skills the network of first class facilities will have to be completed across the Region. This Regional Capital Plan sets out how we will target action to achieve that.

We cannot achieve this goal in isolation – it will take concerted efforts in partnership with individual institutions and key stakeholders. I am delighted that the North West Development Agency (NWDA) welcomes the approach outlined in this Plan and we will be working and aligning our plans more closely with the NWDA, to ensure the aspirations set out in this Plan will be achieved.

John Korzeniewski

Regional Director – North West

Update following Machinery of Government Changes

Background

- 1 The Government has recently announced some key departmental changes and published a number of policy documents, all of which will have a significant impact on the delivery of the skills agenda across the LSC remit.
- 2 The information below highlights the developments and key themes emerging with particular reference to the LSC.

Policy context

- 3 The following provides a brief summary of the recent changes and policy announcements. Key changes have taken place to create three new Ministries from the DfES and DTI.
 - a **The Department for Children, Schools and Families (DCSF)** is responsible for improving the focus on all aspects of policy affecting children and young people.
 - b **The Department for Innovation, Universities and Skills (DIUS)** which combines responsibilities for science and innovation, with further and higher education and skills including the FE infrastructure.
 - c **The Department for Business, Enterprise and Regulatory Reform (DBERR)** has responsibility to create the right conditions for business success and will work closely with DIUS on the links between business and skills.
 - d **Further Education and Training Bill.** This bill confirms the LSC move from local to regional councils, confers greater intervention powers on the LSC and enables the creation of bodies by the Secretary of State to develop strategy for the LSC to deliver. Royal assent is now expected in the autumn
 - e **Review of Sub National Economic Development and Regeneration.** This review published in July considers how to strengthen economic performance in regions, cities and localities throughout the country and proposes a strong role for Local Authorities and RDAs.
 - f **World Class Skills - Implementing the Leitch Review of Skills in England (July 07).** This plan gives the Government response to the Leitch review of the future skills needs of the country published in Dec 06.
 - g **DWP– In work, better off. Next steps to full employment (July 07).** This Green Paper focuses on measures required to achieve full employment and eradicate child poverty. In particular it focuses on the closer integration of employment and skills.

Key policy themes

- 4 There are a number of common themes emerging from the policy documents which are helpful to note when considering the LSC's most appropriate course of action.
 - The government believes effective economic development will only be achieved with further **devolved responsibility to regions and local**

areas. A single integrated Regional Strategy, coordinated by the RDA, will provide a strategic framework with delegated budgets for activity planned and delivered at a local and sub regional level. An expanded Regional Funding Allocation (RFA) exercise will take place in the CSR period. The RFA could include skills in the future.

- **A stronger role is planned for local authorities** individually and collectively. There is recognition of the different responses to regeneration and skills required at different spatial areas and Local Area Agreements (LAA) and where appropriate Multi Area Agreements (MAA) will be encouraged and expected.
- **The sub region is recognised as a key spatial area** for economic growth. The potential to establish statutory sub regional authorities will be explored to enable pooling of resources and responsibilities on a permanent basis for economic development policy areas. Examples would be the development of city regions.
- Legislative change will be enacted to **transfer funding for 16-18** from the LSC to Local Authorities to be completed by 2010/11. Until the transfer takes place the LSC will retain the legal responsibility for securing and funding all forms of post-16 education and training outside higher education.
- **Clarification of organisational roles** with the intention to simplify and 'de-clutter' the institutional landscape for the benefit of individuals and employers. The LSC and RDA will work to ensure no overlap or duplication in skills provision.
- Reinforcement is also given to the **balance of responsibilities** between the public and private sector and the contribution of individuals to skills development. For example, the new Skills and Job 'Pledges' reflect the emerging expectations placed on employers commitment in return for which public support is given.
- **An increasingly holistic approach** is being taken to delivering economic regeneration and social inclusion, which aligns more closely the roles of different agencies from a range of government departments. Of particular interest to the LSC is the importance placed on addressing the specific skills and employment needs of the most disadvantaged through a stronger partnership between LSC and Job Centre Plus. The Skills for Jobs programme is a good example of work already underway.
- **Employer engagement** is to be strengthened and the 'employer voice' will be captured through a range of mechanisms including the establishment of Employment and Skills Boards and Local Employment Partnerships. To avoid confusion it will be important to ensure only one body is established in each sub region.
- **Provision for employers will be increasingly 'demand led'**. Train to Gain remains the key response to meeting employer demand as do procurement processes which ensure that funding follows the learner. Opportunities will also be given to employers to influence skills provision through a range of routes including sector skills councils and the New Standard
- **Provision for adults** will focus on moving individuals from worklessness to sustainable employment through the acquisition of economically valuable skills. The trialling of skills accounts will support this

development. The LSC will have stretching targets for individuals in their own right and as employees.

- **Performance indicators/targets** are to be simplified and aligned across Departments through joint delivery agreements. New skills indicators are proposed within the Regional Strategy. These will include basic, intermediate and higher level skills attainment consistent with DIUS targets. Proposed new local targets include skills achievement at 19 but do not cover adult skills and the LSC will need to ensure the breadth of its work is reflected at local level.

Future policy developments.

5 It is recognised that there will be a number of policy announcements and developments over coming months which will affect the nature of the North West LSC response. These include:

- Comprehensive Spending Review (CSR) announcement.
- Publication of the draft Education and Skills Bill.
- Royal assent of Further Education and Training Bill
- DIUS Post 19 delivery review.
- Results of consultation on a single brokerage service combining skills and business support.
- Business support simplification – report on government consultation

CONTENTS

Foreword..... 2
 Update following Machinery of Government Changes 3
 Section 1 Introduction and Scope 7
 Executive Summary..... 10
 Vision 10
 Key Themes of the North West Capital Plan..... 11
 Section 2: Achievement to Date 15
 Investment to date 15
 Current Infrastructure 15
 Section 3: Approach for the Future 19
 The North West Capital Vision 19
 Flexibility and Responsiveness 19
 Partnership..... 20
 Value for Money 20
 Sustainability..... 21
 Risk Management 22
 Section 4: LSC Capital Support Programmes 24
 Budgets and funding 24
 Section 5: National Policy Drivers 30
 Section 6: Regional Challenges 32
 Section 7: Responding to the Challenges: Impact of the Regional Capital Plan
 Now and in the Future 38
 Immediate Future Investment plans 38
 Further considerations 44
 APPENDIX 1: Schedule of Capital Projects in the North West 48
 APPENDIX 2: Schedule of 16-19 Capital Fund Projects 56
 APPENDIX 3: National Policy Drivers 59
 National Statement of Priorities..... 59
 APPENDIX 4: Key Challenges in the North West..... 64
 Implications for LSC Capital Investment 68
 APPENDIX 5: North West Region Cohort and Participation Projections 69
 APPENDIX 6: Employability & Worklessness..... 76

Section 1 Introduction and Scope

- 6 The LSC capital programme incorporates capital funding for new buildings and the refurbishment of existing buildings for further education (FE) colleges and Skills Academies, new FE and school 16-19 places through the 16-19 Capital Fund, Personal and Community Development Learning (PCDL), Neighbourhood learning in Deprived Communities (NLSC), Centres of Vocational Excellence (CoVE) and funding for Information and Learning Technology (ILT) provision.
- 7 The LSC aims to use its capital funds to maximise learner opportunities by using the capital funds to invest in the creation of modern, fit for purpose learner environments. Capital investment will deliver high specification buildings not only to achieve world class facilities across our region, but also to extend and improve the choice and quality of learning.
- 8 The LSC has already invested significant funding in buildings; however we are only half way to achieving our vision of delivering an FE estate with world class buildings by 2013.
- 9 The LSC expects to invest about £500 million nationally in capital projects in 2007-08. Over the three year period to 2009-10 the LSC expects to invest nearly £2 billion in capital projects and promote over £4 billion of development by colleges and schools. The long-term aim is to have fully renewed the FE estate by 2013.
- 10 In particular the LSC's capital programme will:
 - support increased choice and improved quality for learners, particularly in 14-19 provision but not exclusively as adult learners remain an important priority;
 - promote increased specialisation in colleges and schools;
 - support local authorities in their strategic leadership role for 14-19
 - enable the most effective colleges and schools to expand;
 - support providers in getting greater value for money from revenue expenditure as retention and success rates improve following capital investment and running and maintenance costs reduce enabling more income to be directed to the frontline;
 - encourage the development of industry standard facilities help command the confidence of employers, encouraging them to enter partnerships with providers to train their staff and strengthen co-funding across the sector;
 - extend the eligibility for LSC capital investment to a wider set of providers particularly supporting the entry of new providers and/or the expansion of existing providers in new areas encouraging innovation, and;
 - support colleges in improving their expert client capabilities in the processes for developing and procuring new premises and facilities.
- 11 Capital investment has a significant role to play in delivering national policy developments. It is essential that our LSC Capital strategies support the aims of the FE Reform White Paper, continue the renewal and modernisation of the FE estate and invest in the creation of new FE and school 16-19 places.

This document therefore identifies how the White Paper and other important policy developments impact the way in which we invest these funds.

- 12 A very recent development is the review of skills by Lord Leitch, published in December 2006. A large number of recommendations to challenge and drive the skills sector emerged from the review, including the recommendation to make education or training compulsory for 16-18 year olds, which would have a large impact on our FE estate and our capacity to deliver enough learning places. A further recommendation worth noting includes the delivery of all publicly funded, adult vocational skills, apart from community learning and programmes for those with learning difficulties and/or disabilities, through demand led routes by 2010. This means that all adult skills funding should be routed through Train to Gain and Learner Account routes by 2010. The Train to Gain service is already in place, and we shall be trailing Learner Accounts in the next academic year. As the Leitch review is implemented further, which is in part reliant on the Comprehensive Spending Review due this summer, this plan may be updated to ensure capital investment is able to support the implementation of this vision for skills and a demand led system for adults and employers.
- 13 Further, to make the best investment decisions we can, we need to be as well informed as possible about the needs of learners, employers, the curriculum and the economy. In August 2006, the Regional Skills Partnership commissioned a stock take of the region's economic, social and political context providing a Strategic Analysis of the region. This Strategic Analysis provided a number of key headline issues for the region and formed the quantitative evidence base that underlies both the North West Statement of Skills Priorities and the Regional Commissioning Plan.
- 14 The purpose of the Statement of Skills Priorities is to provide the region with a sound basis and rationale to guide the planning and purchasing of skills provision to meet the needs of employers and the economy in general. The Regional Commissioning plan sets out how we will commission the right learning opportunities to meet our priorities for learners. The emerging priorities and targets are also drivers of this capital plan and the plan is aligned to support the delivery of them.
- 15 An ongoing strategic dialogue has begun with the NWDA who have said that;
"The NWDA welcomes the approach outlined in the Regional Capital plan and its alignment with the Regional Skills Priorities. We will work with the LSC to ensure that capital investment is aligned with the Sub Regional Action Plans and the RES, in order to build capacity, increase productivity and economic growth for the region."
- 16 The Regional Skills Priorities and the Regional Commissioning Plan together with the Local Plans from each of the five sub-regions in the North West and this regional capital plan, together with other strategies form the Regional Plan for the North West. The LSC business cycle no longer places a requirement to produce local capital plans. Instead, local plans are subsumed by this regional capital plan with the schedule of projects in Appendix 1. Providers will need to continue to develop their own property strategies and consult accordingly with the LSC and other partners on their development. In

doing so they need to ensure that their accommodation strategies are aligned with regional priorities.

- 17 The North West has already made progress in responding to these challenges through its capital programmes. A number of projects have already been approved and are underway. These projects provide strong case studies for examples of best practice in responding to our regional challenges.
- 18 Future investment, however, remains critical to achieve the vision of delivering an FE estate with world class buildings by 2013 and we will challenge and support colleges and providers to make the most of the significant capital investment we will be making over the next few years. When this vision is achieved we will improve the learning and teaching environment in the North West and make the North West an attractive region to come and learn in and in turn achieve our priorities.
- 19 It can be concluded that this plan is driven by a number of important political, economical and social drivers. This plan must in turn drive the approval criteria for individual capital proposals.

Executive Summary

- 1 The LSC in the North West has to consider many different learner 'client groups' ranging from Young People leaving school, to Adults in employment and those who are unemployed. This plan has been developed to provide clarity and direction to the region's approach to capital expenditure so that it meets both the priorities of the LSC and the needs of the wide ranging client groups, while helping partners and providers to develop appropriate capital projects.
- 2 Capital investment is vital in attracting people to places of learning, which must be achieved if we are to develop necessary skills in the North West and have a positive effect on the region's economy.
- 3 This is the 2nd regional capital plan for the North West and is expected (with updates) to cover the period 2007-11. Although capital budgets and project appraisal processes will remain nationally co-ordinated, this strategy provides a regional framework for capital investment in buildings.
- 4 Investment in raising the quality of the FE estate has already been shown to have a positive effect on aspirations, participation and achievement. This plan aims to continue the renewal of the estate to a consistently high level across the region.
- 5 Since the creation of the LSC in 2001 capital projects with a value of £377 million have been, or are in the process of being, implemented by colleges in the North West.
- 6 However, the North West is still faced with a large task in improving the quality of the estate, given that 64% of the estate was constructed before 1979, 43% of the estate is considered only as operational and 11% of the estate is considered to be inoperable.
- 7 Although the direction of recent capital projects in the North West has considered reducing the amount of floor space used, it is estimated that 18% of the region's colleges use the appropriate space. Given the demand-led nature of future learning policy, this plan does not require specific reductions in floor space.
- 8 In terms of building quality, the North West is of a similar standard to other regions; however, there is a varied picture. We want the North West to have world class facilities and be renowned for the quality of its learning. The region must therefore:
 - Achieve consistently excellent facilities
 - Push ahead of other regions to become a national / international exemplar
 - Continue to keep pace with schools and city academies

Vision

The LSC is committed to developing an FE estate with world class buildings for world class teaching and learning by 2013. A key milestone highlighted in this plan is:

“To achieve the aim of renewing the estate by 2013, the major projects need to be either on site or contracts in place and ‘site-ready’ by 2011”

Key Themes of the North West Capital Plan

- 9 Our approach for future capital investment is set out later in this plan using themes that are important to how we will achieve an FE estate of world class quality.

Flexibility and Responsiveness

- 10 This has been identified as important to the LSC in order to meet employer and individual’s requirements and the demands of the economy. Our analysis of the effect of policy changes indicates that we need to ‘build in’ flexibility and responsiveness, as demand is not something that can be predicted.

Partnership

- 11 Partnership working is seen as the key to success for capital projects. The LSC welcomes providers to work in partnership with key partners (North West Development Agency, Local Authorities etc). This supports the LSC’s wider priority to align resources to contribute to the wider development of an area. It also enables shared agendas to be delivered together, which should help to avoid unnecessary duplication

Value for Money

- 12 In improving choice, increasing participation and quality through refurbishment and rebuilds it is also necessary to take measures to ensure that investment offers value for money. Further details can be found in the National Capital Handbook, which includes guidance on the minimum floor space requirement

Sustainability

- 13 Sustainability (and sustainable development) is the idea of ensuring a better quality of life for all people, both now and in the future. Policy in this area takes into account: Sustainable consumption and production; Climate change and energy; Natural resource protection and environmental enhancement; Sustainable communities. The LSC is nationally committed to incorporate sustainability into its capital plans.
- 14 Other priorities in the North West LSC’s approach to sustainability include reducing levels of Young People Not in Education, Employment or Training; Increasing Skills levels amongst the working population and linking improved skills to sustainability creating economic growth. In other words, addressing individuals’ needs will benefit the wider economy and this impact is likely to last longer as further growth of the economy will be stimulated.
- 15 In February 2007, the LSC gave this agenda greater prominence as it launched its strategy for greener colleges of the future which states that colleges must propose eco-friendly and efficient designs in order to gain funding.

Risk Management

- 16 This plan recognises that there are significant risks, particularly for providers, associated with capital investment. The approach taken by the LSC is aimed at supporting providers in managing these risks.
- 17 The main risks are discussed in detail later in this plan, they cover issues around the colleges reluctance to co-invest, their knowledge and know how of such projects, the LSC capacity to support strategic capital investment, LSC national funding, increasing construction costs and environmental issues such as town planning conflicting with provider developments and unforeseen population changes in the area.

National Developments

- 18 This plan differentiates between the distinctive priorities for Adults and Young People, and takes into account recent shifts in policy toward these groups.
- 19 In 2006 there were a number of important policy developments which are key drivers to this plan, including: our National Statement of Priorities 'Raising Our Game', the FE White Paper 'Raising Skills, Improving Life Chances' and the Education and Training Bill. Previous policy drivers remain relevant and include the 14-19 White Paper, the Foster Review and the LSC Agenda for Change. Key regional documents are also accounted for, such as the North West Regional Strategic Analysis and the North West Statement of Skills Priorities. All of these have been taken into consideration as they form the policy agenda on issues that are important both nationally and in the North West.

Regional Challenges

- 20 Our regional challenges are set out in detail later in this plan, they provide further insight into the 7 key areas identified in the Regional Statement of Skills Priorities and how Capital investment can be used to respond to these challenges. These actions are also aligned with the Regional Commissioning Plan and can be summarised into 4 areas: Partnership Working; Flexibility and responsiveness to demand; Improving quality and specialist provision; and Meeting LSC targets and priorities.
- 21 Key actions are shown in the regional challenges section of this plan.

Flexibility / Responsiveness

- Support providers to deliver more demand led provision including through Train to Gain
- Build State of the art vocational facilities
- Ensure buildings are flexible to enable multi-purpose use
- Be in place to meet the needs of provision that cannot be delivered in the workplace through Train to Gain
- Build facilities to meet specific needs of employers

Partnership working

- Aligning with economic development and regeneration
- Colleges and providers will use LSC resources, alongside those of partners
- Align with partners and employment opportunities
- Encourage collaborative planning with HEFCE

Improving Quality and Specialist Provision

- Build world class and iconic facilities
- Support provider specialisation, the development of CoVEs and National Skills Academies
- Fund future-proof buildings
- Invest in buildings that meet high quality specifications
- Reflect accurately the working world through buildings that meet

Meeting LSC Targets and Priorities

- Build state of the art buildings to encourage aspirations to achieve higher level skills
- Ensure capital investment is in the right place to ensure access for workless people
- Ensure the centralisation of providers into one site does not reduce accessibility

22 These actions have been developed to address the NW skills priorities that include:

- Tackling worklessness by linking people, jobs and training; Increasing participation of the 16-18 age group;
- Increasing the proportion of adults with the skills and qualifications needed for employment;
- Supporting adults to progress beyond level 2 and to attain skills and qualifications at level 3 and above;
- Stimulating employers to invest more in workforce development which meets business needs;
- Stimulating demand for and investment in entrepreneurial, intermediate and higher level skills from individuals and;
- Supporting providers to respond to the needs of individuals and employers through delivery of high quality provision.

- 23 In the past year, the Council has approved six major projects at Approval in Principal (AIP) stage, at an estimated total cost of £189.5 million. A further eight projects have been approved in detail at a cost of £44.5 million. These projects will provide for the construction of 90,500m² of new accommodation. A further £120 million of projects are currently being considered for AIP approval. The projects which are currently in the pipeline and estimated to receive detailed approval within the next 12-24 months will have a major impact on the overall condition and suitability of the FE estate.
- 24 A snapshot of some of the capital investment taking place in the region is presented in section 7 of this plan. A case study is shown for each local area within the North West, providing evidence of LSC capital investment being used to raise skills, appropriateness of provision, participation and quality.

Section 2: Achievement to Date

Investment to date

- 25 Since incorporation in 1992, approximately half of the further education estate nationally has been replaced or renewed. This statistic is reflected in the North West. Since the FEFC introduced capital grant support, over 165 individual capital projects with an overall capital value in excess of £650 million have been approved in the North West alone. Almost £400 million of these projects have been approved since the creation of the LSC in 2001.
- 26 Overall, grant support contributed towards the cost of the capital programme to date has been over £250 million. This does not reflect the significant investment which took place under the FEFC since 1996 when capital grant support became available which is estimated at a further £270 million.
- 27 This rate of capital investment reflects the fact that the average capital cost of each project has significantly increased in recent years, which in turn reflects the fact that colleges are implementing more innovative and visionary long-term solutions as opposed to ad hoc development.
- 28 Significant further progress has been made in bringing the FE estate up to a world class standard since the 2006 Regional Capital Plan was adopted. In the last year the Council has approved 6 major projects at Approval In Principal (AIP) stage at an estimated total cost of £189.5 million. A further eight projects have been approved in detail at a cost of £44.5 million. Together these projects will provide for the construction of 90,500 m² of new accommodation, refurbishment of 39,600 m² and demolition of almost 102,000 m² of unsuitable accommodation. A further £120 million of projects are currently being considered for AIP approval and another £321 million of projects are anticipated to come forward for AIP approval within the next year.

Current Infrastructure

- 29 After significant investment in the North West, the current learning infrastructure meets the learning needs of more than 116,000 young people, a third of a million of adults and over 50,000 VAT registered businesses.
- 30 The network of 61 general further education colleges, sixth form colleges and specialist colleges is the second largest of the LSC's regions and comprises some 1.23million m². The provider network is diverse and the pattern of types of provision varies considerably across the North West and within local LSC boundaries. In some areas, post 16 provision is dominated by school sixth forms and in others it is almost all tertiary with very large general further education colleges.

North West Provider Network

LSC	School 6th Forms	WBL Providers	Sixth Form Colleges	General Further Education Colleges	Train to Gain providers	Specialist Colleges (e.g. Land Based)	Colleges for LLDD
Cheshire & Warrington	39	23	2	5	1	1	1
Cumbria	27	21	1	4	1	1 ¹	1
Greater Manchester	28	59	12	12	7		4
Greater Merseyside	69	55	3	7	2		1
Lancashire	19	29	3	9	3	1	1
Total	182	187	21	37	14	3	8

31 This picture of the current estate is a significant reduction of the size of the estate inherited at incorporation. However, it is estimated that the North West colleges still occupy over 122,000m² too much space².

32 The quality of the estate in the North West reflects the prevailing trends across the country as a whole. Generally, the physical condition and functional suitability of the existing estate varies considerably both from institution to institution and within the accommodation occupied by individuals. Whilst there are increasing examples of good quality and innovative design and construction, the present condition of the estate continues to carry a number of poor quality and functionally obsolete buildings, compounded by a legacy of poor quality and lack of maintenance with many buildings more than 40 years old. The condition and suitability of the estate occupied by North West colleges is captured in Appendix 1. In summary this suggests:

- 730,000 m² or 64% of the estate was constructed before 1979³
- 329,646 m² or 25% of the estate is considered to be excellent
- 223,338 m² or 21% of the estate is considered to be good
- 541,335 m² or 43% of the estate is considered only as operational
- 134,441 m² or 11% of the estate is considered to be inoperable

33 There is an existing high proportion (54%) of poor quality accommodation offering a poor teaching and learning environment. This is significantly higher than the national average figure for which the latest eMandate data advises is 38.5%. The quality of the estate will therefore need to rise to not only meet our vision for the FE estate, but also to meet increasing expectations and to

¹ This specialist college is currently operated by the University of Cumbria

² Based on LSC's acceptable upper limit of 14.5m² per minimum number of workplaces (MNW)

³ Source eMandate cost benchmarking initiative return in which a third of NW colleges participated

match the investment taking place in schools and through new initiatives such as City Academies.

- 34 The majority of the population of the North West live in large urban areas dominated by the conurbations of Greater Manchester and Merseyside. In a number of areas, colleges are in relatively close proximity with good travel links. This affords us the opportunity for colleges to increasingly focus on their strengths and to specialise, and for the LSC to seek to remove unnecessary duplication. We will be working with the NWDA and the higher education institutions to maximise co-investment and bring together our complementary mandates. This will particularly be the case where a college's capital investment plans are seen in the wider context of the regeneration of a specific area. Education is increasingly recognised as one field that can kick-start the social, physical and economic regeneration of an area and this approach is becoming more common place. Specific examples include Winsford in Cheshire, Burnley in Lancashire, Oldham and Rochdale in Greater Manchester and Widnes and St Helens in Greater Merseyside.
- 35 There is also a recognised link between high quality learning environments and raising aspirations to continue in learning. This is evident in the North West, where areas of high capital investment have also shown a marked increase in participation and achievement. Between 2001/02 and 2005/06, the North West had an 18% volume increase in participation overall, compared with a national increase of 17%⁴. The highest increase in the region was 22% in Greater Manchester which, as a sub-region, had a lower than average participation rate prior to the creation of the LSC in 2001. Capital investment has undoubtedly contributed to its increase in participation, as Manchester received 35% of the total capital investment made by the LSC North West during that period.
- 36 Despite this investment and its successes, there are still a considerable number of outstanding issues that will need to be addressed through this Plan:
- Resources are sometimes located in the wrong place relative to the people likely to use them both now and in the future. When determining the location of resources in the future factors such as population and employment growth or decline must be taken into account
 - Resources for the delivery of specialist provision are often duplicated in any given locality. To eliminate this duplication colleges will be expected to demonstrate that all suitable existing resources have already been utilised before additional resources are proposed
 - 77% of colleges occupy too much space, whilst 5% of colleges occupy too little space⁵
 - Although 18% of colleges occupy the right amount of accommodation, it is not necessarily all appropriate in terms of physical condition and functional suitability. Our assessment is that around two thirds of colleges have significant capital investment requirements as a large proportion of the estate is outdated (including a number of Listed buildings) and

⁴ Based on 16-18 Learner Numbers (FE, WBL, E2E, School Sixth Forms, ACL)

⁵ Defined as within a 10% range of the acceptable upper limit

functionally unsuitable or inflexible. In most cases only replacement will provide a cost effective solution as opposed to refurbishment

- Notwithstanding the need for outreach facilities at Levels 1 and 2, the majority of colleges are still operating from a number of sites, making it difficult to market themselves effectively to employers and students. Costly facilities are being duplicated, adding to operating inefficiency
- A large proportion of the estate has significant planned maintenance liabilities
- Most college buildings are poorly-insulated so wasting valuable energy resources and imposing increasingly costly operating costs
- Many buildings still don't offer even 90% accessibility for physically disabled learners and staff, notwithstanding past enhanced capital grants from the LSC to comply with the requirements of the Disability Discrimination Act (DDA)
- Some buildings, especially those built between the 1950s and 1980s still contain large amounts of asbestos.

Section 3: Approach for the Future

37 The previous section identifies the way in which the LSC North West has previously invested through capital funds and summarises the resulting current infrastructure. This section sets out our approach for future capital investment using themes that cut across the whole of the regional capital plan.

The North West Capital Vision

38 The LSC is committed to developing an FE estate with world-class buildings for world-class teaching and learning by 2013. The North West will invest its capital funds in an estate that delivers this vision and that is responsive to the challenges arising from national policy developments, while addressing priorities specific to the region.

39 Achievement of this vision will mean that in 2013:

- We will have upgraded or replaced the FE estate that delivers the right facilities to meet future educational needs and that are in the right place to respond to demographic changes and improve participation;
- We will have buildings that reflect the needs and demands of learners, employers and the changing needs of the economy;
- We will have an estate that is modern, high quality, flexible and economically, socially and environmentally sustainable;
- We will have buildings that are more efficient to operate in terms of space utilisation, energy consumption and business processes;
- All learners will have access to the quality of facilities they are entitled to expect, regardless of gender, ethnicity or disability
- Employers will have access to a strong network of specialist and responsive provision

Milestone

To achieve the aim of renewing the estate by 2013, the major projects need to be **either on site or contracts in place and “site ready” by 2011**

Flexibility and Responsiveness

40 The FE sector needs to be ready to respond to the changing demands of individuals and employers as well as the needs of the economy. The national goal of becoming a world class leader in skills and productivity is a moving and rapidly developing one. Demand is not something that can be predicted, making planning to meet it all the more challenging.

41 For the sector to be responsive to changing demand, a degree of flexibility must be built into systems and also into the design of buildings. By doing so, the FE estate can respond to the need to deliver provision in the workplace, or in a classroom where demand so requires and it can use space efficiently to avoid long periods of time where a building is not in use.

Partnership

- 42 To achieve this plan, the LSC recognises that partnership working is key to success. An ongoing strategic dialogue has begun between the LSC and the NWDA as well as with other strategic regional and sub-regional partners. This has provided clear direction for the regional capital plan and forms a basis for jointly delivering Government policy priorities. Wherever possible we will bring our investment alongside that of the NWDA, who have welcomed the approach set out in this plan, so that further education facilities provide a central resource underpinning the growth and regeneration of parts of the North West in order to build capacity, increase productivity and economic growth for the region. It is also recognised that collaborative approaches to investment will require close working at strategic and operational levels.
- 43 Equally, the LSC also encourages colleges and providers to work on their capital proposals in partnership with key organisations such as the North West Regional Development Agency and Local Authorities. This reflects the LSC's aim of aligning its resources and investments in support of the wider community and its priorities and ambitions for area development. In aligning resources we can ensure that we maximise the impact of our investment, finding innovative ways to develop multiple purpose facilities and enabling delivery of shared agendas while avoiding unnecessary duplication.
- 44 The form partnership takes will vary according to the type of learner being targeted and the aim of the project. For example, there are well defined 14-19 partnerships in place in each local authority district. In addressing the needs of adults in an area, however, partnership varies considerably. For example, some areas still have functional learning partnerships that can provide a way of agreeing roles and responsibilities in creating a flexible and responsive infrastructure. Other areas may have Skills and Employment Boards that can provide local direction.
- 45 Often, there is still some partnership building to be done, even where there is an existing structure, especially around ensuring appropriate employer related links, or sector skills council links. The contribution of voluntary and community organisations to engaging and training workless adults should not be overlooked.
- 46 The principle here is to develop a culture of partnership within a local area that becomes the natural way of working for all stakeholders. In applying this principle, there must be room for competition and contestability to ensure that innovation is not stifled and value for money assured.

Value for Money

- 47 In improving choice, increasing participation and quality through refurbishment and rebuilds, it is also necessary to take measures to ensure that investment offers value for money.
- 48 However, cost per square metre is not the only criterion for judging value for money. For example, when considering the consolidation of several sites into one, there is a risk of preventing participation by workless adults from more disadvantaged communities. A full assessment should be made of benefits

and disadvantages in terms of our strategic priorities to achieve a balanced view.

- 49 This theme also includes the minimum floor space requirement and other policies on investment set out in the LSC National Capital Handbook which can be found at www.lsc.gov.uk
- 50 A national review of contestability and floor space is currently taking place and should be available later in 2007.

Sustainability

- 51 Sustainable development is the simple idea of ensuring a better quality of life for everyone, both now and for generations to come. The focuses of the Government in tackling this issue on creating sustainable communities have been identified into four key priorities:
- Sustainable Consumption and Production.
 - Climate Change and Energy.
 - Natural Resource Protection and Environmental Enhancement
 - Sustainable Communities.
- 52 Sustainability is increasingly important in the current climate and the Learning and Skills Council is committed to include emphasis and focus within its Capital Plan on areas of sustainable growth to ensure the Northwest will become a leading region for sustainable development. To do this, we need to put sustainable principles at the centre of its capital investment to create buildings, grounds and facilities that support the sustainable behaviour among pupils, parents and local communities.
- 53 Some of the key links between capital and sustainability for the LSC are:
- Linking improved skills to sustainability creating economic growth
 - Reducing levels of young learners not in employment or education (NEET) would help reduce deprivation in high NEET areas where there is a likelihood of high numbers of unemployment
 - Improved learning skills amongst the working population would increase numbers of people working within local areas thus causing less travelling and commuting and less carbon emissions
- 54 In February 2007, the LSC gave this agenda greater prominence as it launched its strategy for greener colleges of the future which states that colleges must propose eco-friendly and efficient designs in order to gain funding. This builds on the LSC's strategy, From Here to Sustainability (2005)⁶. In future, to qualify for LSC capital funds all capital project proposals will need to address sustainable development by:
- Meeting, and preferably exceeding, the requirements of Part L of the Building Regulations

⁶ <http://readingroom.lsc.gov.uk/lsc/2005/ourbusiness/strategy/from-here-to-sustainability-lsc-strategy-for-sustainable-development-supporting-doc.pdf>

- Ensuring that completed development meets the criteria to achieve excellent Building Research Establishment Environmental Assessment Method (BREEAM) ratings
- Maximise the use of natural lighting and ventilation by using wind and solar power to generate light and heat and rainwater to reduce water usage; and
- Embedding the principles of sustainability in the design of buildings and building systems.

55 The LSC Sustainability strategy has also been informed by, and seeks to complement, existing national and regional frameworks and strategies these areas are categorised within the Regional Economic Strategy as;

- Improve productivity and grow the market;
- Grow the size and capability of the workforce; and
- Create and maintain the conditions for sustainable growth.

Risk Management

56 The capital plan recognises that there are significant risks, particularly for providers, associated with capital investment. The approach taken by the LSC is aimed at supporting providers in managing these risks.

57 The level of funding available from the LSC will be dependant upon affordability but also the strategic significance of the investment. In the North West Region funding from the LSC, has, in recent years varied between 10% and 90% of the project costs and this flexibility will be used to help providers manage the risk associated with the investment.

58 The new regional support structure of the LSC will enable teams of experts to work more closely with providers to facilitate capital projects. This should bring greater coherence between curriculum planning and capital developments as well as providing appropriate expertise to support the financial planning of the project.

59 The main risks identified are:

- **College reluctance to co-invest** through borrowing – particularly against uncertainty of future income;
- **College capacity and know-how** in delivering large-scale development programmes, with a resultant tendency to prefer smaller, incremental projects or for delivery to slip by one or two years;
- **LSC capacity** to support and encourage strategic capital investment, as opposed to reacting to provider proposals,
- **LSC funding** - that demand for funding exceeds available nation budgets, requiring phasing of sound investment proposals, the regional criteria for which are set out in the section below (the main source of risk here is the likely increase in the required level of LSC contribution),
- **Increased construction costs and capacity** of the construction sector to fulfil requirements,

- **Funding regime and statutory restrictions** inhibiting co-investment and capital planning with schools, employers and Higher Education,
- **Town Planning** slowing down development and adding costs where providers lie in sensitive planning areas or have unsympathetic planning authorities,
- **Population changes** being less or more than forecast resulting in increased or depressed demand.

60 Appropriate measures will be taken so as to ensure that the above risks are minimised.

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Section 4: LSC Capital Support Programmes

Budgets and funding

- 61 The capital investment estimated to be required in the North West will be met from a variety of sources, including:
- Sales of any remaining **surplus land** and buildings,
 - **Providers' borrowing** and use of their reserves,
 - **Private sector investment** and
 - LSC capital funding.
- 62 In continuing the successful practice already established, where we share objectives, other partners such as employers, the Higher Education Funding Council (HEFCE) and the North West Development Agency will be encouraged to contribute significant sums to projects. Improved procurement practice and innovative funding will also help stretch the LSC's budget.
- 63 Most colleges rely overwhelmingly on the LSC for revenue funding and therefore the income to repay borrowing. The LSC budgets anticipate the minimum and maximum scheme costs at grant intervention rates of 35% and 50%, other than for 16-19 fund applications which budgeted for at the anticipated rates of intervention which is close to 100%.
- 64 If we are to achieve the National Strategy aim of renewing the estate by 2013, the major projects need to be either on site or contracts in place and "site ready" by 2008-11.

Support Programmes

- 65 This section identifies the capital programmes provided by the LSC. There are a number of different programmes described individually below, however to help navigate the programmes, the table here offers a general summary of the programmes which different providers are able to access.

	Further Education Fund	16-19 Capital Fund	Building schools for the future	CoVE programme	National Skills Academies	Accessibility improvement grants	Invest to Change
FE Colleges	✓	✓		✓	✓	✓	✓
Work Based Learning Providers				✓	✓	✓	✓
School Sixth Forms		✓	✓				
Specialist Colleges	✓					✓	

Further Education Fund

- 66 The General Further Education Fund continues to be the largest investment made by the LSC in the Further Education sector. With the exception of CoVEs, this budget line covers all other aspects of capital expenditure against the affordability criteria. Nationally, since April 2001, projects worth £2.6 billion have been approved and grants of £856m made. Approximately 50% of the national FE estate has been renewed or modernised since college incorporation in 1993 but more needs to be done to meet the challenge of developing world class buildings for world class teaching and learning.
- 67 In addition to general FE, specialist agricultural colleges and sixth form colleges, LSC capital funds are available for external institutions (including Local Authority adult education services) and HE institutions where 50% or more of their revenue funding derives from the LSC. Mergers and reorganisations are often a catalyst for capital investment.
- 68 In the North West, this fund has facilitated projects with a value of £377 million which have either been implemented or currently being undertaken.

14-16 places in FE colleges

- 69 From 2007-08 the LSC will extend the eligibility for capital funds to building works undertaken by colleges on their campuses to provide additional facilities for 50 or more additional full-time equivalent (FTE) places for 14-16 vocational provision, where it can be demonstrated that such provision cannot be provided by the more intensive use of existing facilities.

FE institutions delivering higher education provision

- 70 Where up to 20 per cent of the guided learning hours or FTEs of a project proposal is for higher education (HE) purposes, then colleges may include this provision in their capital applications to the LSC which will regard it as incidental to the main FE purpose of the proposal. HE provision of 20 per cent or more will not be eligible for capital funding from the LSC. Providers should however always seek a contribution from HEFCE or partner universities when incorporating HE provision within their capital proposals.

16-19 Capital Fund

- 71 DfES announced the creation of a single capital fund for 16-19 developments from 2006/7 which combined the DfES former Basic Needs funds for 16-19 provision and the LSC's 16-19 rationalisation funds. Applications for the new fund were to be administered by the LSC, from 2005/6 and the LSC's 16-19 Capital Fund came into operation on the 1 April 2006 with funds of £120 million for 2005-06 and £180 million for 2007-08. The joint budget is intended to help fund the capital costs of:-
- The outcomes of 16-19 competitions
 - The cost of new 16-19 school or college places arising from school and FE 16-19 presumptions
 - Increased participation.

- Area-wide reorganisation to raise standards and/or promote choice, and
- New sixth forms in areas where there is little choice of high quality sixth form provision.

72 The joint budget will not cover:-

- The modernisation needs of sixth forms in schools (this will continue to be covered by formulaic modernisation funding to Local Authorities and schools, as it would not be practicable to split this between pre- and post-16 provision).
- Schools in the 'Building Schools for the Future' programme.
- The 16-19 element in 11-19 City Academies.
- FE college modernisation or campus renewal schemes with a 16-19 element not specifically addressing area-wide reorganisation or increasing participation (or otherwise identified as high priority outcomes of Strategic Area Reviews or Area Inspections), which will continue to be funded from the LSC's FE capital budgets.

73 The LSC will not fund separate 14-16 vocational provision on school, college or other sites unless this is through intervention and development funds but will consider 14-16 centres where this is incidental to main FE purposes on college sites.

Building Schools for the future (BSF)

74 Building Schools for the Future (BSF) represented a new approach to capital investment, bringing together significant investment in buildings and in ICT (Information and Communications Technology) to support the Government's educational reform agenda. The Government committed significant funds to local authorities (LAs) and schools to spend on maintaining and improving their school buildings and to promote a step-change in the quality of provision. In short the aim of BSF is to ensure that secondary pupils learn in 21st-century facilities.

75 Some schools will be able to access the 16-19 Capital Fund administered by the LSC. This fund supports the strategic expansion of 16-19 provision (normally at least 50 new full time places) arising from increased participation, area wide reorganisation or the expansion of high performing specialist schools adding a sixth form. The fund does not cover the modernisation needs of sixth forms in schools or the 16-19 elements of schools' projects in BSF.

76 The BSF programme will have a significant impact on local communities, and the LSC will take care to ensure in implementing its investment plans that there is joined up working with local education authorities. The LSC will also take account of the local BSF timetable and plans and create beneficial linkages wherever possible to provide improved choice, participation, transition and progression between the different phases of education

Personal and Community Development Learning

- 77 In line with our priority funding for PCDL and other providers, we are currently preparing to receive the fifth round of applications for our PCDL Challenge Fund (formerly the Adult and Community Learning Challenge Fund). Local authority and other PCDL providers are eligible to apply and successful projects will be implemented in 2008–2010.

Work Based Learning

- 78 The LSC does not currently provide capital funds for work-based learning (WBL) providers other than the element of capital funding that is available within the Centre of Vocational Excellence (CoVE) programme and funding associated with the Skills Academies programmes. The LSC is, however, reviewing capital funding for WBL providers as a consequence of the FE White Paper and the DfES with the LSC has commissioned a study to examine the issues of extending capital funding to support WBL. This Plan will be updated once the results of the study and any subsequent changes are announced.

Centres of Vocational Excellence

- 79 The LSC has made a significant investment in the FE estate through the capital funding element of the CoVE programme. Such funds have also been made available to Work Based Learning (WBL) providers which have been successful in achieving CoVE status. The CoVE programme has met its prime target of establishing a network of 400 CoVEs by 2005-06. While the LSC will continue to develop the CoVE programme, alongside the National Skills Academies, there will be a shift from a supply-led to a demand-led model. To mark the continued development of this programme, in 2007 a new Standard for CoVEs will be rolled out. This standard will emphasise the key priorities of employer responsiveness and specialisation in key vocational areas. In future, CoVE providers gaining this accreditation and those working towards CoVE status will receive priority for capital funding.

National Skills Academies

- 80 It is intended that there will be at least one National Skills Academy in each major sector of the economy in addition to the 12 previously announced to be established in 2008. The development of Skills Academies will complement the established CoVE network and drive further sector-focused capital investment.
- 81 The size and nature of Skills Academies will vary and this will impact on the capital requirements of each proposal. It is expected that in some cases the establishment of an Academy will require an initial capital cost of £10 million. The LSC is committed to contributing up to 35 per cent of the capital funds with the employer and host institution (normally an FE College) providing the other 65 per cent of the cost.

Specialist Colleges

- 82 Specialist colleges are external institutions providing specialist FE provision for learners with learning difficulties and/or disabilities. In some cases this includes residential provision for which the LSC sponsors individual learners whose educational requirements cannot otherwise be met. Currently, specialist colleges (and other non-specialist external institutions) can apply for mainstream LSC capital funds if the LSC regularly provides 50 per cent or more of their annual revenue.
- 83 Some specialist colleges operate in outmoded poor quality accommodation and priority will be given to investment in upgrading facilities in those colleges which the LSC expects to support in the medium to long- term or replacing this provision.

Accessibility improvement grants

- 84 Although the LSC has invested £18 million (total capital expenditure £27 million) in encouraging colleges in the north west to make their buildings accessible to meet statutory requirements under the DDA, many go little further than to enable wheelchair-bound students to access buildings and to provide some remedial teaching help.
- 85 Funding for DDA compliance will be reduced for 2006/7 and transferred across to the main FE capital budget from 2007/8, as compliance targets should have been met by September 2005. Funding will continue to be available for SENDA/DDA projects but will be considered against the LSC's capital projects criteria (in which they are given priority) and grant support determined on an affordability basis.

Invest to Change

- 86 The LSC arranged for a steering group, made up of experts, to review how the LSC, the DfES and others could improve planning and funding of provision for learners aged 16 and over with learning difficulties and/or disabilities. This resulted in the Peter Little report, 'Through Inclusion to Excellence', which was published in 2005. The report provided 40 recommendations within which it was indicated that capital investment is needed to develop greater local capacity in colleges appropriate to the needs of learners with learning difficulties and/or disabilities and enabling progression to further learning, training and employment. The LSC will work more closely with the voluntary and community sector, the health service and social services to capture relevant expertise to apply within mainstream college provision.
- 87 The report also revealed an increase in the numbers of students self-declaring a disability and/or learning difficulty and The review's overarching recommendation to take forward the vision of systemic transformation is that the:

“LSC should develop a national strategy for the regional/local delivery, through collaboration with partners, of provision for learners with learning difficulties and/or disabilities across the post-16 learning and skills sector that is high quality, learner-centred and cost-effective.”

- 88 The national strategy, *Learning for Living and Work*, was published in October 2006 and highlighted a number of key actions and milestones:
- In autumn/winter 2007 the LSC will publish details of how the £35million additional 'investment to change' funds will be implemented.
 - By 2008, the LSC will, via the regions, have invested the £35million.
 - By 2008, the LSC will cease commissioning inadequate provision.
 - By December 2008, the first provider will be awarded Centre of Excellence status for its provision for learners with learning difficulties and/or disabilities.
 - During 2007, the LSC with the QIA and the inspectorate will commission an analysis of the benefits to the learner and financial benefits associated with provider co-location.
- 89 The 'investment to change' will be spent on three priority areas according to regional and local need. The three key priority investment areas are:
1. Investing in provision: understanding demand and building capacity;
 2. Raising the quality of provision, including workforce development and;
 3. Increasing participation in the economy and our communities through sustainable employment.
- 90 The North West strategy is currently being developed and consulted on and will be published later in 2007.
- 91 Given the increasing numbers of learners self-declaring as having a learning difficulty and/or disability it is vital that our capital investment includes a commitment to improving access to provision, economic well-being and social inclusion for learners with learning difficulties and/or disabilities.

Section 5: National Policy Drivers

- 92 In 2006 there were a significant number of important national policy developments, which are key policy drivers of this capital plan. These include our national Statement of Priorities *'Raising our Game'*, the FE White Paper *'Further Education: Raising Skills, Improving Life Chances'* and the Education and Training Bill. Previous policy drivers remain relevant and include the 14-19 White Paper, the Foster Review and the LSC Agenda for Change.
- 93 In summary, the policy developments fall into two categories:
1. Increasing participation and achievement; and
 2. Improving the competitiveness and productivity of our economy.
- 94 There is a continued focus on raising participation in learning and the achievement of a strong skills base for England, which currently lags behind its international competitors. Nonetheless, the most recent policy developments also provide a step change for the FE sector, giving it a more prominent and recognised role in the skills agenda which has moved further towards responding to the needs of employers and of a developing economy and therefore increasing participation through responsive provision, securing high quality choice, flexibility and specialisation.⁷
- 95 The role of capital investment is clear as it has a significant impact on the number of people attracted into learning and achievement, by broadening choice and improving quality and access. It is the aim of our capital funding to invest in partnerships to improve the physical, social and environmental infrastructure of our communities and as a result create economic successes.
- 96 The Leitch Review *'Prosperity for all in the global economy – world class skills'* was published in December 2006. At this stage, the review has offered a number of recommendations which put a further focus on the role of skills and a demand led system, however it is not currently clear how the government will take them forward. It is not possible to state how this plan will need to respond to this review and therefore it may be updated in the future to include a response to this driver.
- 97 In conclusion, the implication of national policy developments on our capital investment means that in implementing this plan capital investment must⁸:
- ✓ Increase the rate of renewal and modernisation
 - ✓ Help fund new places for 16-19 year olds in schools and colleges
 - ✓ Continue to invest in Skills Academies and the CoVE network
 - ✓ Support the delivery of the new diplomas by investing in equipment and other facilities and ensuring that LSC and BSF capital investment are co-ordinated
 - ✓ Sufficiently fund building projects that support the objectives described in the LSC national capital prospectus⁹

⁷ A further overview of the individual policy developments can be found in Appendix 3.

⁸ Taken from the national LSC capital prospectus

⁹ <http://readingroom.lsc.gov.uk/lsc/National/nat-buildingforskills-pu-feb07.pdf>

- ✓ Ensure that our regional capital plans reflect local plans to improve choice, quality and diversity and that those strategies in turn drive the approval criteria for individual capital proposals
- ✓ Support sustainable design and construction
- ✓ Encourage providers to deliver greater operational efficiency through modernisation and renewal of their premises; and
- ✓ Extend the provider network.

South Trafford College, Creative Arts Centre



Section 6: Regional Challenges

98 The Regional plan sets out the key drivers and priorities for investment in the North West and this includes the North West Regional Strategic Analysis, the NW Regional Statement of Skills Priorities and the North West Commissioning Plan. These documents all highlight issues and challenges that are specific to the North West. These challenges are key drivers for the investment of our capital funds, presenting opportunities for targeting capital investment in the region and can be summarised under our seven regional priorities.

Regional Priority 1: Tackle worklessness by linking people, jobs & training

- 99 Economic activity rates and workforce skills levels are two key determinants of productivity. The North West has lower rates of economic activity than the England average and its workforce is less well qualified.
- 100 The regional rates of inactivity for people aged over 50 and people with a disability are well above the England average.
- 101 Rates of worklessness within the region are highest among groups such as offenders and ex-offenders, lone parents, Incapacity Benefit claimants, young unemployed people (18 – 24), older people (over 50) and BME communities.
- 102 Through our regional skills partnership and strong links to Local Area Agreements (LAAs) we will meet this challenge and address the issues of worklessness in the North West.
- 103 There is a continuing need to link local people to projects underway or planned¹⁰ which will create major employment opportunities.

Response of NW Capital Plan: Tackling worklessness by linking people, jobs & training through capital investment

- 104 Access to employment and qualification levels are strongly correlated and attainment of a qualification at any level will improve the likelihood of employment.
- 105 As a priority capital investment will:
- **Ensure capital investment is in the right place** to ensure access for workless people, especially in areas with significant proportions of workless populations.
 - **Ensure the centralisation of providers into one site does not reduce accessibility** of provision to areas with significant workless populations.
 - **Align with economic development and regeneration activities** to maximise opportunities for upskilling the existing workforce.

¹⁰ See the list of initiatives in the North West Statement of Skills Priorities 2007-2010.

- **Use LSC resources, alongside those of partners**, to use buildings to their maximum potential.

Regional Priority 2: Increase the participation of 16-19 year olds in education &/or work based learning, thereby securing increases in level 2 & level 3 attainment & progression into higher education

- 106 There are some areas in the region where participation lags – especially in Greater Manchester, which in 2004 had 77% of 16 and 17 year olds in education and work based learning, compared with 84% in Cumbria. Given that Greater Manchester has the largest cohort in the region (almost six times larger than Cumbria's), this is a major issue.
- 107 Achievement of level 2 (and level 3) at age 19 has been below national averages; in 2004 the region saw 64.4% of the cohort achieve level 2 compared with 67% nationally¹¹. The NW has narrowed the gap more quickly than the rest of England since 2004 but the performance gap has not closed, so the focus on achievement of level 2 and 3 must be sustained.
- 108 NEET levels are much higher in the region than the national average and the proportion has increased in the last year. With a declining 16-18 population this issue is likely to become more stubborn requiring more innovative and targeted solutions.

Response of NW Capital Plan: Increasing 16-19 participation, attainment & progression into higher education through capital investment

- 109 The LSC needs to ensure that a comprehensive offer is available to all eligible young people that maximises participation and attainment
- 110 As a priority capital investment will:
- **Deliver a parity between vocational and academic routes** through to employment by investing in realistic work environments for vocational learning
 - **Build state of the art buildings** that will attract young learners
 - **Reflect accurately the working world** through buildings that meet employer demands and expectations and industry standards
 - **Improve curriculum choice and quality**, while ensuring value for money and in turn improve participation.
 - **Develop 14-19 skill centres** to improve vocational learning pathways and support diploma delivery

¹¹ If English & Maths are included, the comparable rates were 42.5% in the NW & 44.3% nationally.

Regional Priority 3: Increase the proportion of adults with the skills & qualifications needed for employment, with a focus on Skills for Life & level 2 attainment;

- 111 Adults in the North West are more likely than in the rest of England to have Skills for Life needs and less likely to have a level 2 qualification, especially if they are economically inactive.
- 112 Only 47% of Skills for Life learners in the region are on courses that count directly to the target, with a further 18% on first rung provision leading to target qualifications. This means 35% of learners are taking Skills for Life provision that is not target facing and this proportion must be reduced. Skills for life also forms part of Train to Gain, and should be embedded in sector skills and productivity action plans.
- 113 36% of working age people in the region still do not have a level 2 (England 33%).

Response of NW Capital Plan: Increasing the proportion of adults with the skills & qualifications needed for employment through capital investment

- 114 As a priority capital investment will:
- **Ensure buildings are in the right place** to link to communities with significant proportions of skills needs.
 - **Align with partners and employment opportunities** to meet the skills demands of employers

Regional Priority 4: Support adults to progress beyond level 2 & to attain skills & qualifications at level 3 & above, with a focus on key sectors;

- 115 International comparisons of productivity & skills highlight the challenge facing the NW. The region has a significant (13%) productivity gap with the England average. Trend based forecasts of GVA per head from Working Futures 2006 show average annual growth over 2004-14 in the North West at 2.1%, below the England average of 2.4%. If past trends continue, the region's productivity gap will widen.
- 116 Compared to England, the North West has a lower proportion of economically active people qualified to level 4 or above (29.2% against 30.7%) but a slightly higher proportion qualified to level 3+ (20.5% against 19.6%);
- 117 Large numbers of workers have been engaged in Train to Gain in the North West (which was a pilot area); these people and their employers have demonstrated a commitment to learning that can provide a platform for progression to level 3 and to higher education.

Response of NW Capital Plan: Supporting adults to progress beyond level 2 & to attain skills & qualifications at level 3 & above, through capital investment

118 Capital can make a big impact in this area. As a priority capital investment will:

- **Build state of the art buildings to encourage aspirations to achieve higher level skills.** Colleges and providers to target individuals who have participated in level 2 with the aim of encouraging further progression.
- **Support provider specialisation, the development of CoVEs and National Skills academies** to deliver the higher level qualifications that employers and individuals want.
- **Encourage collaborative planning with HEFCE**

Regional Priority 5: Stimulate employers to invest more in workforce development which meets business needs including innovation, management, leadership & intermediate & higher level technical & professional skills;

119 The RSP took the sectors identified in the draft Regional Economic Strategy as priority sectors. These knowledge based sectors have international growth potential and contribute significantly to the North West's GVA:

- Biomedical
- Food & drink
- Digital & creative industries
- Energy & environmental technologies
- Advanced engineering & materials
- Business & professional services

120 There is an expectation that employers will contribute to the cost of provision (other than for Skills for Life & first full level 2 – which is fully funded by the LSC). Current employer behaviour in the North West offers significant opportunities for providers to secure this type of investment. However, there is a need to challenge employers to bear a larger part of the cost of training; without an increase in employer investment the challenging goals in the Regional Economic Strategy are not likely to be achieved.

Response of NW Capital Plan: Stimulating employers to invest more in workforce development which meets business needs through capital investment

121 As a priority capital investment will:

- **Build state of the art vocational facilities** that will encourage greater employer engagement.
- **Build in the right place** to deliver provision for significant business and employer developments as well as for communities
- **Support the development of National Skills Academies** with investment from the LSC, host provider and employers.
- **Be in place to meet the needs of provision that cannot be delivered in the work place** through Train to Gain.

Regional Priority 6: Stimulate demand for, & investment in entrepreneurial, intermediate & higher level skills from individuals

- 122 The LSC needs to fund Union Learning Representatives who work within organisations to encourage workers to participate in learning.
- 123 The Information, Advice and Guidance (IAG) service offered through Nextsteps provision in each of the five sub regions focuses on supporting individuals yet to achieve a Level 2 qualification. It makes an important contribution to stimulating demand for employability skills and provides a strong base to encourage progression to intermediate and higher skills.
- 124 The national Learndirect telephone advice line provides a universally available service offering linked information, advice and guidance for adults covering jobs, qualifications and training. This has recently been supplemented with Level 3 guidance trials.
- 125 The LSC is supporting a range of programmes that encourage young people to develop appropriate skills for the workplace, including 14-19 Enterprise skills, Education Business Links, Young Enterprise and the Aim Higher programmes. By also providing a Level 2 offer to adults that exceeds national averages in success rates we provide an effective platform that encourages individuals to progress into higher level skills and provides many of the skills needed for self employment.

Response of NW Capital Plan: Stimulating demand for, & investment in entrepreneurial, intermediate & higher level skills through capital investment

- 126 As a priority capital investment will:
- **Align funding with partners** to maximise the potential use of buildings.
 - **Build world class and iconic facilities** to stimulate demand and participation in learning
 - **Encourage collaboration with HEFCE** to deliver specialist and entrepreneurial provision
 - **Build facilities to meet specific needs of employers** for example realistic call centre facilities

Regional Priority 7: Support providers to respond to the needs of individuals & employers through delivery of high quality provision.

- 127 Train to Gain will continue to be developed as a holistic service to employers, at the forefront of changing the way training is delivered to meet the needs of business, through improved choice, and increasingly flexible provision.
- 128 Train to Gain in the North West covers sector subject areas in proportion to expected employer demand. We will continue to work with Sector Skills Councils to commission through tendering the key qualifications that

employers want, as articulated in the relevant Sector Skills Agreements. If planned provision for 2007/08 falls behind profile for volumes or achievements we will reallocate to providers able to deliver additional volumes.

Response of NW Capital Plan: Supporting providers to respond to the needs of individuals & employers through delivery of high quality provision through capital investment.

129 As a priority capital investment will:

- **Support providers to deliver more demand-led provision**, including Train to Gain provision
- **Ensure buildings are flexible** to enable multi-purpose use
- **Fund future-proof buildings** that will ensure the maximum potential and life span of buildings
- **Invest in buildings that meet high quality specifications**

130 This North West LSC is also committed to increasingly align our capital plan with our regional partners, including the Regional Economic Strategy, developed by the North West Regional Development Agency. An overview of the implications of this plan on LSC capital investments in the North West can be found in Appendix 4.

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Section 7: Responding to the Challenges: Impact of the Regional Capital Plan Now and in the Future

Immediate Future Investment plans

131 Significant further progress has been made in bringing the FE estate up to a world class standard since the 2006 Regional Capital Plan was adopted. In the last year the Council has approved six major projects at Approval In Principal (AIP) stage at an estimated total cost of £189.5 million. A further eight projects have been approved in detail at a cost of £44.5 million. Together these projects will provide for the construction of 90,500 m² of new accommodation, refurbishment of 39,600 m² and demolition of almost 102,000 m² of unsuitable accommodation. A further £120 million of projects are currently being considered for AIP approval and another £321 million of projects are anticipated to come forward for AIP approval within the next year. The table below summarises the estimated capital investment in the North West over the life of this plan.

Estimated Capital Investment

LSC	Total estimated investment (£000)	LSC capital contribution at 35% intervention rate	LSC capital contribution at 50% intervention rate
Cheshire and Warrington	229,650	80,378	114,825
Cumbria	47,000	16,450	23,500
Greater Merseyside	283,500	99,225	141,750
Greater Manchester	409,200	143,220	204,600
Lancashire	325,700	113,995	162,850
Sub total (FE)	1,295,050	453,268	647,525
Sub total (16-19)	106,629	89,379*	89,379*
Sub total Skills Academies	20,000	7,000	10,000
TOTAL (all)	1,421,679	549,647	746,905

*Figures used are actual expected LSC contribution, primarily based on 100%

132 The projects which are currently in the pipeline and estimated to receive detailed LSC approval within the next 12 - 18 months (appendix 1) will have a major impact on the overall condition and suitability of the FE estate. A snapshot of some of the capital investment taking place in the region is presented below with some case studies of projects in each of the five North West sub-regions.

133 We are anticipating that around 25 colleges will have sufficiently developed capital proposals to have received detailed LSC approval to undertake the rationalisation and renewal of their estates to bring them up to a good or excellent standard within the next 12-24 months. The total estimated capital spend for this will be around £718 million and at 50% LSC intervention is likely to require around £359 million of LSC capital investment to sustain.

These colleges represent around 42% of the overall FE floor space within the region. When these projects have been fully implemented the percentage of floor space within good or excellent categories will have increased from 46% to around 70% which will be a major achievement.

- 134 Providers will need to continue to develop their own property strategies and consult accordingly with the LSC and other partners on their development. In doing so they need to ensure that their accommodation strategies are aligned with regional priorities. The aggregate of FE College plans is incorporated in Appendix 1, however, to be included in the early implementation stages of the Capital Plan providers will need to have completed an outline brief detailing the nature of the project and the priorities that this will seek to address.

Cheshire and Warrington Case study

Capital Project Name	Mid Cheshire College
Areas affected	Winsford Cheshire & Warrington
Investment total	LSC contribution £4m
Project Description	
Replacement of Hartford Campus including phase 1 new arts campus and new centre at Winsford Learning Zone	
Drive for Investment	
<p>1. The construction of a new arts block on the main Hartford campus at Mid Cheshire College is the first phase in the implementation of the overarching property strategy which was developed in 2003. The other aspects of the property strategy are:</p> <ul style="list-style-type: none"> • The rationalisation and redevelopment of the remainder of the main Hartford campus. Although this is still at the feasibility stage, it is anticipated that this element of the property strategy will involve the replacement of all existing buildings with new, fit for purpose facilities. • The replacement of existing facilities in Winsford with the 'Winsford Learning Zone'. This project is approaching the completion of the stage C design development process. <p>2. Both of these projects will be the subject of separate capital applications to the LSC. It is anticipated that these in principle capital applications will be formally re-submitted to the LSC in March/April 2007.</p>	
Contribution to regional priorities	
Increase participation of 16-18 year olds and improve success rates	

Cumbria Case study

Capital Project Name	Carlisle college
Areas affected	Carlisle
Investment total	Total cost in the region of £18 m. (of which this 2 nd stage is in the region of £11.2m) likely to require a significant level of support grant from LSC

Project Description

Revised capital project for the 2nd stage of development via a new build following a review on the College's existing capital project and core estates requirements. The review took account of the educational initiatives as part of the re-organisation plans for 11-19 secondary education in Carlisle.

The first stage of the capital project was completed in September 2006 as part of the College capital strategy.

The need for the capital project was reflected by a long-standing lack of capital investment. Indeed the last construction project of any significance was undertaken more than 20 years ago. From an architectural standpoint the buildings reflected a 1950's style which were expensive to operate and maintain and difficult to upgrade. The plan included the rationalisation of the college estate and replacement of existing building stock which has reached the end of its economic life.

Drive for Investment

Investment was needed to bring the estate up to modern day standards for education and training and provide learners with a quality-learning environment and state of the art facilities.

Rationalisation of the estate was also needed as the space utilisation survey showed that the space was in excess of requirements. This also takes into account declining demographics in the Carlisle area.

The property solution provides the most viable long-term solution and not only creates a learning environment suitable for the 21st Century but also ensures parity of esteem for learners.

Contribution to regional priorities

The Local Authority is leading on the reorganisation of 11-19 secondary education in Carlisle and is working in partnership with the LSC. This is part of a county wide context and approach.

The review is ambitious and as well as aiming to address the issue of spare places in local schools it has also identified the need for raised standards and equalising opportunities for all young people to access a wide range of learning programmes.

Following the floods in Carlisle in Jan 2005 a Carlisle Renaissance Plan was established and the development of the College was seen as an integral part of this plan.



*Artist's
Impression:
Carlisle
College*

Greater Manchester Case study

Capital Project Name	Manchester College of Arts & Technology North Manchester Sixth Form Centre and North City Library
Areas affected	Located at a key point in Harpurhey, north Manchester, a ward affected by intense levels of multiple deprivation, in the heart of an area currently undergoing significant economic and social regeneration.
Investment total	Approximately 4,950 m ² (gross internal area) of new build procured at an overall cost of £9m.
Project Description	
A four storey building with a prominent position at a busy crossroads, accommodating the North Manchester Sixth Form College (opened September 2005) and the North City public library (opened January 2006).	
Drive for Investment	
The communities of North Manchester are typified by low educational attainment, low participation in further education and low entry to HE, and are socially isolated from one another. Public facilities are scarce and generally of very poor quality. This building was designed and will be operated to address these issues.	
Contribution to regional priorities	
The North Manchester Sixth Form College has had a major impact on post-16 participation rates in the north of the city, and now provides places for over 500 students drawn from the local area. Outstanding success rates have been achieved in the first year.	
Library use has increased more than four-fold in the area since the opening of North City library, and community activity in and around the building has been enhanced and stimulated.	
Public access to the building is managed without barriers or overt security measures, and the large glass atrium has become a key focus for the local community, bringing together all ages and cultures.	
The building was designed to make a statement about environmental sustainability, having its roof and south facing elevation almost entirely covered in photo voltaic cells. Other features include computer controlled natural ventilation, grey-water systems and a heat-retaining exposed concrete frame. The building was the winner of the 2006 RIBA/LSC award for design excellence in further education. According to the judging panel the building "has delivered a significant example of sustainable design".	

Greater Merseyside Case study

Capital Project Name St Helens College

Areas affected St Helens

Investment total Approx £50 million

Project Description

The aim of the project is to replace run-down and inflexible buildings which are no longer fit for purpose with a new campus. The College plans to reduce from three sites to two and to rebuild most of its town centre site. There will be an overall reduction of approximately 10,000m² which will lead to improved space utilisation and a more flexible and high quality learning environment. The total number of workplaces before and after the project remains the same at 5,407.

Drive for Investment

The project will replace existing facilities with much improved teaching and learning space. The intention of the project is not to provide for large increases in learner numbers, but to replace inadequate and rundown buildings with more space efficient, economical and environmentally sound buildings. The new facilities will be more flexible, which means that they can more easily be adapted for future needs. The improved facilities will provide an environment within which the College can continue to improve the success rates of their learners and increase participation in St Helens.

Contribution to regional priorities

Improve the quality of learning provision for young people and adults in St Helens helping to raise participation and achievement.

Lancashire Case study

Capital Project Name Burnley College

Areas affected Town Centre Location in Burnley replacing current building which is no longer fit for purpose

Investment total LSC funding = £32 million (50%). Approval in Principle (AIP) received in October 06

Project Description

New campus comprising a 16-19 centre, a Skills and Adult centre and an HE centre.

Drive for Investment

The proposal is for a transformation of the infrastructure and a consequent step change in the quality and outcomes of the education and training system for the benefit of a community which faces particular social and economic challenges. Specifically the proposal has the following goals which clearly align with national and local priorities: -

- An essential contribution to transformation of the 14-19 phase of education in Burnley and the wider travel to learn area
- A distinctive contribution to employability for individuals and to the skills needed by local and regional employers
- Significant enhancement of access to locally available university level education and to addressing the sub regional skills gaps at levels 4 and 5.

The planned development is part of a holistic vision for education and training in Burnley

which is shared and supported by the strategic partners, Lancashire County Council's Children's and Young Peoples' Service and the Learning and Skills Council Lancashire. Specifically, the proposal integrates with the parallel re-organisation and re-vitalisation of the secondary schools infrastructure in Burnley through the first phase of the Building Schools for the Future programme.

The purpose of the project is to replace time expired buildings and a constrained site which are no longer fit for purpose with a wholly new campus with 3 distinct but interlinked mutually supported elements: a 16-19 centre, a skills and adult centre and a university centre to be funded by HEFCE.

What are the specific issues for this area?

Burnley is an area of significant social and economic deprivation with 5 wards in the top 16% of the most deprived from England's 8,414 wards and is the 46th most deprived borough in the country (out of 376).

The town receives substantial national government and European regeneration funding and is currently benefiting from being prioritised by Lancashire County Council for a transformation of the local school system and infrastructure through the Building Schools for the Future programme. Burnley is in phase 1 of the programme which will see eight existing secondary schools re-organised into five and all five accommodated in wholly new facilities by 2010. The scheme also includes the amalgamation of the two existing sixth forms into a single sixth form centre which will occupy new purpose designed accommodation in 2008.

The College currently has an estate with a combined gross internal area of 23,776m² housing both further and higher education programmes. Of this total area some 22,000m² is applied to further education use and approximately 2,000m² to higher education. It is intended to replace the current further education accommodation with new accommodation with a gross internal area of 25,260m². Of this 20,476m² will be dedicated to further education and 4,784m² to higher education. This reflects on the one hand efficiencies in the use of the further education space inherent in purpose designed facilities balanced by growth in student numbers and on the other hand the significant growth planned for higher education provision together with the more generous space norms.

Burnley College has developed a strong provision for some 2000 16-19 year olds. This includes a planned full time cohort of over 1600 young people in 2006/07. The curriculum extends across the academic pathway through AS and 'A' Levels, vocational advanced programmes and pre-advanced provision which provides a ladder of progression. This complements well the school sixth forms' academic-focused curriculum. The quality of the College's provision was confirmed by OFSTED at its November 2004 inspection and recognised by the Chief Inspector including Burnley College in his 2004/05 list of most successful schools and colleges. This position has been confirmed by the November 2005 OFSTED Annual Assessment Visit.

However, the weightiest criticism of the College made by OFSTED was of the poor and inappropriate accommodation. Consequently, it is clear that the College is providing good quality sixth form education despite the handicap of poor accommodation and facilities. Clearly this issue needs to be addressed if the future quality of provision is to be assured. Development of a new college campus will provide a twenty first century learning environment, equipped to enable staff and support learners in continuing to drive up success rates.

Contribution to regional priorities

Increased 16-18 participation, reduction of NEET, increased full level 2, increased employer engagement. Replacement of existing run down buildings by high quality facilities and infrastructure.

Further considerations

Outstanding issues

135 A significant proportion of the North West infrastructure has been renewed through the capital investment already highlighted within this plan. However there are a still a considerable number of outstanding issues that will need to be addressed through the implementation of future capital projects. In addition to the checklist implications of this capital plan at the end of each section, some of the key issues that need to be addressed through the implementation of this plan include:

- **Locating resources close** to where skills for life, worklessness and employer demand exists and where population growth is envisaged;
- **Eliminating the duplication** of specialist resources within a given locality;
- **Rationalisation** of the estate to match the pattern of delivery and to a satisfactory level as set out in best practice guidance;
- The ability to **re-direct a greater level of expenditure** which is currently tied up in operating and maintaining time expired buildings towards learning and replacement facilities;
- Notwithstanding the need for outreach facilities at levels one and two, the majority of colleges are still operating from a number of sites making it difficult to market themselves effectively to employers and students. **Costly facilities have to be duplicated** so adding to operating inefficiency;
- A large proportion of the estate has **significant planned maintenance liabilities** reflecting the fact that a large proportion is over 30 years old;
- A large proportion of the estate is time expired and is **functionally unsuitable or inflexible**. In most cases only replacement will provide a cost effective solution as opposed to refurbishment;
- Most college buildings are **poorly insulated** so wasting valuable energy resources and imposing increasingly costly operating costs rather than offering environments where extreme ranges in temperatures are controlled by either passive or active means. Where refurbishment does prove to be a viable alternative to a new build, Part L of the Building Regulations (effective from April 2006) places an additional burden on the capital resources of colleges and the LSC; and
- Many buildings still do not offer 90% **accessibility** for physically disabled learners and staff, notwithstanding past enhanced capital grants from the LSC.

Demographic pressures

136 In terms of demographics, we are currently faced with an ageing population and the target of improving participation and thus reducing NEET becomes more tangible in a reduced cohort of 16-18 year olds.

137 Initial analysis suggests, that in the North West, the 16-18 population will reach its nadir in 2011/12, at which point, just to maintain the current number of learners participating in LSC funding learning (2005/06), participation rates

will have to grow by almost 6 percentage points by 2011/12 (See Appendix 5). Given that the priority of the LSC is to increase 16-18 participation in learning, it is therefore the recommendation of this plan that the current estate maintains its current learner capacity. To grow any further would require an unrealistic increase in the participation rate. There is a need however, to improve the quality of the current learning offer.

- 138 The need for maintained learner places may, however, be subject to change if, for example 16 to 18 year old education or training is made compulsory more places may be required depending on the growth of sixth forms through the FE presumption and the reduction of adult learning places due to the increase of training delivered in the workplace.
- 139 As the 16-18 population reduces, the adult population grows. This has a significant impact on the region as there is a greater reliance on the pool of adults to fill new jobs. There is however a significant proportion of adults who lack skills for life and a level two which is identified as the minimum qualification level for sustained employment. The growing numbers of adults that are not engaged in any form of employment, or are unable to work for varying reasons creates significant gaps in the local and regional economy. The capital plan will support tackling worklessness by linking people, jobs and training through:
- Partnerships with Jobcentre plus
 - Maximising opportunities for upskilling, maximising the use of funded buildings to their full potential and
 - Ensure capital investment is in the right place to make buildings available to the disadvantaged and disengaged groups
- 140 Appendix 5 analyses the demographic pressures on young peoples' participation and Appendix 6 looks at the worklessness agenda in the North West in further detail. It is recommended that a more detailed analysis is undertaken by sub-regions to identify the impact on capital investment and also where capital investment should be focused to respond to these issues.

Demand-led provision

- 141 The Leitch Review makes eight main recommendations, the chief of which build on the commitments in the FE Reform White Paper, *Further Education: Raising Skills, Improving Life Chances*, to move to a system which is demand led. The system must be designed and delivered to meet the needs of the customers, individuals and employers to increase productivity and employability.
- 142 The LSC and DfES are currently running a consultation about how we reform the FE system to make a reality of a demand-led approach. To turn the concept of a demand-led approach into reality the customer must have more power to choose and funding must follow demand. Choice will vary between different customer groups; however, for choice to be exercised there must be a balance and range of supply. In this environment, the LSC will have a new role to play, that of making the market work effectively and efficiently and delivering more skills to more businesses and learners.

- 143 Capital has a strong role to play here. In this system competition will be supported and providers demonstrating high-quality provision will be able to expand and new entrants to the market will be encouraged, while ensuring that this does not create any unnecessary duplication of provision.

Capital Reviews

- 144 There are currently a number of reviews taking place to assess the capital infrastructure of areas and to provide an overarching strategy for future capital investment in areas. Examples include Manchester, where a review of capital is taking place to support the recent recommendations from the 14-19 review.
- 145 A review is also taking place in Salford where all three colleges in the area have undertaken, or are in the process of undertaking, major capital developments to improve their facilities. However, there is a need for further work to bring their facilities up to an excellent standard, but there is also a need to ensure that any further developments support the current BSF proposals for development, support the 14-19 agenda for learning and the need for demand-led learning for adults and employers.
- 146 The outcome of these reviews will thus have an important impact on the capital projects that will be supported and align with the approach in this plan and the emphasis on partnership working to use capital investment to deliver facilities that deliver against our priorities and support not only the needs of one provider, but of the local community.

Building Schools for the Future

- 147 The aim of Building Schools for the Future is to ensure that secondary pupils learn in 21st-century facilities. The Government committed significant funds to local authorities (LAs) and schools to spend on maintaining and improving their school buildings and some schools will be able to access the 16-19 Capital Fund administered by the LSC. This fund supports the strategic expansion of 16-19 provision (normally at least 50 new full time places) arising from increased participation, area wide reorganisation or the expansion of high performing specialist schools adding a sixth form.
- 148 The BSF programme will have a significant impact on local communities, and the LSC needs to take care to ensure in implementing its own investment plans that there is joined up working with local education authorities. The LSC will also take account of the local BSF timetable and plans and create beneficial linkages wherever possible to provide improved choice, participation, transition and progression between the different phases of education

Conclusion

- 149 The LSC has successfully transformed many college estates into new 21st century, world class buildings since its beginning. There remains however, a significant opportunity for the LSC to further challenge and support the

current FE estate. There is a lot of work to do to refurbish and rebuild a wholly functional estate, but all investment must go beyond the primary utilitarian purpose. Future capital investment needs to provide state of the art buildings that:

- attract new learners and employers,
- provide specialist skills,
- provide a parity between the academic and vocational pathways into careers,
- contribute to the economic success of individuals and in turn the local and regional productivity and competitiveness,
- remove barriers to learning to all groups of learners,
- link to other developments, that are flexible and
- are sustainable in terms of the environment and the communities that they support
- improve quality and choice of learning

150 To achieve this vision, this plan must be implemented maintaining the current momentum of investment and utilising the expertise of our local partnership teams.

151 The Learning and Skills Council recognises that only through partnership working with key stakeholders will effective results be achieved.

Liverpool Community College, Vauxhall Campus



APPENDIX 1: Schedule of Capital Projects in the North West

The tables here are a sample of proposed capital projects within the North West Region. The condition of each Further Education College and Sixth Form College has been highlighted on the tables, indicating whether they are deemed as new, good, operational or unsatisfactory. The estates shown as '*condition operational*' indicate that these sites are in need of capital investment. Each project has a brief description of the project outline and the approximate date that the capital project will be going to the local or national capital committees for consideration, subject to the relevant college progressing capital bids in order to undertake schemes in accordance with the LSC's Capital Handbook requirements.

The table also indicates the total estimated capital cost of the projects. At this stage the table does not show the Learning and Skills Council contribution to each project, but this is anticipated to be an average of 50% grant contribution across the sector and it is on this basis that the anticipated future LSC capital budget requirements as outlined within the strategy have been determined.

Finally, the table shows feedback from the local office areas about how the capital projects in their respective local area align to the LSC's North West Regional priorities.

APPENDIX B - NORTH WEST ESTIMATED MAXIMUM CAPITAL INVESTMENT AND CONDITION PROFILE 2006-2015 CHESHIRE AND WARRINGTON LSC

College	Condition as new (m ²)	Condition good (m ²)	Condition operational ¹² (m ²)	Condition unsatisfactory (m ²)	Estate Size (m ²)	% Estate in unsatisfactory Condition / Operational but in need of Investment	Outline Project	AiP Local Council	Estimated Total Capital Cost (£000)	Contribution to LSC Priorities & Targets
Mid-Cheshire College		2,018	13,116	5,045	20,179	90	Replacement of Hartford Campus & new centre at Wynsford Learning Zone, phase 1 (approx £3 million) ongoing (excluded)	Oct-07	31,000	Increase in 16-18 & Adult participation, full L2 & employer engagement
Reaseheath College	2,365	8,952	679	306	12,302	8	Renewal & rationalisation of the	Jan-07	18,100	Increased participation 16-18 & employer engagement

¹² Condition Operational is deemed as accommodation that is in need of capital investment

College	Condition as new (m ²)	Condition good (m ²)	Condition operational ¹² (m ²)	Condition unsatisfactory (m ²)	Estate Size (m ²)	% Estate in unsatisfactory Condition / Operational but in need of Investment	Outline Project	AiP Local Council	Estimated Total Capital Cost (£000)	Contribution to LSC Priorities & Targets
							college			
Sir John Deane's College		4,340	3,798	2,713	10,851	60	Modernisation & renewal of the college's existing campus	Nov-07	15,000	Increased participation 16-18 & employer engagement
West Cheshire College				29,000	29,000	100	Renewal of the College's existing campus at Chester	Dec-07	30,000	The build will result in increase capacity & will contribute to LSC targets including NEET reduction
South Cheshire College			15,359	5,120	20,479	100	Renewal of the College's existing campus at Crewe	May-07	60,000	Increased participation of 16-18 & employer engagement
TOTALS	2,365	15,310	32,952	42,184	92,811				154,100	

CUMBRIA LSC

College	Condition as new (m ²)	Condition good (m ²)	Condition operational (m ²)	Condition unsatisfactory (m ²)	Estate Size (m ²)	% Estate in unsatisfactory Condition / Operational but in need of Investment	Outline Project	AiP Local Council	Estimated Total Capital Cost (£000)	Contribution to LSC Priorities & Targets
Furness College		300	10,032		10,332	97	Completion of modernisation & renewal of the college estate	Jan-08	35,000	Increase 16-18 participation by creating world class buildings that link LSC investment in 14 –19 learning to the reorganisation of 11-16 secondary education in Barrow in Furness
Barrow in Furness Sixth Form			6,365		6,365	100	Renewal of college on existing campus	Jan-08	21,000	Increase 16-18 participation by creating world class buildings that links LSC investment in 14 –19 learning to the reorganisation of 11-16 secondary education in Barrow in Furness
Kendal College			6,579	731	7,310	100	Phases 1 & 2 of completion of modernisation & renewal of the college estate including the Allen Building	Apr-07	15,000	16-18 year olds, so that by 2009/10 around 87.5% of 16-19 will take up learning (20% growth for the College).Improved ability to respond to employer needs – improved employer perception & investment.
Carlisle College	4,892		14,249	2,557	21,698	77	Phase 2 estates renewal, bringing the whole campus up to an excellent standard	Nov-07	30,000	Reorganisation of 11-19 secondary education in Carlisle. Rationalisation of the college estate & replacement of existing building stock which dates back to 1950's & has reached the end of its economic life.
TOTALS	4,892	300	37,225	3,288	45,705				101,000	

GREATER MANCHESTER LSC

College	Condition as new (m ²)	Condition good (m ²)	Condition operational (m ²)	Condition unsatisfactory (m ²)	Estate Size (m ²)	% Estate in unsatisfactory Condition / Operational but in need of Investment	Outline Project	AiP Local Council	Estimated Total Capital Cost (£000)	Contribution to LSC Priorities & Targets
Aquinas College	1,544		7,391		8,935	83	Renewal of existing campus including acquisition of adjoining land, existing sports hall to be retained	Jul-07	40,000	Increased full level 2 & 3, increased 16-19 participation
Bolton Community College/ 6th Form College		3,721	25,600		29,321	87	Relocation of Community College to town centre campus to include north 6th form campus	Nov-07	90,000	The build will result in increase capacity & will contribute to LSC targets including NEET reduction
Bolton Sixth Form College			9,615		9,615	100	Replacement of all existing resources with new facilities in the town centre & the south of the town, approved & ongoing	Jun-07	NA	The build will result in increase capacity & will contribute to LSC targets including NEET reduction
North Trafford College of Further Education		9,597	9,597		19,194	50	Included in South Trafford merger capital below			Project will accommodate increased capacity & improved facilities leading to increased participation
Oldham Sixth Form College		1,666	1,666	1,666	4,998	67	The construction of new facilities to compliment the existing premises - new science block	Dec-07	5,000	Reduction of NEET, increased full level 2, increased 16-18 participation, increased employer engagement, increased participation from disadvantaged areas.

College	Condition as new (m ²)	Condition good (m ²)	Condition operational (m ²)	Condition unsatisfactory (m ²)	Estate Size (m ²)	% Estate in unsatisfactory Condition / Operational but in need of Investment	Outline Project	AiP Local Council	Estimated Total Capital Cost (£000)	Contribution to LSC Priorities & Targets
Stockport College	12,917	19,995	12,337		45,249	27	Renovation of St Thomas Hospital site, renewal of 30,354 sq. m of accommodation & refurbishment of 7,158 sq.m. of accommodation to bring the whole estate up to an excellent standard	Oct-07	76,000	Increase in 16-18 & Adult participation, full L2 & employer engagement
South Trafford College	3,875	3,875	3,875	3,875	15,500	50	Replacement of tower block with new facilities & refurbishment/ renewal of the rest of the estate. phase 1, approx 18.5 m new vocational skills centre, phase 2 will be capital implications arising out of planned merger with North Trafford College	Jun-07	40,000	The Project will accommodate increased capacity & improved facilities leading to increased participation
TOTALS	18,336	38,854	70,081	5,541	132,812				251,000	

GREATER MERSEYSIDE LSC

College	Condition as new (m ²)	Condition good (m ²)	Condition operational (m ²)	Condition unsatisfactory (m ²)	Estate Size (m ²)	% Estate in unsatisfactory Condition/ Operational but in need of Investment	Outline Project	AiP Local Council	Estimated Total Capital Cost (£000)	Contribution to LSC Priorities & Targets
Carmel College	2,048		7,766		9,814	79	Renewal of most of existing campus	Mar-07	22,000	The Project will accommodate increased capacity and improved facilities leading to increased participation
City of Liverpool Community College	30,925	10,000	7,557		48,482	16	Partial renewal of existing campuses and additional new build space to provide LRC facility		10,000	reduction of NEET, increased full level 2, increased 16-18 participation, increased employer engagement, increased participation by eligible adults from disadvantaged
King George V College		1,500	7,186		8,686	83	Renewal, of most of existing campus	Apr-08	25,000	Increase in student numbers of 150 places. Curriculum development Areas of College unfit for purpose Temporary buildings replaced
St Helens College	5,370	5,165	19,520	21,463	51,518	80	Town Centre Campus renewal and refurbishment	Dec-06	60,000	The College has a substantial full Level 2 target and the project will also contribute to increasing participation in learning in St Helens and the reduction of NEET
Knowsley	6,000		24,107		30,107	80	Campus renewal	Jan-08	30,000	reduction of NEET, increased full level 2, increased 16-18 participation, increased employer engagement, increased participation by eligible adults from disadvantaged areas.
TOTALS	44,343	16,665	66,136	21,463	148,607				147,000	

LANCASHIRE LSC

College	Condition as new (m ²)	Condition good (m ²)	Condition operational (m ²)	Condition unsatisfactory (m ²)	Estate Size (m ²)	% Estate in unsatisfactory Condition/ Operational but in need of Investment	Outline Project	AiP Local Council	Estimated Total Capital Cost (£000)	Contribution to LSC Priorities & Targets
Blackburn College	6,102	1,537	30,832	4,406	42,877	82	Renewal of main campus	Apr-06	45,000	Increased 16-18 participation, reduction of Young people in NEET, increased full level 2, increased employer engagement. Rationalisation of dispersed estate resulting in high quality facilities and infrastructure
Blackpool Sixth Form College	899	2,233	5,906	119	9,157	66	Renewal of existing campus in two phases, phase 1 approved and ongoing	Dec-06	25,000	Increased 16-18 participation. Reduction of Young people in NEET. Replacement of existing temporary facilities (mobile cabins) by high quality facilities and infrastructure
Burnley College	2,046	3,776	14,811		20,633	72	Renewal of main campus on new site at Princess Way	Nov-06	72,000	Increased 16-18 participation, reduction of Young people in NEET, increased full level 2, increased employer engagement. Replacement of existing run down buildings by high quality facilities and infrastructure
Cardinal Newman College	634	1,824	735	1,031	4,224	42	Partial renewal and refurbishment of existing campus	Oct-07	35,000	Increased 16-18 participation. Replacement of poor quality or out-dated buildings by high quality facilities and infrastructure.
Nelson and Colne College		14,086			14,086	0	Partial Renewal approved and ongoing	Feb-06	NA	Increased 16-18 participation, increased full level 2,
Skelmersdale College	4,017	2,120	12,062		18,199	66	renewal of existing estate ex. Ormskirk and new construction centre (approved)	Apr-08	25,000	Increased 16-18 participation, reduction of Young people in NEET, increased full level 2, increased employer engagement. Replacement of existing run down buildings by world class facilities and infrastructure

College	Condition as new (m ²)	Condition good (m ²)	Condition operational (m ²)	Condition unsatisfactory (m ²)	Estate Size (m ²)	% Estate in unsatisfactory Condition/ Operational but in need of Investment	Outline Project	AiP Local Council	Estimated Total Capital Cost (£000)	Contribution to LSC Priorities & Targets
TOTALS	13,698	25,576	64,346	5,556	109,176				202,000	

NORTH WEST SUMMARY

Local LSC	Condition as new	Condition good	Condition operational	Condition unsatisfactory	TOTAL CAPITAL EXPENDITURE
Cumbria	4,892	300	37,225	3,288	101,000
Lancashire	13,698	25,576	64,346	5,556	202,000
Greater Merseyside	44,343	16,665	66,136	21,463	147,000
Greater Manchester	18,336	38,854	70,081	5,541	251,000
Cheshire & Warrington	2,365	15,310	32,952	42,184	154,100
Total	83,634	96,705	270,740	78,032	855,100
Total INCLUDING 16-19 Fund					
LSC Contribution at 35%					
LSC Contribution at 50%				529,111	

APPENDIX 2: Schedule of 16-19 Capital Fund Projects

16-19 Capital Fund and previous 16-19 Rationalisation Projects in the North West; Approved, Received, Expected and Possible

Applications Approved

Date received at LLSC	Name of Provider	Type of Proposal	Project Title	LLSC	Project Number	Total cost	Council Contribution	Date Approved	Total Number of Learners	Date Due to Start	Date Due to Complete	Estimated Expenditure 2007-08	Estimated Expenditure 2008-09	Estimated Expenditure 2009-10
10/07/06	Ashton-on-Mersey School	Presumption	New School Sixth Form as a result of presumption	Greater Manchester	SN0012/24	£4,695,826	£4,695,826	Nov-06	300	Apr-07	Aug-08	£2,347,913	£2,347,913	
25/09/06	Middleton Technology School	Presumption	14-19 Vocational Centre	Greater Manchester	SN0015/2	£6,933,488	£6,933,488	Nov-06	350	Jul-08	Sep-09	£0	£6,933,488	
12/06	Sefton	Competition	Competition winner selected.	Greater Merseyside		£11,800,000	£11,800,000	Spring 07	350 to 550			£5,900,000	£5,900,000	
01/05/07	St Helens College	College	14-19 Skills centre	Greater Merseyside		£3,851,000	£1,347,850	Aug-07		Aug-07	Mar-08	£449,283	£449,283	£449,283
	Newall Green High School.	Presumption	New School Sixth Form	Greater Manchester		£3,450,000	£3,450,000	19/06/07		Aug-07	Jun-08	£1,725,000	£1,725,000	
24/01/07	Wellacre Technology & Vocational College	Presumption	Establishment of a new sixth form	Greater Manchester	N/A	£5,000,000	£5,000,000	Mar-07				£2,500,000	£2,500,000	
Total						£35,730,314	£33,227,164		650			£12,922,196	£19,855,684	£449,283

Applications Expected

Date Likely to be Received	Name of Provider	Type of Proposal	Project Title	LLSC	Total cost	Council Contribution	Date likely to be determined	Estimated Expenditure 2007-08	Estimated Expenditure 2008-09	Estimated Expenditure 2009-10
January 07	Ribblesdale High School	Presumption	14-19 Vocational Centre	Lancashire	£4,000,000	£2,000,000	Spring 07	£1,000,000	£1,000,000	
2007	Birchwood Community High School	Presumption	New Sixth Form	Cheshire & Warrington	£5,000,000	£5,000,000		£2,500,000	£2,500,000	
2007	Hyde Technology School & Hearing Impaired Resource Base	Presumption	New Sixth Form	Greater Manchester	£5,000,000	£5,000,000		£2,500,000	£2,500,000	
2007	Our Lady & St John Catholic Arts College	Presumption	New Sixth Form	Lancashire	£5,000,000	£5,000,000		£2,500,000	£2,500,000	
	Knowsley Community College	College reorganisation	Reorganisation of school & college provision in the borough	Greater Merseyside	£25,000,000	£15,000,000			£7,500,000	£7,500,000
Total					£44,000,000	£32,000,000		£8,500,000	£16,000,000	£7,500,000

Possible Applications

Date Likely to be Received	Name of Provider	Type of Proposal	Project Title	LLSC	est. total cost	Council Contribution	Date likely to be determined	Total Number of Learners	Estimated Expenditure 2007-08	Estimated Expenditure 2008-09	Estimated Expenditure 2009-10
	Liverpool Community College	College	14-19 Skills centre	Greater Merseyside	£3,500,000	£1,750,000			£875,000	£875,000	
	Altrincham Girls Grammar School	School - Extension	School Sixth Form Expansion	Greater Manchester	£1,000,000	£1,000,000		100	£500,000	£500,000	
	Great Sankey School	School - Extension	Extension to the existing SFC	Cheshire	£1,000,000	£1,000,000			£500,000	£500,000	
	14-19 Skills Centre Cumbria		14-19 Centre in Cumbria	Cumbria	£3,500,000	£1,750,000				£875,000	£875,000
	St Christopher's High School, Accrington	School - New SF	New School Sixth Form	Lancashire	£5,000,000	£5,000,000				£2,500,000	£2,500,000

Date Likely to be Received	Name of Provider	Type of Proposal	Project Title	LLSC	est. total cost	Council Contribution	Date likely to be determined	Total Number of Learners	Estimated Expenditure 2007-08	Estimated Expenditure 2008-09	Estimated Expenditure 2009-10
	Wirral Special Schools	School - Re-organisation	Possible re-organisation of post 16 special school provision in Wirral.	Greater Merseyside	£5,000,000	£5,000,000				£2,500,000	£2,500,000
	Rochdale	Competitions	Rochdale may need to hold a comp.	Greater Manchester	£7,000,000	£7,000,000				£3,500,000	£3,500,000
Total					£26,000,000	£22,500,000			£1,875,000	£11,250,000	£9,375,000

Summary of Totals

Application Type	Total cost	Council Contribution	Estimated Spend 2006-07	2007-08	2008-09	2009-10	2010-11
Applications Approved	£35,730,314	£33,227,164	£0	£12,922,196	£19,855,684	£449,283	
Applications Expected	£44,000,000	£32,000,000	£0	£8,500,000	£16,000,000	£7,500,000	
Possible Applications	£26,000,000	£22,500,000	£0	£1,875,000	£11,250,000	£9,375,000	
Total	£105,730,314	£87,727,164	£0	£23,297,196	£47,105,684	£17,324,283	£0

APPENDIX 3: National Policy Drivers

- 1 This section sets out the key national policy drivers informing this capital plan with a focus on the latest developments, which include our national Statement of Priorities *'Raising our Game'*, the FE White Paper *'Further Education: Raising Skills, Improving Life Chances'*, the Education and Training Bill and the Leitch Review *'Prosperity for all in the global economy – world class skills'*. The previous policy drivers remain relevant, although to some extent are subsumed by the above documents, and include the 14-19 White Paper, the Foster Review and the LSC Agenda for Change, for which there is a summary at the end of this chapter.
- 2 As a conclusion, the main implications of these policies on capital investment by the LSC are listed at the end to provide a check list of what the LSC will fund to challenge and support providers to achieve these policy developments and deliver learning in world class facilities.

National Statement of Priorities

- 3 For the LSC, learning is more than an end in itself, as explained in our national Statement of Priorities;

“our overriding concern is with its impact on productivity, employability and social cohesion. But these are not separate aims – we see them as interdependent. Education is the great equaliser, the cornerstone of employability, social justice and sustainable communities.

We are ambitious on behalf of learners and employers... We want to be clear about not just what our priorities are but how we allocate funding to support them.”

- 4 We published *Raising Our Game, our Annual Statement of Priorities for 2007/08* which sets out our key national priorities and targets and outlines how we will be investing our funding to meet these priorities and targets.
- 5 We have four national priorities:

Priority 1: Raise the quality and improve the choice of learning opportunities for all young people to equip them with the skills for employment, further or higher learning, and for wider social and community engagement.

Priority 2: Raise the skills of the nation, giving employers and individuals the skills they need to improve productivity, employability and social cohesion.

Priority 3: Raise the performance of a world-class system that is responsive, provides choice and is valued and recognised for excellence.

Priority 4: Raise our contribution to economic development locally and regionally through partnership working.

- 6 To invest in our priorities, funding for 2008/09 and beyond will be determined by the Comprehensive Spending Review process, but the Government has

already announced an additional £100 million capital funding for 2008/09 and a further £250 million for 2009/10.

- 7 A copy of our Annual Statement of priorities can be found at:
<http://www.lsc.gov.uk/Publications/Recommended/Raising-our-game-our-annual-statement-of-priorities.htm>

The FE White Paper

- 8 The White Paper (Further Education: Raising Skills, Improving Life Chances, 2006) sets out the role of the further education (FE) system, as one which must to equip young people and adults with the skills and qualifications that employers want and that prepare them for productive, high value employment in a developing economy. Greater specialisation will be an important means of delivering this new economic focus.
- 9 In terms of capital, the White Paper recognises that capital investment must improve facilities and the wider environment, but that it also reinstates the role of capital in delivering our priorities for young people and adults, particularly through widening choice and improving access.
- 10 In responding to the FE White Paper the LSC's will use its capital funds to:
- Ensure that regional capital strategies reflect regional and local plans to improve choice, quality and diversity and drive the approval criteria for individual capital proposals
 - Support the expansion and reorganisation of provision in local areas to secure the capacity for high quality specialised Diploma programmes and entitlement. To ensure the right organisational solution in each local area and to remove barriers to participation in competitions, we will be prepared to pay up to 100% grant funding for 14-19 capital projects in the FE sector. To ensure value for money, each institution's financial circumstances will be taken into account.
 - Prioritise the capital support necessary to enable high performing FE and Sixth Form Colleges to expand their vocational provision for 16-19 year olds as part of the 'FE presumption'
 - Extend eligibility to capital grant to new providers and training providers where necessary to secure substantial, new high quality provision as part of a long term commitment to supply.
 - Allocate capital to support the policy of specialisation, particularly to develop the National Skills Academies, CoVEs and sectoral networks. There will be new grants for specialist equipment to help refocus mission and accelerate the rate of specialism across the sector.
- 11 The capital investment outlined here will also contribute to the LSC's sustainable development strategy; *From here to Sustainability*, published in September 2005.
- 12 A copy of the White Paper can be found here:
<http://www.dfes.gov.uk/publications/furthereducation/docs/6514-FE%20White%20Paper.pdf>

The Education and Training Bill

- 13 This Bill facilitates a step-change in the delivery of FE by establishing arrangements to ensure all provision is either good or improving and reflects the commitments made in the White Paper 'Further Education, Raising Skills, Improving Life Chances' that was published in March 2006. The Bill also helps us in the LSC to continue to deliver our ambitious *agenda for change* programme.
- 14 In summary, the key proposals are that we:
- Streamline the structure of our non-executive, removing the requirement for the LSC to establish Local Councils, and including a requirement to establish nine new Regional Councils. Strengthening the LSC's ability to work effectively at a regional level.
 - Assume a new duty to carry out our functions in accordance with strategies formulated by other bodies. Formalising the arrangement that already exists in many areas and puts us at the heart of partnership working, locally and regionally.
 - Assume the Secretary of State's powers to establish or dissolve FE corporations. Strengthening our role and ability to influence the sector and improve the choice and quality of provision available for learners and employers.
 - Have greater powers to provide support services like IT to FE and other educational bodies.
 - Help to secure choice and diversity by assuming a new duty to create greater learning opportunities for learners and employers to exercise choice in type, place and form of learning.
- 15 Capital investment is key to delivering these proposals as it has a significant impact on the number of people attracted into learning and achievement, by broadening choice and improving quality and access. It is the aim of our capital funding to invest in partnerships to improve the physical and social infrastructure of our communities and as a result create economic successes.
- 16 This Bill also enables colleges to award foundation degrees, recognising the role of FE in meeting needs for innovation and employers' higher level skills needs. Capital investment is fundamental to ensure that this can be met as facilities need to: be state of the art; enable vocational learning to be respected as an equal route through to employment; develop entrepreneurialism and aspirations towards achieving higher level skills; encourage continued learning and up-skilling throughout the working life to develop employability skills; and keep people economically active.
- 17 A copy of the Bill can be found at:
<http://www.publications.parliament.uk/pa/ld200607/ldbills/006/2007006.pdf>

The Leitch Review

- 18 In the 2004 Pre-Budget Report, the Government announced that Lord Sandy Leitch was to lead an independent review to examine the future skills needs of the UK economy. The final report was released on the 5th December 2006

offering a strong vision for world-class skills and a large scale challenge stating that 'without increased skills we would condemn ourselves to a lingering decline in competitiveness, diminished economic growth and a bleaker future for all'. Lord Leitch recognises skills as fundamental for the economy of the UK and set a vision for the UK to 'commit to becoming a world leader in skills by 2020'.

19 A summary of his recommendations are as follows:

- Increasing skill attainments at all levels;
- Routing public funding of vocational skills through Train to Gain and Learner Accounts;
- Strengthening the employer voice on skills, increasing employer engagement and investment in skills and reforming Sector Skills Councils who will simplify and approve vocational training;
- Launching a new 'pledge' for employers to train more employees at work voluntarily and, if insufficient progress has been made by 2010, introduce a statutory right for employees to access workplace training;
- Increasing employer investment in higher level qualifications and significantly increase training in the workplace;
- Raising people's aspirations and awareness of the value of skills, creating a new universal adult careers service;
- Government to consider introducing compulsory education or workplace training up to age 18 following successful introduction of new Diplomas and expanded Apprenticeship route;
- Integrating the public employment and skills services to deliver sustainable employment, enabling more disadvantaged people to gain skills and find work, and developing employer-led Employment and Skills Boards.

20 This reiterates the role and focus of the FE sector in delivering the right skills to increase economic productivity of the UK in line with its international competitors.

21 A copy of the review can be found at: http://www.hm-treasury.gov.uk/media/523/43/leitch_finalreport051206.pdf

Other Policies

22 The LSC is committed to a major continuous programme of transformation in the further education sector. Business excellence, in particular, is a means of driving up the quality of delivery and operational efficiency. This will build capacity in the sector to engage in equal dialogue with the business community. Complementing the Agenda for Change is Sir Andrew Foster's Review of the Future Role of the Further Education Colleges which aims to deliver a step change in governance and leadership so that colleges are well placed to deliver the Government's commitment to economic prosperity and social inclusion. The review recognised that the current condition of premises and equipment affects the reputation of the sector, with too many learners studying in poor surroundings.

- 23 In summary, Sir Andrew Foster's review highlighted the following which will have an implication on planning and investing in the capital infrastructure:
- General further education and tertiary colleges should focus on improving employability and supplying economically valuable skills (sector priorities);
 - Capital investment should be geared towards skills focus with a rigorous approach to quality;
 - Together with colleges, we will ensure that capital strategies follow, but do not determine their clearly defined FE purposes; and
 - We will ensure that capital investment is much more closely aligned to national and regional strategies to meet vocational priorities, informed by, not driven by, a bottom up analysis.

APPENDIX 4: Key Challenges in the North West

- 1 The previous chapters have drawn key points from national policy and other drivers such as the National Statement of Priorities and the FE White Paper. This chapter will highlight issues and challenges that are specific to the North West, these issues are brought to our attention through key documents such as the North West Regional Strategic Analysis and the NW Regional Statement of Skills Priorities.
- 2 This section also acknowledges the importance of the Regional Economic Strategy, developed by the North West Regional Development Agency, an over-arching strategy to which we aim to align. All of these drivers help to provide direction and clarity to the capital plan for the North West

Productivity and Competitiveness

- 3 The North West has a £98 billion economy with 6.8 million people and 230,000 firms. However, the region is still not contributing its full potential to the UK economy; the Gross Value Added (GVA) per head is 12% lower than the England average, resulting in an output gap of £13 billion. £3 billion of this is due to fewer people working per head of population and £10 billion is due to lower productivity (GVA per employee).
- 4 Competitiveness can be measured through gross value added (GVA) per head, which takes into account productivity, levels of economic activity and employment. GVA is used as a measure because it takes many factors into account and provides a more holistic view, rather than simply looking at one factor
- 5 In the North West, the competitiveness gap with the national average is significant, as is the gap in skills levels and attainment. The competitiveness gap will not be closed without closing the skills gap and there is a need to ensure that education and training facilities are increasingly capable of delivering a world-class workforce.
- 6 Key “gaps” with the national average include:
 - 80,000 fewer people working
 - 120,000 more people with no qualifications
 - 80,000 fewer people with degree qualifications
 - 90,000 fewer people working in the knowledge economy
 - 30,000 fewer companies
- 7 Closing the competitiveness gap will only be achieved through substantial capital investment in the further education sector enabling it to meet the future needs of a very wide learner “client group”, ranging from young people in full time education, adult members of the workforce with no qualifications and Black Minority Ethnic groups.
- 8 In the past, large manufacturing companies dominated the North West economy. This is no longer the case and the structure of the economy is increasingly becoming similar to that of the UK as a whole.

- 9 Manufacturing remains very important to the North West with particular strength in automotive, aerospace and chemicals; these sectors have been identified as being internationally competitive and important to the region. The majority of the GVA gap is in the service sector, especially business and professional services.
- 10 The following 2 issues illustrate the scale of the challenge facing the region, these are 2 of many areas for improvement, but are particularly pertinent in terms of current and future regional growth and competitiveness
- 11 The North West has 920 of the 10% most deprived Super Output Areas in England (more than any other Region). There are 4,459 SOAs in total in the North West, therefore over 20% of all its SOAs are in the 10% most deprived. Concentrations of SOAs showing deprivation in the most deprived decile are found in the urban areas in and around Liverpool and Manchester.
- 12 One major issue for the North West is the levels of young people classed as not in education, employment or training (NEET), important as this impacts on participation levels across the region and without support this group could become unemployable having long term effects regional economic performance.

Apr-06	NEET	Not Known
England	8.7%	5.8%
North West	9.9%	3.5%
Cheshire & Warrington	6.7%	2.9%
Cumbria	7.6%	1.1%
Greater Manchester	10.9%	3.7%
Greater Merseyside	10.9%	4.6%
Lancashire	9.8%	3.2%

- 13 The table above shows that the North West levels of NEET at April 2006 were 1.2% above the national average, however, the picture across the region is varied, with Cheshire and Warrington and Cumbria showing levels below the figure for England. The table backs up the arguments made in the Regional Strategic Analysis that the level of NEET in the North West is a key issue for the region.
- 14 Many of these factors are highlighted in the Regional Strategic Analysis.

The North West Regional Strategic Analysis

- 15 EKOS Consulting was commissioned by the North West Regional Skills Partnership (RSP) in August 2006 to develop a NW Statement of Skills Priorities to cover the period 2007/08 to 2009/10. The purpose of the Statement of Skills Priorities is to provide the region with a sound basis and rationale to guide the planning and purchasing of skills provision to meet the needs of employers and the economy in general. The Statement also articulates how the RSP will support the delivery of the Regional Economic Strategy

- 16 The Regional Strategic Analysis report is the quantitative evidence base that underlies the North West Statement of Skills Priorities. It also acts as the evidence base for European Social Fund prioritisation and supports the LSC planning and commissioning cycle
- 17 The North West Regional Strategic Analysis concurs with elements of the Leitch Report, placing emphasis on skills:
- “Skills are now widely recognised as one of the key drivers of international competitiveness and the UK faces a significant challenge in terms of its skills levels”*
- 18 In recent years, skills has risen to the forefront of the competitiveness agenda. It is now recognised that skills are a major driver of national/regional productivity, and that skills levels also have an impact on other productivity drivers such as innovation and enterprise. The UK lags behind many of its major competitors in terms of productivity and a significant part of this gap is a result of lower skills levels. An important conclusion of the Leitch interim report on skills in the UK is that skills need to be improved at all levels –it is not just higher level skills that are important to productivity.
- 19 A copy of our Regional Strategic Analysis can be found at:
<http://www.lsc.gov.uk/Regions/NorthWest/NorthWestStrategicAnalysis.htm>
- 20 A copy of our Regional Statement of Skills Priorities can be found at:
http://readingroom.lsc.gov.uk/lsc/North_West/nw-statement-of-skills-priorities0710.pdf

The North West Regional Economic Strategy

- 21 The Regional Economic Strategy highlights 5 key objectives for the North West in Skills and Education:
- **Tackle the lack of basic skills and qualifications to improve employability and reduce worklessness**
- 22 The Regional Economic Strategy highlights nine districts that have the highest rates of working age population without qualifications: Liverpool, Manchester, Knowsley, Oldham, Tameside, St Helens, Salford, Halton and Blackpool
- **Meet the skills needs of sectors and growth opportunities**
- 23 As part of the regions’ economic growth, the skills and education sector must deliver the skills required by priority sectors, including: Energy and Environmental Technologies, Advanced Engineering and Materials, Digital and Creative Industries, Business and Professional Services
- 24 The strategy also details how the North West aims to maximise economic development opportunities such as: Liverpool European Capital of Culture, the regions’ developing ports and airports and other strategic regional sites, with provision of skills to link local people to new employment sites. The strategy states that “exploiting growth, including supply chain opportunities, will be crucial to the future of the region”

- **Invest in workforce development**

25 The strategy emphasises developing skills in the current workforce, focusing on intermediate level skills, including stimulating employer investment as well as developing higher level skills, the strategy states that “intermediate and higher level skills for knowledge economy jobs are key drivers of productivity, economic growth and GVA”

26 According to the strategy, the region must support key developments in business with appropriate skills such as: Language skills, IT and digital technologies skills, in addition Business Improvement techniques to deliver process and product / service innovation. Workforce development also includes the development of provision to overcome skills disparities experienced by BME communities, women, disabled people and the over 50 age group.

- **Develop leadership, management and enterprise skills**

27 Research shows that management / leadership and “work organisation” skills are crucial for companies, ensuring the skills / ideas of the whole workforce are used effectively

28 Enhancing entrepreneurship and knowledge based business start-up, particularly among young people, is essential to future growth.

- **Develop the educational infrastructure and skills of the future workforce**

29 Key issues here include the development of educational attainment, vocational and workplace learning opportunities, progression routes between school/FE/HE and high quality careers information, focused on the skills of 14-19 year olds

30 Also, to increase the number of people studying higher level skills in science, engineering and technology, and to support providers of post 16 learning to deliver higher quality provision and a “kite-mark” to recognise providers responsive to employer needs, this is in the belief that quality improvements will deliver more satisfied customers and the kite-mark will help employers more easily source the provision they need

Sustainable Growth

31 The Regional Economic Strategy highlights 8 target areas for the region to address one such target set out in the Regional Economic Strategy is to:

“meet Kyoto targets by 2012, to reduce CO2 emissions to 12.5% below 1990 levels”

32 This capital investment programme represents a unique opportunity to reduce the carbon footprint of Further Education providers within 5 years. Already, the LSC has encouraged new buildings to exceed the statutory requirements by enhancing the grant it will pay to providers who are integrating sustainable construction into their proposed developments.

33 A copy of the Regional Economic Strategy can be found at:

Implications for LSC Capital Investment

- 34 The Regional Statement of Skills Priorities, the Regional Strategic Analysis and the Regional Economic Strategy have highlighted key issues that are essential to the direction of the Regional Capital Plan:
- ✓ Expected future demand for high level skills reflected in priorities for young people
 - ✓ Reducing levels of NEET in key geographical areas
 - ✓ Increased employer investment in education and training
 - ✓ Upskilling the current workforce
 - ✓ Economic competitiveness, both nationally and internationally
 - ✓ High levels of need for Level 2 and Skills for Life in adults
 - ✓ Meeting employer demand

APPENDIX 5: North West Region Cohort and Participation Projections

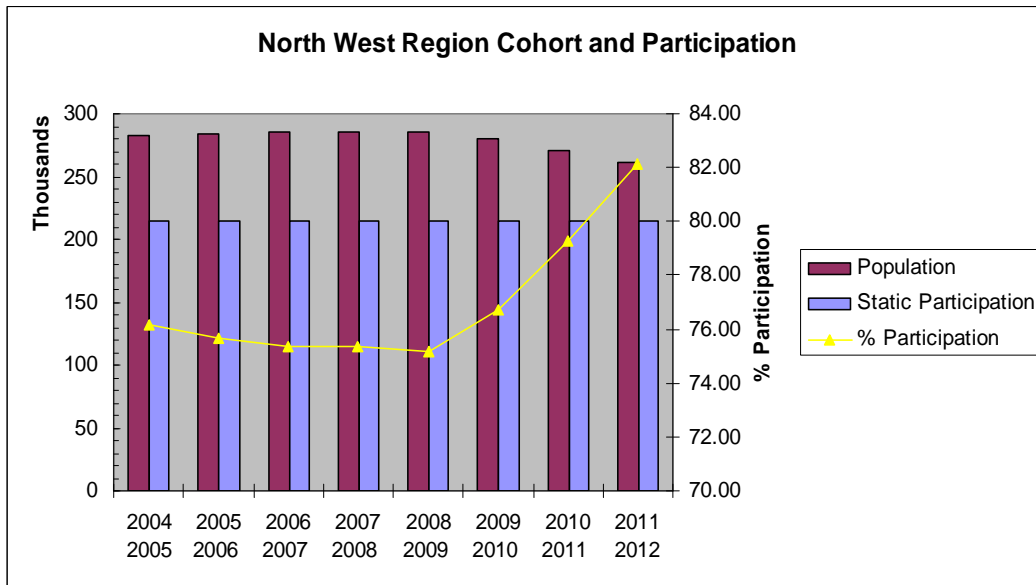
Introduction

- 1 This annexe provides an analysis of the current and projected 16-18 cohort size and the projected participation figures for the periods leading up to 2012. The analysis models the potential regional and sub regional impact of:
 - Static volumes of participation on the percentage participation rate (i.e. if the number participating remains the same while the overall numbers in the cohort reduce), and
 - Increasing the percentage of young people in the cohort who participate, while the size of the cohort reduces.
- 2 The source of the data is the North West Region's Commissioning volumes published in the North West Regional Commissioning Plan and the published figures on overall 16-18 participation for England. As there is currently not a published breakdown of participation figures for the whole 16-18 cohort for individual regions, some assumptions have been made in aligning our base figure for percentage participation in line with the UK's published figure of 76.2%.
- 3 The published percentage participation for the 16-18 cohort for England includes Further Education, Work Based Learning including Entry to Employment, Sixth Form Colleges, School Sixth Forms and Employer Funded Training (EFT) which includes part time education and Other Education and Training (OET). Considering this, we have factored into the data an assumption of 10.7% for the region's EFT & OET participation. This is based on the average contribution of these types of learning across the UK over a period of five years. As a result, it is advisable that further analysis be carried out at a local level to ensure that the scale of these activities is in line with the national percentage.
- 4 The table below shows the projected population levels and percentage participation rate for the cohort factoring in static volumes of participation by learners in Further Education, Work Based Learning¹ and School Sixth Forms.

North West Region 16 - 18 with Static Participation			
Period	Population ¹³	Participation	%
2004-05	282,030	214,777	76.15
2005-06	283,861	214,777	75.66
2006-07	284,974	214,777	75.37
2007-08	285,136	214,777	75.32
2008-09	285,651	214,777	75.19
2009-10	279,902	214,777	76.73
2010-11	270,955	214,777	79.27
2011-12	261,519	214,777	82.13

¹³ Population projections do not take into account of potential inward and outward migration

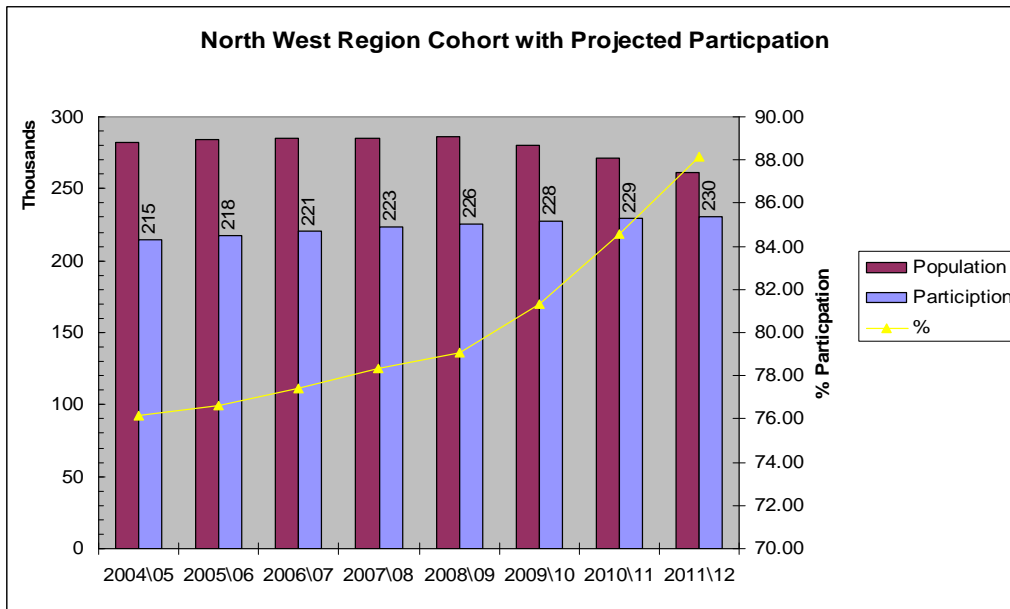
Chart A: % participation levels through to 2012 with static participation volumes as cohort declines (based on 2004 /05).



Source statistics taken from North West Region Commissioning Volumes as at 25/01/07 & DfES (2004/5)

- 5 *Chart A* (above) shows a steady decline in cohort numbers to 261 thousand by the year 2012. However, applying a static participation volume of 185 thousand, by year 2012 there may be challenges ahead in accommodating learners if cohort numbers continue to decline in the years following 2012.
- 6 *Chart B* (below) shows the impact of a steadily increasing participation rate.

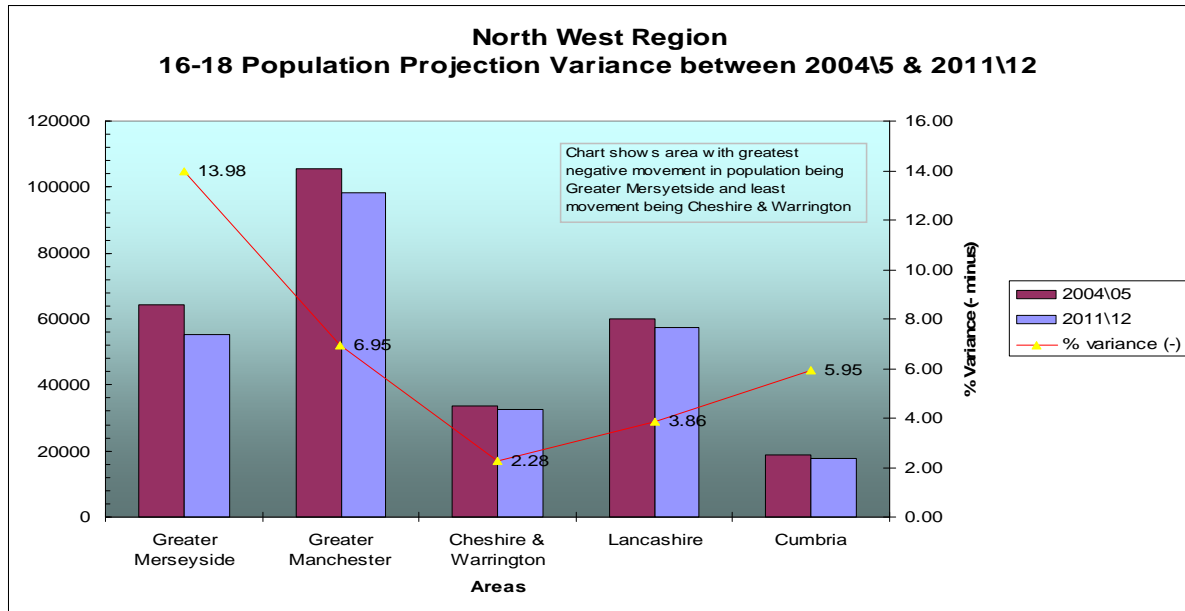
Chart B: Projected % participation increases to 2012



- 7 One of the key aims of the joint capital budget is to increase 16-18 participation, therefore further analysis may be required at local office level to highlight North West areas projected to have increases of learner participation.

- 8 The chart (C) below shows the diversity in scale of cohort sizes in the five sub-regions. Areas showing a significant decline in cohort size are Greater Merseyside (-13.98%) and Greater Manchester at (-6.95%). Cheshire and Warrington show the least decline in cohort size at -2.28%.

Chart C; 16-18 cohort sizes for 2004\5 & 2011\12



Note: Participation data includes Further Education (FE), Work Based learning (WBL (Average in Learning) and School Sixth Form (SSF), Employer Funded Training (EFT) and Other Education and Training (OET),
Source: DfES published figures on 16-18 Participation.. **Note:** Work Based learning data includes participation levels for Entry to Employment figures.

Sub-Regional Breakdown of Cohort Data

- 9 Additional charts compare cohort sizes from 2004-5 and the projected size of cohorts in 2011-12. Within sub-regions, there will be some local authority districts that experience a particularly large reduction in cohort size. This should be reviewed at local office level to understand any issues that may affect volumes.
- 10 For example, Greater Merseyside shows a decrease in cohort at -13.9%, however the local area office breakdown for Merseyside shows Liverpool has the largest decrease in cohort at -20%, (3894 young people), with the Halton area at -17.0% decrease (894 young people). In the Greater Manchester area at a local level Tameside shows a decrease in cohort size at -11.0% and Trafford shows a -9.0% reduction in 16-18 cohort. For Cheshire & Warrington, Warrington's reduction may be -7.0%. In Cumbria cohort size declines by -6.0% and in Lancashire, Blackpool shows an increase in cohort by 1.0% and Lancashire showing a 4.0% decrease.

Chart E; showing a sub regional breakdown of cohort size with % increase in cohort in 201\12.

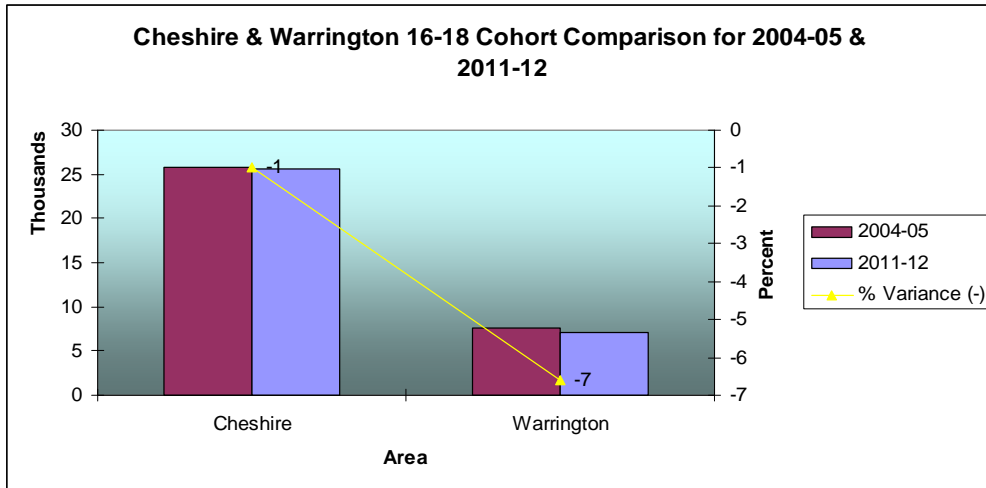


Chart F; showing a sub regional breakdown of cohort size with % increase in cohort in 201\12

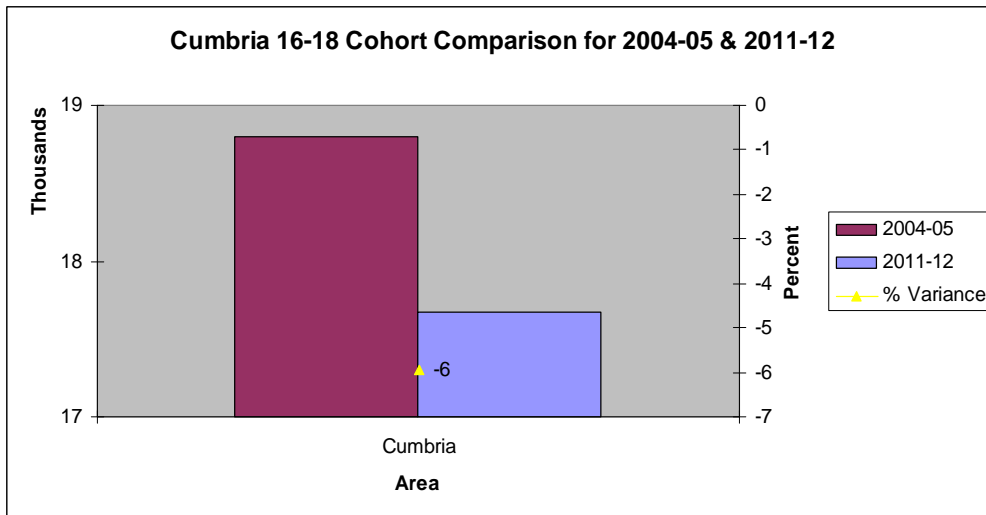


Chart G; showing a sub regional breakdown of cohort levels with % increase in cohort in 201\12

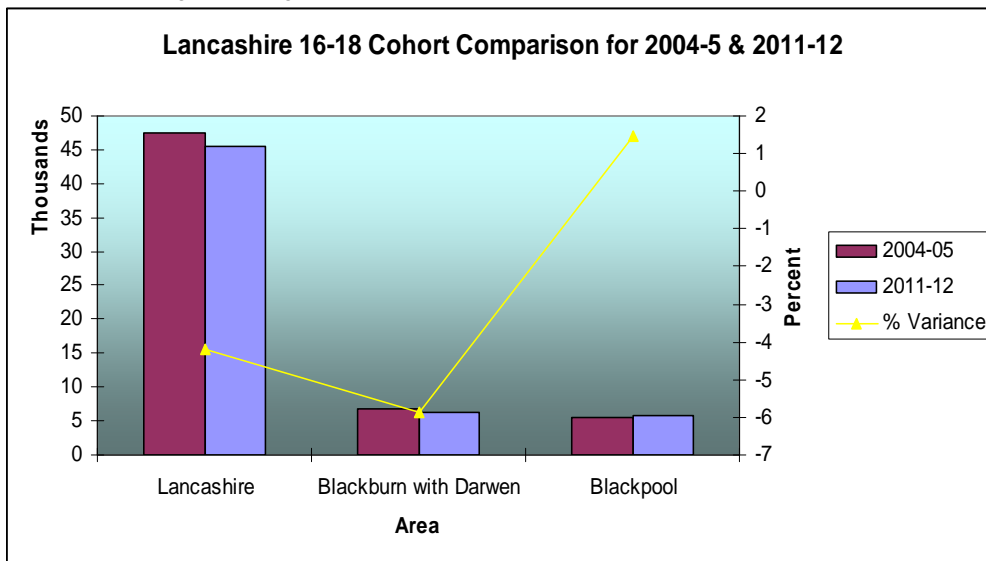


Chart H; showing a sub regional breakdown of cohort levels with percentage increase in cohort in 2011\12
 Note: The scales on each chart X-axis equates to thousands and some areas with larger cohorts are shown on a larger scale.

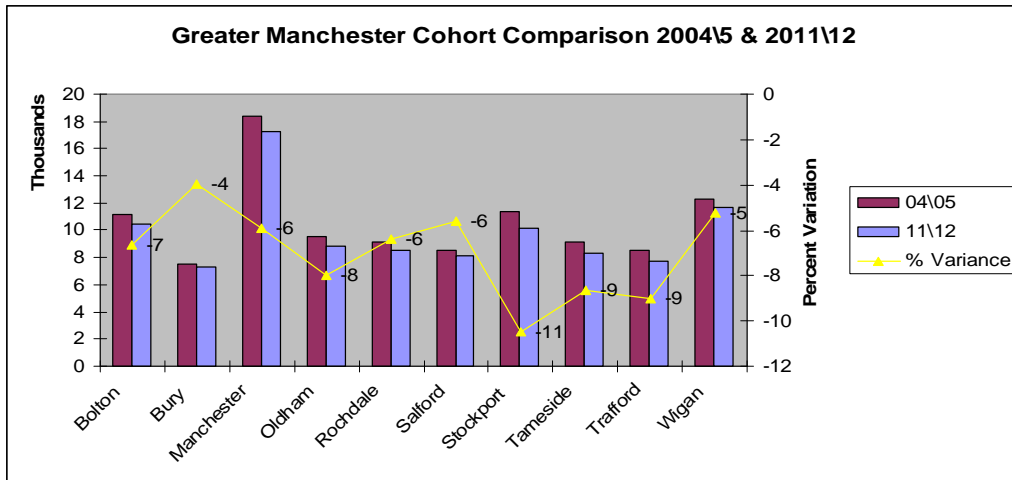
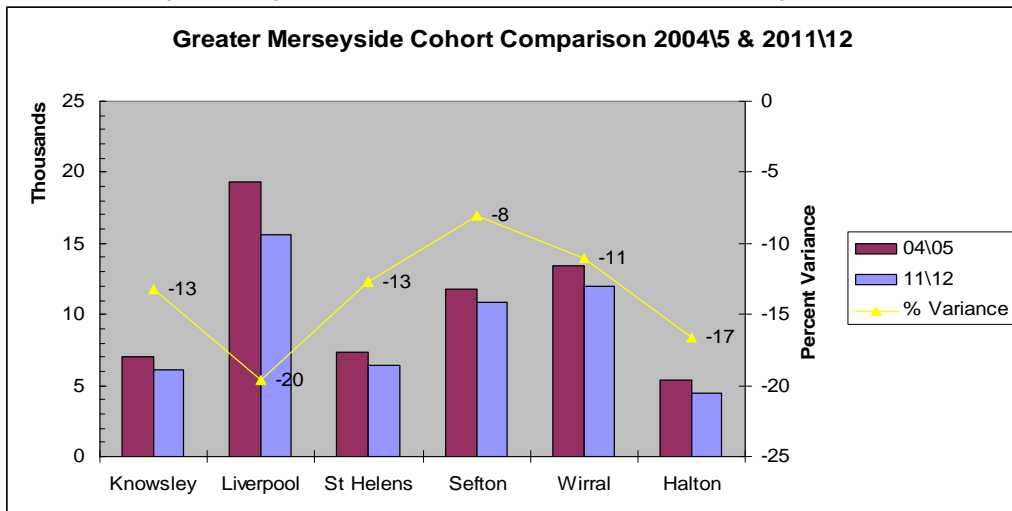


Chart I; showing a sub regional breakdown of cohort levels with percentage increase in cohort in 2011\12



Source: DfES participation data for 16-18 in England & 16-17 participation in the North West, North West Regional Commissioning Volumes

Chart J; showing percentage participation comparison between 2004 volumes and projected data for 2011\12.

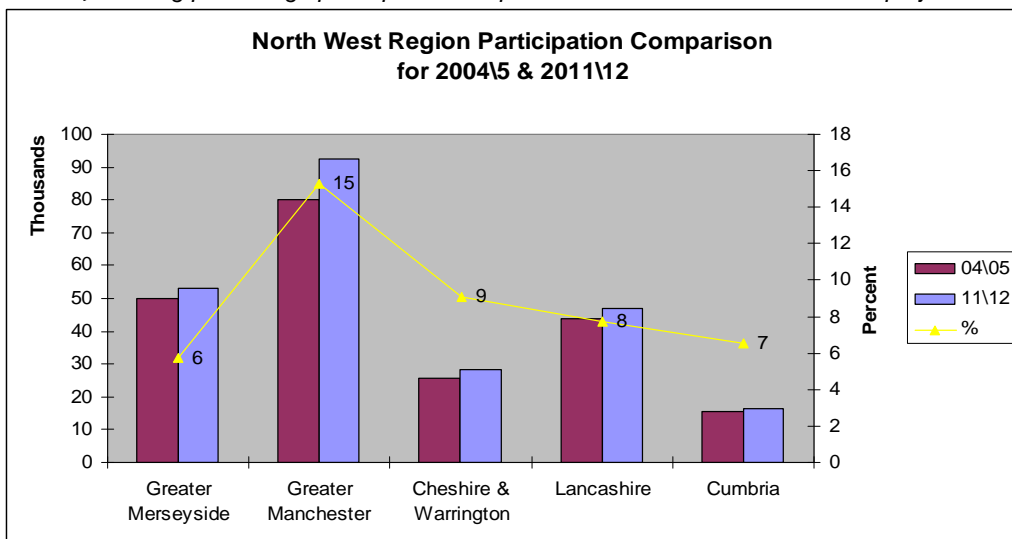


Chart K; Showing participation for North West Region (2004 / 2005)

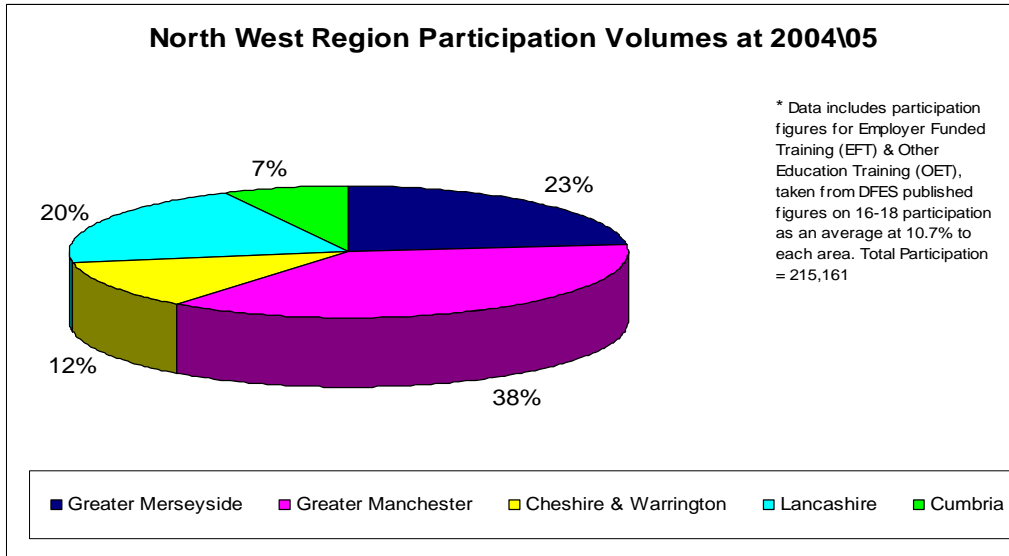
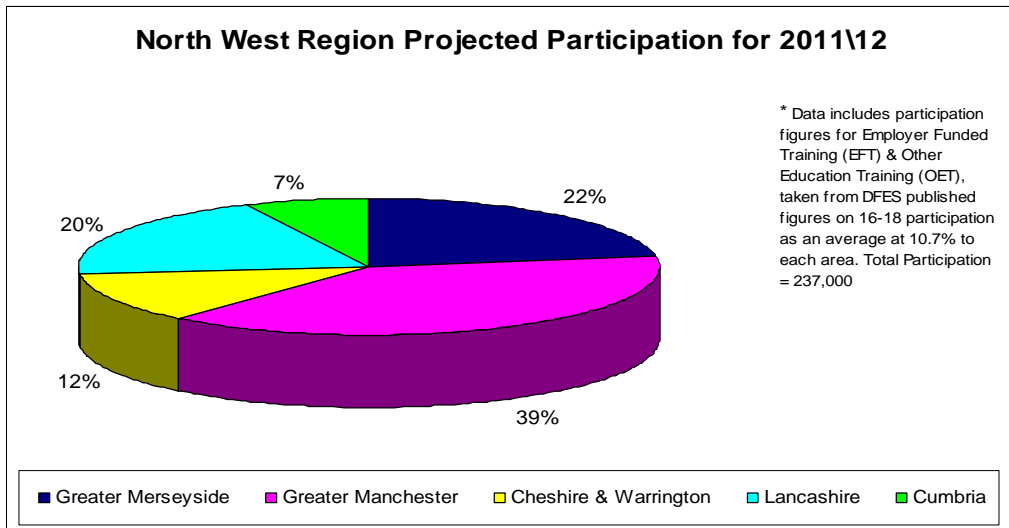


Chart I; Showing Projected participation for North West Regions (2011 and 2012)



Source: DfES Participation data for 16-18 year olds for England & 16-17 year old participation for the North West, North West Regional Commissioning Volumes

Table M, shows North West Region Cohort Volumes by sub region area

North West Region Cohort Volumes by Sub Region							
Cheshire & Warrington	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Cheshire	25,819	25,990	26,397	26,733	26,999	26,752	26,198
Warrington	7,616	7,650	7,727	7,833	7,844	7,643	7,338
C & W Total	33,435	33,641	34,123	34,566	34,843	34,396	33,536
Cumbria	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Cumbria	18797	18794	18998	19057	19115	18800	18317
Cumbria Total	18,797	18,794	18,998	19,057	19,115	18,800	18,317
Lancashire	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Lancashire	47,530	48,294	48,733	48,946	49,267	48,441	47,072
Blackburn with Darwen	6,770	6,902	6,857	6,772	6,740	6,623	6,492
Blackpool	5,618	5,749	5,815	5,897	5,970	5,925	5,817
Lancashire Total	59,919	60,944	61,404	61,614	61,977	60,989	59,381

North West Region Cohort Volumes by Sub Region							
G. Manchester	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Bolton	11,174	11,177	11,350	11,359	11,343	11,081	10,793
Bury	7,562	7,859	7,949	7,966	7,917	7,740	7,533
Manchester	18,366	19,496	19,411	19,220	19,086	18,527	17,880
Oldham	9,546	9,404	9,372	9,354	9,437	9,369	9,105
Rochdale	9,157	9,232	9,296	9,250	9,250	9,070	8,820
Salford	8,576	8,838	8,966	9,016	9,028	8,820	8,486
Stockport	11,381	11,221	11,296	11,371	11,392	11,022	10,586
Tameside	9,105	9,194	9,258	9,241	9,229	8,969	8,641
Trafford	8,512	8,225	8,298	8,382	8,496	8,344	8,043
Wigan	12,282	12,313	12,244	12,294	12,466	12,412	12,132
G. Manchester Total	105,661	106,959	107,440	107,453	107,644	105,354	102,019
G. Merseyside	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Knowsley	7,015	6,921	6,903	6,895	6,849	6,652	6,361
Liverpool	19,363	19,488	19,106	18,603	18,142	17,346	16,333
St Helens	7,284	6,824	6,734	6,686	6,880	6,904	6,698
Sefton	11,761	11,758	11,918	12,046	12,103	11,801	11,300
Halton	5,345	5,211	5,127	5,108	5,094	4,956	4,698
Wirral	13,451	13,321	13,219	13,109	13,005	12,706	12,313
G. Merseyside Total	64,219	63,523	63,007	62,446	62,073	60,364	57,703
Region Total	282,030	283,861	284,973	285,136	285,651	279,902	270,955

Conclusion

- 11 The regional breakdown of cohort sizes shows a decline of the 16-18 cohorts. Further analysis is required to map local authority level percentage participation. Where data shows declines in cohort but static or steady increases in participation, further analysis may be required to understand whether current infrastructure has the capacity in order to meet future learning needs.
- 12 Other considerations are the potential increases that may occur in participation numbers, if the government implements the raising of the compulsory age for finishing learning from 16 to 18 set out in Leitch Report. This would require further review of capital investment across the region to ensure sufficient capacity is available.
- 13 With a greater focus on a demand led learning system a closer look at participation trends in Further Education, Work Based Learning, School Sixth Form and learners who are Not in Education or Employment (NEET) groups will be required. This is to:
 - Understand historical trends in 16 year olds' participation in FE, WBL, Sixth Form & NEET to project the future direction of 16-18 young people.
 - Identify areas where regeneration projects may place a demand on particular sector skills. (i.e. Construction regeneration plans may increase demand for more construction workers)

APPENDIX 6: Employability & Worklessness

Introduction

- 1 The Learning and Skills Council acknowledges the increasing importance of worklessness. The numbers of young people and adults that are not engaged in any form of employment, or are unable to work for varying reasons creates significant gaps in the local and regional economy. The LSC is continuing to work in partnership with Jobcentre plus in addressing worklessness through the development of courses that improve skills for life and employability, and is now developing progression routes into work, such as adult apprenticeships.
- 2 The capital plan will support tackling worklessness by linking people, jobs and training through:
 - Partnerships with Jobcentre plus
 - Maximising opportunities for upskilling,
 - Maximising the use of funded buildings to their full potential, and
 - Ensuring capital investment is in the right place to make buildings available to the disadvantaged and disengaged groups
- 3 This appendix examines the issue of worklessness in the adult population and the 16 -19 cohort.

Total	Duration of current claim (days)					
	Up to 3 months	3 - 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	5 years +r
Caseload (Thousands)	Caseload (Thousands)	Caseload (Thousands)	Caseload (Thousands)	Caseload (Thousands)	Caseload (Thousands)	Caseload (Thousands)
2,730.00	124.65	106.26	161.52	247.1	589.08	1,501.40
170.97	7.63	6.00	8.60	13.66	34.20	100.87
421.34	18.55	15.09	22.59	36.02	88.7	240.39
244.27	11.55	9.94	13.83	21.26	53.54	134.15
182.36	8.31	7.09	10.92	16.56	39.05	100.42
246.06	11.27	9.52	14.23	22.54	54.67	133.81
178.4	8.75	7.74	11.48	17.09	38.99	94.35
316.39	14.48	12.8	20.72	32.29	74.88	161.23
241.88	11.72	10.64	16.8	24.12	53.36	125.24
196.04	9.42	8.59	13.07	18.88	42.46	103.63
206.88	8.39	7.16	11.21	16.82	40.64	122.66
313.24	14.51	11.57	17.76	27.05	65.8	176.55

- 4 From the regional strategic analysis, data was compiled to show the contrasting levels of worklessness across the North West Region. The above table shows clearly the enormity of the levels of worklessness amongst those

on Incapacity Benefits, and in particular those who have been on incapacity benefit for over 5 years. The North West, from data available from the Department of Work and Pensions, has in excess of 420 thousand people of working age that are currently claiming incapacity benefits. In view of this, consideration is needed to support people within this group to engage provision that is both beneficial and accessible.

- 5 The table below shows a breakdown, by sub region, of worklessness amongst those who are claiming incapacity benefit. The table highlights certain 'hotspots' that show very high levels of claimants. Further analysis will be required, to look at comparisons between high levels of worklessness, within this category and population levels, in order to obtain a balanced view of the problem by sub region.
- 6 Hotspot areas, which show higher than average numbers of incapacity benefit claimants, are highlighted within each sub-region in the table below.

Local Authority of claimant	Duration of current claim						Total
	Up to 3 months	3 - 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	5 years+	
	Caseload (Thousands)						
U.K Total	124.65	2,730.00	106.26	161.52	247.1	589.08	1,501.40
North West Total	18.55	421.34	15.09	22.59	36.02	88.7	240.39
Blackburn with Darwen	0.56	9.95	0.45	0.61	0.96	2.14	5.24
Blackpool	0.59	11.35	0.41	0.66	1.01	2.48	6.2
Burnley	0.3	6.83	0.23	0.41	0.64	1.5	3.75
Chorley	0.22	4.7	0.18	0.29	0.4	1.06	2.54
Fylde	0.16	3.15	0.11	0.18	0.26	0.62	1.82
Hyndburn	0.32	5.85	0.25	0.36	0.54	1.24	3.14
Lancaster	0.3	6.91	0.27	0.38	0.64	1.63	3.68
Pendle	0.27	5.72	0.2	0.34	0.53	1.28	3.1
Preston	0.38	7.83	0.3	0.45	0.71	1.75	4.24
Ribble Valley	0.09	1.86	0.06	0.09	0.15	0.36	1.12
Rossendale	0.19	4.01	0.16	0.21	0.36	0.82	2.27
South Ribble	0.2	4.19	0.15	0.23	0.39	0.88	2.34
West Lancashire	0.26	5.56	0.2	0.3	0.45	1.17	3.18
Wyre	0.22	5.09	0.17	0.27	0.45	1.08	2.9
Lancashire Total	4.06	83	3.14	4.78	7.49	18.01	45.52
Chester	0.24	5.06	0.21	0.3	0.41	0.98	2.92
Congleton	0.15	2.93	0.11	0.16	0.26	0.62	1.63
Crewe & Nantwich	0.2	4.51	0.17	0.26	0.36	0.93	2.59
Ellesmere Port & Neston	0.17	3.81	0.13	0.19	0.35	0.8	2.17
Macclesfield	0.22	4.69	0.18	0.28	0.42	1.02	2.57
Vale Royal	0.25	5.2	0.2	0.28	0.37	1.06	3.04
Warrington	0.42	8.78	0.34	0.49	0.71	1.71	5.12

Local Authority of claimant	Duration of current claim						Total
	Up to 3 months	3 - 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	5 years+	
	Caseload (Thousands)						
Cheshire & Warrington Total	1.65	34.98	1.34	1.96	2.88	7.12	20.04
Allerdale	0.23	4.89	0.15	0.27	0.42	1.07	2.75
Barrow-in-Furness	0.19	5.9	0.18	0.28	0.48	1.23	3.53
Carlisle	0.24	5.17	0.22	0.29	0.49	1.11	2.83
Copeland	0.19	4.33	0.15	0.19	0.39	0.99	2.41
Eden	0.07	1.56	0.05	0.09	0.13	0.3	0.9
South Lakeland	0.18	3.24	0.13	0.19	0.29	0.69	1.76
Cumbria Total	1.1	25.09	0.88	1.31	2.2	5.39	14.18
Bolton	0.81	16.48	0.59	0.93	1.56	3.95	8.64
Bury	0.44	9.74	0.34	0.56	0.9	2.1	5.39
Manchester	1.44	36.26	1.19	2.08	3.18	7.61	20.76
Oldham	0.6	13.75	0.51	0.74	1.28	3.25	7.36
Rochdale	0.68	14.95	0.57	0.85	1.39	3.42	8.04
Salford	0.67	16.96	0.52	0.87	1.47	3.72	9.7
Stockport	0.55	11.91	0.47	0.69	1.09	2.65	6.47
Tameside	0.64	14.44	0.56	0.79	1.31	3.15	7.99
Trafford	0.43	9.63	0.4	0.54	0.9	2.11	5.25
Wigan	0.87	21.73	0.71	0.99	1.76	4.45	12.95
Greater Manchester Total	7.13	165.85	5.86	9.04	14.84	36.41	92.55
Halton	0.38	8.95	0.34	0.48	0.7	1.77	5.28
Knowsley	0.6	13.26	0.49	0.6	0.96	2.59	8.02
Liverpool	1.52	40.2	1.32	1.98	2.93	7.38	25.07
Sefton	0.72	16.87	0.61	0.85	1.37	3.33	9.99
St. Helens	0.54	12.76	0.41	0.59	1.06	2.79	7.37
Wirral	0.8	20.37	0.73	0.99	1.57	3.91	12.36
Greater Merseyside Total	4.56	112.41	3.9	5.49	8.59	21.77	68.09

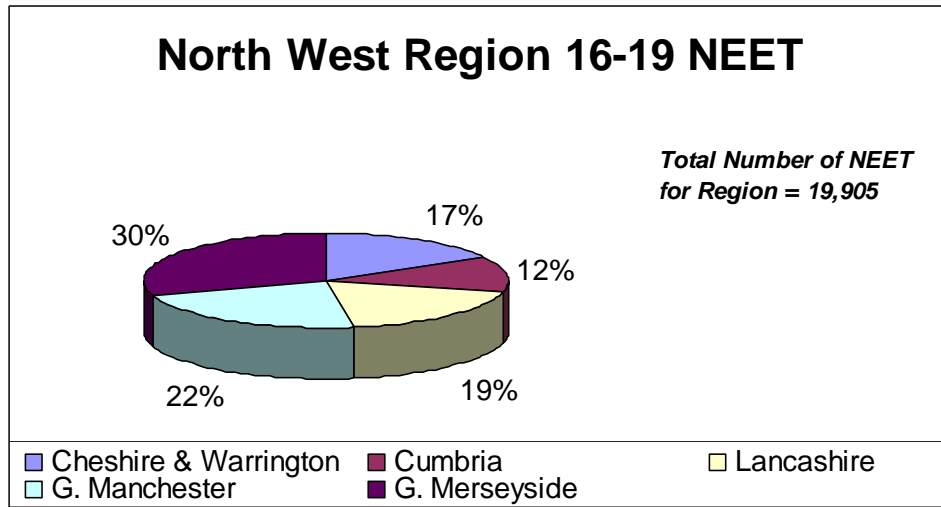
DEFINITIONS AND CONVENTIONS: "-" Nil or Negligible; "." Not applicable; Caseload figures are rounded to the nearest ten; Some additional disclosure control has also been applied. Average amounts are shown as pounds per week and rounded to the nearest penny. Totals may not sum due to rounding.

SOURCE: DWP Information Directorate: Work and Pensions Longitudinal Study.

- 7 An important issue for consideration, in terms of employability, are the numbers of young people that are leaving school but not entering education or employment (the NEET group – Not in Employment, Education or Training). However, these needs will in the main, be tackled through existing planned projects for 16-18 participation.
- 8 There is substantial evidence to show that the longer people remain outside employment, the lower the probability that they will find employment in the future. The role that the Capital Plan will play on this sector will be key to ensuring infrastructures are in place to support the delivery of programmes

which tackle the increasing volumes of young people who are Not in Education, Employment or Training.

Pie Chart showing percentage contribution of NEET group by Sub regional area



Unemployment

9 The age group with the highest rate of unemployment is the 16-19 groups. In the North West, 20.7% of this age group are unemployed and in Greater Merseyside, this figure is 28.8%. This compares to 8.5% for England. The unemployment rate decreases with age; in the North West, only 3.0% of people aged between 50 and retirement age are unemployed, although the worklessness rate increases with age.

Not in Education, Employment or Training (NEET)

10 Worklessness is an issue that primarily affects the adult population. For young people, the definition of worklessness is known as NEET –the group includes 16-18 year olds who are not in education, employment or training.

Percentage of 16 –18 year olds in NEET, June 2006 and June 2005

NEET numbers for the North West and each sub-region.

	Jun-05	Jun-06	Number
England	8.6%	8.6%	94,163
North West	9.9%	10.5%	19,905
Greater Merseyside	12.0%	12.2%	5,442
Greater Manchester	10.0%	11.4%	6,514
Lancashire*	8.9%	8.9%	5,287 *
Cumbria	7.7%	7.7%	1,028
Cheshire & Warrington	6.9%	6.8%	1,634

Source: Connexions. Lancashire figures are based on March data

11 The NEET problem is spatially concentrated and there are five districts with a very high proportion of young people in the NEET group. These are:

Area	% NEET	Number
Knowsley	16.1%	662
City of Manchester	15.4%	1,656
Halton	15.3%	584
Rochdale	15.2%	753
Liverpool	14.8%	1,818

- 12 The North West Region has a higher proportion of 16-18 young people classed as NEET (10.5%) compared to England (8.6%), and this position worsened between 2005 and 2006. The target for the North West is for the number of young people that are NEET to be reduced by more than 20% from this figure by 2010.
- 13 The proportions of young people in NEET (and the absolute number) are particularly high in Greater Manchester and Greater Merseyside. There was a sharp increase in the proportion in NEET in Greater Manchester between 2005 and 2006.

Conclusions

- 14 The above data on worklessness and areas of high volumes of NEET young people should be factored in when making local decisions on Capital Funding taking into consideration any local issues and plans.
- 15 All of the above areas also show a projected decline in 16-18 cohorts in each area and considerations will be required on how to tackle high volumes of NEET and the effect it will have on future participation levels.
- 16 Not addressing the issue of worklessness has far-reaching implications upon the region's ability to maintain and raise the level of economic activity. In addition, not supporting and putting systems in place to engage adult populations without level two qualifications will inevitably bring about an increase in the number of socially excluded adults and this group will not be able to participate in community life.
- 17 When making decisions about the approving of capital projects, the desire to reduce costs by consolidating premises on to single sites has to be balanced by the need for provision to be accessible by workless people, in that area. This is especially true for hotspot areas identified here.

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