



Leading learning and skills

**A REGIONAL CAPITAL PLAN
FOR THE SOUTH WEST 2007 – 11**

**The capital investment priorities of the Learning Skills
Council in the South West of England 2007 – 11**

Introduction

This capital strategy for the South West region sets out to:

- identify strategic priorities for investment on a regional and sub-regional basis identified by Area Partnership teams, area wide review and other ongoing review outcomes
- assess capital demand through a broad assessment of educational needs across the local LSC planning areas in each region
- assess the scale and quality of the existing FE estate in the region
- assess the ability of the LSC and its partners to meet demand
- be supplemented and reinforced by capital investment priorities identified in plans for each LSC Area
- relate national to regional and local priorities to provide a strategic context for capital investment decisions
- provide a basis for consultation with key stakeholders and other partners such as the South West Regional Development Agency to help ensure that investment funds can be targeted at joint priorities
- enable the LSC to prioritise investment decisions when the demand for funds may exceed supply
- be predicated on a 3-year rolling basis updated annually.

The plan takes account of key policies of the Government's white papers on 14-19 education and on skills and also investment requirements arising from an assessment of the current Further Education estate. It also considers capital implications of the 16-19 Capital Fund as well as planned developments in economic growth.

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Foreword

This strategy sets out priorities for capital investment in the South West region that will enable the LSC to deliver its **key goals** of:

- **Raising participation, achievement and progression among young people**
- **Improving the skills of the adult workforce.**

The implications for the existing Further Education estate are significant if the investment is to create learning environments that are **modern, efficient and flexible** in buildings that are fit for purpose and adaptable.

The key goals set out above are supported by the Government's 14-19 and Skills strategies, as well as the recent FE White Paper, and by the themes identified through the LSC's Agenda for Change. The LSC is to develop a model to define how a college can achieve excellence and provide value for money, **accelerate capital expenditure** to improve recruitment, retention and learner achievement. This strategy sets out how capital investment can be used to achieve the LSC's vision of **world class buildings for Further Education by 2013.**

Following on from the work done with Strategic Area Reviews, Joint Area Reviews and Area Wide Inspections, Area partnership teams, working with providers, have identified, in this capital plan, a set of **educational priorities** based on local and regional needs that should guide investment. This plan draws on these reviews to ensure that the LSC invests to meet the needs of today and tomorrow. In addition to this, the strategy identifies priorities for the **modernisation and rationalisation** of the existing Further Education estate.

The full impact of investment requirements relating to FE Skills Academies, 16-19 capital and within the LLDD sector are currently being assessed and quantified and this will be given a high priority in the South West region.

Whilst the LSC has an important role to play in achieving the goals set out above, it has to be acknowledged that it cannot work on its own. The LSC's funding and influence will not have any impact unless it works effectively with colleges and other **stakeholders** in the region. This Capital Investment Strategy sets out how, **together**, we can accomplish this challenging task.

Malcolm Gillespie
South West Regional Director

EXECUTIVE SUMMARY

The South West Regional Capital Plan draws on existing and anticipated plans for capital investment in further education to support the long-term strategic aims of the post-16 learning sector. The policy drivers identified must be underpinned by an understanding of demographic and employment trends, particularly in relation to young people, and the need to ensure that the capital investment is “future proofed” as far as is reasonable to ensure that the infrastructure can respond to the changes in the technology that supports learning.

- Proposals should ensure maximum flexibility is being built in for the location type and delivery method of provision
- Proposals should be developed to ensure collaborative and innovative partnerships that benefit the learner and remove wasteful institutional competition
- Proposals should seek to raise the quality of the estate to the highest value for money standards
- Proposals should seek to establish flexible space that responds to developing learning technologies and the demands of the consumer
- Proposals should, where appropriate, demonstrate linkages with relevant aspects of the 14-19 agenda and responsiveness to employer and individual need

The RDA and Regional Economic Strategy

The understanding of demographic and employment trends will be aligned to areas targeted for investment by the South West RDA (SWRDA) through the Regional Economic Strategy (RES). The RES, in setting out a vision for the region, identifies three economic drivers: innovation, skills and environment. Through investment in these three drivers, the region aims to achieve three key strategic objectives:

- successful and competitive businesses
- strong and inclusive communities, and
- an effective and confident region.

The LSC Regional Skills Action Plan for the South West (RSAP) identifies where investment can link in with the strategic objectives set out in the RES and identifies the Regional Capital Plan as an important framework for directing LSC capital investment to relevant areas. The RSAP also highlights the need to work with the RDA to complement that organisation’s capital investment programmes.

Capital investment will be prioritised to areas of population and employment growth identified in the RES and the Regional Spatial Strategy (RSS). Both strategies share a desire to help create more viable, sustainable communities

Responding to employment and employer needs

This South West Regional Skills Action Plan (RSAP) aims to influence the mix and balance of skills provision across the region from 2007. This Action Plan sits alongside key national policy documents such as the National Skills Strategy and the Annual Statement of Priorities 2007/08; at a regional level it sets out the LSC’s

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contribution to the Regional Skills Strategy which supports the SWRDA Regional Economic Strategy.

Priority employment sectors identified within the RSAP and the Regional Skills Strategy, are:

- Health and Social Care
- Retail
- Engineering
- Construction

Capital investment in these areas will be given higher priority in the South West.

The South West network of Centres of Vocational Excellence (CoVEs) is well developed according to employment sector requirements in those specific areas. Further investment to improve the existing network will be supported in the region. Through the RSAP the region recognises the need to create a skills infrastructure which is responsive and demand led and which encourages investment in high quality premises including Skills Academies and specialist networks that encourage new employers. The RSAP identifies actions to support capital investment in the National Nuclear Skills Academy (to establish a regional hub at Bridgwater College, and the establishment of the National Construction Skills Academy to meet employer needs.

Improving Skills, Aspirations and Participation

The RES (Spatial Implications – Space Matters, May 2006) and RSS combine to give a picture of anticipated employment and population growth across the region. Also, these documents identify areas of deprivation and high unemployment. The RES targets these areas identifying the developing need for higher level skills, higher participation and regeneration. Raising skills and increasing participation, particularly from identified pockets of NEETs, are important objectives for the LSC in the South West.

The RCP sets out its commissioning process and has, at the core of its approach, the aim to give individuals and employers the power to choose, and empower the best of providers to engage more learners and employers. Capital investment in high quality (world class) infrastructure is an essential to attracting new learners, raising their aspirations and in raising skill levels.

As part of the local and area planning process, the LSC has identified where investment needs to take place and these developments are integral to the investment requirements that form part of this plan.

Completing the process of Modernisation and Rationalisation

Local capital planning has taken account of the following points arising from analysis of the existing FE estate:

- In all LSC partnership areas there remains work to do to complete the modernisation and rationalisation process. The estate in all but one of the South West LSC Areas is within acceptable space standards. However, all are close to the theoretical maximum, indicating that there is potential for further efficiencies.
- Wiltshire and Swindon (part of Gloucestershire and Wiltshire LSC Area) is over provided in terms of space. To address this within a reasonable timescale will involve giving significant support to particular colleges.

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- Proposals under development at Bournemouth, Dorset and Poole (part of Somerset and Dorset LSC Area) and Devon and Cornwall will have a major impact on both space utilisation and, more importantly, quality of facilities although work remains for colleges to address outstanding quality issues.

Many of the south west colleges with exceptionally poor buildings are also in poor financial health. 30% of south west colleges are in financial health group C, compared to the average for England of 19%. Borrowing as a percentage of income is also high in the South West.

Since grant support has been based on an affordability assessment of college finances (from 2003), the average rate of LSC funding has been increasing. However, even since the affordability criteria were relaxed, some colleges and their corporations have been wary of taking on the levels of debt required, which can slow down or otherwise jeopardise the delivery of projects. The advent of demand led funding and open, competitive tendering with consequential uncertainty in funding levels may heighten this reluctance

To complete the task of modernisation and rationalisation of the FE estate, this may lead to a requirement for higher LSC grant rates in the region compared to other parts of England. Proposed mergers and the possibility of other mergers in the future will also have an impact on demand for capital. In addition to this, where modernisation and rationalisation is the main driver for capital investment, colleges may struggle to show positive NPVs – alternative approaches to assessing the full benefits of such projects will need to be developed and implemented in the near future.

Working with Area Partnership Teams, the Regional Capital Plan identifies the developments that need to take place and provide a framework to target assistance relevant colleges.

Matching Investment to the shape and balance of the region

Investment in the South West will be prioritised to those areas where need has been identified according to anticipated patterns of population growth and employment growth across the region.

Following on from the work done with Strategic Area Reviews, Joint Area Reviews and Area Wide Inspections, Area partnership teams, working with providers and other key stakeholders, have identified, in this capital plan, a set of educational priorities based on local and regional needs that will guide investment. This plan draws on these reviews to ensure that the LSC invests to meet the needs of today and tomorrow.

The 14-19 Agenda and Leitch

Recommendations from the Leitch Review of Skills (2006) include the shift of balance of intermediate skills from Level 2 to Level 3 and to aim for world class high skills. This would mean getting more than 40% of the adult population qualified to Level 4 or above. Consequently, the South West Regional Capital Plan recognises the importance of prioritising investment in facilities in colleges and HEIs.

In terms of the 14-19 agenda, the strategic leadership role of local authorities in 14-19 reform means that they are extending the scope of their 'Building Schools for the Future' (BSF) visions to cover all settings within the 14-19 age range, including FE colleges. In the South West, the LSC will direct its capital resources to implement in full the FE component of the vision, thus integrating capital strategy across both

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schools and the FE system. More work needs to be done in developing the capital plan to take full account of discussions between LSC Area Teams and the local authorities and to map upcoming 16-19 developments with known BSF plans.

The 16-19 Capital Fund will continue to fund new 16-19 places not already included in BSF, and Academies programmes in both schools and colleges. The fund will provide sufficient funds to schools and colleges to be able to generate projects to cater for 7,500 to 8,000 new 16-19 places, across the country, annually. As at 31 March 2007 projects of £128m had been approved in the previous twelve months, with grant support of £116m. In the South West a total of 6 projects have been approved in this period with a total value of £18m and support of £15.4m.

Through the RCP, the South West will prioritise 16-19 developments that are component parts of wider 14-19 proposals.

Forecast Investment Requirements for the South West 2007-2011

Total planned investment in the FE estate has increased from £426 million to £653 million. The profile for expenditure has moved out to a peak two years later, between 2009 and 2012.

The changes are due to the following main reasons; all colleges who have not substantially renewed their estates are now undertaking rigorous reviews of their existing facilities and, the scale of projects arising from this process are substantially larger, and will take longer to deliver

As colleges in the South West develop property strategies further, the LSC will need to work closely with them to ensure that proposals are of an appropriate scale and that they are affordable. The case for large scale development must be well made in the context of the priorities identified in this plan.

Account will need to be taken of the relatively poor financial health of colleges in the region. Where proposals arise from the need for modernisation of poor estates, the full range of benefits arising from the developments are identified and assessed, both quantitative and qualitative.

Future Investment Requirements

As has been indicated in earlier sections of this strategy, future infrastructure needs, beyond those already underway or approved, total some £650 million. This does not preclude new capital requirements emerging in the future as national policy drivers and other factors impact on provision in the region.

Traditional approaches to planning space utilisation will need increasingly to reflect the changing learning environment and the trend towards greater use of learning in community settings and the workplace.

It is however, also important to recognise that such technological learning provision still needs to be supported by realistic work environments so that practical skills and competencies are acquired in line with the needs and standards of employers. However, the next key shift in the use of funding may well need to reflect an investment in learning technology rather than buildings per se. Projects which make use of learning technologies will need to account for significant and continuing investment in staff development and that spaces created for such technologies are used effectively.

Section 1 – Policy and Demographic Drivers

1.0 Context

Lying at the heart of the LSC's national capital strategy and this strategy for capital investment in the South West, are three key government white papers for 14-19 education (DfES, 2005), skills (DfES, 2005) and FE (DfES 2006). Aimed at improving skills to underpin the UK's continued competitiveness, in particular through the introduction of new specialised diplomas, these policy drivers require substantial capital investment in further education to enable it to meet the future needs of a very wide range of learners.

The South West Regional Capital Strategy draws on existing and anticipated plans for capital investment in further education to support the long-term strategic aims of the post-16 learning sector. Current policy drivers include:

- Local provider plans and accommodation strategies
- Strategic Area Review
- 14-19 education policy
- Vocational skills development
- Outcomes of the FE efficiency review
- 16-19 capital fund
- HE in FE (encouraged by Leitch)

These drivers must be underpinned by an understanding of demographic trends, particularly in relation to young people, and the need to ensure that the capital investment is "future proofed" as far as is reasonable to ensure that the infrastructure can respond to the changes in the technology that supports learning.

It is recognised that technology is advancing at a very fast pace and that capital projects need to have an in-built flexibility so that institutions are able to respond to future needs and keep pace with developments. Future investments may need to focus on more diverse approaches to learning to reflect the increased availability and use of technology as a learning tool.

The FE capital requirement cannot be considered in isolation from developments in the schools sector, particularly sixth forms, along with any proposals that might emerge for Skills Academies and the emerging messages from the Sector Skills Agreements.

The relatively low Gross Value Added (GVA) of the region's economy and the degree of sub-regional variation, there is a clear need to have a strategy founded on some key policy statements. At the very heart of these is the prerequisite that the plan must reflect changing economic and social needs. In order to do so:

- Proposals should ensure maximum flexibility is being built in for the location type and delivery method of provision

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- Proposals should be developed to ensure collaborative and innovative partnerships that benefit the learner and remove wasteful institutional competition
- Proposals should seek to raise the quality of the estate to the highest value for money standards
- Proposals should seek to establish flexible space that responds to developing learning technologies and the demands of the consumer
- Proposals should, where appropriate, demonstrate linkages with relevant aspects of the 14-19 agenda and responsiveness to employer and individual need

[image: Exeter College]

The FE white paper: **Further Education: Raising Skills, Improving Life Chances (the FE White Paper)** is currently being progressed through Parliament and sets out reforms that are needed to equip learners with high-quality skills for productive, sustainable employment and personal fulfilment; and this will ensure that employers have the right skills for their businesses to succeed in a competitive global economy. The new FE Bill proposes that FE colleges should be given powers to award their own Foundation Degrees. This forms part of the government's strategy to raise to 50% the number of young adults with degree level qualifications. This policy is consistent with recommendations in the Leitch Report which proposes more HE in FE .

Capital investment implications arising from the FE White Paper are that capital programmes must:

- Ensure that regional capital strategies reflect regional and local plans to improve choice, quality and diversity
- Support the expansion and reorganisation of provision in local areas to secure the capacity for high quality specialised diploma programmes especially for 14–16 provision
- 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'
- Prioritise the capital support necessary to enable high performing FE colleges to expand their HE provision
- Allocate capital to support the policy of specialisation, particularly to develop National Skills Academies and sectoral networks.

The full impact of investment requirements relating to FE Skills Academies, 16-19 capital and within the LLDD sector still need to be assessed and quantified and this will be given a high priority in the South West region.

2.0 LSC Policy Drivers

- LSC Strategic Priorities:

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- Raise the choice of high quality opportunities for learning to all young people to equip them with skills for employment, further of higher learning and wider social and community engagement.
- Raise the skills of the nation, giving employers and individuals the skills they need to improve productivity, employability and social cohesion.
- Raise the performance of a world class system that is responsive, delivers sustainability and value for money, provides choice and is valued and recognised for excellence
- Raise the links between skills and employment and drive economic development and regeneration locally and regionally through partnership working.
- Agenda for Change
 - Business Excellence – LSC is to develop a model to define how a college can achieve excellence and provide value for money, accelerate capital expenditure to improve recruitment, retention and learner achievement.
- Foster Review:
 - Capital investment should be geared towards skills focus with a rigorous approach to quality
 - Colleges and LSC to ensure that capital strategies follow, and do not determine their clearly defined FE purposes
 - LSC to 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
- Leitch Review
 - Prosperity for All in the Global Economy – World Class Skills (Leitch 2006) (the Leitch Report) sets out a view of what needs to be done to address the challenge of remaining competitive, internationally.
- Demand Led Funding

The LSC will invest capital in high quality educational premises and equipment in support of the aims and objectives of the FE White Paper and Lord Leitch's report. A principal action, and one that is particularly relevant to the South West region, will be increasing the rate of renewal and rationalisation of the FE estate. The capital national programme will support and contribute to the outcomes of other important initiatives such as the FE Review and Framework for Excellence.

3.0 National Capital Strategy priorities and funding lines

- 14-19

The strategic leadership role of local authorities in 14-19 reform means that they are extending the scope of their 'Building Schools for the Future' (BSF) visions to cover all settings within the 14-19 age range, including FE colleges. The LSC will direct its capital resources to implement in full the FE component of the vision, thus integrating capital strategy across both schools and the FE system.

The 16-19 Capital Fund will continue to fund new 16-19 places not already included in BSF, and Academies programmes in both schools and

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colleges. The LSC currently has no responsibility or funding for schools capital beyond those that qualify for the 16-19 Capital Fund.

- 16-19 New Places

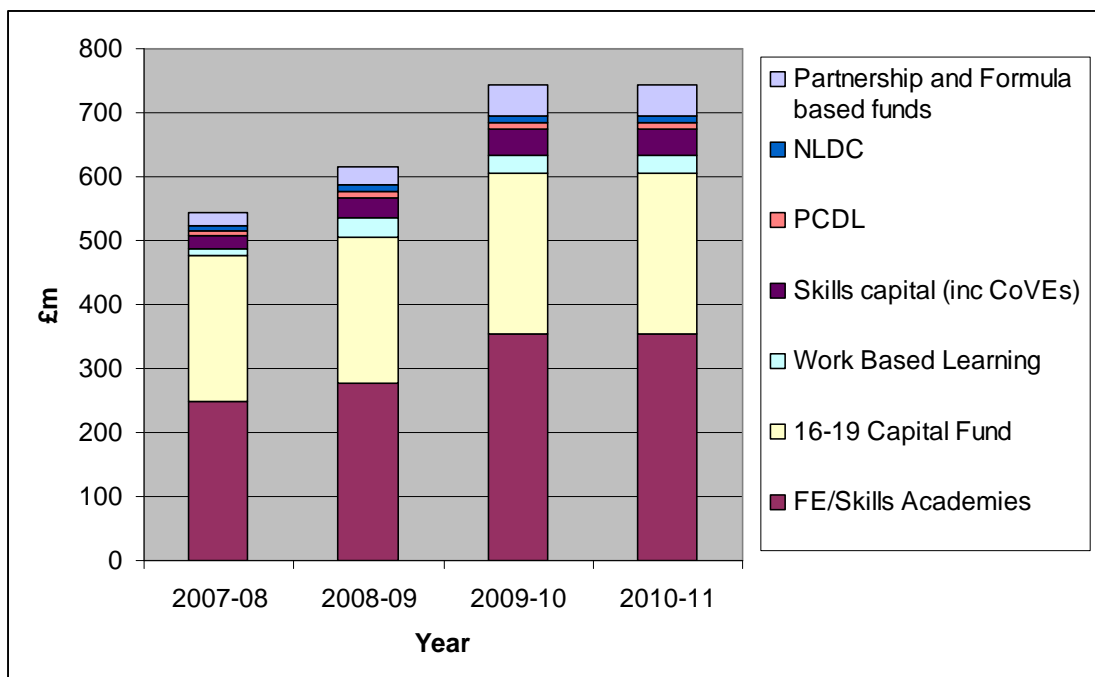
The **16-19 Capital Fund** will provide sufficient funds to schools and colleges to be able to generate projects to cater for 7,500 to 8,000 new 16-19 places, across the country, annually. As at 31 March 2007 projects of £128m had been approved in the previous twelve months, with grant support of £116m. In the South West a total of 6 projects have been approved in this period with a total value of £18m and support of £15.4m.

Guidance on eligibility and on applying for 16-19 capital funding can be found at the following web address:

<https://propertyservices.lsc.gov.uk/16-19capital/>

- FE Capital

funding of £248 million is available in 2007-08, rising to £276 million from 2007-08. By 2009-10, the total FE capital fund for England will be £354 million. The LSC has extended the eligibility for capital funds to building works undertaken by colleges to accommodate normally 50 or more additional full-time equivalent places for **14-16** vocational provision.



- Supporting Vocational Skills

- Along with enhancement of the CoVE provision, **FE Skills Academies** are to be set up nationally, with 12 to be established by 2008. A further 13 academies are to be established by 2009. Relevant to the South West is the likelihood of a National Nuclear Skills Academy. As part of this proposal a regional 'hub' is to be established in the South West and capital investment is expected as part of this.

- The LSC will continue to provide capital to further enhance the network of **Centres of Vocational Excellence**, with £20 million available in 2007-08, rising to £30m in 2008-09, then £40 for the

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subsequent two years up to 2010-11. The impact of the proposed 'New Standard' for excellence in vocational provision may have an impact on future capital investment

- Other Funding
The impact of **PCDL Challenge Fund** (Personal Community Development Learning) and **NLDC** (Neighbourhood Learning in Deprived Communities) capital investment will be reviewed later in the national capital strategy period. In England £16 million is available each year from 2007-08, rising to £20m per year from 2008-09. Formula based allocations aimed at key groups of providers and supporting specific policy initiatives may be available. There is an indicative allocation of £20m in 2007-08, rising to £30m in 2008-09 and to £50m in 2009-10 and 2010-11. Indicative allocations of capital support to **Work Based Learning (WBL)** providers of £10m in 2007-08, rising to £30m in subsequent years – this is subject to consultations with WBL and other private providers.
- Regional Capital Plans
The LSC will complete capital strategies for each of the 9 regions to relate national to regional and local priorities to provide a strategic context for capital investment decisions.

[Image: Brunel Building, Cornwall College]

4.0 Demographic Drivers

The South West has the largest land mass but only the sixth largest population of the nine English regions. As a result, the South West is the least densely populated region in England, although there is a very wide variation in population densities between local authority areas. The population of the region is approximately 5.1 million with 38% aged 50+. There are 3.05 million people aged 16-retirement and 199,000 16-18 year olds.

Population projections to 2015 show that the region's annual population growth rate (0.6%) is higher than in England. Among 16-18 year olds, the regional population growth rate is projected to decline before an actual annual reduction is seen in the number of 16-18 year olds from 2009 onwards.

Each area in the South West will have a peak in the cohort of young people aged between 15 and 20 years in 2007 with a decline in the percentage of the total population being forecasted for future years, particularly from 2009. This decline is less evident for Gloucestershire and Wiltshire and Swindon.

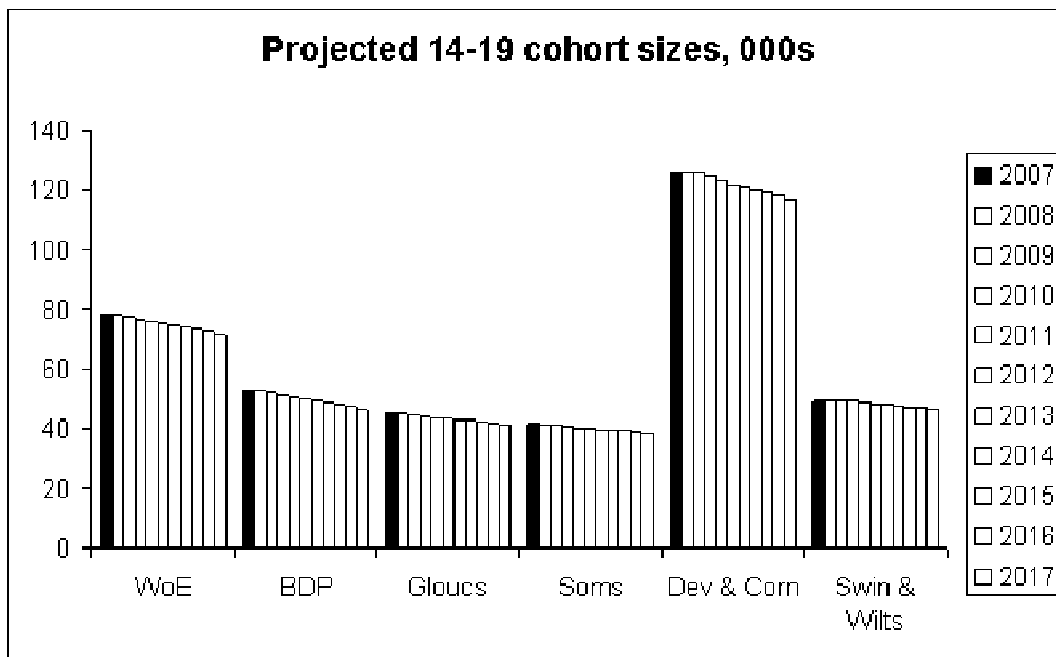
The size of the young people (14-19) cohort¹ in 2007 is estimated as follows:

¹ Data from 2001 census estimates

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	No. of people	% of South West cohort
Bournemouth, Dorset and Poole	52,400	14
Devon and Cornwall	123,800	32
Gloucestershire	44,900	12
Somerset	40,500	10
West of England	78,000	20
Wiltshire and Swindon	48,400	12
Totals	388,000	100

The region has 8,300 young people who are not in education, employment or training; a rate of 6% which is considerably below the England average. In addition, approximately 10% of 16-18 year olds are in employment but are not engaging in training or accredited training leading to at least a Level 2 qualification.



5.0 Planned Economic Growth

Area Plans, the capital investment priorities of which underpin this strategy, will, through strategic review of provision in those areas, address needs arising from planned business and housing growth in the region. These will pick up on post 16 education infrastructure implications from significant developments for housing and business identified through the statutory strategic planning process. In particular, this will identify where new settlements and other areas of major housing growth are planned.

6.0 Specialist Colleges

Following the report by Peter Little OBE “ Through Inclusion to Excellence”, the LSC published its strategy for Learners with Learning Difficulties and/or Disabilities “ Learning for Living and Work” in October 2006. In May 2007, the LSC in the South West produced its regional strategy for LLDD which uses the recent research carried out by the Learning and Skills Network (LSN) to build on and regionalise national objectives. This research, commissioned by the SW Region LSC, looked closely at LLDD supply and demand issues in the South West.

South West Colleges will therefore be required to revisit their accommodation strategies to ensure that young people and adults can locally access a broad and varied curriculum appropriate to their needs

There is a significant proportion of learners with special needs: 13 % in schools (14-19); 15.1% in FE and 21.5% in WBL (16-18). Compared to England,, rates of LLDD are lower for schools but higher for FE and WBL. LLDD learners as a proportion of all learners vary considerably within the region.

The South West LLDD strategy recognises the need to reduce the number of learners having to travel/reside away from home by creating more local provision. In planning and developing this provision providers will need to consult and work in partnership with stakeholders including local authorities (Childrens’ and Young People’s Services, Adult Social Services and Housing Authority) , Connexions, health authorities, Department of Work and Pensions, community and voluntary sector, learners and service users and their carers.

The South West LLDD strategy will be embedded in local plans including Local Area Agreements, Children and Young People’s plans and be the basis of working with Job Centre plus.

All new capital proposals should consider delivery of provision for LLDD and also co-location of providers/provision including opportunities for joint capital developments. FE Colleges should consult with local and regional stakeholders to ensure that opportunities are not overlooked to fill gaps in provision.

Specialist colleges have an important but different role in the future. They will need to work more closely with mainstream providers in ensuring that learners make effective transition from special education to employment and independent living. The development of residential accommodation should take into account the long term needs of people with disabilities, to live and work in their home area

The strategy proposes the creation of Centres of Excellence for 16-24 year old learners which will be an important regional resource and provide focus and facilities for professional development. Outreach provision to support learners at local colleges will enable the Centres of Excellence to play a greater role and reduce the need for learners to be in full time residence.

The report, Through Inclusion to Excellence, has reviewed provision for learners with learning difficulties and disabilities (LLDDs). An important outcome of the review is the emphasis on the regional role in managing delivery of this provision. Capacity of the system in the south west to meet current and future needs of learners with learning difficulties and disabilities needs to be reviewed. In addition to this there needs to be a clear and consistent structure for planning provision for affected learners.

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Capital support should be focussed in two areas to support the outcomes of the report, namely:

- Investment in the existing FE infrastructure to encourage inclusion of LLDDs in mainstream education
- Investment in highly specialised facilities with regional and national importance, where that provision cannot be provided in the general FE sector

Interim assessment criteria to allow the specialist college sector to apply for capital support are now available, and are set out in the LSC Capital Handbook (see LSC Property Services website):

<http://propertyservices.lsc.gov.uk/>

Development of long term criteria will be developed by the LSC in close consultation with the sector.

In July 2006, the South West region approved the first major capital bid from an independent specialist college, National Star, phase one of which is already complete.

7.0 Sustainability Drivers

FE has an important role to play in taking sustainable development (SD) action forward. In September 2005, the LSC launched the SD strategy 'From Here to Sustainability' which followed extensive consultation with partners and stakeholders across the learning and skills sector. The strategy looks at what the learning and skills sector and the LSC itself can do to promote and embed SD skills, and manage their resources in ways that encourage sustainability. It takes a long-term view, recognising that the process of cultural change will require sustained effort over several years.

[Image: Genesis Project, Somerset College of Art and Design]
Genesis Project, SCAT

Over the next 10 years, the LSC's vision is that the learning and skills sector will proactively commit and contribute to SD through its management of resources, the learning opportunities it delivers and its engagement with communities. In particular, the LSC believes that:

- the culture of the sector will change so that all providers and learners will know about SD and expect it to be part of normal practice;
- strategies, policies and plans will be in place to integrate and implement SD, and these will be understood and acted on;
- the LSC will integrate SD into its policies and everyday practices at all levels;
- risks and barriers preventing SD will be anticipated and managed
- continuous improvement in the SD performance of the sector will be reported and recognised; and
- good practice in learning, management and community interaction will be recognised, understood and monitored.

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To qualify for LSC capital funds it is a requirement of all future capital project proposals that they properly address sustainable development and, in particular:

- meet and, preferably exceed the requirements of part L of the Building Regulations;
- ensure the completed development will aspire to achieve an excellent Building Research Establishment Environmental Assessment Method (BREEAM) rating;
- maximise the use of natural lighting and ventilation; and
- embed the principles of sustainability in the design of buildings and building systems;

To support these aims an ongoing programme of activity/actions will take place over the plan period. Those taking place during 2007-08 include the following:

- colleges seeking capital grant support will continue to have the opportunity to apply for an additional cost allowance of up to 10% of the net cost for elements within the building, which address sustainability issues. :
- commissioning of design guidance to be produced in interactive web-based form already commissioned for delivery by July 2007;
- commissioning of the Building Research Establishment to design custom BREEAM assessment template and criteria for the FE sector;
- commissioning and funding sustainability demonstration pilots for key areas of sustainable developments from colleges intending to implement project proposals which introduce innovative and comprehensive sustainability solutions; and
- establishing policy and standards for reducing the carbon footprint of FE colleges

The importance of good design in buildings is often underestimated or completely neglected. LSC funded providers' buildings should demonstrate a commitment to sustainable design. This means taking into account the impact and cost of decisions on energy, water, materials and resources and managing these so that facilities meet the needs of the user in a sustainable way. Buildings with low energy design minimise the risk of increasing energy prices and life deconstruction requirements. The LSC is committed to upgrading the college estate, building well-designed new campuses and re-developing existing sites. In this way we can achieve world-class teaching in world-class buildings.

[Image: Genesis Project, Somerset College of Art and Design]
Genesis Project, SCAT

In the South West Region we have fantastic potential to exploit renewable resources. All FE colleges in the region should look to create exemplar facilities in new developments, maximising the region's unique access to 'renewables'.

8.0 2012 Olympics

Uniquely, apart from football, the South West is the only region outside of London and the South East hosting an Olympic event. The sailing events will be hosted by the Weymouth and Portland Sailing Academy. The Government and the London Organising Committee for the Games (LOCOG) want them to be the most spectacular, most inspirational Games ever. The LSC in its statement of National

Priorities says: 'We want to use our investment in learning and skills to support the Games to deliver a model of social inclusion; creating better opportunities for both young people and adults in education, skills development and employment across the country, not just in London'. The Regional Skills Action Plan also commits the LSC to taking 'full advantage of opportunities presented by the Olympic and Paralympic Games'. The LSC is also a key member of Team South West, an alliance of organisations working together to maximise the legacy from the Games for the region.

Skills are seen as an integral and underpinning theme in the SW Olympic Strategy, contributing to Business Development, Tourism, Sport, Culture and Community Engagement. It is unlikely that the LSC will be involved in any capital investment relating to the Olympic sailing venue in terms of the events themselves as this is the responsibility of the Olympic Development Authority and LOCOG. However, there may be educational legacy opportunities connected to the sailing events that may justify LSC capital investment, especially where these not only enhance legacy but also respond to main LSC priorities as set out in the Annual Statement of Priorities. Any such opportunities will be investigated and appraised with respect to the educational case and the nature and value of the legacy benefits as well as normal LSC capital investment criteria.

9.0 Land-based colleges in the South West

The LSC is still awaiting the final report of the consultants, Experian, commissioned by the LSC to map the supply and demand of land-based education and training delivered by specialist land-based colleges.

The number of independent specialist land-based colleges in the region has fallen from 5 to 3 following mergers with larger FE colleges, although there are active land-based campuses in each county.

In recent years, the curriculum has diversified away from agriculture and horticulture, while retaining a land-based core theme. There is significant HE provision, providing progression for learners and best use of resources. Land-based colleges have been successful in diversifying their income with commercial enterprises providing income and realistic learning environments

Future capital developments at land-based campuses will need to reflect:

- Agricultural and horticultural best practice and the role of colleges in delivering the needs of new entrants and employers
- The need to avoid duplication of specialist resources across the region
- Cost/benefit analysis of maintaining older (historic) buildings
- The role of land-based colleges in re-generating the rural economy
- Land-based colleges as a resource for local communities
- Maximising the benefits of residential accommodation – capital support will not normally be available for residential accommodation and colleges should look to solutions from private sector partners before requesting support from the LSC.
- Maximising the synergies of co-location with HE

10.0 Other Drivers

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A regional capital strategy will provide a basis for consultation with key stakeholders and other partners such as the Regional Development Agencies and Government Offices, to help ensure that investment decisions can be targeted and coordinated to meet shared objectives.

Section 2 – Demand – Employers, Economy and Needs

1.0 Regional Learning and Skills Overview

Through the Regional Economic Strategy, the LSC aims to:

- Deliver skills to the economy by:
 - Encouraging an efficient and adaptable workforce;
 - Developing workplace skills and training;
 - Inspiring people to improve their employability skills; and
 - Improving the quality and flexibility of training
- Improve involvement in the economy by;
 - Raising individuals' skills and aspirations for work and business;
 - Providing skills training so people can adapt to new employment opportunities; and
 - Making sure there is equal access to work, training and business advice

As part of the aim to deliver skills to the economy, The Regional Skills Partnership. (formerly the South West Enterprise and Skills Alliance, SWESA) has identified a priority for joint planning to help make the supply of training more appropriate and flexible, and to ensure more effective use of resources (RSP, 2005).

Through the Regional Commissioning Plan (LSC,2007), the South West Region has identified that capital investment will support the building of high quality facilities to extend and improve the choice and quality of learning. The Regional Capital Plan is aligned to support the commissioning plan.

The key regional goals are:

- Grow all strands of 16-18 provision, but focussing particularly on FE
- Reverse the shrinking trend in adult provision but focus growth entirely on full Level 2 and Level 3.
- Stabilise adult Apprenticeship (19-25) delivery and increase the Advanced Apprenticeships offer for adults
- Maintain Skills for Life provision at existing levels

2.0 Improving Skills, Aspirations and Participation

The RES (Spatial Implications – Space Matters, May 2006) and RSS combine to give a picture of anticipated employment and population growth across the region. Also, these documents identify areas of deprivation and high unemployment. The RES targets these areas identifying the developing need for higher level skills, higher participation and regeneration. Raising skills and increasing participation, particularly from identified pockets of NEETs, are important objectives for the LSC in the South West.

The RCP sets out its commissioning process and has, at the core of its approach, the aim to give individuals and employers the power to choose, and empower the best of

providers to engage more learners and employers. Capital investment in high quality (world class) infrastructure is an essential to attracting new learners, raising their aspirations and in raising skill levels.

As part of the local and area planning process, the LSC has identified where investment needs to take place and these developments are integral to the investment requirements that form part of this plan.

3.0 Economic Overview

Although the region has performed well over the last few years, when compared to national and international competitors, it lags behind in terms of productivity.

The region compares well with others in:

- Economic growth – it is one of the fastest growing regions in the country;
- Skills and innovation;
- Competitiveness and setting up new businesses; and
- Quality of life.

Areas for improvement are:

- Improving the level of international trade;
- Increasing the level of basic skills within the workforce;
- Reducing skill shortages in some industries; and
- Increasing the skills needed for managers making capital investment plans.

In addition to these points the region has greater sub-regional variations than other regions. It has one of the lowest unemployment rates and the highest percentage of unfilled vacancies.

Summary of the South West Region Economy

Although the region is less productive, people are also less likely to be workless than in England as a whole. There are approximately 204,500 businesses in the region. The South West has an almost identical business size structure to England but the region has greater representation of land-based, fishing, mining, utilities, construction, hotels and restaurants and health and social work businesses compared with England.

Unemployment stands at 3.5%. Whilst this rate is below the England average (5.3%), there are localised unemployment hotspots. In Plymouth the rate is 6.6%. Among those individuals who are economically inactive, over 25% would like to engage in the labour market. Based on data used from Nomis and in particular Annual Population Survey on 18 May 2007 employment rates are high with 78% of the working age population in employment compared with 74% for England as a whole. However, there is significant variation within the region, ranging from 61% in Plymouth to 83% in South Gloucestershire. Economic activity rates also vary within the region, with 71% of Plymouth's working age population being economically active, 83% in South Gloucestershire, compared to 78% in the region, and 74% in England.

Between 1998 and 2005 the South West had the highest percentage of job creation at 13% (Annual Business Inquiry, 2007). In this period total employment increased at a rate of 1.86% per year (1.14% for England) equivalent to approximately 38,000 per

year. Fastest areas of growth were in Devon, South Gloucestershire, Somerset, Cornwall and the Isles of Scilly.

The South West economy provided £85 million of GVA in 2005, ranking it the seventh largest economy of the UK regions. The region's economy has grown faster than many other regions: its average growth rate from 2000-2005 was 5.6% per annum, while the national average during this period was 5.2%. In 2005, the regional growth rate slowed to just 4%. This slowing has been attributed to the reflection of aggregate demand slowing as the UK economic trade cycle moderated.

{image}

View of Gloucester Docks Regeneration Area from new Gloscat Centre

There are, however, disparities within the region. The north and east of the region continues to make progress with Bristol and Swindon above the England and UK average. At the same time Cornwall and the Isles of Scilly, whilst experiencing growth, do so from a lower base. In contrast, Devon, Dorset and Somerset have been growing relatively slowly and have considerably lower GVA figures.

The GVA per head in the SW was estimated at £16,700 [2005], which equates to 94.4 index points, relative to the UK's index of 100. If London is removed from the analysis the SW's performance demonstrates considerable improvement and was not greatly different from the national average with a SW index of 99.5%.

In 2004, 46% of regional output [as measured by GVA] was produced by a combination of wholesale and retail trades; hotels and restaurants; financial intermediation; real estate, renting and business activities. The region is relatively specialised in mining and quarrying; agriculture, hunting, forestry and fishing; electricity, gas and water supply; public administration and defence; hotels and restaurants; construction; and health and social care. In 2002 the South West had the largest GVA of all English regions in the hotels and restaurants; agriculture, hunting forestry and fishing sectors.

There is considerable sub-regional variation. In the urban north [as measured by the NUTS2 area of Gloucestershire, Wiltshire and North Somerset], financial intermediation; real estate, renting and business activities accounted for 35% of output in 2004, compared to 27% in Dorset and Somerset, 22% Devon and 19% in Cornwall and the Isles of Scilly. This compares to the England average of 35%.

Employment forecasts suggest that by 2014, there will be an additional 101,000 jobs. Gains will be significant in the retail sector, businesses and other services and health and social work. The primary sector and utilities are expected to decline by 14% by 2014. In addition to the new jobs, approximately 921,000 jobs will have to be replaced as workers change career or retire. The occupational profile of 2014 moves towards the higher level skills, particularly relevant to Level 5, 4 and 3 qualifications. Localised spikes of skills demand will also be generated by developments such as town centre regeneration schemes, new towns and business parks, as well as the Olympics.

4.0 Working with employers

This South West Regional Skills Action Plan (RSAP) aims to influence the mix and balance of skills provision across the region from 2007. This Action Plan sits alongside key national policy documents such as the National Skills Strategy and the

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Annual Statement of Priorities 2007/08; at a regional level it sets out the LSC's contribution to the Regional Skills Strategy which supports the SWRDA Regional Economic Strategy.

Priority employment sectors identified within the RSAP and the Regional Skills Strategy, are:

- Health and Social Care
- Retail
- Engineering
- Construction

Capital investment in these areas will be given higher priority in the South West.

The South West network of Centres of Vocational Excellence (CoVEs) (list in appendix 2) is well developed according to employment sector requirements in those specific areas. Further investment to improve the existing network will be supported in the region. Through the RSAP the region recognises the need to create a skills infrastructure which is responsive and demand led and which encourages investment in high quality premises including **Skills Academies** and specialist networks that encourage new employers. The RSAP identifies actions to support capital investment in the National Nuclear Skills Academy (to establish a regional hub at Bridgwater College, and the establishment of the National Construction Skills Academy to meet employer needs.

In addition this work is under way to develop a school of design innovation in the region.

Centres of Vocational Excellence (CoVEs) – Enhancing facilities in colleges which become CoVEs will continue to require capital investment. This is essential to address employers skills needs both in the region's priority sectors and in local pockets of demand. There is a separate capital budget for this, already outlined in Section 1. There are currently 41 CoVEs in the region (see Appendix 2).

5.0 School Sixth Forms

There are 175 schools in the region with sixth forms, with an additional one being constructed in north Bristol, and two in Gloucestershire due to close in September 2006. Approval was given in July 2006 for the creation of a new sixth form in the Chippenham area. Across the different local LSCs the number varies considerably, from 56 in Devon and Cornwall to 9 in Somerset. Most areas have experienced growth in sixth form numbers in recent years. However, reflecting population estimates in the 14-19 age-group for the region, these numbers are likely to fall from 2008/09.

Guidance on the [16-19 Capital Fund](#), as well as the competitions process is now finalised and has been published. Based on known requirements there is no anticipated need to go through competitions in any of the four areas.

A number of projects have been approved in the South West over the last year. To 31 March 2007, 6 projects valued at £18m were approved, with grant support of £15.4m. These included three in North Wiltshire, as well as one in each of Devon, Gloucestershire and Somerset. A number of projects are likely to come forward in the current year, particularly from Gloucestershire where approximately 7 projects have been identified. 2 schools with presumption status last year did not undertake

any capital development requiring LSC funding. Partnership teams are liaising closely with the four schools given the status for 2007-2008 to establish likely capital requirements.

6.0 Buildings to Support Educational Priorities

The Foster Review emphasised the need for capital investment strategies to be informed by a bottom up analysis of educational requirements within the sector. A key aspect of this review has been addressed within the Strategic Area Review process (StAR) which took place between 2002 and 2004.

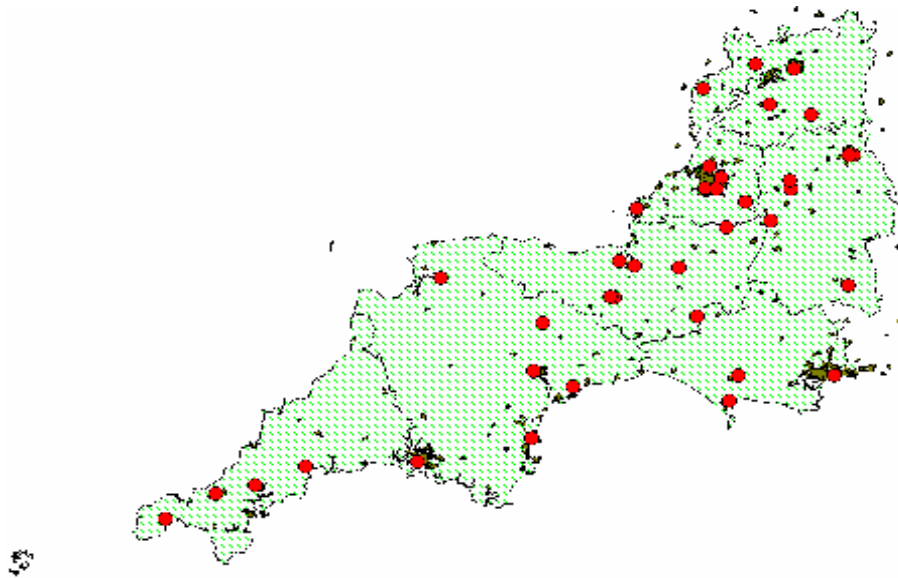
StARs involved a fundamental examination of post-16 learning provision in relation to the learners, employers and communities. Their purpose was to improve quality and choice, increase success rates and ensure maximum value for money. At the time, The reviews were led at local level by each of the 6 Local Learning and Skills Councils in the region, taking into account regional and sub-regional issues.

Outcomes of StARs have included a wide range of developments including new vocational skills centres and highlight the need to ensure that capital investment is targeted to support clearly identified educational priorities. Capital implications of the StARs in the South West are included in the local capital plans. The process of strategic review is an on-going process with the 4 new Area teams working closely with key stakeholders to establish future planning requirements for capital investment.

Section 3 Supply – The Current Estate

1.0 Supply of Learning – The Current FE Estate

Since incorporation in 1993, the LSC and its predecessor body, the FEFC (Further Education Funding Council), has renewed approximately half of the estate that it should need based on expected learner numbers. At an aggregate level, this has been matched by co-investment of providers themselves and funded to a similar level through borrowing secured on the income paid under contracts for delivering learning and skills.



College Sites in the South West

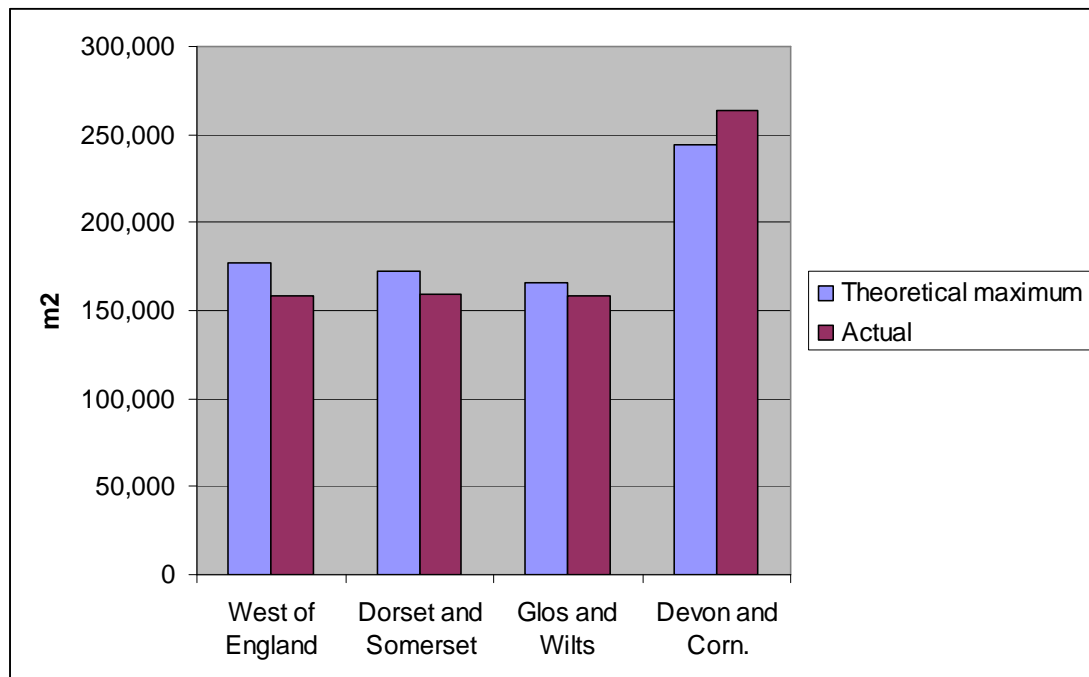
To date, projects funded in the south west region have amounted to £370m under the LSC and the later period of the FEFC (ie where project approvals were started in the FEFC period with final approval in LSC period). As a result of this investment there are already some exciting new buildings which are helping support the growth in learner numbers and the improvement in delivery of provision. However, unless providers continue with their progress in renewal and rationalisation, the estate will not meet the needs of learners as we progress further into the 21st Century.

2.0 Space Utilisation

The total FE estate in the South West comprises approximately 745,000 m² across 33 colleges. In addition to this is the estate used by the specialist colleges. Taking into account projects in progress and those approved but not yet started, the FE estate will reduce to approximately 739,000 m². This compares to a theoretical maximum size of approximately 759,000 m². Against this measure, the FE estate in

the region will be within acceptable space limits albeit with potential for further reduction with continued improvement and rationalisation.

The chart below shows space utilisation by LSC Area.



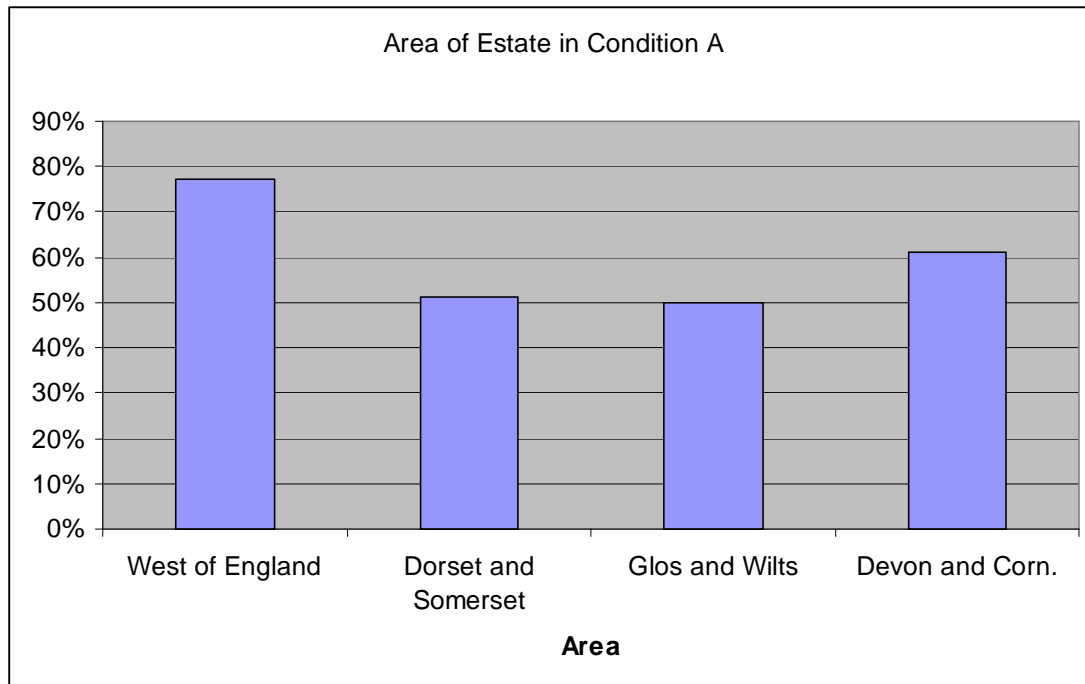
To come close to minimum space requirements would mean further reductions in the overall estate of 120,000 m² from the 739,000 m² currently approved. This could equate to annual running cost savings of up to £7,000,000. Devon and Cornwall shows that the estate, based on current plans and approved projects, is still too large. In almost all cases, colleges in this Area are progressing well with plans to address this through their own modernisation and rationalisation plans. Area and regional teams will be working closely with colleges to ensure that they deliver on these developing plans.

In all cases Area LSCs should concentrate on getting colleges to complete the good work already well under way.

[Image]
LRC Building, Pool, Cornwall College

3.0 Condition

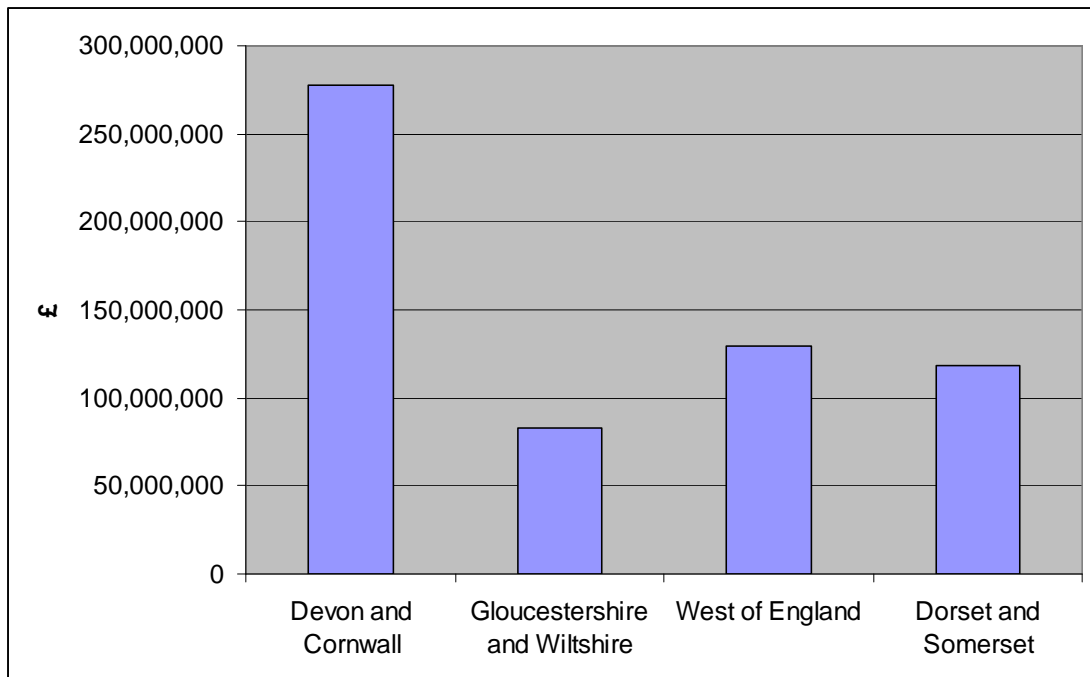
Once all current and approved projects are completed, just over 480,000m² (or 65%) of the FE estate in the South West will be considered to be in RICS category A, or excellent/as new. This indicates that a further 258,000 m² of floor-space does not meet this standard. Taking into account the potential for further rationalisation, this indicates that substantial renewal or refurbishment of 138,000 m² will be needed within the next ten years. The chart below sets out the proportion of the estate in condition A across the 4 areas of the region.



This shows a significant change on the previous year and is indicative of the way in which colleges are assessing the quality of their estates. As colleges start to review property strategies in light of current expectations, so their view of the condition and suitability of existing estates has become more realistic.

4.0 Future Requirements for Investment

The chart below illustrates the identified funding requirements for the South West region. This is based on projects identified in individual Area capital plans as well as an assessment of the extent to which the projects identified address all space and quality issues of respective colleges. Where colleges have not, to date, identified potential projects to complete their modernisation and rationalisation, they will need encouragement and support from the LSC to do so. Over the last twelve months, almost all colleges in this situation have begun the process of major review of their property strategies.



5.0 Priorities for investment derived from estate analysis

Area capital planning has taken account of the following points arising from the above analysis:

- In all South West LSC Areas there remains work to do to complete the modernisation and rationalisation process. The estate in all but one of the areas is within acceptable space standards. However, all are close to the theoretical maximum, indicating that there is potential for further rationalisation.
- Although Devon and Cornwall is the only region shown as having too much space, the change to four Areas, from six LLSCs has masked issues that carry through to this updated capital plan. In particular, the FE estate in Wilts and Swindon is over provided in terms of space. To address this within a reasonable timescale will involve giving significant support to particular colleges. These colleges are well underway with development of new property strategies to address their space and quality issues.
- Proposals under development at Bournemouth, Dorset and Poole and Devon and Cornwall will have a major impact on both space utilisation and, more importantly, quality of facilities although work remains for colleges to address outstanding quality issues.

For a more detailed analysis of the existing FE estate, please see Appendix 3.

[Image: South Devon College]

Section 4 – Budgets and Funding

1.0 Capital Investment Demand in the South West

Previous investment under the LSC in the region (to 2006) is estimated at £322 million, with capital support for the projects of £112 million (see Appendix 4).

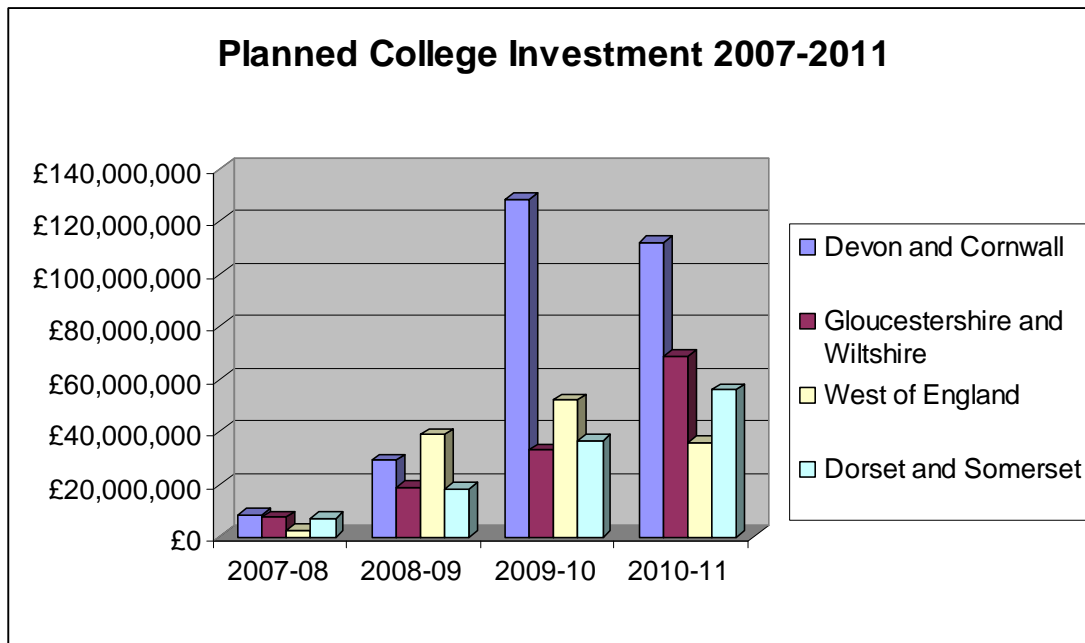
Working with the partnership teams it is estimated that, at today's building costs, approximately £653 million, between 2007 and 2011, is required to achieve regional and national priorities, with a peak in investment in the years 2009-10 and 2010-11. This figure compares with £426 million set out in the previous Regional Capital Strategy for the period from 2006 to 2011. In addition to this the peak in investment has moved out from 2008-09 and 2009-10. These figures exclude funding through the 16-19 Capital Fund, CoVEs and FE Skills Academies.

This is driven by employment and demographic factors relevant to the South West and the condition and size of the existing estate. Depending on colleges' abilities to borrow against future income, the LSC will need to invest between £228 million and £326 million (based on assumed 35% and 50% intervention rates). These changes are indicative of two main factors:

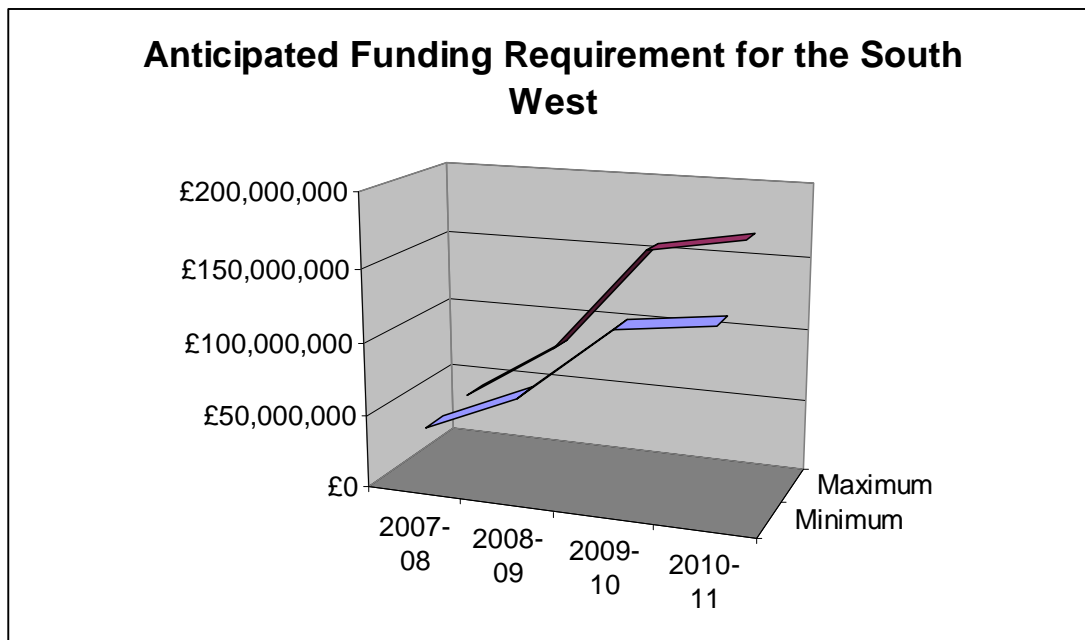
- Colleges are undertaking more fundamental reviews of their estates, being far less tied to their existing locations and/or estates
- Projects are getting much larger and more complex, taking longer to prepare and plan for.

For 16-19 Capital, CoVE investment and FE Skills Academies, an assumption of required funding of 10% of the capital available, nationally, is assumed throughout the plan period. On this basis there is an additional funding requirement of £124 million in the next five years. Capital investment in FE Skills Academies is already prioritised to a regional hub for the Nuclear National Skills Academy, and support will be given to the development of the proposed Dyson School of Design Innovation in Bath Quays.

The chart below set out the investment and grant profiles for investment in the Further Education estate in the South West. A more detailed breakdown for each LSC area is set out in Appendix 5



The chart below illustrates an increasing LSC contribution over the plan period up to a maximum range of £127 million to £168 million (assuming a grant support range of 35% to 50%).



2.0 Specialist Colleges and the FE Estate

Following on from the recommendations made in the review of national LLDD provision (Through Inclusion to Excellence, reference LSC 2005), interim assessment criteria have now been developed to enable capital investment in this part of the sector. However, the outcome of the review now needs to be set in a

regional context for the South West so that capital investment can be targeted effectively.

The South West LLDD strategy recognises the need to reduce the number of learners having to travel/reside away from home by creating more local provision. In planning and developing this provision providers will need to consult and work in partnership with stakeholders including local authorities (Childrens' and Young people's Services, Adult Social Services and Housing Authority) , Connexions, health authorities, Department of Work and Pensions, community and voluntary sector, learners and service users and their carers.

The South West Region has led the way in 2006 with agreement to provide capital support to major proposals put forward by National Star College. Approval in principle has since been granted providing grant support towards a £15 million redevelopment of the college's estate at Ullenwood in Gloucestershire. Detailed applications for phases 2 and 3 are due to be submitted in the summer and autumn of 2007.

It is expected that this will lead the way for similar strategic investments in other parts of the country.

3.0 Sources of Funding and Affordability

It is not proposed that the methodology for funding in the FE sector will be changed. Funding for projects will still be sourced from the following:

- **Sales of surplus land and existing estates** – where major modernisation and rationalisation is to take place, colleges will need to consider the extent to which their existing estates exceed requirements. In the past, disposal receipts have formed an essential element of funding for capital projects nationally and in the region. Colleges in the South West have been very effective in raising funds in this way but will need to continue to do so in the future. Similarly, where college relocations are planned, the existing estate will often be a substantial source of funding, particularly where the estate can be redeveloped for housing.
- **Providers' borrowing and use of reserves** – another major source of development capital, it is one where the LSC expects colleges to take on long-term borrowings to assist in financing capital investment. The 2006 *Capital Handbook* has relaxed the affordability criteria to a certain extent, ie the levels of borrowing that colleges should take on before LSC capital support is available. Colleges in financial health groups A and B will normally be expected to have borrowings in the range 30% - 40% of turnover. Colleges in financial health group C which are working to recovery plans instigated by the LSC will normally be expected to have borrowings in the range 15% - 25%. Many colleges that inherited significant reserves on incorporation have already exploited the opportunity to use these funds to help fund capital projects and this is a diminishing source of future funding across the sector.
- **Private sector investment** – PFI has not had a major impact on investment in the sector. Public Private Partnerships (PPP) offer more potential for innovative investment, especially where complex land transactions are involved and colleges need to minimise risk over a long term project.

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- **LSC capital funding** – the level of funding provided by the LSC is dependent on the extent to which other sources of funding have been utilised. Since grant support has been based on affordability assessment of college finances (from 2003), the average rate of LSC funding has been increasing. However, even since the affordability criteria were relaxed, some colleges and their corporations have been wary of taking on the levels of debt required, which can slow down or otherwise jeopardise the delivery of projects. The advent of demand led funding and open, competitive tendering with consequential uncertainty in funding levels may heighten this reluctance
- **Others** – Some college developments have attracted funding from other sources such as European funding (through RDA and GOSW) where development has linking economic development and regeneration benefits.

30% of south west colleges are in financial health group C, compared to the average for England of 19% (benchmarking from FE Colleges' 2006-09 Financial Plans). Borrowing as percentage of income is also high in the South West. **This may lead to a requirement for higher LSC grant rates in the region compared to other parts of England.** Proposed mergers and the possibility of other mergers in the future will also have an impact on demand for capital.

[Image:Gloscat]

Section 5 – Delivering the Investment

The South West region will look to prioritise projects that will accelerate the renewal of the estate most effectively. Investment should also aim to increase quality of provision and to increase participation at all levels. Integrating curriculum and capital planning will be a key means of achieving this.

1.0 Regional Priorities for Capital Investment in the South West

Higher priority for capital investment will be placed on projects that address or arise from the following:

- Meeting needs identified through Area capital reviews, StAR and/or Area Wide Review and/or where known areas of significant future population growth occur
- The key regional priorities identified in the Regional Commissioning Plan and Regional Skills Action Plan
- Meeting the need to complete the modernisation and rationalisation of the FE estate in the region.

In addition to this, investment should be prioritised where it addresses the following :

- LSC Strategic Priorities and National Capital Strategy
- 14-19 White Paper
- Skills White Paper
- Recommendations arising from the Leitch review
- Agenda for Change

Capital investment will be in buildings that are:

- in the right place to meet the needs of learners, employers and communities
- offering the right facilities to meet developing needs
- inclusive for all, regardless of sex, ethnicity or disability
- efficient in terms of space, energy and business processes
- sustainable – balancing environmental, social and economic needs

2.0 Process for development/review of capital projects

Over the last year there have been a number of changes introduced to the capital application process to promote an increase in the pace of modernisation and rationalisation in the FE estate. Most important of these was the introduction of up dated capital guidance, published in November 2006. This updated the previous guidance first published in 2003 and is available on the LSC Property Services web page:

<https://propertyservices.lsc.gov.uk/capitalhandbook/>

The key changes incorporated into this guidance were:

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- **Changes to capital delegations**
Recognising the role of the regions, this has introduced delegated powers to the LSC regions to approve projects with values up to £5 million, and grant support of up to 35%. This may change further once the new Regional Boards are fully established and the local Councils dissolved.
- **Project Fee Support**
The current fee support for feasibility work remains in place. In addition to this, two further levels of support are now available to ease cash-flow pressures on colleges developing large scale applications for approvals in principle and for detailed applications (see Appendix 7). In addition to the £100,000 available (on a match funded basis) for feasibility support, a further maximum of £250,000 (match funded by the college) is available to help cover costs of project development fees up to approval in principle – this is available for projects with values over £10 million. Depending on the level of grant support indicated at the approval in principle stage, up to £1,000,000 is available to make the subsequent detailed applications.
- **Design and Sustainability**
The LSC is now placing a greater emphasis on the importance of building design and increasing sustainability in new buildings. Colleges applying for capital support now have the opportunity to apply for an additional cost allowance of of the net building cost for elements within the building, which address sustainability. However, the LSC cannot fund 'tokenism' and it is essential that all such applications are soundly based on viable grounds, both in financial and resource terms.
- **Affordability Assessment**
This has already been referred to in the Plan (see Section 4). The requirements for college borrowing levels to fund development have been relaxed. Colleges in financial health groups A and B would normally be expected to borrow within a normal range of 30% to 40% of total income. Colleges in financial group C, with recovery plans instigated by the LSC under the Financial Memorandum, would be expected to borrow at 15% to 25%. However, the over-riding consideration for all providers is affordability.

3.0 Partnership with Colleges and other Providers

Delivery of this strategy is dependent on a partnership approach between providers and the LSC area and partnership teams. Following Agenda for Change, new internal structures will offer educational planning support to providers in developing plans to meet regional priorities. As part of the annual capital planning process, the LSC teams in the South West will, within the context of capital availability, verify that projects identified within its capital plan are likely to meet national and regional priorities and agree a balanced, deliverable portfolio of projects to be taken forward in the next 1 to 3 years.

The role of the partnership teams is critical to the process of delivering the capital investment. They will provide the link to the providers so that they, the regional finance team and national property team can work closely with colleges in developing viable, deliverable projects.

Moving towards a plan-led process against specific priorities will result in great advantages including that investment will be made where it is needed most - providing a coherent and evidence based programme. Lead times for delivery are anticipated to be reduced as more consistent support from the LSC is provided and we are therefore confident that implementation of the capital profile shown can be achieved.

4.0 Partnership with Key Organisations at Regional Level

There is likely to be significant benefit in working more closely with SW RDA and with GOSW, especially where LSC investment plans fit with funding available from these organisations. It will be necessary to identify where these areas might be and the SW RDA has agreed with the LSC to develop and establish a protocol to facilitate appropriate co-investment. Once established, the protocol will be included as an annex to the Regional Capital Strategy . This is particularly relevant to regeneration areas where investment in FE infrastructure has already been shown to be an effective catalyst (eg Gloscat and Gloucester Docks). Such examples show how a co-ordinated investment strategy can benefit both learner provision and regeneration.

The SW RDA can provide funding and support for the region's colleges and has done so in the past. This is demonstrated recently by RDA investment at GlosCAT, SCAT and South Devon College. The SW RDA's investment through the Learning Works for All fund has provided colleges with additional employer based facilities, for example the Yeovil College/GKN Westland trade union learning centre.

The SW RDA's expertise in sustainable construction, as well as its involvement in development of new technologies and sectors should also be utilised through the protocol.

Future planning should also be based on closer working with HEFCE – particularly where local progression routes need to be developed or strengthened.

5.0 Future Investment Requirements

As has been indicated in earlier sections of this strategy, future infrastructure needs, beyond those already underway or approved, total some £530m. This does not preclude new capital requirements emerging in the future as national policy drivers and other factors impact on provision in the region.

As has been previously noted, traditional approaches to planning space utilisation will increasingly need, increasingly, to reflect the changing learning environment and the trend towards increased use of learning in community settings and the workplace. The further development of visual and audio technologies, 3D imagery and graphics and improved synchronisation, will result in the provision of instantly accessible learning in a variety of settings. Such developments also have the potential to impact on assessment and examination practice.

Final Draft 2007 (Excluding Images)

It is however, also important to recognise that such technological learning provision still needs to be supported by realistic work environments so that practical skills and competencies are acquired in line with the needs and standards of employers. However, the next key shift in the use of funding may well need to reflect an investment in learning technology rather than buildings per se.

In addition, a priority will be to ensure that appropriate provision is available to meet the needs of LLDD learners and in the future, this is likely to focus on a move away from residential provision. Delivering appropriate local provision for such learners may place greater demands on providers but it will provide opportunities to widen participation. Developing technology will play a key role in this delivery.

[Image: Truro College]

APPENDICES

APPENDIX 1

References

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Prosperity for all in the global economy – world class skills – Final Report Leitch 2006

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APPENDIX 2 – List of CoVEs in the South West

LLSC	Lead Provider	Title of CoVE
Devon & Cornwall	Accountancy Plus (Training) Ltd	Accountancy
Wiltshire & Swindon	Avon Vale Training Ltd	Management of WBL in Engineering
Bournemouth, Dorset & Poole	Bournemouth & Poole College	The Bournemouth Centre of Culinary Excellence
Somerset	Bridgwater College	Automotive Engineering
Somerset	Bridgwater College	Early Years
Somerset	Bridgwater College	Tourism & Hospitality
West of England	Brunel Training Group Ltd	Brunel Training Group Advanced Engineering CoVE
Gloucestershire	Cirencester College	Financial Services
West of England	City of Bath College	Construction - Stonemasonry
West of England	City of Bristol College	Supervisory Management
West of England	City of Bristol College	Aeronautical Engineering
West of England	City of Bristol College	Catering
Gloucestershire	Clarkson Evans Ltd	Electrical Installations
Devon & Cornwall	Cornwall College	ICT Networking Skills
Devon & Cornwall	Cornwall College	Marine Engineering & Technology
Devon & Cornwall	Cornwall College	Tourism Customer Care
Devon & Cornwall	Exeter College	Business & Management
West of England	Filton College	Gas Installation
Gloucestershire	Gloucestershire College of Arts & Technology	IT Services
Gloucestershire	Hartpury College	Food & Drink Technology
Wiltshire & Swindon	Key Training (Swindon)	Retail
Wiltshire & Swindon	New College Swindon	ICT Technicians
Wiltshire & Swindon	New College Swindon	Early years & Childcare
Devon & Cornwall	North Devon College	Manufacturing & Manufacturing Support Services
Devon & Cornwall	North Devon College	Construction Trades
West of England	Norton Radstock College	Care
Devon & Cornwall	Plymouth College of Further Education	High Technology Engineering
Devon & Cornwall	Plymouth College of Further Education	Centre for Hospitality & Tourism (CHaT)
West of England	S & B Training	Centre for the Training & Licensing of Truck Technicians (Cen TraL)
Somerset	Somerset College of Art & Technology (SCAT)	Construction (Crafts, Professions & Sustainability)
Somerset	Somerset College of Art & Technology (SCAT)	Residential Care
Somerset	Strode College	Business & Management
Gloucestershire	Stroud College	Care - Residential Care
Wiltshire & Swindon	Swindon College	Automotive Manufacturing/Engineering
Bournemouth, Dorset & Poole	The Arts Institute at Bournemouth	Lens-Based Media
West of England	The Insurance Training Consortium Ltd	General Insurance Intermediaries
Devon & Cornwall	Truro College	Care
West of England	Weston College	CeRaMiC (Centre for Reskilling & Multiskilling in Construction Studies)
Wiltshire & Swindon	Wiltshire College (Chippenham)	Digital & Broadcast Media
Wiltshire & Swindon	Wiltshire College (Trowbridge)	Plumbing & Related Services
Somerset	Yeovil College	Advanced Engineering

APPENDIX 3

Estate Analysis

LLSC	Space Utilisation				Condition	
	Current/pre project GIA	Theoretical Maximum size	GIA with current proposals/projects complete	Difference between GIA of Theoretical max and GIA of current/proposed projects	Category A with current proposals/projects complete	% Estate in Cat A with current proposals/projects complete
West of England Gloucestershire and Wiltshire Dorset and Somerset Devon and Cornwall	154,867	176,865	157,929	18,936	160,597	77%
	167,081	166,266	158,759	-7,507	89,717	50%
	162,327	172,365	159,305	13,060	68,431	51%
	260,815	243,933	263,311	19,378	161,753	61%
Total	745,090	759,429	739,304	20,125	480,498	65%

APPENDIX 4

Sector Investment and Capital Support Under the LSC (by Local LSC)

LLSC	Total Investment	Total Grant
	£	£
Devon and Cornwall	118,944,396	38,809,292
Somerset	40,564,752	12,739,926
Bournemouth, Dorset and Poole	6,994,059	2,813,779
West of England	60,308,452	19,884,858
Wiltshire and Swindon	33,483,962	10,572,752
Gloucestershire	62,398,000	27,110,552
Total South West Investment	322,693,621	111,931,159

APPENDIX 5 - Funding Profile 2007-2011

LSC Area	Total Amount £	2007-08	2008-09	2009-10	2010-11
Devon and Cornwall	£277,560,000	£8,370,000	£29,190,000	£128,250,000	£111,750,000
Gloucestershire and Wiltshire	£127,900,000	£7,500,000	£19,000,000	£32,900,000	£68,500,000
West of England	£129,500,000	£2,500,000	£39,000,000	£52,000,000	£36,000,000
Dorset and Somerset	£118,000,000	£7,250,000	£18,250,000	£36,500,000	£56,000,000
Total GFE fund	£652,960,000	£25,620,000	£105,440,000	£249,650,000	£272,250,000
Cumulative Total		£25,620,000	£131,060,000	£380,710,000	£652,960,000
LSC 35% contribution	£228,536,000	£8,967,000	£36,904,000	£87,377,500	£95,287,500
LSC 50% contribution	£326,480,000	£12,810,000	£52,720,000	£124,825,000	£136,125,000
Other LSC Funding	£124,000,000	£30,000,000	£30,000,000	£32,000,000	£32,000,000
Total LSC Funding Minimum	£352,536,000	£38,967,000	£66,904,000	£119,377,500	£127,287,500
Total LSC Funding Maximum	£450,480,000	£42,810,000	£82,720,000	£156,825,000	£168,125,000

APPENDIX 6 - LSC Levels of capital delegation (including fee support and other property related consents)

Approval Required	Delegation	Delegated Authority to Approve
Project Approval and Grant Support	Projects up to £5 million and 35% grant	Regional Directors/Dorector of Resources
	Projects up to £10 million – up to 50% grant	Chief Executive or National Chairman
	Projects up to £30 million – up to 100% grant (including fee support to detailed applications)	Capital Committee
	Projects above £30 million – up to 100% grant (including fee support to detailed application)	National Council
Project Feasibility Studies	50% contribution to up front feasibility fee costs of up to £200,000	Regional Directors/Director of Resources
Project Developed to Approval in Principle	50% contribution to pre approval in principle fee support costs of up to £500,000	Regional Directors/Director of resources
Property Related Consents with no grant support	Projects with values or costs of up to £5 million and /or secured borrowing up to £10 million	Regional Directors/ Director of Resources
	Proposals with value or costs over £5 million and/or secured borrowings above £10 million	Chief Executive or National Chairman

APPENDIX 7 – Project Fee Support Arrangements

Procurement Stage	Minimum Costs £	Max LSC contribution £	Project threshold	Comments
Feasibility study	200,000	100,000	Over £5 million	As currently operated
In principle	500,000	250,000	Over £10 million	Similar to RIBA design stage C – outline drawings and estimated costs
Detailed approval	1,000,000	Variable – at in principle grant intervention rate	Over 10 million	Similar to RIBA design stage D – detailed drawings but with tendered costs