



Leading learning and skills

## **ACCELERATING CHANGE: INSPIRING PEOPLE TO LEARN**

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**The capital investment priorities of the Learning and Skills Council in the South East of England 2006-11**

## Foreword

This LSC capital investment strategy for the South East sets out how we plan to achieve our vision of creating **world-class buildings for Further Education by 2013**. That investment is vital to deliver the LSC's key goals of:

- raising **participation, achievement and progression** among **young people**;
- improving the **skills of the adult workforce**.

In both cases modern, efficient and flexible learning environments will make a major contribution to improving the delivery of learning and skills so vital to the continued economic success and development of the South East Region.

Our Regional Capital Strategy is closely aligned with the LSC's Agenda for Change reforms and supports the Government's 14-19 and Skills Strategies. The common goal is nothing short of a transformation of the Further Education sector to achieve a vibrant, high quality and responsive service to learners, employers and local communities alike.

The Regional Capital Strategy is not confined to simply updating what is already there. Our programme of Strategic Area Reviews has, for the first time, enabled us to understand local needs and - working with others - to start planning to meet them in a coherent way. This Capital Strategy is forward looking, drawing on these Reviews to ensure that the LSC invests to meet the needs of today and tomorrow.

There are, of course, already examples of excellent college buildings in different parts of the South East, many of which have been supported by the LSC since its inception in 2001. But achieving our ambitions for learning and skills requires a network of first class facilities across the whole of our Region. This Strategy sets out how we will accelerate action to achieve that.

We cannot achieve this goal on our own – it will take concerted efforts by individual institutions and local and regional partners as well as the LSC. But I am convinced that by working together we can deliver enormous benefits for the Region through our proactive approach to capital investment. This Capital Investment Strategy sets out how together we can accomplish that challenging and exciting task – I look forward to working with you to do just that.

**Henry Ball,**  
**South East Regional Director**

## VISION

To develop world-class buildings for world-class teaching and learning by 2013.

## STRATEGY

To help deliver the strategic objectives set out in the LSC's National and South East Statements of Priorities on 14-19; making learning demand led; transforming the learning and skills sector through Agenda for Change; providing the skills to assist economic development and public services, and strengthening the LSC's capacity to lead change.

To do so by ensuring capital investment is targeted on buildings that are:

- in the **RIGHT PLACE** to meet the needs of learners, employers and communities
- offering the **RIGHT FACILITIES** to meet developing needs especially by improving the quality of vocational facilities in CoVEs and the Action for Business College network
- are **INCLUSIVE** for all, regardless of gender, ethnicity or disability
- are **EFFICIENT** of space, energy and business processes
- **SUSTAINABLE** – balancing environmental, social and economic needs.

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## Executive Summary

### Overview

Capital investment by the Learning and Skills Council (LSC) and colleges is critical to attract and inspire people to gain the skills required to underpin continued growth of the South East and National economies and to meet individual and community aspirations.

This is the LSC's first Regional Capital Strategy for the South East. Whilst capital budgets and project appraisals will remain coordinated nationally, this Strategy provides **a regional framework for capital investment in buildings**. It partners our Annual Regional Statement of Priorities which guides providers in planning their curriculum priorities. The Strategy will be revised in 2006-07 in the light of the Comprehensive Spending Review settlement, publication of the South East Regional Economic Strategy by SEEDA, and organisational changes within the LSC.

The Strategy goes beyond simply replacing old buildings with new ones, and looks forward to consider future demand, including regional demographic trends, the way in which people will want to learn and where. It has been shaped by the Government's White Papers on 14-19 Education<sup>1</sup> and Skills<sup>2</sup>, the LSC's National Capital Strategy, the LSC's National Statement of Priorities and *Agenda for Change*,<sup>3</sup> the Foster review,<sup>4</sup> and Local Capital Plans for each of the six local LSCs in the South East –themselves based on comprehensive Strategic Area Reviews in consultation with providers and stakeholders.

Local LSCs will refresh their Local Capital Plan each year as part of their business planning, liaising with all providers, local Children's Services Departments and employers' organisations. In future, these will form an integrated approach to capital investment in post 14 education.

By responding to future needs and linking our capital investment with those of schools, universities, employers and other funding bodies, we can help deliver the increased productivity and high value-added workforce the South East needs. Strategic dialogues have begun with the Government Office for the South East (GoSE), the South East of England Development Agency (SEEDA) and the Higher Education Funding Council (HEFCE) with this Regional Capital Strategy forming a platform for taking these forward.

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<sup>1</sup> 14-19 Education and Skills White paper, DfES 23<sup>rd</sup> February 2005

<sup>2</sup> Skills: Getting on in business, getting on at Work, White paper, DfES, 22<sup>nd</sup> March 2005

<sup>3</sup> Agenda for Change, LSC, 2004

<sup>4</sup> Realising the Potential, A review of the future role of Further Education Colleges, Sir Andrew Foster, Nov. 2005

In addition to the policies outlined above, the Strategy is driven by the following analysis of demand and supply.

## **Investment drivers**

### **1. Demand – increased population**

Forecast demographic change and structural employment patterns in the South East are fundamental to future demand for further education and our capital investment priorities. Wherever possible, we will bring our investment alongside that of SEEDA and the OPDM to enable Further Education facilities to act as a central resource, underpinning the region's growth and regeneration.

**The South East's overall population is set to grow by 6%**, but by over 15% in Ashford and 12% in Milton Keynes (where employment is also expected to rise by 10% between 2001 – 2010). These areas will require exceptional levels of capital investment in social infrastructure to support sustainable development.

After a rise to 2009 the **14-19 year old population will decline by around 6%** until 2015 over the region as a whole, but grow as a proportion of the national cohort. However, there are substantial areas such as Ashford (Kent), Wealden District (East Sussex) and Elmbridge (Surrey), where the 14-19 population continues to grow.

Demand for Further Education facilities will also be driven by an increased emphasis on raising **participation and achievement** – particularly among young people in the areas of multiple deprivation shown by the darkest shading in the map below.

Through its **Building Schools for the Future** initiative, the Government is committed to a major investment programme modernising the nation's school buildings. To motivate young people to participate and progress into further and higher education, they must be attracted by buildings and facilities offering comparable (or better) quality than the schools they leave.

The increased proportion of older workers also makes developing workforce skills crucial.

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## 2. **Demand – employers' skill needs**

The economic success of the South-East, its proximity to London and growing sensitivity to EU and international competition means that skill bottlenecks and labour shortages will increasingly restrict future growth in key business sectors and occupations - unless decisive action is taken.

These pressures will be exacerbated by major housing growth in Thames Gateway, Milton Keynes and Ashford and the 2012 Olympics, which will have a powerful impact on demand for a range of construction and other skills.

For these reasons, our Capital Strategy has a key part to play in helping engage employers through a network of Centres of Vocational Excellence and accredited Action for Business Colleges (A4BC). To address higher level skills,

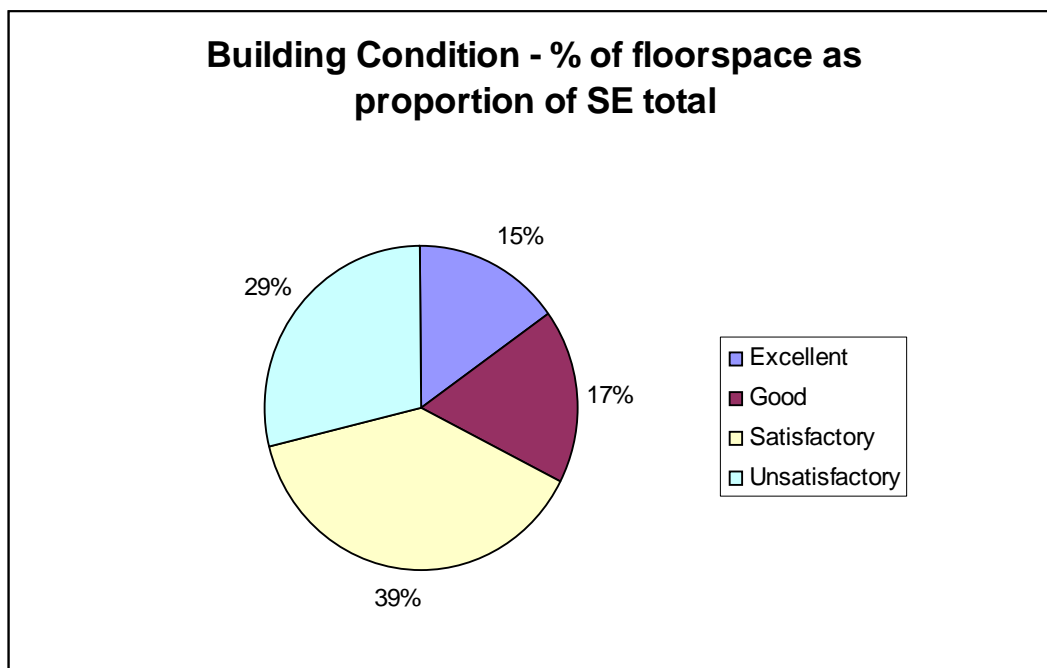
this network needs to be closely linked to businesses and Higher Education Institutions, strengthening knowledge transfer and synergies with scientific and technical research.

### 3. Supply – current state of infrastructure

How well is the current FE estate equipped to meet the above challenges of demand?

The South East has the largest number of colleges amongst the nine LSC regions – 64 in total occupying around 1.1 million m<sup>2</sup>. However, **around 30% of the floorspace is functionally obsolete** and a further 40% is in a condition which is only just satisfactory for teaching, but inefficient in space/energy consumption, and often restricted by Listed Building status.

Colleges could achieve a saving of £40 for every m<sup>2</sup> they reduce through buildings that are able to be used more efficiently. We estimate that the total floorspace across the region could be reduced by at least 200,000m<sup>2</sup> – a total potential saving in property operating costs of at least £8 million. Savings that can be recycled into improvements in teaching.



While there are some excellent facilities - many created with LSC support - the above analysis shows the current supply of facilities falls far short of what is needed. Clearly the quality of the South East FE estate must be upgraded comprehensively to address the growing demands of learners, employers and the economy if it is to deliver Government and LSC Strategies.

Moreover, there are significant mismatches between the current location/type of FE buildings and the pattern of future demand. This is shaped by new patterns of population growth (including very rapid growth in some parts of the region).



The general picture is one of some excellent facilities, but a vital need to accelerate the pace of change so that all providers offer an equally good standard of relevant accommodation and facilities.

## **Improving the Supply of Buildings and Facilities: The South East's Capital Strategy**

The LSC's national and regional response of these challenges requires modern FE facilities to help attract employers and learners and to give them the new skills they and the economy require. We will use our capital and revenue capacity to close the gap between demand for and supply of FE facilities, by accelerating the development of world class buildings through:

- supporting colleges and other providers to work collaboratively to **plan capital developments** in the light of needs established through our programme of Strategic Area Reviews;
- selected investment in **new learning campuses** such as those proposed in Ashford, Hastings and Portsmouth;
- **planning**, with Local Authorities through Local Area Agreements and Children and Young People's Plans, facilities for **vocational skills** in each area of our region,
- using opportunities provided by the **CoVE, Skills Academy and Action for Business programmes**.

Between 1998 and 2005, the FE estate in the South East has benefited from investment in capital building projects totalling £454 million.<sup>5</sup> However, given the size and condition of the remaining estate, we estimate further **investment of between £950 million and £1.4bn is needed at current values between 2006-07 and 2010-11**, with further estimated investment of £400m required to complete the transformation of the estate by 2016.

These figures include £30 million for three potential FE Skills Academies (in aeronautical engineering, ICT and health in Hampshire, Berkshire and Oxfordshire respectively). Over the same five year period to 2011, we also include an early estimate of demand on the 16-19 Capital Fund from schools of between £40 million and £50 million.

Local capacity needs to be enhanced significantly to cater better for 230 students each year with learning difficulties and disabilities. There is also a need for enhanced local provision for the 100 students annually from the South East requiring specialist residential learning environments. A further estimated £20million is required for this, with co-investment from a range of other agencies – including the NHS, Social Services and voluntary sector.

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<sup>5</sup> £313 million projects approved in principle and in detail by the LSC – some of which are still on site and £141 million approved by the FEFC net of projects approved but which did not proceed.

<b>Estimated investment required in the SE 2006-2011 (rounded up)</b>		
	Min £million	Max £million
GFE	900	1,300
Skills academies	10	30
16-19 Fund (schools)	20	40
LLDD and PMLD provision	20	20
<b>Total</b>	<b>950</b>	<b>1,400</b>

Of the above totals, some £50 million is estimated to be duplicative. This occurs where two or more colleges share a travel to learn area, and are both seeking to develop capital projects independently. In many cases potential duplication has been removed by the LSC working closely with colleges through our Strategic Area Reviews and planning processes. However, some proposals of this sort are still in the process of resolution, particularly where they border another local LSC or LSC region. We will resolve these through further regional and inter-regional scrutiny of capital proposals as the other LSC regions develop their Capital Strategies.

Of the maximum investment required between 2006-07 and 2010-11, £0.4bn - £0.7bn (modelled indicatively in the graph below at 30% and 50% levels of contribution) is expected to be from investment by the LSC, with the remaining funding from the colleges themselves through asset disposals, reserves or commercial borrowing at a prudent level against their future income stream (mostly derived from contracts with the LSC).

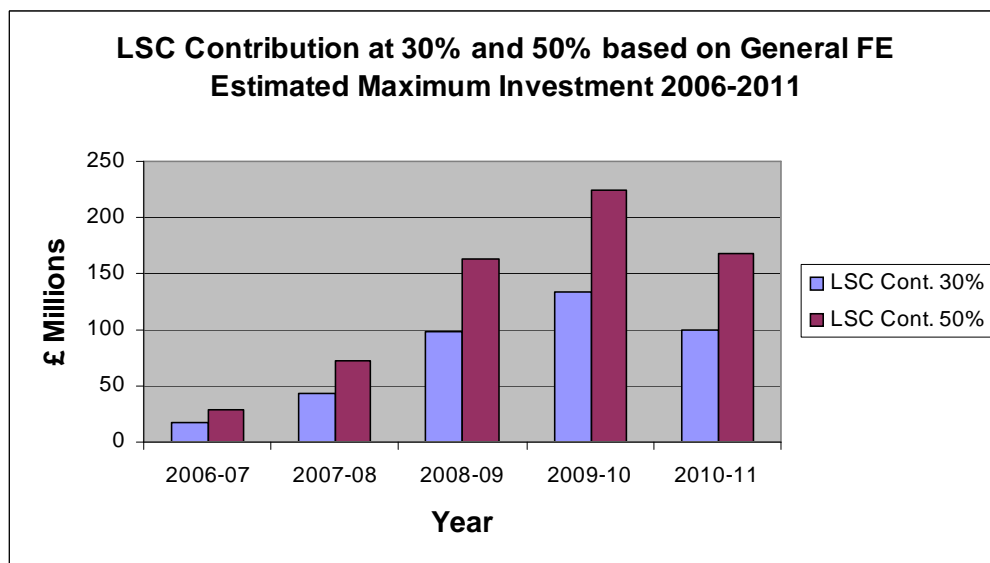
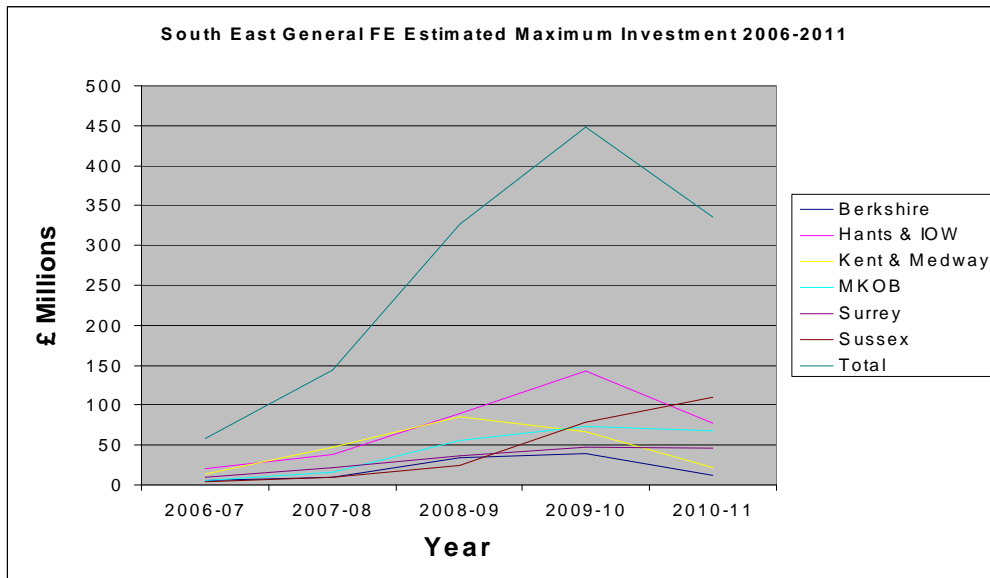
The current average level of LSC support in the South East is around 30%. However, the financial capacity of colleges to co-invest varies considerably. The turnover of colleges in the South East ranges from just under £3 million to over £30 million. Some have no physical assets against which to secure borrowings and only a few have surplus assets they can realise. As the more easily financed projects are completed, the trend will be one of a diminishing capacity to borrow or dispose of assets and, in the absence of other funding instruments, the level of LSC support is likely to rise significantly from the current average.

## **Delivery scale and programme**

To accelerate the rate of progress requires larger scale projects, with the majority of works on site or under contract by 2008-11. We anticipate that economies of scale will partially offset forecast rises in construction costs over the period (largely associated with major infrastructure projects distorting South East labour and materials markets) but we and national project appraisal processes will continue to manage cost carefully in the implementation of the strategy.

We have estimated an **investment profile** by reference to realistic lead times to develop major projects, (depending on project complexity) and a consistent formula for

their spend profile where this is not already known. The maximum investment (and call on LSC funds) will be required from 2008-09 onwards.



## Return on investment

This capital investment strategy aims to bring about sizeable returns including:

- Reducing overall floorspace across the region by at least 200,000m<sup>2</sup>. This will come from the greater space efficiency of new buildings and more rational provision based increasingly on integrated, collaborative area-based capital solutions. Where appropriate more learning taking place in employers' premises and through e-learning (at higher levels) has been taken into account.

- Reducing providers' property-related operating overheads by around £8million with a significant impact on their bottom line and resources for improving educational quality,
- Improving participation amongst 14-19 year olds – as the location and quality of facilities improve,
- Increasing student achievement – especially amongst vocational learners as facilities offered become increasingly relevant and attractive to their needs,
- Increasing progression routes and knowledge transfer through better links with Higher Education Institutions and Business,
- Enabling more students with learning difficulties and disabilities to access learning locally in good quality environments.

In summary, this level of investment will improve dramatically the learning environment for all students – now and in the future – thus making a substantial contribution to the LSC's goals for participation, achievement skills and economic regeneration.

## Risks

Risk is inherent in all strategic plans. We have identified the main ones and how they can be managed to minimise their impact on the objectives of this strategy. While most can be managed to an acceptable level some, like construction costs and population growth, remain beyond the ability of the LSC to control directly, although we can mitigate some of the effects through improved planning and procurement.

The main risks identified are:

- **College reluctance to co-invest** through borrowing – particularly against uncertainty of future income;
- **College capacity and know-how** in delivering large-scale development programmes, with a resultant tendency to prefer smaller, incremental projects or for delivery to slip by one to two years;
- **LSC capacity** to support and encourage strategic capital investment, as opposed to reacting to provider proposals,
- **LSC funding** that demand for funding exceeds available national budgets, requiring phasing of sound investment proposals (the main source of risk here is the likely increase in the required level of LSC contribution),
- **Increased construction costs and capacity** bottlenecks in London and the South East from the Olympics and major infrastructure/housing plans,
- **Funding regime and statutory restrictions** inhibiting co-investment and capital planning with schools, employers and Higher Education;
- **Population growth** being slower than forecast, depressing demand; and
- **Town planning** slowing down development and adding costs where providers lie in sensitive planning areas or have unsympathetic planning authorities.

The South East's Regional Infrastructure Group maintains a Risk Register and associated plans to manage and counter these key risks.

## **Our resolve**

The Government has entrusted the LSC nationally with a significant increase in capital budget, demonstrating its appreciation of the key role Further Education has to play. This represents a once-in-a-lifetime opportunity for Colleges and other providers to improve the quality of their estate. Not simply to overcome the neglect and lack of investment of past decades, but as a positive lever to raise participation and achievement levels and to emerge as serious players in meeting business demand for skills.

Some of the journey involves hard investment decisions – particularly where curriculum provision is duplicated or fails to address local need. The strengthened LSC national and regional support teams resulting from Agenda for Change are committed to overcoming the risks and, working with providers, to ensure the aims of this Strategy are achieved.

## Government's Policy Drivers

Lying at the heart of the LSC's national capital strategy and this regional capital strategy for the South East are two key government White Papers for post 14 education<sup>6</sup> and *Skills*.<sup>7</sup> Aimed at improving skills to underpin the UK's continued competitiveness, these policy drivers require substantial capital investment in further education to enable it to meet the future needs of a very wide "client group of learners".

For example, FE buildings may have to respond to the needs of students ranging in age from 14-16 year olds for whom there is a particular duty of care through to attracting businesses seeking to improve workforce skills. This broad spectrum of client groups requires learning environments that range from classrooms, up-to-date IT capabilities, to vocational and specialist training environments to meet sector skills needs. Modern, flexible accommodation and facilities are critical to secure the confidence of businesses and so underpin the high quality teaching being delivered by the network of accredited Action for Business Colleges and Centres of Vocational Excellence.

## The LSC's Policy Response

To support these Government policy aims, the Learning and Skills Council is committed to a qualitative transformation of the further education sector. The **Business Excellence** strand of Agenda for Change is a means of driving up the quality of delivery and operational efficiency and is closely linked to the aims of this Capital Strategy. Complementing the *Agenda for Change* is Sir Andrew Foster's Review<sup>8</sup> which aims to deliver a step change in governance and leadership to equip colleges to deliver an enhanced skills and economic role.

To ensure that local provision responds to these drivers, the LSC's programme of Strategic Area Reviews has developed plans to align the supply and demand for learning and skills. The six South East Strategic Area Reviews form the basis for this Capital Strategy and play a key part in ensuring it responds to future needs rather than past patterns of provision.

<sup>6</sup> 14-19 Education and Skills White paper, DfES 23<sup>rd</sup> February 2005

<sup>7</sup> Skills: Getting on in business, getting on at work, White paper, DfES, 22<sup>nd</sup> March 2005

<sup>8</sup> Realising the Potential, a review of the future role of Further Education Colleges, Sir Andrew Foster, November 2005

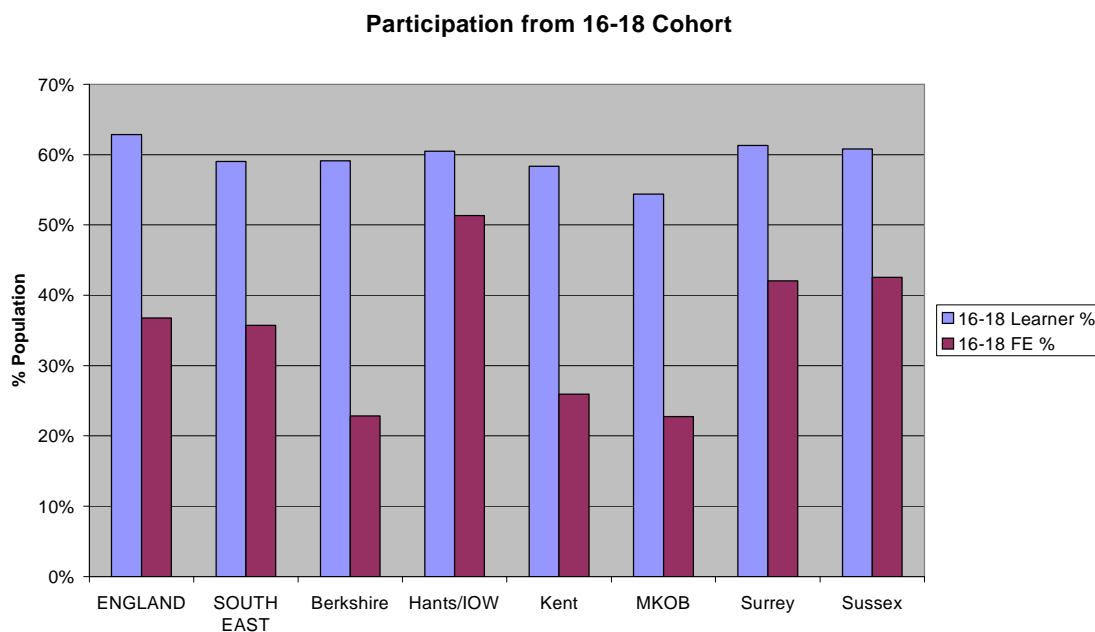
## Population drivers

As well as national policy drivers, the FE estate must respond to demands from population growth. The region's **population** is forecast to grow rapidly – by over 6%, or the equivalent of four times the population of Oxford, between now and 2016.

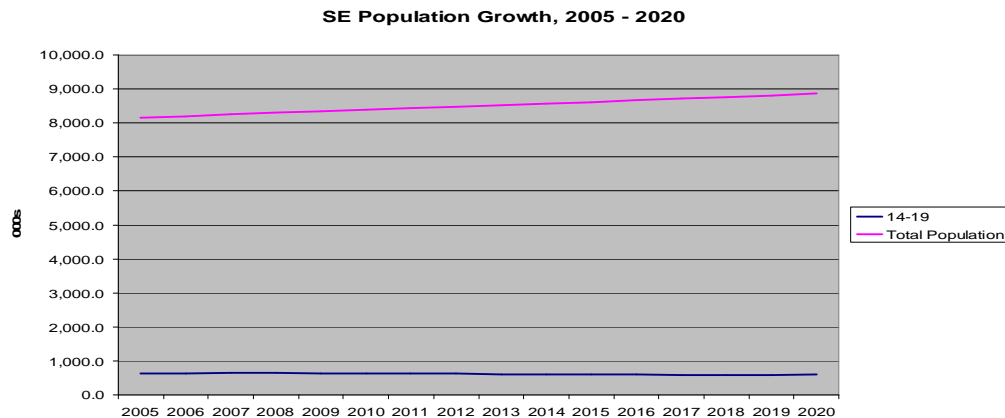
As well as the overall increase in numbers, the estate must respond to the needs of different segments of the population. The South East's ageing population will require the skills of **older people** to be kept up to date.

Consistent with an ageing population nationally, the South East's **14-19 cohort** is forecast to decline by around 6% in the period to 2016 with a return to moderate growth soon after. Importantly, however, the *proportion* of the National 14-19 population found in the South East increases over this period and there are sizeable areas in the region where the 14-19 population will continue to grow.

Moreover, our objective of **widening participation**, means an anticipated growth in demand in the South East amongst 14-19 year olds. (The current revenue funding to support this growth and the knock on effect on capital projects is discussed more in section 4).



Sources – ONS (Population) & SE Regional Book (Learners)



Source, ONS, March 2005

The Government has also identified three areas in the South East, where growth does not follow the overall regional trend (Ashford, the Thames Gateway and Milton Keynes). Some locations experiencing very high growth at micro-level, will need exceptional future investment to serve 14-19 year olds. This will include working closely with schools and the Higher Education sector to create successful local progression routes.

<b>Areas of forecast 14-19 population growth</b>		
	<b>14-19 Pop'n Growth % to 2016</b>	<b>Increase (Number)</b>
Basingstoke & Deane	0.91	100
Thanet	2.00	200
Tonbridge & Malling	2.22	200
Shepway	2.78	200
Windsor & Maidenhead	2.80	300
Canterbury	3.10	400
Winchester	3.19	300
Surrey Heath	3.30	200
Rother	3.45	200
Mole Valley	3.51	200
Epsom & Ewell	3.85	200
Swale	3.88	400
Vale of White Horse	4.08	400
Horsham	4.40	400
Reigate & Banstead	4.46	400
Brighton & Hove	5.11	900
West Oxfordshire	5.56	400
Cherwell	5.88	600
Worthing	5.97	400
Guildford	6.36	700
Oxford	6.43	900
Tandridge	6.56	400
Runnymede	6.90	400
Arun	7.22	700
Eastbourne	9.33	700
Wealden	11.71	1,300
Ashford	14.44%	1,300
Elmbridge	13.68	1,300



While the South East lacks a single city focus, it has a series of important towns and conurbations, like those along the Sussex coast and Solent estuary. We will work with SEEDA and the Higher Education Institutions to maximise co-investment bringing together our complementary mandates. In addition to the **super-growth** areas, examples are likely to include **Slough/Reading, Hastings, Brighton, Dover/Folkestone, Southampton and Portsmouth**. Simply building the new communities of **Milton Keynes, Ashford**, the **Thames Gateway** and other high growth areas such as the **Blackwater Valley** will require exceptional investment in construction and engineering facilities but other facilities will also be needed to serve their longer-term needs.

80% of the South East region is classified as rural. The region has a poorly-integrated and expensive public transport network – especially compared with London. This Capital Strategy has had to find effective solutions to deliver choice and a high quality of further education to meet the need of rural populations without asking (especially younger people at Levels 1 and 2) to travel unreasonable distances.

The Local Capital Plans which underpin this Strategy address these issues, drawing on our Strategic Area Reviews.

## **Inclusion**

The national LSC LLDD review highlights the need for increased local capacity to provide specially-adapted accommodation to enable students with physical and other **learning difficulties or disabilities** to learn alongside their able-bodied colleagues. About 230 places are needed each year. The present supply is significantly short of this.

**Specialist residential facilities** for around 100 students each year from the South East with complex learning needs will be required to equip them with independent living skills. This includes space for attendant carers and specialist medical and paramedical facilities. Although some facilities already exist, much requires replacement and some is not in the right place. Co-investment with charitable bodies, colleges, local health and social services departments will need to be better coordinated.

Ensuring that providers procure sufficient levels of childcare on site or nearby remains important to ensure that women are not excluded from learning opportunities and colleges are able to recruit and retain teaching staff of the highest calibre irrespective of **gender**.

Although the South East overall is not as ethnically diverse as London and other conurbations, the needs of **ethnic and faith minorities** will be taken fully into account in our capital and provision planning.

### **Raising competitiveness**

By encouraging increases in research and development, technology-based industries and employer engagement with education and training, the Government is seeking to create the conditions for the UK to achieve competitive advantage as a high-wage, high-skilled economy. The LSC therefore has a crucial role to play in raising skill levels, particularly in the tight labour markets of the South East. This Capital Strategy has a key part in this, given the evidence now emerging to demonstrate improvements in participation, retention and achievement resulting from better building environments.<sup>9</sup>

### **Regional economy**

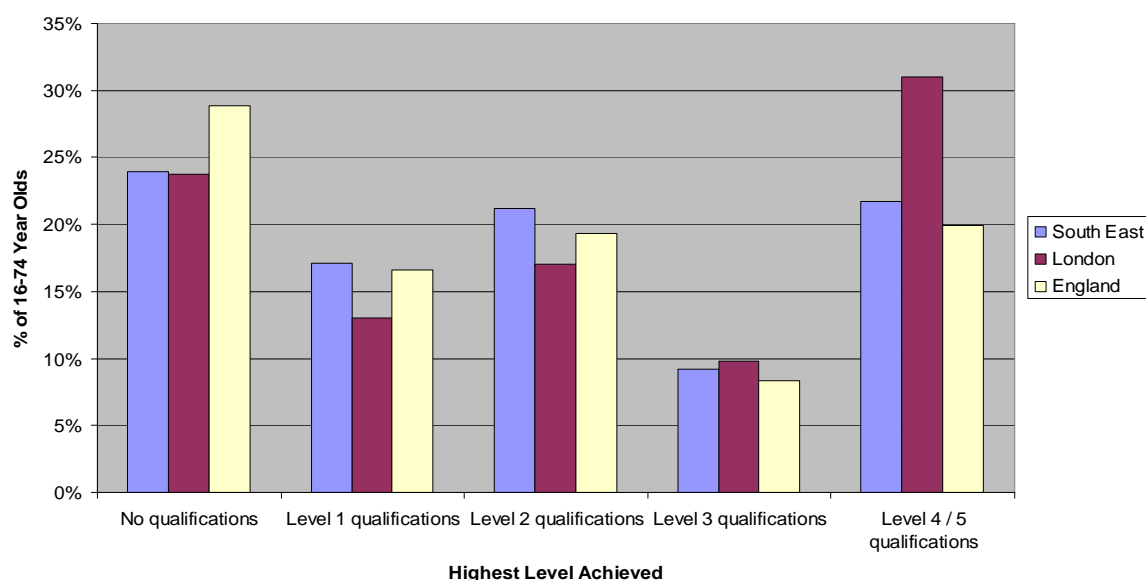
The South East is often seen as a region blessed only with the problems of success. However, being part of the world economy and having such a close labour market relationship with London, the South East has to maintain its competitive edge if its success and ability to contribute to the UK economy is to continue. Appendix A profiles the regional economy: the importance of the service economy is clear, but manufacturing and construction are also significant sources of jobs.

Inward investment and Gross Domestic Product are high. Educational achievement, especially at higher levels, is good, although lagging behind London. Unemployment is generally extremely low. While South East labour markets with access to London are buoyant and growing, this generates current and future skill gaps and bottlenecks. Furthermore in some coastal, rural and old industrial areas there is more slack but, new skills are required here to stimulate regeneration.

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<sup>9</sup> Frontier Economics, 2005

**Qualifications by Level in SE, London & England, 2001**



Source – 2001 Census

Note – Learners in 2003/4 academic year

Along with London, the South East lags the English average for those with no qualifications at all and has some pockets of exceptionally low post 16 participation (with NEET rates of up to 15%). Many need to acquire generic skills to improve their employability and take advantage of the South East's job vacancies.

## South East sector priorities

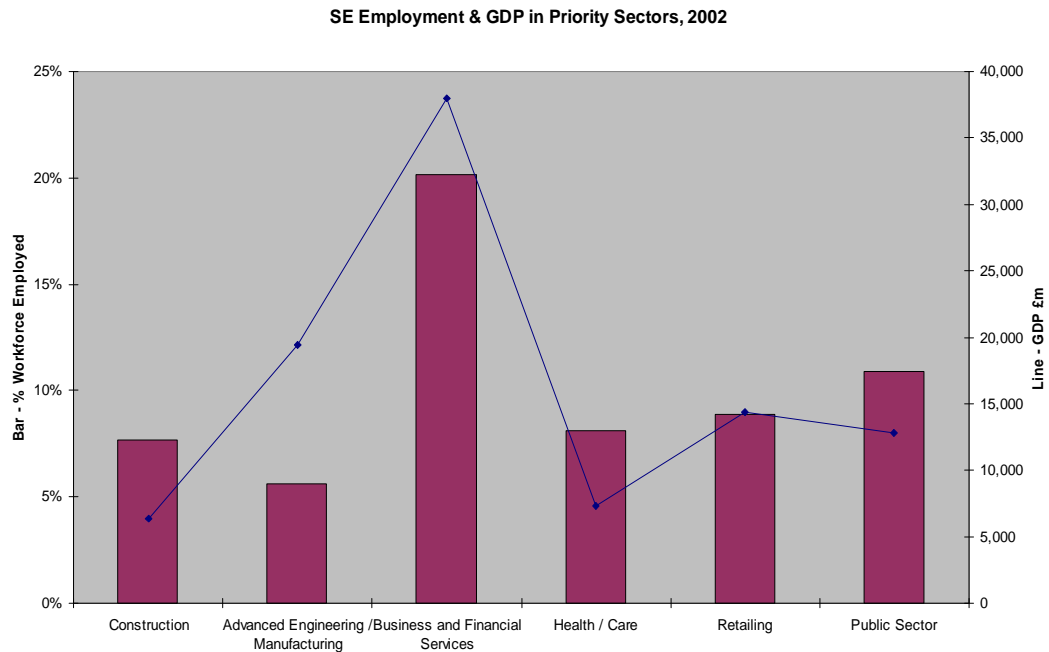
Five key skills priorities of the South East have been identified by the South East Regional Skills for Productivity Alliance which includes the LSC, SEEDA, GOSE, Higher Education Institutions, Employer organisations and Trade Unions:

- i. **Construction** – critical to delivering the sustainable communities planned for the South East and the major on-going and planned infrastructure projects, as well as guaranteeing a pipeline of specialist craftspeople to maintain and restore the region's existing buildings,
- ii. **Advanced engineering/manufacturing** – necessary to ensure that the UK's economy remains at the cutting edge of world technology and providing structural resilience to the South East economy,
- iii. **Business and financial services**, employing substantial numbers within the region's business hubs and contributing to the higher value-added economy,
- iv. **Care** – increasingly necessary in an ageing population structure and enabling more women to benefit from full participation in the workforce,

- v. **Retail** – a major contributor to regional GDP, a vital entry point to employment and increasingly focused on the value derived from customer service.

Additionally, delivery of skills for the **Public Sector** has been prioritised for all LSC regions in support of the Government’s Skills Strategy.

The graph below shows the relative importance of these sectors in terms of the numbers employed and their contribution to Gross Domestic Product.



*Workforce Data Source* - from Experian Business Strategies, Regional Planning Service – 2004. *GDP Data Source* - ONS Regional Accounts, Part 1. 1998 (with GDP from 1997 uplifted by headline inflation from Dec 1997 - Dec 2002)

## Working with employers

The LSC’s *Agenda for Change* encourages Further Education providers to respond to skill needs like those above by offering employers the high quality services, facilities and expertise. As the region is characterised by SMEs, provision will be delivered from a combination of on-site FE facilities, training on employers’ own premises and, at higher levels, potentially through e-learning. In the South East, we are achieving this primarily through our **Action for Business network, Centres of Vocational Excellence** and **Further Education Skills Academies**. Appendix B provides a list of CoVEs and accredited A4BCs in the South East and which are described below.

### Action for Business Colleges (A4BC)

These will act as hubs for employer engagement across the South East, with more than 20 colleges accredited independently as a specialist network across the region. This will help develop the workforce by delivering specific skills employers need locally. For example, if skills in construction are a particular issue for local employers, the A4BC network will deliver training either in the workplace or in

colleges. Specific capital investment is required to provide world-class facilities to match teaching excellence.

### **Centres of Vocational Excellence (CoVEs)**

Enhancing facilities in colleges which become CoVEs (originally concentrated on Level 3 but extending into Levels 1 & 2) 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. Vocational centres to address the needs of the 14-16 year olds are envisaged by Government and, subject to greater investment flexibilities, may in future be planned alongside schools provision.

### **Further Education Skills Academies**

The entrepreneur-sponsored Further Education Skills Academies announced in the 2005 White Paper on Skills will be a significant addition to the above initiatives. Skills Academies are employer-led centres of excellence aimed at delivering skills needed to raise sectoral productivity and competitiveness. They will represent an equal investment partnership between a sector sponsor, the LSC and a college to provide the training. Capital funding – which, subject to budget availability, will come from the general Further Education budget (assumed to be at least 50% from the private sector lead sponsor with a contribution from the LSC of around 35% and the balance from another partner).

The LSC in the South East is working closely with SEEDA and the **Regional Productivity Alliance** to coordinate the engagement of private sector leadership and by 2008, aim to have secured an **IT Academy** in Berkshire, to be followed by possible Academies in **aerospace** and the **health sector** in Surrey/Sussex and Oxfordshire respectively, with an investment of around £30 million.

Other ways in which the region will address skills needs will be to work in collaboration with specialist academy schools, the region's universities (to address higher level skills) and by re-skilling workers over 50.

## **Summary of the demands on the Further Education estate**

Taken together, the demands outlined above have a number of significant implications for the FE estate.

Further education buildings now have to deliver learning opportunities to a very **wide client group** including 14-16 year olds on pre-vocational training, 16-24 year olds who may be involved in anything from a traditional A Level in music to an NVQ in design or the performing arts to an apprenticeship in plumbing. Specialist facilities are also offered where colleges are Centres of Vocational Excellence (CoVEs) for instance in construction, engineering, financial services or catering.

Colleges therefore need to offer a large amount of **flexible multi-purpose space** – often a far cry from the “chalk and talk” classrooms colleges inherited. These same buildings also provide a valuable **community asset** for many adults who pay to learn –allowing

many older people to remain active and healthy, or serving as an entry point to education for later starters.

Facilities are increasingly being used by employers in conjunction with work-based learning and hosting seminars and short courses on a range of subjects from management to lean manufacturing. A **business-style environment** is required to encourage employers to engage with colleges – especially in workforce development.

Some colleges provide specialist training serving the **rural and land-based economies** although agriculture and horticulture alone comprise a very minor component of regional GDP. As the shape of the rural economy changes, training and facilities to support that training is also changing. There will be a greater emphasis on countryside stewardship skills – many of which are transferable to urban settings, such as landscape design, environmental science and business skills all pointing towards employment in higher value-added land-based activity. A range of space-efficient solutions to respond to future curriculum needs will be developed across the region.

Most colleges will need to expand their capacity to **enable students** with learning difficulties and disabilities to access learning locally and a few specialist colleges will provide **residential learning environments** for those students whose learning needs are more profound and complex.

Recreational and **enrichment** opportunities such as sport coaching are a vital part of the overall learning experience. They can equip – particularly younger students - with key employability skills by building their self-confidence to deal with a range of situations, improve reliability and the ability to work as part of a team. Indeed, it is sometimes these facilities that motivate students to participate in education in the first place. Investment is therefore required in an appropriate level of good quality recreational space respecting the different needs of a very wide age range and the special duty of care owed to the youngest.

## The task ahead

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## Work in progress

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## Completed and future projects

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## 03

### Supply – current condition and changes needed

#### Overview

Since incorporation in 1992, the LSC, and its predecessor body the FEFC, has renewed about half the projected size of the further education estate nationally. At an aggregate level, this has been matched by the co-investment of providers themselves and funded to a similar level through borrowing secured on the income paid (overwhelmingly by the LSC) under contracts for delivering learning and skills.

Although less than 30% of the LSC's capital investment to date has been in the South East (which is below the proportion indicated by the size of its total estate) there are already some exciting new buildings which are helping support a growth in student numbers. However the current supply is well short of the needs generated by the demand analysed in earlier sections.

#### Current position

##### Size

The total FE estate in the South East comprises nearly 1.1 million m<sup>2</sup> across 64 colleges (and six specialist residential colleges catering for those with learning difficulties and disabilities). In addition to this are a significant number of outreach facilities, predominantly, to meet the needs of rural communities. Based on projected Guided Learning Hours, the size of the estate could reduce overall to just over 0.8 million m<sup>2</sup>.

##### Condition

Other than the impressive new buildings we have invested in since 2001, the remaining estate has been assessed as follows:

### CONDITION - % of floorspace as proportion of SE total

	Excellent (2)		Good		Satisfactory (3)		Unsatisfactory	
	% of SE total floorspace (1)	m2	%	m2	%	m2	%	m2
Berkshire	2%	18,221	1%	7,939	4%	41,338	3%	30,301
H&loW	5%	53,630	6%	65,530	12%	131,938	8%	85,844
Kent	2%	27,619	3%	29,027	5%	59,345	5%	62,161
MKOB	3%	28,700	2%	21,695	6%	69,663	3%	37,001
Surrey	1%	16,422	3%	29,929	4%	51,073	5%	54,973
Sussex	3%	29,773	4%	40,166	8%	86,656	5%	58,771
	<b>15%</b>	<b>174,365</b>	<b>17%</b>	<b>194,285</b>	<b>39%</b>	<b>440,013</b>	<b>29%</b>	<b>329,050</b>

Total SE floorspace (m2)

**1,139,962**

(1) July 2001 Drivers Jonas measured survey of LSC estate

(2) "Excellent" includes redevelopments currently on site

(3) "Satisfactory" includes Listed Buildings where redevelopment not possible

Broadly therefore, the picture is that:

- Only 15% of the floorspace is of a sufficiently good standard to offer first rate learning environments. A further 17% offer good quality premises at present. Close to 70% – including the many Listed Buildings colleges are responsible for in the South East - require major investment to bring them to an acceptable modern-day standard with 29% being in an unacceptable condition.
- Often they are providing “yesterday accommodation” that is not functionally fit for the sort of subjects and new ways of learning that are in demand today. For example, much teaching accommodation is in the classroom format inherited on incorporation in 1993, temporary huts – including some dating from the first and second world wars – remain in active service but providing grossly sub-standard accommodation,
- Whilst 28% of the region’s overall floorspace is what is, at times, a quite unacceptable state of disrepair, this ranges from 36% of the floorspace in Surrey against around 24% in Hampshire and MKOB reflecting, in part, the skewed pattern of previous investment by the FEFC.

Additionally, to meet future needs accommodation is:

- Sometimes in the wrong place relative to the people likely to use them now – or in the future population and employment growth hot spots,
- Sometimes in competition with other providers on similar areas of curriculum and improved integration of curriculum and capital planning is required,
- 38 colleges are too big – with 35% excess capacity relative to the students’ use. The remaining 26 colleges have an average of 29% too little floorspace to meet demand,

- Notwithstanding the need for some specialised outreach facilities at Levels 1 and 2, commonly colleges are still on two to three sites making it difficult to market themselves effectively to employers and students. Costly facilities have to be duplicated so adding to operating inefficiency,
- Most colleges are poorly-insulated, wasting valuable energy resources and imposing increasingly costly operating costs rather than offering environments where extreme ranges in temperatures are controlled by either passive or active means,
- Many still don't offer even 90% accessibility for physically disabled staff and students, notwithstanding past enhanced capital grants from the LSC,
- Some – especially those built between the 1950s and 1980s - still contain large amounts of asbestos, and
- Some have an in-built inefficiency as they deliver teaching in poorly-configured Listed Buildings, where planning considerations make renewals more expensive and slower to implement.

The next section details how much investment will be required in the South East over the next five years and provides an estimate of the scale of investment required over the five years following that. Only by investing at this scale will we be able to accelerate the pace of a changed quality of learning environment that is fit for the 21st Century.

## Capital Investment demand in the South East

Despite progress many providers of further education still offer poor quality facilities that are increasingly unattractive to employers and students – whatever their age. In turn this is having a negative impact on the perceptions of employers and students about the choice, quality and flexibility of the FE offer.

The bottom line is that, where we have not yet transformed the estate and facilities, we are failing to future-proof the region's businesses by providing a pipeline of skills enabling them to compete successfully and for people to play their full part in the region's economy.

We have estimated that, at today's building costs, between **£950 million and £1.4bn** is required in total to achieve national and regional priorities driven by the demographic and sectoral factors relevant to the South East, the condition of the existing estate outlined in section 3. Depending on the ability of colleges to borrow against future income, between £0.4 bn to £0.7bn is estimated to will be LSC investment (at the indicative levels of 30% and 50% modelled).

This total includes an estimate of around £30 million is needed to develop three FE Skills Academies and an estimate of £20million needed to increase the quality and capacity of the buildings enabling those with complex or profound learning difficulties to access education. We have also included an early estimate of demand from schools on the 16-19 Capital Fund of between £40 million and £50 million.

Given the difficulties in forecasting investment with accuracy in later years, the current estimate of investment in the following 5 years to 2016 have been estimated at around £400 million.

Maximum investment is required in 2009/10. All the local LSCs follow this trend, except for Surrey, where a number of major projects come on stream in later years and Kent where an earlier peak occurs due to the pipeline of projects already approved.

A summary of the maximum investment profile is shown below with fuller detail of the capital pipeline is set out in the detailed Local Capital Plans on the websites of each local LSC.

SE Maximum estimated Capital profile (excluding approved projects)

		to date	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Berkshire</b>	<b>LSC planned estimate</b>		<b>5</b>	<b>10</b>	<b>34</b>	<b>39</b>	<b>12</b>
	LLDD					3	
	16-19 Capital				1	1	1
	Skills Academies					3	3
	LSC approved	4					
	FEFC investment	39					
	30% LSC Contribution		2	5	10	12	4
	50% LSC Contribution		3	5	17	20	6
<b>H&amp;loW</b>	<b>LSC planned estimate</b>		<b>20</b>	<b>38</b>	<b>89</b>	<b>142</b>	<b>78</b>
	LLDD		4				
	16-19 Capital				2	2	2
	Skills Academies					3	3
	LSC approved	82					
	FEFC investment	49					
	30% LSC Contribution		6	11	27	43	23
	50% LSC Contribution		10	19	44	71	39
<b>Kent</b>	<b>LSC planned estimate</b>		<b>14</b>	<b>48</b>	<b>85</b>	<b>66</b>	<b>22</b>
	LLDD			2	2		
	16-19 Capital				1	1	1
	LSC approved	130					
	FEFC investment	13					
	30% LSC Contribution		4	14	25	20	6
	50% LSC Contribution		7	24	42	33	11
<b>MKOB</b>	<b>LSC planned estimate</b>		<b>6</b>	<b>16</b>	<b>56</b>	<b>74</b>	<b>68</b>
	LLDD						3
	16-19 Capital				0.4	0.4	0.4
	Skills Academies					3	3
	LSC approved	33					
	FEFC investment	13					
	30% LSC Contribution		2	5	17	22	20
	50% LSC Contribution		3	8	28	37	34
<b>Surrey</b>	<b>LSC planned estimate</b>		<b>9</b>	<b>22</b>	<b>37</b>	<b>48</b>	<b>46</b>
	LLDD					3	
	16-19 Capital				4	4	4
	LSC approved	13					
	FEFC investment	12					
	30% LSC Contribution		3	7	11	14	14
	50% LSC Contribution		5	11	19	24	23
<b>Sussex</b>	<b>LSC planned estimate</b>		<b>4</b>	<b>10</b>	<b>25</b>	<b>79</b>	<b>110</b>
	LLDD					3	
	16-19 Capital				8	8	8
	LSC approved	52					
	FEFC investment	15					
	30% LSC Contribution		1	3	7	24	33
	50% LSC Contribution		2	5	12	40	55
<b>TOTAL SE</b>	<b>LSC planned est. FE</b>		<b>57</b>	<b>145</b>	<b>326</b>	<b>448</b>	<b>335</b>
	LLDD		4	2	2	9	3
	16-19 Capital		0	0	17	17	17
	Skills Academies		0	0	0	10	10
	Cum. Total		61	208	553	1,036	1,401
	LSC approved	313					
	FEFC investment	141					
	30% LSC Contribution		17	45	98	134	101
	50% LSC Contribution		29	72	163	224	168

## Investing in enabling students

The LSC's recent national LLDD review of provision for learners with learning difficulties and/or disabilities has revealed an increasing trend in the number of students self-declaring a disability or learning difficulty across a broad spectrum of need. Although the LSC has invested heavily in encouraging providers to make their buildings accessible to meet purely statutory requirements, many go little further than to enable wheelchair-bound students to access buildings and to provide some remedial teaching help. The review therefore indicated that capital investment is needed to develop greater local capacity in colleges appropriate to the various needs of students and enabling progression, as appropriate, to further learning, training and employment. This means investing in more capacity in quality local facilities for students with increasingly complex needs but enabling them to access mainstream provision. We will work closely with special needs charities, the Health Service and Social Services to capture relevant expertise to apply within mainstream college provision.

Historically, many students in the **specialist residential colleges** in the South East come from other regions. These specialist residential colleges provide for students with needs which can be described as more **severely profound and complex**. They provide a valuable resource in developing skills in independent living as well as, wherever possible, accessing mainstream learning and later, to playing a full part in the economy. The relationship between Treloar and Alton College in Hampshire is exemplary in this respect. Demand overall is likely to remain constant as more students from within the South East and who hitherto would have remained at home or in care choose Further Education as a means of developing as independent a life as possible. We therefore need to invest to ensure that facilities catering for around 100 students annually are of a high standard and offer the best opportunity for future independence. Co-investment by the National Health Service, Local Authorities and voluntary sector is vital to achieve this.

## Sources of funding

The investment estimated to be required in the South East will be met from a variety of sources, including:

- sales of **surplus land** and buildings,
- **providers' borrowing** and use of their reserves,
- **private sector investment** and
- LSC capital funding.

Sometimes, other funders such as **employers**, the Higher Education Funding Council (**HEFCE**), **SEEDA** and **ODPM** will contribute significant sums to projects where we share objectives. Process efficiencies such as better **procurement practice** and **innovative funding** will also help stretch the LSC's budget.

Most colleges rely overwhelmingly on the LSC for revenue funding and therefore the income to repay borrowing. Many have already used their borrowing capacity on early phases of major renewal and later phases will, under current rules of **affordability**, look to the LSC for higher levels of capital support. There is therefore a balance to be struck between the revenue and capital requirement if the appetite

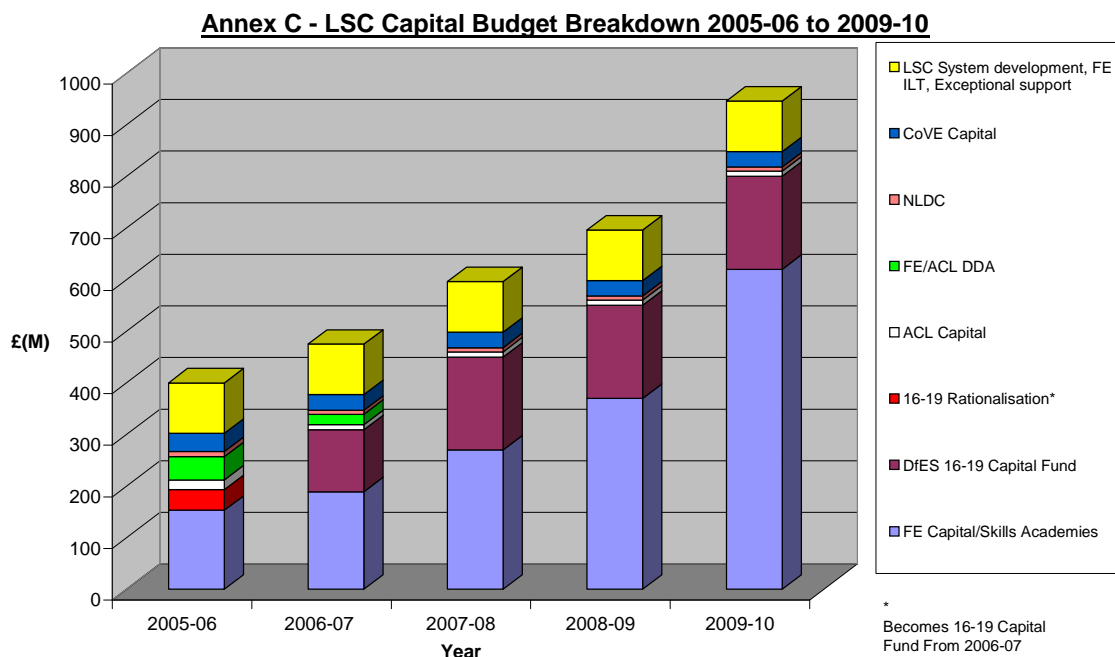
amongst colleges to renew their facilities is to be maintained yet without placing a disproportionate demand on the LSC as the “gap funder”.

Clearly investment will not all be required in one year as capital projects are completed over several years. We already have some projects on site, other that are well-advanced towards going on site and others that haven’t yet started and will take varying lengths of time to bring forward and deliver.

However, if we are to achieve the National Strategy aim of renewing the estate by 2013, the major projects need to be **either on site or contracts in place and “site ready” by 2008-11**. The investment profile shown in the graph above has been developed from local knowledge of the types of issues affecting the lead times before, realistically, a project is site ready. An approximate profile once on site has been developed according to the size of project.<sup>10</sup> Whilst the timing of many projects may slip, the smoothing effect at aggregate level is likely to result broadly in the profile indicated.

Since 2001, the average annual capital project size in the South East has been at around £2.7 million. To **accelerate the pace of change** more efficiently, the LSC in the South East will need to **prioritise much larger projects**.

**The national LSC budget 2005-06 – 2009-10 (estimated)**



<sup>10</sup> Projects under £5 million, investment assumed to be spread over one year, those between £5m and £10m over two years and three years where investment is over £10m. Where phases to projects are known or can be assumed the profiles have been extended to up to five years.



<b>05</b>	<b>Delivery</b>
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### **How we will invest from April 2006**

College building projects are funded from a national “pot” covering all nine of the English regions. The new 2006 Capital Handbook sets out the process of robust project appraisal against educational, financial and property criteria (see Figure 5.1). The LSC’s National Capital Committee will still scrutinise larger projects with approval delegated for smaller ones.

As part of our educational planning function, we will programme projects that will **accelerate** the renewal of the estate most efficiently. Therefore, integrating curriculum and capital planning will be a key means of achieving this.

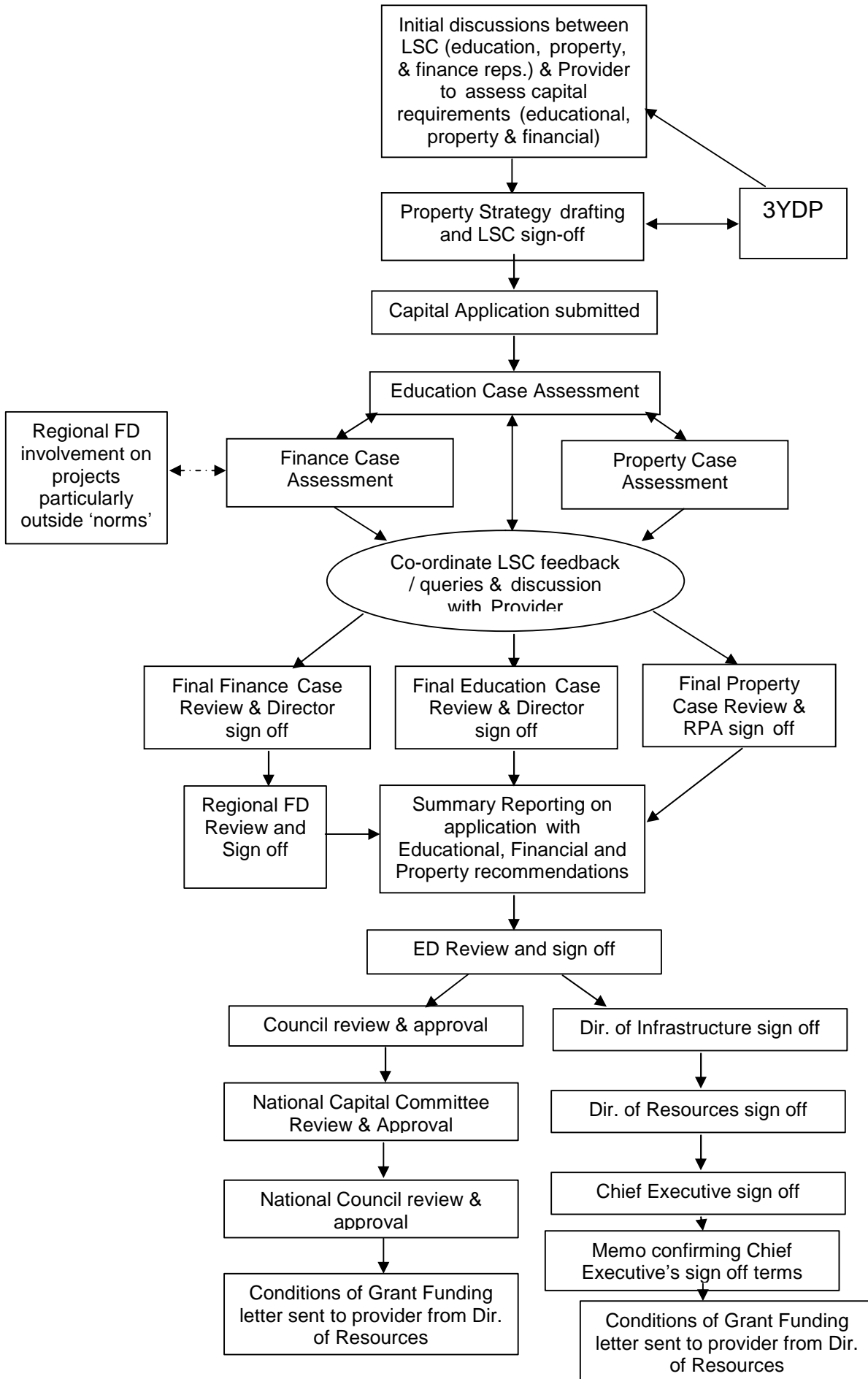
### **LSC National Priorities**

The LSC’s national priorities based on widening participation and improving achievement and responding to the *Agenda for Change* are paramount. We now have the evidence confirming that capital investment is equally important in raising participation and improving retention and achievement levels.

To ensure consistency across the regions, the following outcomes-based principles are proposed:

1. respond to the 14-19 White Paper,
2. respond to the Skills White Paper,
3. are sustainable,
4. respond to LSC national, regional and/or local priorities,
5. address local, regional and/or national review outcomes such as StAR,
6. embrace Agenda for Change objectives, and
7. of a sufficient scale to accelerate the pace of improving the FE estate.

**Figure 5.1 - Process for Development / Review of Capital Project**



## Regional Priorities in the South East

In the South East, these national principles have been taken as the basis for our regional priorities for capital investment, i.e. we will prioritise our capital investment towards premises that offer buildings that are:

- in the **RIGHT PLACE** to meet the needs of learners, employers and communities
- offering the **RIGHT FACILITIES** to meet developing needs especially by improving the quality of vocational facilities in CoVEs and the Action for Business College network
- **INCLUSIVE** for all, regardless of gender, ethnicity or disability
- **EFFICIENT** of space, energy and business processes
- **SUSTAINABLE** – balancing environmental, social and economic needs.

We have identified what the regional needs and priorities are from a variety of sources including our StAR process, analysis of employer demand in the South East, the current condition of our building stock, and have started to review the accommodation provided to students with severe learning difficulties. If demands for funding exceed supply in any one year, programming of investment may be introduced nationally. This would influence the timing and impact of delivery but not the overall demand and scale of the programme.

## Delivery - partnership with colleges and other providers

Delivery of this strategy is critically dependent on a partnership approach between providers – whether FE colleges, employers or others as well as the new LSC area and partnership teams. Following reorganisation through Agenda For Change, new internal structures will offer **educational planning support** to providers in developing plans to meet regional priorities. This will come together more effectively with the existing Regional Property and Financial functions.

As part of the annual capital planning process, the local LSC will, within the context of capital availability, verify that projects identified within its capital plan are likely to meet the national principles and regional priorities and agree a balanced, deliverable portfolio of projects to be taken forward in the next one to three years.

A series of **workshops** with local area and partnership teams and governing bodies of providers will be run from April 2006 to encourage providers to co-invest in the timescales shown in this Strategy.

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.

## Delivery – partnership with key organisations at regional level

We will work increasingly closely with SEEDA and have agreed to develop a protocol with them to facilitate appropriate **co-investment** in regeneration areas at the practical operational level as well as more strategic alignment of priorities.

Similarly, our future planning will be based on closer working with HEFCE - particularly where local **progression** routes need to be strengthened and where our Action for Business College network can encourage greater **knowledge transfer** and improved interplay between research and practice.

## Risk management

Delivery is not assured. However, the main risks to delivery have been considered and ways of managing most to an acceptable level identified. These are shown below.

Initial Risk	Risk Management and residual risk
<p><b>Colleges' reluctance to co-invest</b> through borrowing – particularly against uncertainty of future income.</p>	<p>Using evidence of worked examples demonstrating the actual rather than perceived risks and encouraging resilience through diversified income streams (in particular, increasing fees from workforce development provision) By improving integrated curriculum planning with schools, other providers and higher education institutions, forecasting of future income will be more reliable.</p>
<p><b>Provider and LSC capacity</b> in delivering large-scale development programmes and a tendency to prefer small-scale incremental solutions. Also, LSC reacts to provider proposals, rather than planning for capital investment so failing to act as a positive lever of business excellence, leaving provision that doesn't deliver the right facilities, is in the wrong place, perpetuates duplication of provision or makes only incremental change.</p>	<p>More focused LSC national and regional team of expertise spanning educationalists, funding and property professionals and improving brokerage capacity. Team focused on integrated curriculum-driven capital solutions based on travel-to-learn areas (regardless of LSC administrative boundaries). Improved quality of training amongst providers and emphasis on corporate leadership of projects.</p>
<p><b>Available funding</b> The total funding contribution by the LSC may increase to the point that the total investment required for all nine of the LSC regions exceeds the national LSC capital budget. This might arise where asset disposal values are depressed as a result of reduced demand or due to the capacity of colleges to borrow being exhausted, so increasing pressure on LSC levels of contribution.</p>	<p>The national response to this (since the capital budget will remain allocated on a national basis), may be to call for extending the timetable for delivery rather than rejecting otherwise sound investment proposals. More locally, providers will be encouraged to adopt business excellence models and greater collaboration to increase their capacity to borrow.</p>

<p><b>Costs and construction capacity.</b> With the Olympics and other mega-infrastructure projects planned for London and the South East, materials shortages in particular may challenge delivery of construction projects at reasonable cost.</p>	<p>Reviewing sector trends and using collaborative procurement methods to improve the sector's negotiating position. Taking account of local cost trends in project appraisal and allocations.</p>
<p><b>Statutory restrictions on co-investment</b> between schools, Higher Education institutions, employers and Further Education providers. (Also may apply to NHS and voluntary bodies in respect of LLDD capital investment).</p>	<p>Enter dialogue with DfES and GoSE to identify barriers to co-investment and overcome them.</p>
<p><b>Growth</b> in the "super-growth " areas of Ashford, the Thames Gateway and Milton Keynes is slower to come through than projected by government.</p>	<p>Co-investment in these areas with SEEDA. ODPM and other investors will contribute to confidence in these locations and help projected growth to be realised.</p>
<p><b>Planning</b> – significantly delaying project development – especially for colleges situated in major regeneration areas, lying on the Green Belt and those having Listed Buildings.</p>	<p>Improved dialogue with SEEDA and local planning authorities and to develop a better understanding of the economic benefits of a college presence.</p>

## Conclusion

A number of colleges have transformed their estates from buildings including post-war huts and leaking sheds into those which students and employers actively want to use. However, much more needs to be done. In the South East, the LSC intends to build on progress to date by reinforcing its leadership role by encouraging providers to co-invest their capital in projects that deliver the LSC and its partners' goals for 14-19 learning and workforce skills.

By working increasingly closely with providers, employers, Children's Services Departments, SEEDA, ODPM, HEFCE and other partners, we are confident of delivering the vision of transformed learning facilities by 2013.

## Links to references

Agenda For Change, LSC, 2004

[https://www.lsc.gov.uk/National/Partners/PolicyandDevelopment/lsc\\_agenda\\_for\\_change](https://www.lsc.gov.uk/National/Partners/PolicyandDevelopment/lsc_agenda_for_change)

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Realising the Potential, A review of the future role of Further Education Colleges, Sir Andrew Foster, November 2005 <http://www.dfes.gov.uk/furthereducation/ferreview/index.shtml>

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<http://www.gose.gov.uk/gose/ourRegion/regionalStrats/>

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**LSC Publication reference LSC-P-SER-050001**

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## **APPENDIX A THE SHAPE OF THE SOUTH EAST**

**Source:** GOSE - [www.go-se.gov.uk/gose/ourRegion](http://www.go-se.gov.uk/gose/ourRegion)



The South East region encompasses 19 county and unitary authorities and 55 districts, stretching in an arc around London, from Thanet in the south-east to the New Forest in the south-west and to Aylesbury Vale and Milton Keynes in the north-west.

While having no single dominant urban centre, the region is home to two cities with populations of around 250,000 (Medway and Brighton and Hove) and five cities with populations of greater than 100,000. The South East is home to over eight million people in some three million households.

### **Economy**

The region makes a major contribution to the UK economy, accounting for 15.6% of total UK Gross Value Added (GVA) in 2003. GVA measures the contribution to the economy of each individual producer, industry or sector in the UK.

On a European basis (2001 figures) the South East ranks 15th of the EU's 86 regional units (including accession states).

The South East also compares favourably with other English regions on indicators such as income, with household disposable income 9% above the national average. The South East, East of England and London are the only regions with incomes above the national average.

In broad terms the South East economy can be categorised as being advanced, high cost, high income, broadly based and service oriented.

### **Employment and Unemployment**

Employment rates for working age people in the region are high - 84.2% for men and 73.6% for women. The South East economy provides around four million jobs, as well as making a significant contribution to the labour market in London. These jobs are predominantly in the service sector.

Unemployment at 3.6% is below the national average (4.7%). The Job Seekers Allowance claimant count rate (residence based) stood at 1.4% in December 2004 compared to a UK figure of 2.2%.

The workforce is generally well educated, with nearly 88% of the working age population holding some form of qualification. Some 28% of the economically active hold a qualification at NVQ level 4 and over 50% hold an NVQ level 3 or higher.

Such variations are reflected in claimant count (residence based) levels, which vary within the region from 0.6% in Mole Valley and West Oxfordshire, to 3.2% in Brighton and Hove. The large population of the region means that low rates can also translate into large numbers.

Overall, the claimant count in the region totals some 68,900: 8.2% of the UK total claimant count. Similar variations can be traced in terms of GVA/head, which in 2001 ranged from £24,115 in Berkshire to £9,983 in East Sussex and £9,147 in Isle of Wight.

### **Deprivation**

This general picture disguises considerable variation within the region. Indices of Deprivation 2004 show that areas of Kent and the South Coast fare particularly poorly, with Hastings, Brighton & Hove, Southampton and Medway all featuring amongst the more deprived districts in England on a range of measures.

## **Environment**

The South East is an environmentally attractive region:

- Some 40% of the region's area is the subject of some form of protective designation, such as AONB, Green Belt or Sites of Special Scientific Interest.
- More than 80% of the region is classified by the Office for National Statistics (ONS) as rural.

## **Transport**

The major south coast ports, including Dover, Southampton and Portsmouth, as well as the Channel Tunnel, make the South East the natural access point to continental Europe.

The presence of Gatwick airport, the UK's second busiest airport, and Heathrow immediately adjacent to the regional boundary, also place it at the hub of the UK's international travel links.

The South East contains 22% of the England motorway network and 14% of the England 'A' road network. Congestion is a growing problem.

## **Higher Education**

There are 20 Higher Education Institutes and Universities with a campus in the region.

## **Research and Development**

The region has a strong research presence, including both public sector and private sector establishments. Over a quarter of all expenditure on research and development performed in UK businesses took place in the South East in 2001.

## **Culture**

The region has a strong cultural heritage and also contains two of the nine UK sports institutes and has a renowned architectural heritage.

★ Action for Business (A4B) Accredited Providers

No	Action for Business Provider	Accredited	No	Action for Business Provider	Accredited
A1	Chichester College	Dec-04	A2	Mid Kent College	Dec-04
A3	Plumpton College	Apr-05	A4	Canterbury College	Apr-05
A5	City College Brighton & Hove	Aug-05	A6	Sussex Downs College	Aug-05
A7	Highbury College				

▲ Action for Business (A4B) Providers by Planned Accreditation Date

No	Action for Business Provider	Planned Accreditation	No	Action for Business Provider	Planned Accreditation
P1	Bracknell and Wokingham College	27/2/06	P2	Newbury College	27/2/06
P3	East Berkshire College	20/2/06	P4	Berkshire College of Agriculture	6/3/06
			P6	Eastleigh College	27/2/06
P7	Basingstoke College of Technology	30/1/06	P8	IoW College	20/2/06
P9	Sparsholt College	27/2/06	P10	Brockenhurst College	6/3/06
P11	Farnborough College of Technology (FCoT)	3/06	P12	West Kent College	28/11/05
P13	Thanet College	16/1/06	P14	Hadlow College	20/3/06
P15	Abingdon & Witney College	3/06	P16	Milton Keynes College	tbc
P17	Guildford College of Further and Higher Education	6/2/06	P18	Brooklands College	27/2/06
P19	Central Sussex College	3/06	P20	Northbrook College	3/06

● Centres of Vocational Excellence (CoVE)

No	CoVE Title	Sector	Provider	Provider Partnerships	Status
1	Game, Wildlife & Countryside Management and Fishery Studies	Agriculture	Sparsholt College	Single Entity	Full
2	Electrical Installation, Refrigeration and Air Conditioning	Construction	Eastleigh College	Single Entity	Full
3	Animal Management & Veterinary Nursing	Agriculture	Sparsholt College	Single Entity	Full
4	Infrastructure Technology	Construction	Bracknell and Wokingham College	Single Entity	Full
5	Construction	Construction	South Kent College	Single Entity	Full
6	Catering & Hospitality	Hotels and	Thanet College	Single Entity	Full

No	CoVE Title	Sector	Provider	Provider Partnerships	Status
7	Training Equine Excellence in the Workplace	Restaurants Agriculture	Kent Equine Industry Training Services (KEITS)	Hadlow College	Full
8	ICT Applications	Other	Milton Keynes College	Amersham and Wycombe College	Full
9	Uniform & Public Service	Administration	Brooklands College	Single Entity	Full
10	Digital Media Centre	Other	East Surrey College	Single Entity	Withdrawn
11	Travel and Tourism	Hospitality and Tourism	Guildford College of Further and Higher Education	Single Entity	Full
12	Performing Arts & Entertainment Industry	Other	Sussex Downs College	Single Entity	Full
13	Hospitality and Catering	Hospitality and Tourism	The Hotel and Catering Training Company	City College Brighton and Hove, Northbrook College	Full
14	Travel & Tourism	Hospitality and Tourism	Canterbury College	Single Entity	Full
15	Health and Care Sector	Health and Care	West Kent College	South Kent College	Full
16	ICT Systems and Support	Business	Abingdon and Witney College	The Henley College	Full
17	ICT for Business	Business	Hastings College of Arts & Technology	Single Entity	Full
18	Management & Finance -	Business	Newbury College	Single entity	Suspended
19	Gas Installation and Maintenance	Construction	Highbury College	Single Entity	Full
20	Electrical Installation	Construction	Mid-Kent College	Single Entity	Full
21	Computing & Networking for Industry	Other	NESCOT	Single Entity	Interim
22	Digital Design and Production	Other	City College Brighton & Hove	Single Entity	Full
23	Care & Training in the Workplace	Health and Care	Central Sussex College	Chichester College	Full
24	Business & Financial Services	Business	Northbrook College	City College Brighton and Hove, Enterprise Agency, Brighton	Full
25	Rural Enterprise Development & Training	Business	Plumpton College	Chichester College	Full
26	Construction	Construction	Chichester College	Crawley College	Full
27	Hospitality & Catering Skills	Hospitality and Tourism	Hospitality Training Partnership Ltd	Isle of Wight College	Full
28	Applied ICT for business	Business	Brockenhurst College	Farnborough College of Technology (FCoT), Totton College	Full
29	Accounting and Finance Support to Business	Business	Guildford College of Further and Higher Education	Single Entity	Interim (6 months extension until May 2005)
30	Construction Interior Skills	Construction	Basingstoke College of Technology	Single Entity	Interim
31	Residential and Domiciliary Care for Adults	Health and Care	Isle of Wight College	Care Learning Centre	Full
32	Leadership & Management	Business	NORTEC	Milton Keynes College, Oxford and Cherwell College	Recommended for full status
33	Adult Health & Social Care - In partnership with MKOB.	Health and Care	Bracknell and Wokingham College	Single Entity	Interim
34	Digital Skills in Creative Arts & Media	Other	Amersham & Wycombe College	Single Entity	Full
35	Engineering Practice & Productivity	Manufacture / Engineering	Aylesbury Training Group	Oxford and Cherwell College, Abingdon and Witney College, ISIS Training Ltd	Full
36	Accounting & Financial Services	Business	North West Kent College	Single Entity	Full
37	Sussex Sport & Recreation	Hospitality and Tourism	Sussex Downs College	Plumpton College, Chichester College, College of Richard Collier	Interim
38	Children's Learning & Development	Early Years	Chiltern Training Ltd	Bracknell and Wokingham College, Berks College of Agriculture	Interim
39	Mental Health & Learning Disabilities Care & Education	Health and Care	South Downs College	Totton College, Rainer City Training	Interim
40	Wood Trades Plumbing, Gas & Heritage	Construction	Oxford and Cherwell College	Amersham and Wycombe College, Milton Keynes College	Interim
41	Construction	Construction	NESCOT	See 56 below	Suspended due to poor insp. rates – under discussion
42	Social Care	Health and Care	Godalming College	NESCOT	Interim
43	Retail	Retail	Touchstone	City College Brighton and Hove, Hastings College, Crawley College	Interim
44	Engineering	Manufacture / Engineering	IPS (WBL Provider)	Single Entity	Interim
45	Aviation/Aerospace	Manufacture / Engineering	Northbrook College	Farnborough College of Technology (FCoT), Brooklands College	Interim
46	Horticulture Technologies	Manufacture / Engineering	Chichester College	Plumpton College, Writtle College (Essex LSC)	Interim
47	Motor Trade Skills for Industry	Manufacture / Engineering	East Berkshire College	Thatcham Training Centre	Interim

No	CoVE Title	Sector	Provider	Provider Partnerships	Status
48	Early Years, Playwork and Children's Services	Health and Care	South Downs College	IoW College, Brockenhurst College and Fareport Training Org.	Interim
49	Marine Industry	Manufacture / Engineering	Southampton City College	Eastleigh College, Isle of Wight College, ITE	Interim
50	Business, Financial & Accounting Services	Business	Highbury College	Farnborough College of Technology (FCoT)	Interim
51	Leadership and Management	Business	Sparsholt College	Brockenhurst College, HMD (WBL)	Interim
52	Logistics	Transport	Milton Keynes College	NORTEC	Interim
53	Retail and Customer Service	Retail	Weir Training (WBL)	Single Entity at this stage	Interim
54	Retail & Logistics	Retail	Basingstoke College of Technology	Eastleigh College	In development
55	Construction	Construction	To be confirmed	To be confirmed	In development
56	Core Engineering	Manufacture / Engineering	Brooklands College	To be confirmed	In development
57	Logistics	Transport	North West Kent College	Mid Kent College/West Kent College/Thanet College tbc	In development
58	Hospitality & Tourism – (regional CoVE between H&IoW, Sussex and MKOB)	Hospitality and Tourism	Brockenhurst College	City College Brighton and Hove, Chichester College, Abingdon and Witney College, Oxford and Cherwell College	In development
59	Instrumentation, Automation & Control	Manufacture / Engineering	Central Sussex College	City College Brighton and Hove, Northbrook College	In development
60	Heritage Engineering	Manufacture / Engineering	City College Brighton and Hove	Crawley College, Northbrook College	In development
61	Cycle Engineering	Manufacture / Engineering	Aylesbury Training Group	Single Entity	In development