



# **Wiltshire College Salisbury Campus Redevelopment Works**

## **Full Business Case for Phase 1 LEP Funding**

Cladding & Refurbishment of Blocks B & C

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# 1 Executive Summary

## 1.1 Introduction

This FBC (Full Business Case) seeks approval to proceed to invest £ 2,240,519 + VAT (tbc) in Phase 1 (Contract 1) of the Salisbury Campus redevelopment works. The Phase 1 works comprise the reconfiguration and refurbishment of existing Buildings Block B (Avon) & C (Wyle) including external cladding replacement to the A36 road side elevations.

This first stage FBC comprises a request for a part draw-down (£ 2,688,623 (tbc)) of the approved LEP Outline Business Case funding allocation of £13.8m which is referenced in the LEP's notification letter dated March 2017.

Whilst this FBC seeks approval of the Phase 1 funding only, we have provided for completeness, an update on the overall project inclusive of Phase 2 to illustrate this FBC funding draw-down has been considered in context of completing the overall project and outputs as defined within the OBC submission.

The College has engaged with a number of stakeholders in formulating the OBC for the Salisbury campus redevelopment, working closely with the Swindon and Wiltshire LEP. The starting point for the College was the delivery of the LEP employment priority areas contained in the skills agenda, as described below. The project developed predominately around the introduction of new Life Sciences and Advanced Engineering curriculum in apprenticeships and full and part time foundation degrees. The location of Salisbury was particularly important for these new curriculum areas with a high density of companies engaged in Life Sciences and Advanced Engineering located in the south of the region.

Although other educational institutions (schools and 6th form's) are located in the LEP region, Wiltshire College is best placed to deliver this new provision to both 16 to 19 year old students along with Adults to degree level. Currently and at the time of formulating the OBC, schools and 6th forms are not in the position to offer apprenticeships and Higher Education.

Stakeholders consulted included employers in the life sciences and engineering sectors and university partners. For example, the proposed investment in new facilities has already led to the development of seven new Life Sciences Foundation Degrees delivered on the new campus from 2020 in conjunction with Bournemouth University and the development of a new Level 3 pathway that will feed into the Foundation Degrees.

Options investigated and then discounted included relocation of site elsewhere in Salisbury and this was discarded as being cost prohibitive, closure of campus but discarded as travel to learn not feasible and evidence of local need.

## 1.2 Background

Wiltshire College is the main provider of further and higher education in Wiltshire with over 10,000 full time and part time FE and HE students. It is one of 3 Further Education Colleges within the Swindon and Wiltshire LEP area, the only LEP nationally not to have a dedicated HE institution. The College is one of the largest providers of apprenticeships in the South West of England. The College is already a major contributor to the economy – it directly employs over 950 staff (747 FTEs) and has an annual

turnover of c£35m. The College operates from 4 main campuses in Salisbury, Chippenham, Trowbridge and Lackham and has a number of other physical presences across the LEP area. Each of these campuses has a unique offer and is critical to the provision of education delivery, particularly given the rural characteristics and geography of the LEP economy.

In addition to its current significant contribution to the economic infrastructure of the county, the College is well placed to deliver substantial growth in line with the SWLEP economic priorities in terms of higher level skills.

The College was established in 2000 following a number of mergers (with Salisbury being added in 2008) and inherited a legacy of major under-investment in all of its main campuses from a physical estates/buildings perspective. With significant funding support from the Skills Funding Agency, it has been able to enhance the built environment of its campuses in Trowbridge and Chippenham, the latter comprising a £21m campus redevelopment which was completed in November 2015 on time and to budget. It is now focusing on its Salisbury and Lackham Campuses where over 72% of the estate is in Condition Category C or worse (the national figure for 2014/15 is 28%; eMandate condition survey of FE Estate, SFA 2015). Its physical estate represents some of the worst of all FE colleges nationally in terms of its condition, as recognised by the SFA.

There is a compelling need to transform the College's offer at Salisbury and Lackham to ensure that these remain sustainable campus operations and are also transformed into 21<sup>st</sup> century facilities in line with employer expectations and demand – in order to deliver the emerging skills requirements. The College recognises that it needs to invest in its facilities and to grow if it is to be sustainable. The population of Wiltshire is projected to increase above national growth projections from 2018 and it is critical that the education infrastructure is in place to support this growth. A do nothing/do minimum option is simply not a viable option for the College in the medium term on these campuses and in the absence of LEP funding, the College will need to consider seriously the future of its current multi-campus operations. This is particularly the case at Salisbury where the campus needs re-configuring to deliver provision to current levels as well as the additional quantity and range of higher level skills as defined in the LEP's Strategic Economic Plan (SEP).

The SWLEP recognises the critical need to focus on enhancing levels of skills attainment. Skills and talent is strategic priority one in the revised SEP and, based on economic projections through to 2020, the SEP and its supporting evidence refers to the need for 30,000 new jobs requiring Level 4 plus skills in the SWLEP area, and with the replacement of staff, 83,800 jobs requiring Level 4 plus skills. The SWLEP economy needs to focus on developing higher level skills and to ensure that its current and future workforce is able to meet changing employer needs. Higher level skill attainment in STEM subjects are identified as a particular challenge.

The SEP identifies a number of priority sectors which have good prospects for growth but which require the skills system to deliver the workforce. The revised SEP therefore makes the case for investment in skills as the highest priority. The priority SEP sectors include:

- Advanced Engineering and High Value Manufacturing,
- Health and Life Science
- Financial and Professional Services
- Digital and Information and Communications Technology
- Land Based Industries

Sectors which the SEP states are “ones to watch” include;

- Visitor Economy
- Adult Health and Social Care
- Low carbon
- Construction

The Wiltshire College Campus Redevelopment will directly support skills development and qualification attainment in at least 3 of the above key sectors. The SEP identifies educational attainment at 16-19 and the currently low rates of HE participation as key economic challenges.

The priority proposals for Wiltshire College Salisbury comprise a new construction/engineering centre and a dedicated HE/University Centre, with longer term ambitions to redevelop the wider campus to provide an attractive and sustainable learning environment. This will build on the College's existing assets/strengths at Salisbury and enable it to respond to the identified local economic needs and opportunities that exist.

### 1.3 The Proposed Campus Redevelopment Works

Since the Outline Business Case approval Wiltshire College has progressed the whole of the project to RIBA plan of work Stage 3.

Phase 1 of the project has been tendered and is ready to proceed to contract. Procurement associated with Phase 2 works will commence in June 2018.

The RIBA plan of Work Stage 3 developed design for the campus is provided in the following Appendices:

- Phase 1 Works: Block B & C reconfiguration and cladding
  - Floor plans
  - Schedule of Accommodation
  - Cladding elevation illustration.
- Phase 2 Works: Demolition Nadder & Bourne buildings. New build extension, Landscaping and Car Park.
  - Floor plans
  - Schedule of Accommodation

In summary the overall project will;

- require the demolition of approximately 6,180 m<sup>2</sup> (66,520 sq/ft) of Grade D redundant buildings,
- the reconfiguration/refurbishment of 2,200m<sup>2</sup> (23,680 sq/ft) of existing buildings, including the over-cladding of the existing Block B (Avon) and Block C (Wyllye)
- the construction of 3,300 m<sup>2</sup> (35,520 sq/ft) of new build facilities along with associated car parking, landscaping and plus other ancillary work.

Extensive cross departmental co-ordination has been required to achieve the integrated departmental floor plan arrangement within the new rationalized estate layout.

The Stage 3 developed design has been reviewed and approved by Wiltshire College's Senior Responsible Officer (SRO) and Project Board. As would be anticipated, progressing from OBC to FBC

has led to minor changes arising in the overall deliverable floor areas stated at OBC. This is outlined in the table below.

**Review of deliverables stated at OBC with this FBC case submission:**

<b>Tracking Deliverables</b>		
<b>OBC Stage Defined Deliverable</b>	<b>Phase 1 Works</b> <i>(covered by this FBC)</i>	<b>Phase2 Works</b> <i>(subject to further FBC)</i>
2,200 sqm of refurbished floorspace & external elevation replacement	<p>✓ - <b>Yes</b></p> <p>2200m2 refurbished space enabling the site wide reconfiguration and rationalisation of space.</p> <p>Includes external cladding replacement to both A36 side elevations.</p> <p>Completion April 2019.</p>	
Demolition of Bourne & Nadder buildings		<p>✓ - <b>Yes</b></p> <p>6,180 m2 of demolition works</p> <p>Completion March 2021</p>
3,300m2 New build floorspace (including new construction/engineering centre and new HE centre)		<p>✓ - <b>Yes</b></p> <p>3,300m2 of new build floor space.</p> <p>Completion March 2021</p> <p>Inclusive of the following core requirements; Electrotechnical, Plumbing, Carpentry &amp; Joinery, Painting &amp; Decorating, Automated Production, Industrial Engineering Maintenance, Computer Aided Design/Computer Aided Manufacture, CHC Simulation &amp; 3D Printing, an HE Centre, Film &amp; photography, Catering</p>
College to surrender its lease on the Tollgate industrial units.		<p>✓ - <b>Yes</b></p> <p>Construction trades will move into the new build Block A extension.</p>

1,500 additional learners by 2023 with 30,000 additional learners benefitting from the project over a 20 year period.		✓ - Yes
650 additional apprentices, including higher/degree level, and 80 new direct jobs created by 2022		✓ - Yes Overall development is scheduled for completion in March 2021

Full planning approval 18/00350/FUL was granted on the 19<sup>th</sup> April and can be viewed on the planning portal under the reference number stated.

We reiterate that this FBC is only concerned with Phase 1 of the development, as only this element of the works has been the subject of a competitive tendering procurement process. The FBC associated with Phase 2 of the development will be submitted following a full OJEU compliant tendering process and we will seek SWLEP approval in February 2019.

The College's Project Board is confident that the new facilities will significantly enhance the College's ability to develop new curriculum areas in the priority sectors in partnership with employers, to recruit more learners and to provide a high quality educational offer across a broad range of curriculum areas to meet current and future employer needs. It will enable the College to focus on higher level skills attainment, particularly through the new University hub and will provide a learning and teaching environment that is attractive to staff, students and industry. The College regularly works with over 800 businesses and places a significant focus on its interaction with industry and the project will increase the prospects for further employer engagement activity.

A brief summary of the case for LEP funding to deliver the project is presented below in accordance with the HM Treasury Green Book Five Case Model.

#### 1.4 STRATEGIC CASE

There has been no change to the strategic case for development since progressing from the OBC to FBC stage of the project.

The Wiltshire College launched its current Strategic Plan in April 2016. This new strategy is based on the SWLEP's Strategic Economic Plan and outlines how the College will change over the five year period of the plan to meet the strategic needs of its catchment area and the wider SWLEP area.

The Wiltshire College Strategic Plan is underpinned by a series of separate strategies to include a new Curriculum Strategy and revised Higher Education and Employer Engagement Strategies. The curriculum strategy shows how new curricula is to be developed and when it is introduced is showing plans for a doubling of student numbers at Salisbury.

The new Higher Education Strategy looks to strengthen relationships with existing partner Universities, and to introduce new provision at levels 4 and above with new and existing partners in line with identified employer demand, e.g. Life Sciences and Advanced Engineering.

The Curriculum and Higher Education Strategies, and therefore the Accommodation Strategy which is informed by these, are entirely consistent with government priorities regarding the skills system.

There is significant planned growth in apprenticeships, to include Higher and Degree apprenticeships, and an increase in the accessibility of higher education to enable greater participation and higher level skills attainment. Industry needs are changing with technological advances and there is a risk that a shortfall of skilled people could undermine the competitiveness of the LEP area and the wider UK in key growth areas and sectors.

There has been no major investment in the Salisbury campus estate for over 20 years and curriculum delivery is hindered by the fact that a large proportion of the built estate comprises wholly of dysfunctional buildings dating back to the 1950's/60's which are now in a poor condition and are no longer suitable for modern teaching/learning needs. The College needs to ensure that its facilities and learning environment as a whole reflect modern modes of curriculum delivery and workplace environments and, critically, local employer and economic needs. It is currently having to rely upon sub-standard facilities and this in time will have a negative impact upon student recruitment, educational attainment and employer engagement. If the College does not provide educational provision in curriculum areas required by employers in facilities that reflect modern day workplace environments, its ability to attract learners and employers will decline and the skills attainment of the current and future local workforce could follow suit.

The Stage 3 developed design fully aligns with policy/strategy at all spatial scales particularly the SEP, which places a major focus on the need to develop higher level skills attainment across the SWLEP area to meet the strong jobs growth that is forecast. Skills are a key driver of economic competitiveness and investment to enhance skills attainment is therefore fully aligned to LEP priorities.

## **1.5 ECONOMIC CASE**

The economic case for development has been reviewed and remains valid. Wiltshire College is a major economic asset within and contributor to the SWLEP economy. This project will enhance its economic contribution and provide education for 1,500 additional FTE learners each year (building up over 3 years post practical completion) with a focus on higher level skills provision. It will result in the creation of around 650 new apprenticeships in addition to this, many of which will be higher/degree level and will create 80 direct gross jobs at the College campus itself, comprising a mix of teaching and support roles. The SWLEP economy faces particular challenges around higher level skills attainment and the educational attainment and employability of young people. It is also projected to experience significant population and employment growth which will have major educational and skills implications. The proposed project will directly address these challenges.

A review of the OBC options appraisal has been undertaken and the costs and deliverables are in line with the original OBC workings. That investment appraisal demonstrated that the NPV of the Stage 3 Developed Design (FBC preferred option) versus a do minimum base case in accordance with SFA investment appraisal methodology. This identified a positive NPV for the preferred option of £48m compared with an NPV of -£1.4m under the base case. The project therefore represents very good public sector value for money. Further analysis of the likely net additional GVA impacts of the completed scheme over a 10 year period, based on the direct College jobs and wider GVA benefits of additional learner skills attainment, identified the potential to deliver a total discounted GVA impact of c£173m. Based on a discounted LGF request of £12.47m (£13.8m undiscounted), this results in a Benefit Cost Ratio of 14:1, again representing excellent public sector value for money.

## **1.6 COMMERCIAL CASE**

The commercial case for the campus development works remains strong. There is strong evidence of demand for the outputs of the project based upon the identified market/employer need for skills in the advanced engineering, construction and sustainable technologies sectors, both now and in the

future. Alongside this, there remains an identified need to increase the attainment of higher level skills within these key sectors and other LEP priority sectors such as life sciences and business, for example.

It is critical that employers can access a suitably skilled and educated workforce to drive their business growth ambitions and the wider economic growth of the SWLEP area and the lack of such at present is a recognised concern of local businesses. Wiltshire is home to a significant number of low carbon and environmental technology businesses as well as major advanced manufacturing/engineering and life science businesses. Based on econometric projections, there is also an identified need for the development of significant new residential and commercial development across the LEP area which will require suitably skilled construction workers. There is also a significant retro-fit opportunity that will only increase as the drive towards meeting national sustainability objectives accelerates. A recent research report by Working Futures identifies the need for an additional 3,000 skilled construction workers across the LEP area by 2020. Enhancing construction skills across the area will therefore be critical.

The project therefore fully aligns with the economic strengths and opportunities of the SWLEP area. It will provide opportunities for skills development in priority LEP growth sectors and the delivery of a dedicated new HE centre will directly address the current challenge for the LEP and its businesses around the lack of workers with higher level skills and qualifications, which could be a major barrier to economic growth if not addressed.

#### **Procurement Phase 1 Works**

Procurement of the Phase 1 works, in line with Wiltshire College's standing financial instructions for publicly procured works, is in the process of being completed. Once the preferred contractor and costs have been finalised, these will be submitted to the LEP Program Manager.

The Phase 1 works Pre-tender Estimate (PTE) was established to be £2,240,519 plus VAT and therefore not subject to OJEU procurement. Five contractors were invited to tender for the project on the 20<sup>th</sup> March 2018 via the "Intend public procurement web-Portal" with the works being based upon on a single stage design and build agreement.

Two contractors submitted a compliant tender on Friday 4<sup>th</sup> May which will be the subject of comprehensive evaluation. The preferred contractor will be appointed and then confirmed to the LEP Program Manager. If there is any significant variation between the tender returns and the PTE, then the College will liaise with the LEP Program Manager before appointing.

#### **Procurement Phase 2 Works**

Phase 2 works will be procured via the OJEU restricted procurement route on single stage design and build basis. At this stage the cost plan estimate is £10,092,814 plus VAT (£12,111,377 inclusive).

The timetable for Phase 2 OJEU procurement and SWLEP FBC is outlined below:

- |   |                   |
|---|-------------------|
| • OJEU Notice to be issued on               | Fri 8th June 2018 |
| • Evaluate down to x5 & out to tender on    | Mon 3rd Sept 2018 |
| • Tender Closing date                       | Fri 9th Nov 2018  |
| • Evaluate/appoint/sign& return contract by | Fri 15th Feb 2019 |
| • LEP FBC approval by                       | Fri 15th Feb 2019 |

- |  |                    |
|--|--------------------|
| • Contractor design & procure lead-in commence | Mon 18th Feb 2019  |
| • Contractor on site works commence on         | Weds 1st May 2018  |
| • Contractor completion Block A                | Fri 26th June 2020 |
| • Demo of Bourne complete by                   | Fri 21st Aug 2020  |
| • WC Commission & move                         | Fri 21st Aug 2020  |
| • Bourne demo & external complete              | March 2021         |

### State Aid Compliance

Wiltshire College confirms that its advisors have reviewed the project and they have confirmed that they consider the project to be wholly State Aid compliant, with sufficient risk transfer at appropriate stages of the proposed delivery process.

## 1.7 FINANCIAL CASE

The Phase 1 and Phase 2 total project costs are estimated to be £14.8m (including VAT, contingency and an allowance for inflation)

Based on the OBC, the SWLEP has agreed to provide a £13.8m capital contribution, with the College providing a £1m contribution.

At this time, this FBC seeks £2,688,623 (tbc) funding to proceed to contract for the Phase 1 works.

## 1.8 MANAGEMENT CASE

Wiltshire College has put in place a comprehensive governance structure to oversee the project delivery. The key components comprise:

- Corporation Board
- Development Programme Board
- SRO
- Project Board
- Senior User Group
- Project Manager

## 2 Strategic Case

### 2.1 OVERVIEW OF THE COLLEGE

This section provides an overview of Wiltshire College as an FE provider. The information provided here has been reviewed but has not changed since the OBC submission.

Wiltshire College is the main provider of further and higher education in Wiltshire with over 10,000 full time and part time HE and FE students. It is currently a £35m pa turnover operation and was established in November 2000 from the merger of two general further education colleges, Chippenham and Trowbridge, and a land based college, Lackham. In January 2008, Wiltshire and Salisbury Colleges merged to become the main provider of Further and Higher Education in Wiltshire. The College continues to operate from its four main campuses along with a specialist motorsport racing centre based at Castle Combe and local centres in Corsham, Devizes and Warminster. The 4 main campuses include:

- Chippenham
- Salisbury
- Lackham
- Trowbridge

The College is one of the largest provider of apprenticeships in the South West of England. Courses on offer range from land-based subjects through to arts, construction, sport, travel, catering, ICT, business and hairdressing amongst others. At HE level, it offers HNCs, HNDs, Foundation Degrees and Full Honours degrees.

Following a number of mergers, the College has inherited a legacy of major under-investment in all of its main campuses from a physical estates/buildings perspective. The current estate suffers from a range of critical condition, functionality and suitability issues which serve as a hindrance to the overall teaching and learning experience. The College secured Skills Funding Agency funding matched through its own funds (disposals/borrowing) to invest in its Chippenham Campus (£21m investment completed in autumn 2015) as well as its Trowbridge Campus where a new Learning and Resource Centre and Construction Centre were completed in 2013 and 2014. These projects were delivered through a combination of SFA monies and College borrowing and disposal receipts.

It is now focusing on its Salisbury and Lackham Campuses where over 72% of the estate is in Condition Category C or worse (the national figure for 2014/15 is 28%; eMandate condition survey of FE Estate, SFA 2015). Its physical estate represents some of the worst of all FE colleges nationally in terms of its condition. This is largely due to the fact the College inherited an estate that had not been invested in and since then has been focusing the limited capital investment that has been made available on its other campuses. There is now a compelling need to improve its facilities at Salisbury and Lackham to ensure that these remain sustainable campus operations.

There have been a number of changes at a leadership level and the rapid turnaround in quality was recognised in June 2015 when OFSTED inspected and judged the College to be "Good". Furthermore, looking beyond the current dip in population, Wiltshire as a whole is anticipating an above average increase in population in 3 years' time which will have impacts upon learner numbers. This is partly due to military re-settlement into Wiltshire but also inward migration from other parts of the country. For the past few years to 2015 the College has been shrinking by c.300 students per annum. This was

due to a number of factors such as inadequate marketing and school liaison but critically, also the condition and suitability of its physical estate and the impact of this upon the overall learning environment.

The College, having stabilised the quality situation, is now focusing on growth and ensuring that it is able to realise its growth ambitions. The growth ambitions are articulated in a curriculum strategy which addresses declining market share and population increase. The curriculum strategy brings the course offer up to date and reflects fully the SWLEP skills strategy. In order to achieve this it now requires capital investment in its physical estate. Without this, the College will not be able to provide a physical environment which is attractive to learners and this will have a detrimental impact upon the skills attainment of the local population at all ages.

## 2.2 PROJECT VISION, AIMS AND OBJECTIVES

The project has the following vision:

*The College campus will be a landmark in the city, a symbol of the SWLEP education and skills mission and purpose.*

*The College will deliver the higher level training needs for local organisations to be at the heart of economic renewal and regeneration.*

*The College will be part of a more coherent vocational offer of education in the city providing;*

- *FE and apprenticeship provision,*
- *Sixth Form Centre to University and Higher Apprenticeship provision.*

*The new and refurbished campus buildings will be high technology, low carbon exemplars for the sector*

The aims of the redevelopment stated at OBC stage remain valid for this FBC and are summarised as follows:

- create an estate that can deliver the College's curriculum strategy to meet the skills needs of the SWLEP area;
- help address weaknesses in learner aspirations and attainment;
- enable the college to realign its curriculum offer to the revised Salisbury educational landscape
- create an opportunity for stronger employer engagement in curriculum design and delivery;
- enable labour market needs to be addressed (both replacement and new);
- improve the life chances of learners; and
- address the poor condition of the campus estate

Specifically the redevelopment of the campus will:

- assist in helping to raise the aspirations and attainment of young learners and adults

- support the development of an appropriately skilled and competitive workforce, to meet the needs (including replacement demand) of key priority sectors for the SWLEP
- create the opportunity to embed enterprise skills within a revised curriculum
- increase the range of course provision, including significantly expanding apprenticeships and higher education to meet emerging employer needs
- work with employers to take forward the development of a responsive skills system increasing the number of learners achieving Level 2, 3 and 4+ skills

The table below outlines the original deliverables defined at OBC stage and is compared with the deliverables that will be achieved through the Phase 1 and 2 works. This FBC stage review is based upon RIBA Stage 3 design.

Tracking Deliverables		
OBC Stage Defined Deliverable	Phase 1 Works <i>(covered by this FBC)</i>	Phase2 Works <i>(subject to further FBC)</i>
2,200 sqm of refurbished floorspace & external elevation replacement	<p>✓ - <b>Yes</b></p> <p>2200m2 refurbished space enabling the site wide reconfiguration and rationalisation of space.</p> <p>Includes external cladding replacement to both A36 side elevations.</p> <p>Completion April 2019.</p>	
Demolition of Bourne & Nadder buildings		<p>✓ - <b>Yes</b></p> <p>6180 m2 of demolition works</p> <p>Completion March 2021</p>
3,300m2 New build floorspace (including new construction/engineering centre and new HE centre)		<p>✓ - <b>Yes</b></p> <p>3,300m2 of new build floor space.</p> <p>Completion March 2021</p> <p>Inclusive of the following core requirements; Electrotechnical, plumbing, Carpentry &amp; Joinery and Painting &amp; Decorating, Automated Production, Industrial Engineering Maintenance; Computer Aided Design/Computer Aided</p>

		Manufacture; CHC Simulation & 3D Printing, an HE Centre, Film & photography, Catering
College to surrender its lease on the Tollgate industrial units.		✓ - <b>Yes</b> Construction trades will move into the new build Block A extension.
1,500 additional learners by 2023 with 30,000 additional learners benefitting from the project over a 20 year period from then		✓ - <b>Yes</b>
650 additional apprentices, including higher/degree level 80 new direct jobs created by 2022		✓ - <b>Yes</b> Overall development is scheduled for completion in March 2021

These objectives are SMART on the basis of the following:

**Specific:** the objectives are clear and precise and relate back to the wider strategic objectives of the College and the wider LEP agenda around skills development

**Measurable:** the objectives are clearly quantified and performance against these can be assessed in quantitative terms, with the ability to set KPIs and targets

**Achievable:** the objectives are able to be achieved by the College and it has a track record of delivering capital projects and monitoring related outputs

**Realistic:** they are realistic and challenging but not overly-ambitious. The College is experienced in estimating the likely impacts of capital projects with similar

**Timely:** there is a clear programme being developed with key milestones for the delivery of outputs.

## 2.3 PROJECT DESCRIPTION

The Salisbury project will be delivered in two phases for which LEP capital investment funding has been allocated.

### **Phase 1 – Reconfiguration/Refurbishment of Blocks B & C (Avon & Wyle) Buildings including recladding of A36 Elevations**

**Area:** 2200m2 GIA.  
**Start on Site:** August 2018.  
**Completion:** April 2019.

The proposals comprise the reconfiguration & refurbishment of Block B (Avon) and Block C (Wyle) to facilitate the demolition of Nadder and Bourne buildings and provide accommodation for;

**Phase 2: New Build Development Block A**

**Area: 3300m2 GIA.**  
**Start on site: May 2019**  
**Completion: March 2021**

The new build extension will be constructed to BREEAM ‘Very Good’ standard as a minimum.

This new build extension will enable the College to surrender its lease on the Tollgate industrial units. This new building will be located on the site of the demolished Nadder Building and will occupy part of the current car park to the rear of this.

**Phase 1 and 2 Outputs**

Both phase 1 and 2, as a completed scheme is targeted to provide the following additional student number enrolments:

- 16 – 19 FE – 1,000 FTE additional learners per annum from 3 years post project practical completion
- Higher Education – 500 FTE additional learners per annum from 3 years post project practical completion
- An additional c.650 apprenticeships including 400 at levels 2 and 3, 200 higher level apprenticeships and 50 degree apprenticeships.

It is not feasible to present Phase 1 as an isolated set of student targets as the whole scheme must be delivered to realise the desired outcome that the College wishes to achieve.

Phase 1 and 2 of the project will deliver the following learner and wider LEP benefits in terms of an expanded curriculum offer that closely aligns with LEP priority sectors:

<b>FE provision</b>	<b>OBC Stage</b>	<b>FBC Phase 1</b>	<b>FBC Phase 2</b>
Full-time	Revise and expanded construction and engineering course provision at Levels 13 for brick, wood, plastering, plumbing, painting and decorating, engineering, life sciences		✓ - Yes
Part-time	Revise and expand apprenticeship provision in construction, design, motor vehicle and engineering		✓ - Yes

<b>Higher skills provision</b>			
Full-time	Recruit additional numbers on existing courses in film production, music and applied computing. Introduce new degrees in life sciences and environmental technologies, business, travel and tourism, advanced manufacturing and engineering		✓ - Yes
Part-time	Advertise new part time HE for adult returners through unitization and blended learning, and through higher apprenticeships in engineering and life sciences		✓ - Yes

The project has the full support of a number of key local and national stakeholders, some of which are listed below, with the associated letters of support appended to this business case:

- Andrew Murrison, MP
- John Glen, MP
- James Gray, MP
- Wessex Chamber
- OFSTED

## **2.4 ALIGNMENT WITH COLLEGE STRATEGY**

### **2.4.1 Strategic Plan 2016**

The proposed project fully aligns with both the College's Strategic Plan.

Developed by the College in 2016 and recently approved by its Governing Body, this identifies 5 key strategic aims for the College over the next few years as below:

1. To be a beacon of excellence in education and training
2. To drive economic growth in our region through the delivery of skills aligned to local economic priorities and employer needs
3. To lead the sector in innovation in teaching and learning and curriculum offer and delivery
4. To recruit, retain, develop and reward the best staff who will take the College forward
5. To be a future proofed, financially viable organisation able to invest for growth and sustainability

Within each of these a number of objectives are identified along with an indication of how these will be achieved and what success will look like. A number of points from this which are particularly relevant to the proposed project are summarised below. Through this, the College is seeking to:

- provide an outstanding teaching, learning and assessment and learner experience
- ensure that resources, both human and physical, are fit for purpose
- develop and invest in areas of specialisms around key economic growth priorities and the military
- develop a culture of ambition and aspiration which adds value (and qualifications) to the individual customer
- progress its 5 year curriculum strategy linked to local economic growth priorities (LEP) and employer demand and engagement and which addresses the key areas for growth in apprenticeships, Higher Education, pre 16 and military resettlement and in service delivery
- develop a 5 year accommodation strategy aligned to curriculum strategy and new learning technologies
- ensure that the economic impact and value of the college is understood by all and local economic skills priorities are being addressed
- ensure there is outstanding teaching and learning which equips students with transferable life skills
- ensure there is outstanding progression to further study and/or employment
- enable each campus to maximise its potential
- ensure that the College estates are relevant for 21st century learning, are well maintained and continue to be developed in line with curriculum growth.

With a specific focus on economic growth and the development of a curriculum to provide skills development focused on local employer needs in key growth sectors, the College’s ambitions fully align with those of the SEP. The Plan refers to the need to ensure that the College’s estates and facilities are sufficient to support the College’s ambitions and the proposed project therefore fully aligns with the Strategic Plan objectives.

#### 2.4.2 College Estates/Accommodation Strategy

The College has an approved Accommodation Strategy which covers a 10 year period from 2016-2026 and is intended to support the delivery of the 2016 Strategic Plan and the wider objectives of the SEP. The College’s aim is to seek to ensure that physical resources reflect educational aspirations and the skills needs of students, staff and employers in the localities in which it operates. Its goal is to build on the success of the recently completed new build at the Chippenham campus. Specific strategy objectives include the following:

OBC Stage	FBC Phase 1	FBC Phase 2
To remove or upgrade all condition ‘D’ (inoperable) and condition ‘C’ (operable) space from the estate. On completion of the preferred option to emerge from the Estates Strategy, the College’s estate will be graded either condition ‘A’ (as new) or ‘B’ (good)	✓ - Yes	✓ - Yes

To rationalise the amount of space the College occupies across the estate and improve the utilisation of academic space. The OBC estimates suggested that the College could reduce the floor area of the estate from circa 60,000 sq/ft to circa 46,000 sq/ft.		✓ - Yes
To create world class industry-standard teaching, learning and support resources which are also aligned to employers' needs in any given locality		✓ - Yes
To create a 'heart' to the campus which provides all of those attending the College to have access to a wide range of high quality non-teaching resources		✓ - Yes
To create an estate where the sustainability agenda is integral to all capital investment decisions and daily operations.		✓ - Yes

The College's Salisbury campus is located to the south east of the City of Salisbury within 10 minutes walking distance of the city centre. The campus consists of four sites with accommodation on three of them:

- The main college site (2.086 ha) contains the majority of the accommodation (>90% of total floorspace), it occupies an irregular shaped area with long frontages to the A36 Southampton trunk road and the dual carriageway of the inner ring road
- The Tollgate site (0.76 ha) adjacent to the main college site is used for car parking although there is some mothballed accommodation remaining
- Units 1, 2 & 3 at 115 Tollgate Road (0.20 ha) are industrial units on a standalone site situated to the north of the Tollgate site, used for vocational construction accommodation. These are leased by the College from a third party landlord and under the proposals the College would terminate the lease on this and relocate this activity to the new construction facility.
- St Mary's House (0.56 ha) purpose built 94-bed space halls of residence completed summer 2003. This is owned by the College but leased to a housing association for 30 years and rented back by the College as part of a PFI scheme.

The focus of the proposed projects as part of this business case are on the main Salisbury site. On this site, the main building comprises the Avon & Wylie blocks, which are 1960's built 5 storey buildings. The Nadder Building is another 1960s building in poor condition, which physically connects the Avon/Wylie Buildings and the Bourne Building. The 5 storey Bourne building was constructed during the early 1970's and this serves as the College's current HE centre. The only other main building is the Craft Centre which was constructed in 1990 to house trades and crafts subjects. This is the most recent building on the campus and yet is still 25 years old. The Salisbury campus is 3.4 hectares (excl. St Mary's and Tollgate sites) comprising c.17,000 sqm of built floorspace (NIA).

A number of specific issues/challenges are identified in relation to the Salisbury Campus, as below:

- The poor physical condition and functional suitability of the majority of the building stock, in particular the Bourne Building
- Poor levels of room and overall space utilisation
- The desire to relinquish the lease on the Toll Gate building and consolidating facilities onto the main campus.

A summary of the building condition and functionality on the Salisbury Campus is presented below:

<b>Building condition/functionality (2016 Estates Strategy)</b>				
	<b>As New (A)</b>	<b>Good (B)</b>	<b>Operable (C)</b>	<b>Inoperable (D)</b>
Bourne			√	
Avon			√	
Wylie			√	
Nadder			√	
Craft Centre		√		
Tollgate			√	

In order to address these and to ensure that the Salisbury Campus provides the fit for purpose and high quality teaching and learning environment that the local area requires, the strategy identifies a preferred option for the Salisbury campus that includes the following:

***“a combination of the construction of new facilities, the refurbishment of buildings which are to be retained and selective demolition, whilst leased accommodation will be vacated and provision consolidated onto the main campus. The benefits of this option are that it provides the most cost effective and practical solution (and represents better value for money).”***

The FBC scheme therefore aligns with College Estate Strategy and will deliver a campus that is fit for purpose and attractive to both learners and employers, to maximise skills development and learning potential.

## **2.5 THE NEED FOR LEP FUNDING SUPPORT AND THE REFERENCE CASE**

LEP funding of £13.8m is required to deliver Phase 1 and Phase 2 of the campus redevelopment and without this, the project will not proceed.

The reference case for this project is a ‘do minimum’ outcome which relates to the College addressing its backlog maintenance requirements on a largely ad-hoc basis as per its long term maintenance plan and continuing funding, the proposed projects will not be delivered in the short-medium term and the College will fail to deliver the much needed enhanced learning environment that is required to promote skills development and attainment across the LEP area. If it fails to secure the required LEP support,

the College will continue to provide a sub-optimum and inadequate learning environment which is not at all conducive to modern needs and to lease inadequate space on a temporary basis off campus.

The College is seeking to ensure that its students are taught in accommodation which mirrors contemporary workplace environments so that they are ready for work upon completion of their course and their employability prospects are maximised. In the absence of the LEP funding and therefore project delivery, the College will be unable to realise this and it will have no option other than to continue to operate from the dated, unsuitable, dysfunctional, costly and deteriorating built floorspace which it currently has. Construction and engineering is currently taught from leased industrial units off the main campus which are far from ideal and the College pays c£150,000 per annum in rent and is also liable to all repair and insurance costs. This is not a suitable learning environment and also represents a costly option in terms of ongoing lease costs. Construction and craft trades are also taught from the Craft Centre, which despite being the newest building on campus built in 1990, it is now dated and not suitable for modern teaching and learning needs. HE provision is currently delivered in the Bourne Building, which is a 1970's building, far from being adequate for modern HE needs. In the absence of capital funding support, HE provision would continue to be based here and over time this will have a wholly negative impact upon the provision of higher level skills attainment.

A lack of capital funding support and project delivery will undoubtedly have an adverse impact upon the College's ability to attract and retain learners and given the lack of any alternative vocational curriculum offer within Salisbury or the surrounding area, this will result in fewer people gaining formal skills attainment and formal qualifications. The current HE physical accommodation is poor and not attractive to prospective learners. This will be likely to result in HE recruitment issues over time and given the lack of any dedicated HE institution in the LEP area, this will have a significant impact upon the development of higher level skills within the local economy.

The catalytic impact of this upon the LEP's economic growth potential will be significant. Skills are a key driver of economic growth and sustainability and a lack of an appropriately skilled working age population will result in reduced employment (and higher unemployment/dependency upon benefits), lower business productivity and output, reduced ability to attract inward investment and an overall economy which will struggle to be competitive.

LEP funding will therefore address a market failure in that there is no other form of capital funding currently available or likely to be available in the short-medium term to deliver the required projects. All skills capital that is made available to FE Colleges is now being channelled through the LEPs and there are no other sources of capital available. Further details of this are presented below:

- **No other public funding available** – historically, the College has been able to access skills capital funding to address capital needs such as this using public funding from the Learning and Skills Council and subsequently the Skills Funding Agency. It has demonstrated how it has used these funds to successfully lever other College/external funding to deliver major capital projects on its Trowbridge and Chippenham campuses. However, since all skills capital funding has now been transferred to the LEPs, this is the only source of capital funding that the College is able to access. There is no other available capital from other central/local government or local education authority sources. The College is therefore wholly reliant upon being able to access LEP funding if it is to continue to operate as a financially sustainable economic asset within the local economy. It has secured £1m from the freehold disposal of part of its site for a Free School which it is prepared to reinvest into its estate as part of this project. It has also explored the potential to dispose of other

parts of its campus but there are not considered to be any other 'value' opportunities that would not compromise the future of its education provision.

- **No other private funding available** – although FE Colleges have the potential to generate moderate surpluses to reinvest in the delivery of further education provision, they are not generators of significant profits. The College works extensively in partnership with the private sector and employer engagement is a fundamental component of the College's core activity. However, the delivery of College teaching/learning floorspace does not in itself represent a commercially attractive investment proposition from a developer/investor perspective given the lack of financial returns. This means that the commercial market does not have the appetite to invest in new buildings on our estate. The only potential angle that the College is exploring for the phase 3 works is some form of private sector sponsorship to assist with the funding of these works, but the prospects of this are not certain at this stage.

Furthermore, the College's ability to secure commercial lending to fund project delivery is very limited due to the following:

- Existing borrowing position – the College has existing bank borrowings which it secured to part-fund the delivery of the major redevelopment project recently completed at its Chippenham Campus, alongside an SFA grant of c£17m (total project cost of £21m). It is unlikely to be able to borrow additional significant funds as a result and there are limited commercial lenders in this sector which are prepared to lend to FE Colleges.
- Current financial performance – the College has suffered a reduction in the number of students since 2010, partly due to the poor quality of the estate and facilities on offer, and this has impacted upon its revenue position. This is likely to further limit its ability to borrow additional funds.
- Downward pressure on revenue budgets – the current outlook for FE revenue budgets is challenging and there is a degree of uncertainty. Budgets for 16-19 and adult funding look set to be squeezed and this will further hinder its borrowing capacity. This, does, however, illustrate the need for the College to focus on growth to drive additional revenues and growth will only be realised if the College can increase its intake through being able to provide a 'best in class' offer to prospective students.

## 2.6 ALIGNMENT WITH SKILLS AND ECONOMIC GROWTH OBJECTIVES

The projects align with a number of key policy and strategy documents at national and sub-national levels, as illustrated below.

### 2.6.1 National policy

#### **Skills for Sustainable Growth Strategy Document (BIS, 2010)**

This is the Government's Skills Strategy which identifies that skills are vital to our future and improving skills is essential to building sustainable growth and stronger communities. It recognises that a strong further education and skills system is fundamental to social mobility, re-opening routes for people from wherever they begin to succeed in work. The strategy states that *investment in further education*

*and skills is fundamental to sustainable growth and improving the prospects of individuals and businesses.* Government's ambition is that the UK should have a world-class skills base that provides a consistent source of competitive advantage. It identifies that a high quality further education sector is at the heart of its skills strategy. It also recognises the significant value of apprenticeships and sets an ambition to ensure that vocational qualifications reflect the changing needs of employers. The Strategy identifies an ambition to foster stronger links between colleges and universities and to encourage the further education sector to do more to support enterprise amongst learners. It identifies a number of objectives some of which are presented below:

- Apprenticeships are at the heart of the system that we will build
- We will ensure that vocational qualifications reflect the changing needs of employers
- Increased productivity and employment as a result of an internationally competitive skills base
- Increased numbers of skilled jobs and skilled people at all levels
- Increased engagement by employers with publicly funded colleges and training providers
- Reduced skill deficiencies at local, regional or sectoral level
- Improved social mobility and opportunities for adult learning
- Reduced numbers of 18-24 year olds who are NEET

### **Rigour and Responsiveness in Skills (BIS, 2013)**

'Rigour and Responsiveness in Skills' was developed by Government as an update to the above skills strategy in 2013 and it sets out how it intends to accelerate its reforms to the skills system, to ensure that the UK's vocational training offer allows our citizens to compete with any in the world. It suggests that getting our vocational and technical education system right is both socially and economically vital and recognises that "in today's global race we need a highly skilled workforce" and that higher levels of skills help workers to become more effective. It refers to the fact that 20% of the growth in the output of UK workers can be attributed to the growth in their skill levels. Of specific relevance to the proposed project, the strategy update identifies that vocational qualifications must be rigorous so they qualify a worker to practise in their chosen role and that it is critical that we provide a system that is flexible for education and training providers to deliver what is really wanted by learners and employers.

The report identifies a Government-funded capital grant allocation of c£350m to be made available in 2014-15 and suggests that this investment will specifically *provide funding to improve the college estate, particularly colleges with poor building conditions and inefficient estates.* This is the funding pot that has been allocated to the LEPs nationally.

### **English Apprenticeships: Our 2020 Vision (HM Government)**

This policy document sets out the Government's plan for achieving a significant growth in the quality and quantity of apprenticeships, working with employers, education and training providers and others to address skills shortages and stimulate economic growth. It sets out a goal for young people to see apprenticeships as a high quality and prestigious pathways to successful careers, and for these opportunities to be available across all sectors of the economy. It recognises that education and training raises the level of skills available in the economy, as well as driving productivity and national prosperity. The policy document suggests that economic benefits are generated when education and training helps individuals to achieve a higher level of qualification, increasing their employment prospects, productivity and wages. It also recognises that there is a critical need for high numbers of

new technical and professional skilled workers. The proposed scheme, which proposes to support the delivery of c.650 new apprentices per annum, fully aligns with and supports this latest Government policy on apprenticeships and the drive to maximise technical and employer sponsored pathways to skills development and employment opportunities.

## 2.6.2 Sub-national policy

### **SWLEP Strategic Economic Plan (SEP)**

The SWLEP prepared its SEP in March 2014. This was then submitted to Government and formed the basis of negotiations which resulted in the LEP securing an original LGF allocation. Since then, the LEP has developed an updated and revised SEP which it published in January 2016 and which replaces the previous version. The SEP sets out the economic ambitions and challenges for the LEP area and identifies a number of key priority projects to address these. The 2014 SEP identified 5 SMART objectives which are still described as fully relevant. 4 of these 5 objectives are wholly relevant to the proposed scheme, as below and the LEP has suggested it will continue to monitor progress against these:

- Increase the employment rate to 80%. This has nearly been achieved. For the year to June 2015, the employment rate stood at 78.6%;
- Sustain the number of patents granted per 100,000 population. Between October 2014 and October 2015, 670 patents were granted to businesses based in Swindon and Wiltshire which is 95.8 per 100,000 population.
- Increase the proportion of the workforce (resident and non-resident) with a Level 4+ qualification from 33% to 52%. We recognise that we have more to do here; by December 2014, 36.8% of the Swindon and Wiltshire workforce was qualified to this level;
- Improve young people's attainment at 16 (including English and Maths) and 19 to beyond the national average. GCSE attainment levels between 2011 and 2015 have remained relatively static across Swindon and Wiltshire whereas they actually fell across England. By 2014, 85.4% of 19 years olds in England had achieved a Level 2 qualification; in Wiltshire this stood at 86.1% and 83.3% in Swindon compared to 81%, 81.8% and 75.9% respectively in 2011.

In the latest version of the SEP, the LEP is aspiring to be more ambitious. Five strategic objectives have been identified in this latest SEP and it maintains the focus of the previous SEP on 3 spatial growth zones, one of which is the Salisbury A303 Growth Zone within which this proposed scheme is located.

Of the 5 strategic objectives, one of these relates to the following of specific relevance to this scheme:

### **Strategic Objective 1: Skills and talent - we need an appropriately skilled and competitive workforce to achieve our growth ambitions.**

Within this objective, there are 4 priority actions, as below:

#### **1) Improve the skills system:**

- a) Ensure there is a robust and responsive post 16 education and skills sector operating to meet the needs of learners and employers which is *financially efficient, sustainable and operates from campuses which are fit for purpose*;
- b) Improve progression routes to employment in the post 16 education sector, with *strong employer involvement in the curriculum* to ensure improved employability;

c) Deliver options **to enhance higher education participation** across Swindon and Wiltshire **meeting the demand for higher level and degree-level qualified employees** locally;

d) **Ensure that the learning and skills offer reflects the needs of the area, including the priority sectors**, providing effective Science Technology Engineering and Maths (STEM) skills.

## 2) Skills for growth

e) Develop **a skilled and competitive workforce meeting the needs of employers**;

f) Develop **higher level skills provision** through **smarter engagement between the higher and further education sectors and business**;

g) Achieve a **higher proportion of individuals employed in higher skilled and higher value-added roles** (Level 4 and above) in priority sectors; and

h) Embed apprenticeships as an established route to employment and **maximise the opportunities to grow higher and degree apprenticeships**.

## 3) Skills for inclusion

i) **Improve educational attainment**, exceeding the national average, at age 16 (including English and Maths) and at age 19;

j) **Realise the potential of residents with barriers to employment**, including young people and older workers and develop innovative approaches to providing support;

k) Ensure **impartial and independent professional careers advice** and guidance is operating across schools and colleges.

## 4) Enabler of other priorities

l) Ensure **military service leavers and existing employees have clear pathways to new skills** and flexible learning.

The SEP identifies that through investing in Strategic Objective 1 and focusing on the Salisbury A303 Growth Zone, the LEP will seek to **“enhance our further and higher education offer in the area, ensuring providers are able to deliver the skills provision required and facilities that are attractive to students and fit for purpose”**. It also suggests that there is a need to restructure the Salisbury A303 Growth Zone’s economic base, leveraging the opportunities provided by the presence of the Military, Life Sciences and Defence Technologies specialisms at Porton, and building on its world class reputation as a visitor destination.

The SEP identifies that it has a competitive advantage based on a number of factors including the following of specific relevance to this scheme:

- dynamic, knowledge-based economy with nationally important clusters in advanced manufacturing, amongst other sectors
- strong small and medium sized enterprise (SME) growth with high levels of innovation and business survival
- a vibrant economy with a skilled workforce and low unemployment.

The SEP identifies that the LEP area’s population will have increased from 699,000 in 2014 to 764,000, matched by employment providing higher skilled jobs and high value economic growth. It recognises that it needs to **“get ahead of the skills deficit ‘curve’ so that it has a workforce that provides a competitive advantage by being fit for the future by improving access to higher education”**.

It suggests that there are strong prospects for employment growth in the area and that according to econometric forecasts in the 2013 Economic Assessment, **30,000 additional jobs are forecast between 2010 and 2020 across Swindon and Wiltshire, twice the rate of growth predicted nationally** owing to good representation in sectors predicted to perform well.

There is also a shift towards high value sectors and the SEP refers to employment projections which indicate that the occupational profile of the area is predicted to continue to shift towards higher level occupations, with the greatest levels of growth expected among managers, professionals and associate professionals.

The SEP recognises the challenge of improving provision for higher skills and education in order to enable residents to compete for the high value jobs the LEP is seeking to bring to the area. It also recognises that those students who do go on to higher education tend not to return to the area once they have obtained a degree, and since Swindon and Wiltshire does not have a significant higher education presence, it does not attract nearly enough people to gain a Level 4 qualification or above to replace those that leave. The SEP therefore suggests that **the aspiration for a higher education presence in the area remains an important one**, particularly given that it identifies that the number of graduate level jobs in the local economy is forecast to increase from 33.6% to 41.1%, which means that 83,000 more people with a Level 4 qualification or above will be needed by 2020. It suggests that **local businesses have identified the lack of a ready workforce with higher level skills as a major barrier to future growth**.

The SEP identifies a number of key priority growth sectors, including advanced engineering and high value manufacturing and health/life sciences, both of which this project will fully support. It also identifies the low carbon economy and construction as 'key sectors to watch', suggesting that the **"transition to a low carbon economy will be a key driver of change that will create new opportunities in many sectors, for example energy generation, innovation and sustainable construction"**.

#### **ESIF Strategy 2014-2020 (revised May 2014)**

The SWLEP has developed its ESIF Strategy in response to the opportunity to invest €88m over the period 2014–20 into the Swindon and Wiltshire economy. It is intended that this will result in the creation of over 1,500 jobs and support 2,500 businesses to innovate and become more competitive and assist more than 9,000 people enter or progress in the workforce. The strategy identifies 5 key priorities as below:

- Priority/key sectors – including advanced engineering/high value manufacturing, health and life sciences
- Military-Civilian Integration
- SME support
- Low carbon development
- Social Inclusion

The proposed project on the Salisbury Campus will support skills development across the advanced engineering/high value manufacturing sector priorities. It will provide high quality workplace-based learning environments to support skills developments across the low carbon sector within engineering and construction. It will increase the skills development/learning opportunities that are available and therefore fully align with the military integration priority. The new HE centre under phase 2 will also provide new higher skills/degree based learning opportunities across a number of key priority LEP

sectors, particularly health and life sciences and business services. The project therefore fully aligns with the core objectives of the ESIF strategy.

The strategy's activities are grouped into four thematic areas:

- SME Growth;
- Innovation for Sustainable Growth;
- Skills for Growth;
- Skills for Inclusion.

Key relevant points from the ESIF Strategy are presented below:

- The ESIF strategy indicates that Swindon and Wiltshire has a number strategic opportunities and threats over the next decade including high youth unemployment, low rates of Higher Education participation, high investment in innovation but limited Higher Education support. It recognises that ***“developing a highly educated, highly skilled and entrepreneurial workforce will be crucial if we are to deliver our ambitions for innovation-led growth. We need a workforce that meets the current and future skills requirements of local businesses, many of which are operating in globally competitive markets”***.
- It identifies a view amongst some local employers that new young labour market entrants lack the skills needed for employment. There is a danger that many young people will subsequently find themselves at risk of unemployment as the demands of employers for more highly qualified staff increases. While unemployment among young people in the SWLEP area is below average and there are above average employment rates for 16-19 year olds, there are spatial concentrations of low educational attainment and low levels of progression to higher qualification levels both in rural and urban areas.
- The strategy indicates that ESIF support should be channelled towards new skills and training centres detailed in the SEP in Chippenham, Lackham, **Salisbury**, Swindon and Trowbridge for a range of skills and learning, by working with target groups and promoting social inclusion through employment and employability activities including work experience.
- ESIF will also be able to support institutions with ambitions to bring Higher Education and specialist skills training into the area and specifically references the focus on Life Sciences, Engineering and Construction (LEC) at the new facilities at the College's Salisbury and Chippenham campuses.

### **Wiltshire Education, Employment and Skills Strategy 2014-2020**

Developed by the Education, Employment & Skills Board, this identifies a number of key objectives for enhancing the skills base of Wiltshire over the next 5 years. It identifies a number of key challenges, perhaps one of the most significant being the need to ensure that the local economy is prepared to support future employer skills needs going forward. It suggests that the restructuring of the employment base and an overall shift towards higher order occupations requires higher levels of education and it is anticipated that in terms of skills requirements, including replacement demand, by 2020 approximately 65% of the jobs growth in Wiltshire will require NVQ Level 4 qualifications and above and that at present, Level 4 attainment in the SWLEP area is low. The Strategy reinforces the role of the LEP and the fact that

**“the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) has identified the need to invest in FE and HE”** to support its economic growth ambitions. The Strategy also identifies the following of relevance to the Salisbury Campus project:

- The need to create an environment that will **support the development of a skilled and competitive workforce**, meet the needs of employers both now and in the future and drive business development and economic growth
- The need to provide a **dedicated HE offer to achieve the Level 4+ skills needs**. This will enable Wiltshire to retain home grown talent which has in the past had to leave Wiltshire in order to pursue HE ambitions
- **Service leaver integration** - there will be an estimated 1,800 service leavers in Wiltshire by 2016 and the successful City Deal bid aims to see military leavers’ skills being used by companies who wish to locate and grow in the county.
- The low carbon sector will be competing for high-quality STEM graduates over the next few decades and **there is a need to ensure that people with the right skills are available to support the transition to a low carbon economy**, particularly in engineering, manufacturing and construction.
- Through this strategy we will **raise the profile and appeal of STEM industries facing skills shortages**. We will support earlier intervention in the education process and sustainable STEM development in teaching young people to see the myriad of opportunities that STEM subjects can create.

The strategy identifies 7 key strands to meeting the challenges identified, which include:

- early intervention/prevention
- raising aspiration and attainment
- employability/preparation for work
- progression opportunities from pre to post-16 and through to suitable provision for HE within Wiltshire
- up-skilling the work force
- ensuring skills match employer/learner need through education and training provision that is appropriate and accessible
- sustaining employment/participation.

The proposals for the Salisbury Campus align with and support all 7 of these strands.

## **2.7 BENEFITS TO EMPLOYERS AND THE COLLEGE’S EMPLOYER ENGAGEMENT ACTIVITY**

During 2013/14 the College worked with some 800 businesses and employers across the South West and places a significant emphasis upon its track record of successfully working with and supporting businesses to ensure that their skills needs are met. Employer engagement is an integral part of the College’s operations and this is set to increase further in accordance with its strategic plan objectives for the next few years.

Wiltshire College is one of the largest provider of apprenticeships in the south west of England. The College currently supports 1000 intermediate, advanced and higher apprenticeships.

The College operates much of its outward-facing work with employers through its Business Development department. Its remit includes apprenticeships, work-based learning and commercial

projects. The College currently offers a number of construction and engineering based apprenticeship programmes from its Salisbury Campus, as below:

- Level 2 Intermediate Carpentry & Joinery Apprenticeship
- Level 2 Intermediate Painting & Decorating Apprenticeship
- Level 2 Intermediate Plumbing & Heating Apprenticeship
- Level 3 Advanced Electrotechnical Apprenticeship

To enable it to continue to work with leading private sector employers in the engineering and construction sectors and to provide apprenticeship schemes, it is critical that the College is able to provide an environment which mirrors real work environments and therefore prepares students for the workplace. Businesses are unlikely to support students through apprenticeship schemes if the College learning environment is not adequate given that they are investing significant time and resource into their apprentices. The College therefore needs to invest in its physical facilities to ensure that it can continue to deliver these important apprenticeship programmes. Government has been and is likely to continue to be fully supportive of apprenticeships programmes as an effective means of providing workplace based education and the revenue funding associated with these is unlikely to face the same funding pressures as other parts of the education system.

The proposed new facilities at Salisbury will enable the College to not only sustain but expand its engineering and construction apprenticeship programme. It will enhance the appeal of the College to key local employers and potential students and will create an overall more attractive and professional learning environment which is more orientated towards creating real workplace environments. This will benefit both students and local employers and will be likely to increase the scale and quality of the College's employer engagement activity, a critical component of its wider offer.

The College also offers a number of degree level/higher education based courses at Salisbury including Higher National Diplomas, Foundation Degrees and BA/BSc degrees, including the following:

- Foundation Degree Applied Computing
- BA (Hons) Film Production and Cinematography
- BA (Hons) Photography
- HND Music
- Certificate in Education / PGCE (University of Greenwich Distance Learning)
- Foundation Degree Education Studies for Teaching Assistants

Again, the proposed new facilities will enable it to further develop the capacity and quality of its HE based offer which will increase the number of students graduating with higher level skills to meet current skills gaps in the local economy, again to the benefit of not only students, but also employers.

An example of the College's success with engaging with business is its Engineering Innovation Network South West initiative (EIN-SW), delivered in partnership with Swindon College. Originally focussed on its Castle Combe site, EIN-SW has been developed from the College's specialist knowledge of the motorsport engineering sector. The project supports specialist engineering companies in Wiltshire and the surrounding area and is increasingly being recognised as an example of best practice in how the FE sector should engage with SMEs.

## 2.8 BENEFITS TO LEARNERS AND LEARNER SUCCESS

The development of new learning and teaching facilities at the College's Salisbury Campus will directly deliver a number of benefits to learners/students:

- **Enhanced employability** – through the provision of an enhanced learning environment and the development of a learning and teaching environment that replicates workplace environments, learners will be more 'ready for work' upon completion of their courses. Employment readiness is a key issue across the UK as a whole and there is a need to ensure that learners, particularly on more vocational-based courses, are equipped and prepared to make the move directly into a workplace upon attaining the relevant qualifications. The proposed facilities will address this through the development of environments which are more akin to workplaces. A national BIS evaluation of the impact of FE capital investment suggests that engagement with existing employers appears to have improved post capital expenditure, colleges can offer facilities that much more accurately match what employers want and there is evidence that new buildings have also attracted new employers.
- **Enhanced progression to higher level skills** – the project will enhance the College's ability to recruit and retain students. Through enhancing the offer of the campus, learners will be more likely to complete courses and progress onto next stages through the NVQ 'ladder'. The lack of people with higher skill qualifications is a key issue across the LEP area and the project will therefore directly assist to address this through both enhancing learner number capacity and overall experience.
- **Improving retention and attendance** – the national evaluation of the impacts of capital investment in FE Colleges identifies that most case study colleges reported improvements in success and retention rates following their respective capital expenditure projects. Colleges emphasised that participation and success rates would have declined had the capital expenditure not have occurred.
- **Increased opportunities for NEETs** – Wiltshire's NEET statistics generally compare favourably with regional and national averages but the issue is still nonetheless prevalent. A report by Wiltshire Council in November 2014 estimated there are c.400 16-18 year old NEETs in Wiltshire<sup>1</sup>.

The College works closely with Swindon Council and other stakeholders in an attempt to address this and enhance the employment prospects of those currently not in education, employment or training. The college continues to grow its lower level provision to address the growing numbers of young people not in education, employment or training (NEETs) and runs a number of innovative projects in the community in order to meet the needs of this market. The project will enhance the overall appeal of the College and its offer which could in turn make it more attractive to NEETs and those not currently interested in enrolling on vocational-based courses and therefore reduce the overall number of young people not in education or work.

- **Wage/employment premia and quality of life/social/health** – research has been undertaken which seeks to quantify the links between skills attainment and increased lifetime wages, which would seem to be a logical relationship. People with higher skills are also less likely to face issues of deprivation, social exclusion and poor health.

## 2.9 ALIGNMENT WITH OTHER SKILLS AND EDUCATION INVESTMENTS AND ACTIVITY

This project has been developed with full regard to other existing and planned skills and education based assets, initiatives and investments across the SWLEP area. It is a key component of the wider emerging skills strategy for the LEP area and an integral skills priority going forward. Wiltshire College has worked in partnership with its FE counterparts – Swindon College and New College Swindon – as well as its HE partners, the Enterprise Network and key local businesses and organisations. Wiltshire College works closely with universities such as the University of Bath, Bath Spa University, Bournemouth University and the University of Greenwich.

The College and its plans also fully align with the Free School (6<sup>th</sup> Form) and the University Technical College in Salisbury, which will have a distinct focus on engineering. The college's role in this renewed education landscape is increasingly important and clear - through linking with the new institutions the College's responsibility is to deliver high quality vocational further and higher education, which enables learners to contribute to the economic development of the area through the acquisition of higher skills. The College and the School are working very closely to offer a coherent curriculum package for local students at 16, and will be working with them on local progression opportunities for students when they reach 18. In order to contribute fully to this new educational landscape the College needs to invest in new buildings, both to be able to offer a revised curriculum and to take greater numbers in specialist areas. The College is a member of the Steering Group for the UTC and the curriculum group for the UTC is looking at progression opportunities to the College for learners aged 16 or 18. The College is in turn revising its curriculum to ensure there is seamless progression. The College and the UTC are also looking at pre 16 provision for students for whom it becomes clear that a purely vocational route is appropriate.

The proposed redevelopment of the Salisbury Campus and particularly the focus on a new construction/engineering centre and dedicated HE facility, will be of benefit to the LEP economy as a whole and will wholly complement other existing and future activity elsewhere across the sub-region. The Salisbury Campus serves a wide catchment area and the facilities that would be provided would certainly not compete with any other Colleges or indeed or Wiltshire College campuses. The rural geography of the SWLEP area and its relatively poor connectivity results in significant journey times – for example, Salisbury to Swindon is 40 miles and over 2 hours' drive-time. Despite there being overlaps in the curriculum provision between Swindon College and Wiltshire College in terms of construction and engineering curriculum provision, the closest campus to Swindon's North Star Campus is Wiltshire's Chippenham Campus and even this is approximately 20 miles from Swindon. Its Lackham Campus is the next closest at approximately 24 miles away, albeit this is focused on land based industries. This means that there is a need for some degree of course repetition amongst the LEP area's FE providers to ensure that students can access required education provision across a breadth of curriculum areas to meet local employer needs. This means that in reality the two Colleges (Wiltshire and Swindon) are rarely in a position whereby they are in direct competition to recruit students given the different catchment areas that they serve. They can therefore both provide facilities and courses that are similar on this basis to ensure that local educational needs are met.

The College has developed this project in close conjunction with Swindon College and the New College, Swindon. They are fully aware of the project and its key components and supportive of what the College is striving to achieve through its delivery. The project fully aligns with the key priority projects of these other Colleges.

From an HE delivery perspective, the proposed new HE Centre as a Phase 2 project also fully complements wider HE based activity across the LEP area. As the only LEP area nationally without a

dedicated HE institution, the new facility will increase and improve the higher education offer across Wiltshire. It will provide a new specialist HE facility that will be likely to attract the interest of further universities from across the south-west and beyond and will assist to enhance higher level skills attainment, a key LEP priority. In the absence of a university, there is a critical need to enhance the HE offer to drive Level 4+ attainment, fully complementing the HE offer delivered through Swindon College's campus. The proposals will also fully align with the SWLEP's 'Higher Futures' skills service offering support to employers, in identifying skills gaps and developing tailored training solutions.

## 2.10 RESPONDING TO SOCIO-ECONOMIC CHALLENGES - BENEFITS TO THE LOCAL ECONOMY

The Wiltshire economy faces a number of socio-economic challenges as identified below (information is drawn from the Wiltshire Education, Employment & Skills Strategy – Draft SWOT analysis and the Strategic Economic Plan, 2014).

- **Need for higher wage levels** - workplace pay rates are below the national average, with those working in Wiltshire only earning 89% of the average for England
- **Young people and employability** - employment opportunities for those under the age of 25 are a particular concern. The delivery of employability and informal skills support for the young, as well as exploring alternative routes to work such as apprenticeships and work placements, is a priority to offset the threat of this cohort of the population becoming unemployable for the long term. Around 8,700 people aged 16-24 are unemployed in the area, representing 28.2% of all unemployment.
- **Skills levels and need for higher skills** - by 2020 it is projected that more than 1 in 4 jobs will be at the higher end of the occupational spectrum (Level 3+). 22 wards (13% of the total) in SWLEP area have some of the lowest levels of young people's participation in HE in the country. In Wiltshire the proportion of 25-29 year olds with degrees is 33.0% compared with 42.2% in England. The number of graduate level jobs in the local economy is forecast to increase from 33.6% to 41.1% meaning 83,000 more people with a Level 4 qualification or above will be needed.
- **Educational attainment at 16 is a concern** - 56.4% of young people in Swindon achieve five GCSEs A\*-C (including English and Maths) below the 59.2% national average. Performance has improved in recent years but this remains a key issue to address. The figure in Wiltshire (61.0%) is slightly above the national average.
- **Population is growing rapidly** - between 2001 and 2012, the LEP area's population grew by 75,200, an increase of 12.3%. This is well above the national increase of 7.8% and the third highest increase of any LEP. Whereas in some areas population growth reflects the impact of an ageing population, this has not been the case locally and there has been a 10% increase in the working age population over the same period (+37,700) suggesting that people are moving in to the area attracted by employment and the lifestyle on offer.
- **Strong jobs growth is forecast** - there are strong prospects for employment growth in the area according to econometric forecasts. 30,000 additional jobs are forecast between 2010-2020 across Swindon and Wiltshire, twice the rate predicted nationally owing to strong representation in sectors predicted to perform well, such as professional services. This forecast is consistent with the rate of growth being planned for in Local Plans. The employment projections indicate that

occupational profile of the area is predicted to continue to shift towards higher-level occupations, with the greatest levels of growth expected among Managers, Professionals and Associate Professionals.

- ***Declining competitiveness*** - while there are good prospects for economic growth in Swindon and Wiltshire, there is evidence that competitiveness over the last decade has been in decline. The UK Competitiveness Index benchmarks the relative competitiveness of individual local economies using a basket of indicators. The 2013 index shows Swindon and Wiltshire to be ranked 14th out of 39 LEPs in England. Between 2010 and 2013, its ranking slipped from 12th position to 14th. Whereas the national economy saw nominal GVA growth of 48% between 2001 and 2011, Swindon and Wiltshire saw growth of 44%. Over the period 1998-2011 Swindon and Wiltshire has fallen from having the 8th highest GVA per head in England to 11th. LEP areas that overtook it during that period included Greater Cambridgeshire and Greater Peterborough, Oxfordshire and West of England. Local businesses indicate that the area is losing ground to better performing neighbours and that it is failing to attract its fair share of new inward investment.

## 2.11 ADDRESSING ESTATE NEEDS AND DEFICIENCIES

There has been no significant investment in the Salisbury campus estate for 30 years and 80% of the buildings on the campus are in SFA Condition Category “C” which means they are not fit for purpose. The estate is dated, in a poor condition, is inefficient/costly to run and is not suitable for modern skills development needs. It is important to note that the College is not to blame for the poor condition of its estate - it inherited a campus in 2008 which had significant maintenance issues due to the lack of capital investment for such a long period of time. The current estate limits curriculum development and restricts skills development in key college and LEP sector growth areas. The estate impacts upon perceptions of the College and wider skills/education offer in Salisbury and also impacts upon its ability to recruit learners. It is located adjacent to a major trunk road/gateway to the City Centre and at present does not portray a positive message of Salisbury as a key economic driver of the wider SWLEP area.

The existing main College buildings in Salisbury were constructed in the 1960s/1970s, aside from the Craft Centre which was built in 1990. There are no new buildings and the estate was largely built to reflect teaching and learning needs 40-50 years ago. The current estate is now therefore no longer suitable and is impacting upon the College’s ability to deliver its core skills and learning functions. Furthermore, the current construction trades provision is in a poor quality leased facility of c,2,300 sqm off site costing c.£150k per annum unnecessarily.

To date, despite the College making every attempt to improve the learning environments it offers, because of the age and the nature of the property, the campus has around 13,000sq m or 63% of its space classified as being in poor condition and 67% is classed as being unsatisfactory in terms of its functional suitability. This in turn leads to high running and maintenance costs (e.g. leaking roofs, space that cannot be adequately heated) as well as poor functionality.

The majority of building stock on the Salisbury campus has reached a point that significant action is required to address the current poor condition of the accommodation. Failure to take action now will progressively lead to the current problems becoming more pronounced, increasing further the operational and financial challenges to the College of continuing to use out-dated buildings and leading to missed opportunities to support learners and employers. Furthermore, there is a strong likelihood that learner numbers will decline if action is not taken now. The investment need is both substantial

and urgent and there is no other source of capital funding available for the College to access to address the estate issues it is facing.

## **2.12 COLLEGE TRACK RECORD OF DELIVERING MAJOR CAPITAL SCHEMES**

The College has a proven track record of managing the delivery of major capital build projects on its campuses using public sector funding support, historically through the Learning and Skills Council and more recently, the Skills Funding Agency (SFA). It has recently delivered a £21m programme of capital works to redevelop its Chippenham Campus and this was completed towards the end of 2015. This was funded largely through SFA capital and has transformed the campus to provide an outstanding learning environment across the breadth of the College's curriculum offer in Chippenham. The College has also invested in its Trowbridge Campus in recent years and in 2013 opened a new Learning and Resource Centre as well as new workshops for Plumbing, Electrical and Performing Arts students and a refurbished gym and Student Common Room. In September 2014, it completed a new 2,300 sqm construction facility at Trowbridge, replacing two dysfunctional and poor condition buildings. Again these were delivered largely through SFA funding.

The College therefore has experience of managing the delivery of large capital projects across its estate ensuring they are delivered on time, to budget and to meet the College's specific requirements. All of these were delivered with public sector funding support and the College understands the processes around monitoring and evaluating outputs post completion. It has experience of raising sufficient College/other match funding and it is therefore considered a low risk funding recipient on the basis that it has done this before – the funding channel has changed but the principles and processes of delivering new capital developments across its estate remain the same.

### 3 Economic Case

#### 3.1 INTRODUCTION

In accordance with the Capital Investment Manual and requirements of HM Treasury’s Green Book (A Guide to Investment Appraisal in the Public Sector), this section reviews and reconfirms that OBC preferred option remains valid.

#### 3.2 OPTIONS ASSESSMENT

##### 3.2.1 Long list of options

The long list of project options reviewed as part of the OBC is provided below..

Option	Description	Rationale for rejection
1) Do nothing	No further capital investment in the College estate. This would result in the existing estate worsening in terms of its condition and functionality over time to the point where parts of it may become unusable. This would have a significant impact upon the College’s ability to provide a high quality education offer and its ability to attract students and local industry partners would be severely compromised.	This is not a realistic option due to mandatory health and safety and ongoing maintenance requirements. The current estate needs ongoing maintenance and investment. The College cannot therefore “do nothing” in this instance as even a mothballed building would have capital cost implications. The ‘do minimum’ below is therefore the realistic base case/reference case.
2) Do minimum (reference case)	The College continues to invest in its existing estate in accordance with its planned maintenance programme/long term maintenance plan. No new development or specialist facilities.	This will only address critical building needs/repairs and respond to ad-hoc repairs as necessary to ensure that buildings are safe and usable. This will not enhance the learning environment and will not address the overall condition and functionality issues that the College faces. Construction will also continue to be taught from leased accommodation off site. This has not been rejected at this stage and provides a ‘do minimum’ base/reference case as part of the appraisal process.

<p>3) Refurbishment led approach - phase 1 only</p>	<p>Part of the existing Nadder Building is refurbished to enable the provision of space for construction/engineering to be taught in this location. This would enable the College to exit its leased space off site and have its own dedicated facility.</p>	<p>The condition and functional suitability of the existing Nadder Building is poor and the costs of refurbishment into a dedicated engineering/construction science facility are likely to be high. Even then, the location, profile and configuration of the refurbished space is unlikely to deliver anywhere near the scale and quality of the benefits associated with a new dedicated facility. It would be unlikely to attract industry interest and would not be an attractive proposition to learners. The delivery of this project alone would also not deliver the required University Centre nor the refurbishment of the Avon, Bourne and Wylie Buildings. A variant on this option would be to deliver the engineering/construction centre in refurbished space as above and also to refurbish the craft centre into a dedicated HE facility as a phase 2 project but this would still not deliver the new build engineering/construction facility that is desired. This option has therefore been rejected on this basis.</p>
<p>4) New build approach – phase 1 only</p>	<p>This would include the development of a new build construction/engineering centre but no further development (i.e. no new HE Centre and refurbishment of the other College buildings)</p>	<p>Whilst this would deliver a high quality facility for construction/engineering it would fail to deliver a new HE facility. HE would continue to be provided within the Bourne Building, which is far from satisfactory in terms of condition and functionality and this would not address the higher skills attainment issues prevalent across the LEP area. This option would also fail to refurbish the remainder of the College estate over the medium-longer term.</p>
<p>5) Phased redevelopment of campus (refurb and new build)</p>	<p>Includes new build construction/engineering facility (phase 1), new HE facility (phase 2) and refurbished Avon/Wylie buildings (phase 3). LEP funding would support the delivery of phases 1 and 2 only at this stage (the delivery of phase 3 will</p>	<p>This option has been shortlisted for appraisal. It provides an opportunity to develop a new engineering/construction facility, a much improved and dedicated HE centre and to refurbish other parts of the campus to deliver a value for money approach to the comprehensive redevelopment of the campus.</p>

	require further funding support in due course)	
6) Phased redevelopment of campus (new build approach)	Under this option, the College would completely redevelop the entire campus and replace it with new buildings. This would result in a new build campus with significant benefits for skills development.	This option has been rejected at this stage on grounds of affordability, based on initial discussions with the LEP regarding potential skills capital funding availability. The College would, however, be very interested in discussing this option further should further funding become available.

The OBC scoring matrix used to rank each of these options is provided below. They have been assessed against a range of key project criteria/objectives as identified previously within this business case. Each option is score out of 5 whereby a score of 5 indicates a strong prospect of achieving the objective. Option 1 (do nothing) has not been scored as is not a feasible option given that the College has to meet its mandatory health and safety obligations.

Objective	Option					
	1	2	3	4	5	6
Deliver a new suitable and functional learning and teaching environment in key LEP sectors to promote their growth	n/a	0	2	3	4	5
Address the poor condition of the campus estate and reduce estate running costs	n/a	1	2	3	4	5
Create an opportunity for stronger employer engagement in curriculum design and delivery	n/a	0	1	3	5	5
Contribute towards the wider regeneration and economic growth of Wiltshire and the wider LEP economy	n/a	0	1	2	4	5

To directly address the lack of people with higher level skills	n/a	0	1	1	5	5
<b>TOTAL SCORE</b>	<b>n/a</b>	<b>1</b>	<b>7</b>	<b>12</b>	<b>22</b>	<b>25</b>

Option 6 is the preferred option however, the capital cost implications prevented this option being pursued.

At OBC stage option 5 produced the next highest scoring option and represented the preferred option. Option 5 proposed a phased redevelopment approach including part refurbishment and part new build.

Option 2 was also shortlisted as the 'do-minimum' base case, as per the SFA investment appraisal template. Options 2 and 5 were therefore taken through the OBC full economic appraisal.

### 3.2.2 Shortlisted options

The short-listed options within the OBC were Options 2 and 5. Further details of these options are presented below.

**Option 2 - Do minimum (reference case) – LTM led approach** – under this option, the College would continue to invest in its existing engineering and construction and HE facilities in accordance with its planned maintenance programme/long term maintenance plan and the requirements of the lease terms for the off-site construction provision. This represents a base/reference case as the College is required to adhere to mandatory health and safety legislation. Under this scenario, the College would invest very modest sums of capital on an ad-hoc basis to undertake essential works to the building fabric or M&E systems. It would also respond to emergency needs as and when necessary. This is the approach the College is taking at present as a result of a lack of funding availability and it is assumed that that this would continue. Learner numbers under this scenario would not increase and the College's ability to provide relevant skills development to an increased proportion of the LEP population would be compromised.

Over the medium term, if funding is not made available, there is a risk that the Bourne Building, currently home to the College's HE curriculum offer and in a poor condition with major functionality issues, deteriorates into a state a disrepair that is beyond the scope of capital budgets available through the long term maintenance plan. If this occurs, there is the risk that the building would have to be mothballed until the point in time when necessary funding becomes available. This could have significant impacts upon the College's ability to continue to provide HE based courses to students.

The College would need to continue to fund the costs of leasing construction facilities off site. There is also a risk under this option that the College is forced to exit its lease of the construction facilities due to the ongoing revenue costs of this. This could mean that its ability to provide this curriculum area over the medium term is compromised.

### **Option 5 - Phased Redevelopment of Campus (refurb and new build approach)**

At OBC stage this option referred to a phased new build and refurbishment-led approach to the redevelopment of the campus, comprising the following phases:

- Phase 1 – new build 3,300 sqm (involving some partial demolition of the existing Nadder Building). This would enable the College to bring its construction offer onto the main site from the currently leased accommodation.
- Phase 2 – creation of the dedicated 2,200 sqm HE facility and the relocation of current HE functions from the Bourne Building which would be likely to be subsequently demolished to provide space for future College expansion.

At FBC stage, based upon RIBA Stage 3 developed design the preferred option is described as follows;

- Phase 1 – refurbishment and cladding to Block B (Avon) and C (Wyle) to provide 2,200m<sup>2</sup> of teaching facilities. See Appendix A for departments relocating from Bourne and Nadder, including new curriculum studies.
- Phase 2 – new build extension 3,300 m<sup>2</sup> of new teaching facilities, with dedicated HE facilities.

The assumptions used in the OBC (and still valid in the FBC) are that the increased student numbers are generated from:-

- Students staying on for a longer period of time to obtain a higher qualification and therefore a higher GVA for the region.
- Students attracted to new courses not currently offered in the region. These learners would also be attracted from outside the LEP region.
- Students able to study part time and flexibly on new provision that doesn't currently exist whilst remaining in employment.
- Additional learners on existing courses due to the improved learning environment.
- Introduction of new apprenticeship provision in both Life Sciences and Advanced Engineering.

LEP funding sum sought at FBC remains £13.8m for both phases.

### 3.3 PROJECT OUTPUTS/IMPACTS

Output	Option 2 – do minimum	Option 5 – phased redevelopment (refurb and new build)	FBC RIBA Stage 3 Scheme for Implementation
Number of gross direct jobs created	0	20	20
New build training/learning (sq. m)	0	3,300 sqm	3,300 sqm
Refurbished training/learning (sq. m)	0	2,200 sqm	2,200 sqm

Additional Apprenticeships created	0	650 (over 5 years following PC), including: - 400 at levels 2/3 - 200 higher apprentices - 50 degree apprentices	650 (over 5 years following PC), including: - 400 at levels 2/3 - 200 higher apprentices 50 degree apprentices
Additional learner numbers	0	1,500 (within 3 years of PC), including: - 1,000 16-19 FTEs - 500 HE FTEs	1,500 (within 3 years of PC), including: - 1,000 16-19 FTEs - 500 HE FTEs

BIS commissioned research has been undertaken previously to establish the relationship between FE capital expenditure and additional learners. The quantitative analysis found that every £1 million of capital expenditure is associated with between approximately 62 and 86 additional learners per year (in 2012 prices). Further research has been undertaken by BIS to measure the impacts of FE in terms of the increasing likelihood of gaining employment linked to various attainment levels. The table below clearly identifies the links based on a number of case studies.

	Below L2 to L2	L2 to L3	L1 to L3
Percentage point increase in the probability of employment	4.8	2	6.8
Baseline rate of employment <sup>1</sup>	88.9	93.7	88.9
Percentage increase in probability of employment	5.4	2.1	7.7

Source: BIS, 2014 Measuring the Impact of FE

### 3.4 EMPLOYMENT AND GVA IMPACTS – ECONOMIC APPRAISAL

It is important to note that FE College capital investment projects have not historically been assessed from a value for money perspective in terms of their employment generation or GVA contribution in accordance with other publicly funded capital investment projects. Instead, the SFA/LSC measured the value for money of capital projects through an investment (financial) appraisal of the preferred option versus a base case. This identifies the net present value of the two options based on capital and revenue costs and incomes/receipts. To comply with the Green Book we have sought to quantify the gross and net additional employment benefits of the project from an employment perspective and have sought to quantify the GVA impacts associated with net additional learners, but in reality a new College building such as this is never going to be a significant generator of direct employment. In our view, the previous SFA investment appraisal model should still be the principal mechanism against which the economic/financial merits of the project are assessed and judgements are value for money are made, along with wider criteria relating to the potential to accommodate additional learners, apprenticeships and qualifications, particularly where it will deliver higher level skills and qualifications.

### 3.4.1 Gross employment

Option 2 will not result in any new direct employment opportunities aside from some limited construction related jobs associated with ongoing maintenance works in accordance with the College's long term maintenance plan. However, this is unlikely to amount to more than 2 FTE construction jobs per annum in reality based on estimated levels of spend/funding.

It is anticipated that option 5 could result in the delivery of 80 new direct jobs. This includes 64 new FTE teaching posts and 16 new FTE support roles.

The delivery of a £12.1m new build, including HE, trades and engineering, together with the £2.7m refurbishment and cladding works will also support a number of FTE construction jobs. Based on the HCA's 2015 Calculating Cost per Job Best Practice Note, the new build construction/engineering centre could support 85 FTE construction jobs for an assumed 1 year construction period (assuming an £8m core build cost i.e. exclusive of fees etc). The refurbishment of the existing buildings could support an additional 32 FTE construction jobs for a 1 year period (assuming a £3m core construction cost). This is based on a labour co-efficient of 10.7 jobs per £1m of construction output per annum for public sector (non-housing) projects (which includes education schemes), as per the HCA guidance.

### 3.4.2 Net additional employment

It is acknowledged that not all of the above new gross jobs will be additional to the SWLEP economy. Based upon the HCA's Additionality Guide (4<sup>th</sup> Edition, 2014), a number of additionality assumptions have been applied to derive the net additional impact of option 5. As above, there will be no net additional employment impacts under option 2.

Teaching Jobs	OBC Option 2	OBC Option 5
Gross jobs	0	80
Less leakage @ 10%	0	8
Gross local direct jobs	0	72
Less displacement @ 40%	0	28
Net additional local direct jobs, before multipliers	0	44
Plus supply/income multiplier effects @ 1.29	0	12
Net additional local jobs	0	56
Less deadweight	0	0
Net additional jobs	0	56
<b>Total net additional local jobs</b>	<b>0</b>	<b>56</b>

### 3.4.3 GVA benefits

Gross Value Added (GVA) is an important measure of the economic contribution of an investment project. Through multiplying the net additional job numbers above by relevant GVA per worker figures, the net additional direct GVA contribution of the project can be estimated. The following GVA per worker assumptions have been applied based on 2012 ONS/BRES data assumptions at the Wiltshire level:

- Teaching/support staff - £37,000 annual GVA per worker (based on public admin/education/health)

Applying this to the above jobs equates to a total annual GVA impact based on the new net additional jobs created of £2,072,000, which over a 10 year period equates to a cumulative undiscounted GVA impact of £20.72m. This GVA impact has then been modelled over a 10 year persistence of benefits period, assuming a build-up of jobs over time, starting from 2018/19 and discounted back to present day values using the Treasury 3.5% discount rate. This equates to £15.8m of cumulative discounted GVA impact associated with these net additional jobs over the 10 year period.

This accounts for employment related GVA only (i.e. College based employment) and takes no account of the GVA impacts associated with significant additional learners achieving further and higher education based qualifications and therefore contributing additional GVA to the LEP economy once in employment. An estimate of the potential net additional GVA impacts has therefore been made based on the impacts associated with the 1,500 additional learners per annum attributable to the scheme (note this excludes the additional 650 additional apprentices that the scheme will support each year and is therefore a prudent approach to establishing the net additional GVA impact), including a number of assumptions as below:

- Upskilling – 400 of the 1,500 learners will be learners who, after and because of the completion of the project, remain in education longer than they would have currently, improving their life chances.
- Leakage – a 25% leakage deduction has been applied to reflect the fact that a proportion (estimated to be 15%) of the additional learners may be likely to leave the SWLEP area upon qualification in pursuit of employment. In reality, the percentage is likely to be less than this given that the College is aware that the vast majority of learners remain in the Wiltshire area post qualification attainment. Given the project's focus on supporting key local employers and their skills needs in key growth sectors, this will be likely to further increase the available employment opportunities and reduce the propensity for leakage. It is also assumed that a further 10% of learners will progress to other educational courses at institutions outside of the SWLEP area and will not return to the SWLEP area in pursuit of employment post qualification.
- Displacement – a 10% displacement assumption has been applied to account for the fact that a very small proportion of the 1,125 additional learners per annum may transfer from other Colleges/learning providers to take advantage of the new facilities on offer at Wiltshire College. However, given that this facility will not be directly competing with other existing/planned facilities locally, the propensity for this is considered low

The impact of applying these additionality assumptions to the 1,500 additional gross annual learner figure is presented below:

Additional learners per annum as a result of LGF investment (excluding apprenticeships)	1,500
Less leakage – 25%	(375)
Sub-total	1,125
Less displacement – 10%	(110)
<b>Net additional learners per annum</b>	<b>1,015</b>

The average GVA per worker across all industries in Wiltshire is £39,000 (based on 2016 Oxford Economics data). This has been reduced by 30% to account for the fact that newly qualified employees entering the employment market are likely to contribute a lower GVA output in their early years (although this is a prudent assumption as it could be argued that their actual GVA output is above average given the above average GVA of 'engineering/life science based employment, although accepting that not all learners will go into this employment sector despite the focus of their course).

Assuming that the 1,015 net additional learners come forward from 2020/21 onwards and discounting for this accordingly (a reduced GVA being used for those upskilling to reflect that they would have generated a GVA value without the project), this could result in around £157m of cumulative discounted GVA assuming a 10 year persistence of benefits period (this would clearly be even more if the persistence of benefits period was extended to say, 15 years). In practice, one could estimate the lifetime GVA contributions of workers post qualification, but a more prudent 10 year modelling approach has been assumed at this stage.

**If this net additional discounted GVA impact of £157m relating to the additional learners is added to the £15.8m of net additional discounted GVA relating to the net additional College jobs above, this equates to a total net additional discounted GVA impact of c£173m. Based on a discounted total LGF request of £12.474m (based on the assumed profile of spend and the Treasury 3.5% discount rate), this results in a Benefit Cost Ratio (BCR) of 14:1, representing excellent LGF value for money.**

This estimation of the BCR is also based on a number of very prudent assumptions and the BCR could quite feasibly be more significant than this in reality (for example, through factoring apprenticeship related GVA into this as well or accounting for the benefits over a longer period of time). We know that Government used a BCR benchmark of 2:1 in assessing Growth Deal bids from LEPs and this therefore represents excellent public sector value for money.

### 3.5 VALUE FOR MONEY – SFA INVESTMENT APPRAISAL

As above, it is assumed that the value for money assessment will be based on the NPV of the preferred option versus the base case as opposed to the cost per job or benefit cost ratio, given that FE college capital projects are not significant employment generators in their own right and this is not how they have been traditionally assessed for SFA funding.

### 3.5.1 SFA investment appraisal

Investment appraisals for both options 2 and 5 have therefore been developed using the SFA investment appraisal template. Key assumptions and findings for each are presented below. This accounts for the costs and incomes associated with the project and does not include the GVA impacts identified above.

Both the costs and deliverables assumed in the FBC are in-line with the OBC assessment, which returned the following financial outputs.

#### **Option 2 – do minimum**

##### Key assumptions

- The College continues to lease the Tollgate premises and deliver construction/engineering provision from this and the Craft Centre - provision is not expanded to cater for demand. HE provision delivered from existing premises in the far from functional/suitable Bourne Building.
- No initial capital costs but assumption that the College has to invest in Tollgate and the Craft Centre eventually - assumed to be within the next 5 years - equivalent to £176 per m2
- Ongoing operating expenditure to address maintenance issues associated with the Bourne Building, Craft Centre and Tollgate
- No premises savings
- No change to staff or student numbers and associated costs/incomes relating to associated curriculum areas. This is a prudent assumption as learner numbers could potentially begin to decrease over time.

This appraisal results in an NPV of -£1,444,337 based on the 3.5% Treasury discount rate over a 20 year period.

#### **Option 5 – Phased redevelopment of campus (refurbishment and new build approach)**

##### Key assumptions

<b>OBC Stage Assessment</b>
Total capital cost of £14,838,359 based on SFA build cost rates for a new build construction/engineering centre and the refurbishment of the craft centre to provide a new HE facility
Life time capital costs - 10 years after new facilities are operational - equates to £134 per m2 for modest refurbishment / upgrade
Premises costs - £35 per m2 running costs per annum together with £4 per m2 for biannual maintenance costs for new build
Premises savings – Tollgate lease costs (£155k per annum) plus running cost savings.
80 new FTE staff posts including 16 support roles
1500 new FTE learners 3 years post PC of works (1,000 FE and 500 HE). Annual incomes of £4,900 per FE FTE learner and £5,500 per HE FTE learner.

The appraisal results in an NPV of £48.166m over a 20 year period, assuming the Treasury 3.5% discount rate as per the SFA investment appraisal template.

A sensitivity analysis has been undertaken on the RIBA Stage 3 scheme and compared with the OBC Option 5 analysis. The table below illustrates the following adjustments to this NPV under a range of scenarios relating to cost/revenue changes:

<b>SENSITIVITY ANALYSIS</b>					<b>NPV</b>
<b>Capital costs increase by:</b>		5%			<b>47,677,746</b>
<b>Revenue expenditure increases by:</b>		5%			<b>46,688,901</b>
<b>Revenue income decreases by:</b>		5%			<b>43,766,571</b>

The reassessment of the overall project should provide reassurance that the request a part draw down on the funding allocation to fund Phase 1 is based upon a sound and detailed basis whilst also whilst aligning closely with the original OBC.

### 3.5.2 Wider economic outcomes

The plan for the redevelopment of the Salisbury campus will lead to the following:

- a modern purpose built environment for 16-19 and adult learners
- a strong focus on the construction/low carbon sector (and STEM activities), and the introduction of new provision in life sciences and environmental technologies at the HE curriculum level
- strong links to the UTC in Salisbury, due to open for 2015/16, and the Salisbury Free School sixth form which is opening in September 2014.
- progression pathways from Level 2 (GCSE) to 4+ (Higher Education)
- a revised curriculum blending academic, vocational and professional education and training
- programmes run conjunction with employers and universities
- enhanced sustainability - the college has a strong commitment to sustainability and has achieved ISO 14001. The College will seek through the design and construction of the new construction/engineering building to achieve a high level of energy efficiency and a low carbon footprint. The new building will be fully BREEAM compliant.
- address a number of current STEM skill/training issues and gaps within the local economy to drive productivity and output in key growth sectors for the LEP
- improve the attractiveness of the SWLEP area as a location for businesses to locate and invest
- address current socio-economic challenges across the LEP area relating to wage rates, youth unemployment, NEETs and a lack of higher level skill attainment particularly
- the Salisbury campus will form a key node of the emerging network of education centres across the Swindon and Wiltshire, designed to ensure there is comprehensive access to education and skills provision across the SWLEP area.

Further details of the wider qualitative impacts of the project are presented below:

Stakeholders	Need	Qualitative impacts from 2020/21 onwards
Learners	<ul style="list-style-type: none"> <li>• Improve 16+ provision for those unsuited to general (academic) education within a traditional school setting</li> <li>• More and better learning opportunities which lead to meaningful employment</li> <li>• Support in making transitions at 19 and as an adult, from education to employment</li> </ul>	<ul style="list-style-type: none"> <li>• Working with UTC widen participation and access, improved life chances, reduced likelihood of individuals becoming NEET</li> <li>• Improved recruitment and attainment (including qualifications) at aged 16, 19 and for adults</li> <li>• Improvements to work readiness, achieving employment, including for young people, and the quality of employment secured</li> </ul>
Employer	<ul style="list-style-type: none"> <li>• Growing demand for higher skills (e.g. technicians, associate professionals) Work ready employees with appropriate skills and attitudes</li> <li>• Support sector-specific needs</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in the size of the training workforce and improvement in productivity</li> <li>• Increase numbers who can be immediately effective in the workplace</li> <li>• Increase in learners with Level 4+</li> </ul>
College	<ul style="list-style-type: none"> <li>• Increase learner numbers Revise curriculum and further develop specialist provision linked to employment</li> <li>• Improve built environment</li> <li>• Reduce operating costs and energy use</li> </ul>	<ul style="list-style-type: none"> <li>• Recruitment and retention</li> <li>• Support learner and employer needs, improvements in the quality of learning and increase employer engagement</li> <li>• Improved learning environment and space efficiency</li> <li>• Free up resources for alternative use and reduce carbon footprint</li> </ul>
SWLEP	<ul style="list-style-type: none"> <li>• Workforce with higher skills</li> <li>• Support for priority sectors</li> <li>• Be inclusive Address rural issues</li> </ul>	<ul style="list-style-type: none"> <li>• Jobs and higher productivity</li> <li>• Sustain key sectors &amp; employers</li> <li>• Contribute to social inclusion</li> <li>• Support rural employment</li> </ul>

## 4 Commercial Case

Evidence of commercial demand/viability for the proposed scheme is based upon the identified market/employer need for skills in particular sectors both now and in the future. It is critical that employers can access a suitably skilled and educated workforce to drive their business growth ambitions and the wider economic growth of the SWLEP area. Understanding likely skills needs and gaps and sector growth opportunities is therefore a core component of the commercial case for this project. The LEP has identified a number of priority growth sectors with an evidence base to support this and it is essential that the proposed projects align with and support these.

This section also presents the proposed procurement/delivery strategy, highlights key commercial dependencies and outlines the extent to which the scheme will be State Aid compliant.

### 4.1 EVIDENCE OF COMMERCIAL DEMAND/VIABILITY

#### 4.1.1 Supporting the needs of key growth sectors – an overview

The SEP identifies a number of priority sectors for the SWLEP economy as below. These take account of existing economic assets and sector strengths as well as future econometric projections to identify where the likely growth opportunities exist.

- Advanced Engineering and High Value Manufacturing,
- Health and Life Science
- Financial and Professional Services
- Digital and Information and Communications Technology
- Land Based Industries

Sectors which the SEP states are “ones to watch” include;

- Visitor Economy
- Adult Health and Social Care
- Low carbon
- Construction

Further information on these and other LEP sector priorities and their needs is presented below, based on findings from the Swindon and Wiltshire Economic Assessment<sup>2</sup>:

- Advanced manufacturing/engineering: to match investment in innovation there is need for high level technician and quality management skills to capitalise on the capital expenditure made. To effectively replace an ageing workforce new trainees will need to have achieved as a minimum NQF Levels 3 or 4.
- Construction: significant growth in key occupations arising from the growth in retrofit, including dry liners, plumbers, PV installers, gas installers, as well as general builders.

- Low carbon: effectively tackling a ‘demographic time bomb’ by increasing the number of new entrants to the workforce in order to replace the large numbers of employees forecast to retire from the industry in the next decade.
- Life science sector: need to increase vocational training including apprenticeships; particularly important is the need to develop provision at the technician level

The table below, taken from an appendix to the 2014 SEP, provides further information on the key LEP sectors in terms of employment and GVA output. It also provides an analysis of location quotients which relate to the concentration of employment in these sectors in the LEP area compared with England as a whole. A Location Quotient of above 1 implies a higher concentration of employment than would be expected nationally. This clearly illustrates the sector strengths that exist across Swindon and Wiltshire in sectors such as advanced manufacturing and engineering and life sciences/health, for example, all of which would be supported by the proposed projects on the Salisbury Campus.

Sector	Employment	Percent Employment	Output (£m)	% Output	Empl. LQ
Advanced manufacturing and engineering	13800	5%	979	11%	2.29
Business and financial services	38000	13%	1539	17%	1.29
Military and defence	19,530	7%	488	5%	n/a
Environmental technologies	1700	1%	38	<1%	1.75
Land-based and food and drink	6100	2%	347	4%	1.57
ICT and mobile telecommunications	8250	3%	471	5%	1.24
Life sciences and health	7000	2%	1190	13%	4.10
Tourism	32300	11%	368	4%	1.47
Key sectors	126680	43%	5420	58%	-

Source: TBR, BRES

Life sciences are a key identified growth sector nationally and the SWLEP recognises the local growth opportunity that exists. The new HE centre will enable the College to significantly enhance its offer in this sector, particularly at the higher skill levels where the identified gaps exist. The College works closely with the Wessex Life Science Cluster which fully supports the ambitions for the Salisbury Campus and has provided the below statement to this effect:

*“The Life Sciences are an increasingly important segment of the UK’s economic activity. South Wiltshire has historical strengths in advanced research programmes through the Defence Science and Technology Laboratory and more recently Public Health England both in Porton Down. Salisbury District Hospital was the site of one of the world’s key revolutions in genetics, when Dame Marina Seabright discovered chromosome banding in 1972. This laid the ground for much of what is modern genomics. Excellence in research is based on first rate educational infrastructure at school and college level. Excellent links with regional universities and employers must consolidate South Wiltshire’s assets. Wiltshire College’s Salisbury Campus offering traditional, vocational and HE study must be empowered to deliver on South Wiltshire’s past and future potential, forming part of a dynamic academic community in the region. The Wessex Life Science Cluster will count on the output of the Salisbury campus to support employment in South Wiltshire and the broader Wessex geography. To meet this need the Salisbury Campus of Wiltshire must be fit for purpose. We support your reconstruction and*

*curriculum development goals and will be happy to become involved in deploying your skills strategy through contacts with local life science activities, companies and supporting organisations.”*

Given the distinct focus of the phase 1 project at Salisbury on advanced manufacturing/engineering and construction, further information to support the commercial case for focusing on these sectors specifically is presented below, based on information extracted from the SEP.

#### 4.1.2 Advanced Manufacturing/Engineering – core STEM skill development

Swindon and Wiltshire is home to a number of world class engineering and manufacturing companies including Honda, Dyson, BMW Group, Cooper Tires, Fairchild Semiconductors, Tyco Electronics, KnorrBremse and Johnson Matthey Fuel Cells. These are all businesses which rely on innovation to maintain and enhance their competitiveness within global markets. The fact that the area is home to a number of major Original Equipment Manufacturers (OEMs) means that it is an attractive location for businesses within the supply chains, which can be significant. As illustrated above, there are nearly 14,000 people employed in the sector across Swindon and Wiltshire, representing 5% of overall employment and 11% of total GVA output.

The local economy is home to centres of excellence which include Dyson’s Research, Design and Development Centre, the South West Composites Gateway and the Advanced Composites Centre for Innovation and Science. Companies have close working relationships with a number of leading universities which specialise in engineering such as the universities of Bath, Bath Spa, Bristol, Southampton, West of England and Bournemouth.

Both the Swindon and Salisbury UTCs will specialise in engineering, alongside business and enterprise and have secured a range of private sector partners. These will provide education to learners from the age of 14 and Wiltshire College will be an important next step in the learning ladder for many students progressing onto FE/HE-based engineering courses. The Engineering Innovation Network South West is an important project being led by Wiltshire College along with partners Swindon College, the University of Bath and Bridgwater College to support engineering opportunities and innovation within SMEs.

A review of the high value manufacturing sector in the SWLEP area was undertaken by the Institute for Manufacturing (IfM). Five workshops and a mix of interviews engaged over 50 companies in the sector including many of the largest local employers. Businesses identified product and service opportunities across the value chain with local competencies in food, biotechnology, defence, automotive, rail, energy, the built environment and the digital economy. The three most important things for supporting growth of the sector were identified as: **education** (with an emphasis on STEM skills); **infrastructure** - both physical and digital to support sustainable growth; and **collaboration** between companies to exploit new opportunities.

#### 4.1.3 Construction sector

The Swindon and Wiltshire LEP area is set to experience significant population growth which will require the construction of new homes to support this. The two Local Plans for Swindon and Wiltshire set targets to build a combined **64,000 new homes by 2026** - 22,000 homes in Swindon (2011-2026) and 42,000 homes in Wiltshire (2006-2026). This is equivalent to 2,100 per annum in Wiltshire and 1,466 per annum in Swindon.

Salisbury is a Principal Settlement where 6,060 houses are proposed to 2026. Significant sites which are coming forward include the regeneration of the former UK Land Forces HQ in Wilton and the Churchfields Industrial Estate (1,100 homes planned). There are also a number of major strategic infrastructure and commercial development schemes in the pipeline, including for example, the new Defence Technical Training College at Lyneham. This represents a £250m investment by the MOD in this corridor, one of the largest construction projects in the UK.

At the same time, one of the areas where Government is expecting to see significant growth in training is in the area of refurbishment and retrofit of existing properties. Refurbishment / retrofit to meet the new legislative requirements will require a number of traditionally defined trades' people who have undertaken a traditional training route, in one of the biblical trade areas, being up-skilled. Government has a target to reduce CO<sup>2</sup> emissions by 80% by 2050; given that UK housing stock is a 27% contributor to the current level of CO<sup>2</sup> in this country and it is existing housing that is responsible for this statistic. Additionally, if you include all buildings in this scenario then UK buildings as a whole are responsible for 47% of UK CO<sup>2</sup> emissions. The construction skills opportunity therefore relates to not only upskilling the local workforce to cater the demands of new commercial and residential development, but also to ensuring that there are the necessary skills in place to support the significant refurbishment/retrofit works that are going to be required to enable the LEP area to meet its carbon reduction targets as part of a wider national drive.

A research paper focusing on the SWLEP's priority sectors was prepared in 2013 as a supplementary report to the Local Economic Assessment (Red Box Research/Rubicon Regeneration). This identifies a number of key gaps in skills provision which could hinder the growth of the low carbon sector. Some of these are specific to the industry (e.g. carbon accounting/environmental management systems) and others more generic but critical for sector growth (e.g. project management, lean manufacturing techniques). It recognises that the rapid development of the low carbon sector will create demands for new employment roles and skills needs as well as the need for existing workers to "top up" their skills in the new and emerging fields.

The research paper identifies that the challenge of meeting the UK's low carbon objectives will be felt across the economy, from manufacturing to transport and from construction to energy. It identifies the construction sector as one likely to benefit from new opportunities given the drive to achieve carbon neutral homes and commercial properties, whilst at the same time improving the energy efficiency of existing properties. The increasing cost of energy is also recognised as a key driver of this and the local market for retrofitting is thought to be significant. The report references the fact in Wiltshire alone there are 133,000 homes with an energy rating lower than Band D which could benefit from measures to improve their efficiency. This could benefit the following construction occupations – dry liners, plumbers, PV installers, gas engineers and general builders. The report refers to the Working Futures set of workforce projections which identify **the need for an additional 3,000 skilled workers across the LEP area by 2020.**

The report also refers to the following four sectors across the LEP area that are most likely to benefit from additional jobs as a result of a move to a low carbon economy – automotive, ICT, logistics/distribution and construction. It suggests that in order to ensure an adequate supply of future STEM skilled employees, earlier intervention in the education process is critical to ensure that young people are aware of the opportunities that exist. It refers to the potential likely benefits of the UTCs in Swindon and Wiltshire and suggests that ***“effectively tackling the demographic time bomb facing many low carbon and manufacturing industries is one of the most important issues. With large numbers of skilled people forecast to leave these industries over the next decade, the sector needs to find new sources of recruits to fill the looming gaps”.***

#### 4.1.4 Addressing the need for Higher Education provision

Swindon and Wiltshire is the only LEP area nationally without a dedicated university presence and as referenced elsewhere, we are acutely aware of the growing demands (and concerns) of employers for highly skilled workers with qualifications at NVQ Level 4+. There is therefore a clear mismatch at present and there is a risk that businesses choose to locate elsewhere out of the LEP economy as a result of the lack of an appropriately skilled local workforce. While demand for highly skilled labour is growing rapidly, there is a concern among local businesses that the lack of a University, and underprovision of Higher Education in the area, means labour supply is failing to keep up.

To overcome the absence of a higher education institution located in Swindon and Wiltshire, the College has, over an extended period, worked with the University of Bath and other HE providers to progressively grow the breadth of the higher skills provision delivered from its Castle Combe, Chippenham, Lackham, Trowbridge and Salisbury sites. New provision has been progressively introduced to serve the needs of locally resident learners and employers, with currently some 800 learners studying towards a higher education qualification, of which there are currently 260 based at the Salisbury Campus.

Despite strong and growing demand for HE provision delivered at Salisbury, learner numbers have now reached the point that further new programmes or expansion of existing numbers cannot be taken forward as there is no further appropriate space available to house the additional learners. This position has been reached following the introduction of new provision in the last 2-years and the pressures arising from the in-built growth of learners as a result of previously introduced programmes reaching the point where all their academic years are running.

It is worth noting that despite the introduction of 'variable' tuition fees, demand for HE places at Salisbury has remained strong and resilient. An example of the current level of excess demand is that for its BA in Film Production the College current receives some 800 applications for 45 places.

This project would facilitate a cross county network of University Centres, enabling access to the development of higher level skills and creating a cross region coherent higher education presence, articulating with the Higher Futures brokerage model. Digitally connected there will be new centres at Wiltshire College Salisbury, Swindon College, the Swindon HE Centre and the new campus of Wiltshire College Chippenham. These will connect into existing centres at the other Wiltshire College campuses at Trowbridge, Lackham and Castle Combe.

The HE Curriculum will reflect the higher level skills needs as articulated in the Swindon and Wiltshire Strategic Economic Plan and will be part of the foundation infrastructure for the Higher Futures programme. It will enable higher level skills development in life sciences, high value manufacturing, business management and tourism and military re-integration. The common elements that will bind further are a single virtual learning environment, standard learning materials for common elements and a standard entitlement for students. The network will make employer involvement in knowledge transfer more accessible, for example through facilities like the 3D centre.

#### 4.1.5 Addressing skills demands from Service leavers – army 2020

By 2018, the MOD forecast that a quarter of the Army will be located in Swindon and Wiltshire. In addition, many will be accompanied by spouses/partners and other family members. Under the Army 2020 reconfiguration, SWLEP is seeing significant numbers of service personnel being made redundant, alongside a drive to recruit more Reservists; and in the medium and long term, a higher baseline of Service Leavers undergoing transition and resettlement in the area. In order that Service Leavers do not face any disadvantage when seeking employment locally during transition, it is vital we support their higher level skills development - a key underpinning element of the Armed Forces Covenant.

Service Leavers offer a highly desirable potential labour pool from which to address the local skills gap, however, analysis by Army Resettlement Centres has shown that Service Leavers often need to increase their current skills levels to a full higher level qualification to meet the needs of civilian employers. Service Leavers typically have low participation rates in the uptake of higher level skills opportunities provided by the MOD and the Department for Business, Innovation and Skills (Standard Learning Credits, Enhanced Learning Credits, and the Further Education and Higher Education Support Scheme); with evidence suggesting that eligibility criteria are a barrier to uptake, along with a need for enhanced information, advice and guidance. These issues are to be addressed through the project, and in particular to support the Higher Futures programme, with the expectation that the existing infrastructures for advice, guidance and delivery will be enhanced.

The SWLEP economy needs an education and skills system that supports our Service Leavers to progress into the labour market, and which capitalises on their unique skills and experience for the benefit of the local economy. The proposed project will directly respond to this market need and will ensure that the College is able to provide a responsive and suitable learning and education offer that will provide skills development and training opportunities for service leavers and their families. It will provide skills development opportunities from entry level through to higher level qualifications and therefore provide opportunities for a wide range of service leavers which need to learn/develop/progress skills in order to maximise their prospects of being an economically active member of the SWLEP workforce.

#### 4.2 PROCUREMENT AND DELIVERY STRATEGY

Wiltshire College has a fully developed procurement strategy and associated procedures, which will be used to procure suppliers for the redevelopment of the Salisbury campus. These procedures are fully compliant with OJEU requirements and will be used to ensure value-for money from procurement. The College has significant experience of procuring and delivering works of this scale and nature and would draw upon external expertise where required to support this. The fact that the College has recently delivered the £21m redevelopment of its Chippenham Campus on time and to budget stands testament to its ability to achieve this.

#### 4.3 STATE AID COMPLIANCE

State Aid arises whenever state support is used in the provision of goods or services by particular undertakings in a given market where these funds would distort that market and affect the ability of undertakings in the EU to compete on a level playing field.

Legally, FE colleges are incorporated through the Further and Higher Education Act 1992. Wiltshire College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2013,

is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England.

In setting and reviewing the College's strategic objectives, the College's Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

Wiltshire College has a legal duty to deliver education services activities to the general public and the proposed scheme for which funding is being sought would be available to the public on a largely free and non-discriminatory basis. The scheme will enable the College to enhance its offer to the social, cultural and educational benefit of the general public within the SWLEP area.

On this basis, it is the College's view at this point in time that LGF funding to support the delivery of this project would not constitute State Aid. The College has previously received grant funding from the SFA/LSC and there have never been any State Aid issues arising as a result of this. The funding will enhance the College's offer to the general public on a free and non-discriminatory basis and will not distort the market. This opinion does not represent a formal legal opinion at this stage and this can be obtained at the next stage if there remain concerns around this State Aid position.

#### **4.4 COMMERCIAL DEPENDENCIES**

The key commercial dependencies in relation to the successful delivery of this scheme are presented below:

- Planning – the scheme does not yet have planning consent and this will be a critical requirement for delivery. However, the planning risk is considered to be low for the following reasons:
  - the new build will be on the College's site, an established education campus
  - the new building will be designed to reflect the scale and massing of existing buildings
  - the project will significantly enhance the visual appearance of the Salisbury Campus which is located in a gateway location to the City Centre and Wiltshire Council, as the local planning authority, appear to be fully supportive of the proposals to enhance local skills provision.
- Market – learner/employer demand for the proposed facility and its offer is a commercial dependency at this stage. However, the scheme is focused on LEP priority growth sectors in which the College has recognised curriculum strengths and where there is evidence of future employer/market demand. The College has ensured that its curriculum offer and the focus of the new facility aligns with employer needs locally and the LEP area is projected to experience

significant population and workforce growth. Also, the project will enhance the ability of the College to attract new student recruits.

- Funding – securing LGF funding is a core requirement of delivery and the project will not proceed without this. The College has secured indicative Board approval to invest £1m of College reserves to the scheme which it secured from a recent disposal of part of its campus, subject to the requested LGF award and will contribute the required land at nil cost to the scheme.

#### **4.5 COMMERCIAL SUSTAINABILITY**

Following practical completion, the College will be the freehold owner and operator of the new and refurbished buildings. It will be responsible for their operation and maintenance and all revenue costs associated with this. Building maintenance costs will be included within the College's Long Term Maintenance (LTM) plan and budgeted for accordingly. All operating costs (including premises costs) for the new and refurbished buildings have been accounted for within the investment appraisal that has been developed and this demonstrates that the income generated by additional learners that it will accommodate will more than offset these costs post practical completion, as demonstrated by the positive annual cashflow in the preferred option investment appraisal.

#### **4.6 RISK TRANSFER**

A strategic risk register is included within the Management Case section of this business case. All risk management responsibilities are allocated to the College as Project Sponsor and Lead Delivery Body. The College will transfer delivery risks during the detailed design and construction phase over to the appointed design team and contractor (depending on the ultimate procurement/delivery route). All risks relating to expenditure and output delivery will remain with the College.

## 5 Financial Case

### 5.1 SUMMARY OF PROJECT COSTS AND EXPENDITURE PROFILE

The total capital cost of Phases 1 and 2 of the project is estimated to be £14.8m in-line with the OBC.

Phase 1 Block B & C	Cladding & internal reconfiguration	£2.7m
Phase 2 Block A	Demolition & new build	£12.1m

The cost plan includes for the construction works cost, professional fees, VAT, inflation, fixtures and fittings, and 5% contingency.

The cashflow timing associated with these works is outlined below:

2017/18	2018/19	2019/20	2020/21	2021/22
£670k	£2,850k	£4,830k	£6,330k	£150k

### 5.2 PROJECT FUNDING – SOURCES, CERTAINTY AND AFFORDABILITY

Wiltshire College will supplement the £13.8m injected by the SWLEP with £1.0m bank borrowing.

## 6 Management Case

### 6.1 PROJECT GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Wiltshire College is an independent and autonomous further education corporation, which is also an exempt charity. The corporation was established under the 1992 Further and Higher Education Act. The governing body is ultimately responsible for the affairs of the College. The Principal of the college reports to the governing body. The composition, responsibilities and operation of the governing body are set out in its instrument and articles of government and standing orders. A majority of 'lay' (external) governors sit on the governing body. The Chair of the governing body is also an independent member. Further details of the college's corporate governance can be found at:

[http://www.wiltshire.ac.uk/corporate\\_governance](http://www.wiltshire.ac.uk/corporate_governance).

The governing body has approved the College's most recent accommodation strategy, and is fully committed to the redevelopment of the Salisbury site. The Governors approved the initial draft bid to the SWLEP in March 2014. The governing body will closely monitor the development of the project.

The project will be overseen and managed by the Salisbury Campus Development Steering Group, which will be chaired by the College Principal, Amanda Burnside. This group will meet weekly. This follows the successful modus operandi of the Chippenham new build project. This will also involve other members of the College's Senior Management Team responsible for finance, the curriculum and employer engagement. Adrian Ford, Deputy Principal (Corporate Resources), will take lead responsibility for managing the project finances and budget and monitoring project outputs.

#### **Senior Responsible Owner (SRO)**

The Senior Responsible Owner (SRO) is Adrian Ford, Deputy Principal (Corporate Resources) of Wiltshire College, who has the appropriate Executive authority, leadership qualities and personal accountability for delivering outcomes critical to the success of the Salisbury Campus Redevelopment works.

The SRO chairs the Project Board and is the individual who is appointed to represent the project's interests.

The key responsibilities of the SRO as the authorised decision maker for the Project Board is to:

- Chair the Project Board. In the event of non-availability of the SRO, the SRO can appoint another Core Member of their choice to take over the SRO responsibilities;
- Arrange that all Project Board meetings are appropriately administered with quality papers and clear and accurate recording of minutes, including action points;
- Ensure that the appropriate project governance arrangements are in place for each stage of the project;
- Control project expenditure and ensure adherence to the business case unless variations are expressly approved by the SRO;
- Manage issues that affect the stability of the Project;
- Obtain Executive approval for major decisions; and
- Give authority to the PD to implement decisions.

The SRO is a member of Wiltshire College Board and through this will co-ordinate the relationships between the Project and other projects within the broader Wiltshire College programme management,

especially in terms of project interfaces and interdependences, relative timings, timely availability of resources and the management of key risks.

## 6.2 The Project Board

The Project Board is a special purpose board established with the sole responsibility for overseeing the delivery of the Salisbury & Lackham Campus Redevelopment Projects.

The Project Board brings together all the various Project interests and provides the key link between Wiltshire College's corporate governance structure and the Project Delivery Team. It provides a forum at which key matters are discussed and decisions are made within the Project Board's delegated remit.

The Project Board is chaired by the Project Director who has authority to make decisions. The Project Board will be non-voting and operate by consensus.

For efficiency and ease of working the Project Board comprises a Core Membership who will attend all Project Board meetings. The Core Members are listed below.

•	Amanda Burnside	Principal	Wiltshire College
•	Adrian Ford	Deputy Principal	Wiltshire College
•	Iain Hatt	Deputy Principal	Wiltshire College
•	Mike Marsh	Director of Estates	Wiltshire College
•	Amy Colderick	Head of Procurement	Wiltshire College
•	Andy Hill	Estates Manager	Wiltshire College
•	Martin Clark	Governor	Wiltshire College
•	Jon Downing	Governor	Wiltshire College
•	Jeff Owen	Project Manager	JOA Consulting
•	John Cook	Estates (Education) Advisor	JC Assc
•	Julian Tucker	Financial Support	JT Financials Ltd
•	David Perkin	AWW	AWW
•	Mark Williams	Quantity Surveyor	Gleeds

In addition, the Project Board will also comprise non-Core Members who will be invited to the Project Board meetings as and when required.

The responsibilities of the Project Board are to:

- to manage and foster effective and beneficial relationships with a wide range of Stakeholder Groups
- to define the scope of the project and set the parameters for delivery.
- to ensure the project delivers the desired outcomes to the required quality;
- sign-off each stage of the project and ensuring readiness to undertake the following phase;
- overview the project management, including the programme, resources, and risk management;
- manage the project financial budget (and any changes to the budget) throughout project development, procurement and implementation;
- manage communications and consultation;
- ensure effective reporting and disclosure;

- ensure project assurance undertaken by the Head of Procurement;
- initiate key stage project reviews prior to progressing to the next stage;
- the approval of all documents relating to the project, including the project initiation document (PID) and business case (OBC and FBC);
- confirm the procurement route and monitor its implementation
- set evaluation criteria for bids and evaluating bids
- review and approve the scope of work, selection, and terms of engagement of third party advisers;
- delivering the Project to the base-line programme
- closing the project and undertaking a review of benefits realisation.
- authorise the Project Director & Project Manager to implement decisions that are made

The Project Board will arrange to meet at key milestones during the project and otherwise generally on a monthly basis. In general, meetings will be scheduled to last no more than 2 hours although there may be occasions at major milestones when this needs to be extended.

Board papers will be circulated to Core and non-Core Members 3 days in advance of the Project Board meeting and clear, accurate minutes with action points will be provided within 14 days of the relevant meeting for approval by the Project Board. This will ensure a documented decision trail for audit and scrutiny purposes is maintained.

The Project Board agenda will include as a standing item, a review and update of the project risk register to ensure active management of key project risks.

### **6.3 Project Manager (PM)**

The PM reports to the Project Board and the SRO. The PM is given instructions and decisions to implement on behalf of the Project Board.

The PM is empowered by the SRO to:

- take decisions and negotiate within delegated parameters set by the Project Board
- to communicate clearly the required actions of the Project Board to the design team
- regularly report to the Project Board on matters relating to the Project including budget, risk management, resources and progress against programme,
- manage competing interests;
- in conjunction with Project Board identify and secure sufficient resources to deliver the Project effectively;
- lead the Project Team;
- communicate effectively with all members of the Project Board, Project Team, Stakeholder Groups, users;
- appoint and manage internal and external advisors,
- in conjunction with the SRO, identify and secure sufficient resources to deliver the project effectively;
- participate in the OJEU tender competition and negotiations with the Bidders;
- manage the vital success factors for Project delivery;
- report regularly and at key stages to the Project Board and the Stakeholder Groups;
- put in place an appropriate project management methodology and risk register;

The PM will liaise with the SRO on a regular basis to review issues relating to the Project and to seek guidance on strategic issues.

#### 6.4 Procurement

The Head of Procurement, Amy Colderick, will provide a procurement role for the competitive tendering of project team and main contractor appointments. Records are kept of the Project activities and decisions made so that there is an appropriate audit trail

#### 6.5 Scrutiny Arrangements

Scrutiny arrangements exist to ensure that decisions taken are in accordance with Wiltshire College overall strategies, plans, policies, functions and services directly relevant to the corporate priority about improving waste management and the environment.

The Governing Body will receive regular reports from the Project Board on the progress of the Project.

#### 6.6 Stakeholder Groups

The SRO will manage a range of stakeholder groups to ensure that all stakeholder interests have ample opportunity to follow the development and implementation of the project, particularly to ensure their continuing buy-in to the Project. Key stakeholder representatives will be invited to participate in the Stakeholder Groups.

### 6.7 MONITORING AND EVALUATION PLAN

The College has previously managed and delivered major capital build projects with public sector funding support through the Education Funding Agency and Skills Funding Agency. It delivered these on time and to budget and has significant experience in the development of monitoring and evaluation plans to assess performance against objectives and KPIs and would develop an appropriate monitoring and evaluation plan in accordance with the LEP's specific requirements as part of this project. Key outputs against which performance would be monitored will be around the delivery of new/refurbished floorspace, additional learner numbers (including apprentices) and direct new College employees, in accordance with the previously defined SMART objectives for the project.

### 6.8 PROGRAMME AND KEY DELIVERY MILESTONES

The College has prepared a detail Gantt chart programme for both Phase 1 and 2 works which is summarised in the table below.

This FBC stage programme has been structure to align the cashflow with the SWLEP funding.

Milestone	OBC Dates	Phase 1 Completion Dates	Phase 2 Completion Dates
<b>RIBA Stage 1 to 3</b> (inc full planning)			
RIBA Stage 1 Design Brief		Jun 2017	Complete
RIBA Stage 2 Concept Design		Dec 2017	Complete
RIBA Stage 3+ Developed Design		Apr 2018	Complete

Planning		Mar 2018	Complete
<b>Contract 1: Block B &amp; C</b>			
Tender (A&W Works)		Jul 2018	Jul 2018
Stage 4 Contractor Technical Design		Sept 2019	Sept 2018
Stage 5 Construction		Apr 2019	Apr 2019
RIBA Stage 6 Handover		Apr 2019	Apr 2019
<b>Contract 2: Block A</b>			
Tender (New build & demolition)			Mar 2019
Stage 4 Contractor Technical Design			Jun 2019
Stage 5 Construction			Jan 2021
RIBA Stage 6 Handover	March 2021		Jan 2021

## 6.9 RISK ANALYSIS

A full risk register has been maintained since the commencement of the project.