



Leading learning and skills

Local LSC capital statement
(update to the Local Capital Plan published in
March 2006)

Supplement to the Local Plan 2007-08

**Hampshire and Isle of Wight
Learning and Skills Council**

Final version June 2007

1. Introduction

The local LSC capital statement forms an annex to the Hampshire and Isle of Wight LSC's Local Plan 2007-08 and provides an update to the Local Capital Plan that was published in March 2006. Attached to the statement is a summary of all known capital projects and proposals, divided by partnership area. The statement identifies an estimated total capital investment of £530m over the next 3-5 years.

2. Background

The FE White Paper, '*Raising Skills, Improving Life Chances*', set out the Government's expectation that the LSC's capital resources will be directed to implement the FE component of the 14-19 vision in each locality, as well as delivering its statutory remit for both adult and 14-19 FE provision. This reflects the leadership role of local authorities (LAs) in delivering 14-19 reform and the intention to extend the Building Schools for the Future vision to cover all settings in which young people learn. In this context, the LSC is seeking to both challenge and support the FE sector to develop world-class buildings for world-class teaching and learning. The LSC has already committed over £4 billion of building projects, renewing over 50% of the college estate.

Since the Local Capital Plan was published there have been some changes to LSC capital funding arrangements. The LSC's 16-19 Capital Fund came into operation on 1 April 2006 combining DfES former Basic Needs funds for 16-19 provision and the LSC's 16-19 rationalisation funds to create a single capital fund administered by the LSC. It is intended to help fund the capital costs of the outcomes of 16-19 competitions and support for the cost of new school or college 16-19 places arising from school and FE 16-19 presumptions, increased participation and re-organisation to raise standards and / or promote choice.

Mainstream capital funding for FE colleges is referred to as 'FE capital funding' – the arrangements for the assessment and approval of capital applications has been revised and documented in the LSC Capital Handbook, published in November 2006.

From 2007-08 the LSC will extend eligibility for capital funds to building works undertaken by colleges on their campuses to provide additional facilities for 50 or more additional full-time 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.¹

The LSC's national capital strategy envisages completing the modernisation of the FE estate by 2012-13, based on current estimates of demand and funding. This will be underpinned by nine regional capital strategies, in turn supported by the detail of Local Capital Plans prepared and maintained by each local LSC.

¹ Where colleges are delivering vocational provision on school premises, all necessary enabling works will be the responsibility of the school which may have access to capital funds from the DfES. Such schemes will not be eligible for capital support from the LSC.

3. The principles, rationale and priorities for capital investment

3.1 Principles

The local LSC will adopt the following principles for all capital applications:

- **Sustainability** - the LSC is placing a higher emphasis on the importance of building design and increasing sustainability in new buildings. One of the key recommendations in the LSC report '*The Relationship between Building Design, Cost and Quality in the FE sector*', which has now been formally adopted, is an uplift in the LSC's capital cost criteria targeted specifically at sustainable elements of building design and construction.
- **Good design** – putting design excellence at the heart of the educational landscape positively influences the behaviour and attitudes of both students and staff. The best modern buildings – those that are bold, inclusive and flexible - stimulate learning and promote inclusion and security.
- **Affordability** – in the case of all applications from FE colleges for FE capital funds the LSC will continue to use an affordability assessment to determine the level of grant support. In recognition of the risks associated with borrowing large amounts of capital to finance major capital projects, the LSC has revised the parameters that it uses in assessing affordability.
- **Co-investment** – the LSC will encourage co-investment with other public sector partners where appropriate, particularly the Local Authorities and the South East England Development Agency.
- **Robust property strategies** – the LSC expects all FE colleges to produce a college property strategy on a three year basis – any college submitting a capital project will need to have an agreed property strategy in place in order for the application to be approved²

3.2 Rationale

Fundamental to this plan is the **rationale of need** – responding to the needs of individuals, employers and communities – rather than focusing simply on the needs of institutions. In assessing LSC capital applications the local LSC will need to take into account the contribution the capital investment will make in terms of:

- Ensuring that the **pattern and mix of provision can meet current needs and future priorities** for all learners.
- Ensuring **provision in any local area is not only of high quality but is also efficient**, offering value for money. The local LSC will not support capital applications that serve to duplicate provision and introduce inefficiencies into the provider network.
- Creating a more **responsive infrastructure** that directly engages employers and meets current and future skills priorities.
- Achieving a **better choice for young people**, and more parental confidence, through improved 16-19 provision and links between 14-19 providers.

² Schools and LAs that apply for capital funding from the 16-19 Capital Fund will not be expected to produce a formal property strategy as a prerequisite for receiving capital funding. However, the LSC will need to be satisfied that other appropriate strategic planning documents are in place and that the new project proposals will properly complement the applicant's existing estate.

- Developing a **confident, integrated post-16 education and training sector** built on excellent provision, with each provider clear about their unique contribution, working collaboratively to achieve educational, social and economic success.

3.3 Priorities

For both modernisation and new provision the local LSC is seeking to prioritise the following areas:

- **Targeting priority areas of need** where the quality of the FE estate is not satisfactory and where high numbers of young people are not in education, employment or training (NEETs) and relatively low rates of participation, retention, achievement and progression still persist in certain areas (refer to the strategic analysis in the Local Plan). In all of these areas the situation is compounded by the fact that the provider network has limited revenue reserves for investment. Five priority areas have been identified: Fareham and Gosport; Havant; Southampton; Portsmouth; and the Isle of Wight.
- **Implementing structural changes in post-16 provision** where the configuration of provision is not serving the needs of learners and where there are issues of viability. Three areas are being targeted: Andover; Fareham and Gosport; and the Isle of Wight (refer to the strategic analysis in the Local Plan).
- **Modernising vocational facilities** to support the regional and local priority sectors and transform the currently negative perceptions of some employers towards FE provision. This will include the development of local Skills Centres and the Action for Business Network.
- **Improving opportunities and achievement at level 1 and 2 and broaden the choice of vocational training locally** responding to local needs and local and regional priority sectors, particularly in those areas where there is relatively poor access to FE provision. The local LSC encourages applications which give consideration to partnership working with work-based learning providers.³
- **Improving the delivery of 14-19 provision** in schools, school sixth forms, FE Colleges, new vocational facilities (skills centres) and work-based learning, in order to respond to the 14-19 agenda and priorities identified in local 14-19 strategies and by 14-19 consortia, meet the immediate short-term population growth and to increase long term participation, retention and achievement rates.
- **Support to school sixth forms** including the development of new school sixth forms where the presumption takes effect and growth in successful and high quality school sixth forms.
- **Improving provision that is available for learners with learning difficulties and / or disabilities (LLDD)**, reflecting the recommendations from *'Through Inclusion to Excellence'*⁴

³ The LSC does not currently provide capital funds for work-based learning providers other than the element contained within CoVEs. The LSC is, however, reviewing capital funding for work-based learning providers and other providers as a consequence of the recent FE White Paper.

⁴ Specialist Colleges for LLDD have recently come into scope and are eligible for LSC capital funds

4. Risk analysis

A comprehensive analysis of the risks to implementing this statement that was provided in the Local Capital Plan published in March 2006 remains in place. The risks fall under 7 key headings

- **Capacity of the provider network** – inadequate provider capacity (expertise, limited reserves, poor collaboration) to deliver solutions.
- **LSC revenue funding** – constrained LSC revenue budgets (particularly growth allocations) impairs the implementation.
- **Support of provider network and key partners** – lack of buy-in to the capital investment plans and priorities for investment from the provider network and other key funding partners.
- **LSC capital funding** – national demands on LSC capital funds become too high to enable effective delivery of the plans, expectations raised by new capital funding streams (e.g.16-19 Capital Fund) that cannot be met.
- **Non-LSC capital funding** – local LSC is unable to lever in the additional resources that are required to enhance LSC contributions.
- **Capacity of the local LSC** – local LSC is unable to deliver on capital objectives due to time slippage in delivering solutions, inability to react quickly to DfES and LSC policy changes.
- **Strategic planning** – failure of capital investment plans to dovetail with strategic plans of other relevant agencies, rationale for capital does not match up with the LSC's overall strategic priorities.