

Estates Strategy 2021 onwards

Introduction

The Estates Strategy is set within the context of the College's Strategic Plan and its primary objective and values including leading education and training for the jobs of the future. The strategy measures the gap between the current property asset base and that which is needed to both effectively and efficiently support the core business of the College and to act as a catalyst for development and investment.

This estates strategy sets out options to close this gap, recognising both government policies, the needs of learners and new initiatives which present opportunities for the College to continue to address the skills deficit within the local economy. Ambition for the estate is dependent on affordability and whilst the College has some reserves, all opportunities for funding must be pursued considering in full the property, financial and educational case for each project alongside any conditions of funding and activity targets.

The main purposes of this strategy are as follows:

- ***to ensure that the College has an excellent estate to respond to current and future business needs and utilises its current outstanding financial base to invest in the pursuance of excellent learning and teaching for all.***
- ***that the estate contributes to an outstanding student experience in terms of location, size, configuration and quality.***
- ***to commit to an effective and efficient maintenance programme which underpins capital development and keeps the estate fit for purpose and compliant with all relevant statutory requirements.***
- ***Achieves environmental targets***

The restrictions of the pandemic have forced much of the College's promotional activities online. However, learners, parents and employers are keen to return to site and it is clear from the demand for physical campus tours that buildings often contribute largely to the first impression of the College and can be a key element in attracting and retaining learners. The estate is one of the College's most valuable assets and therefore it is important to develop a strategy which is well managed and linked directly to:

- curriculum development
- the needs of learners
- stakeholders and partners
- affordability.

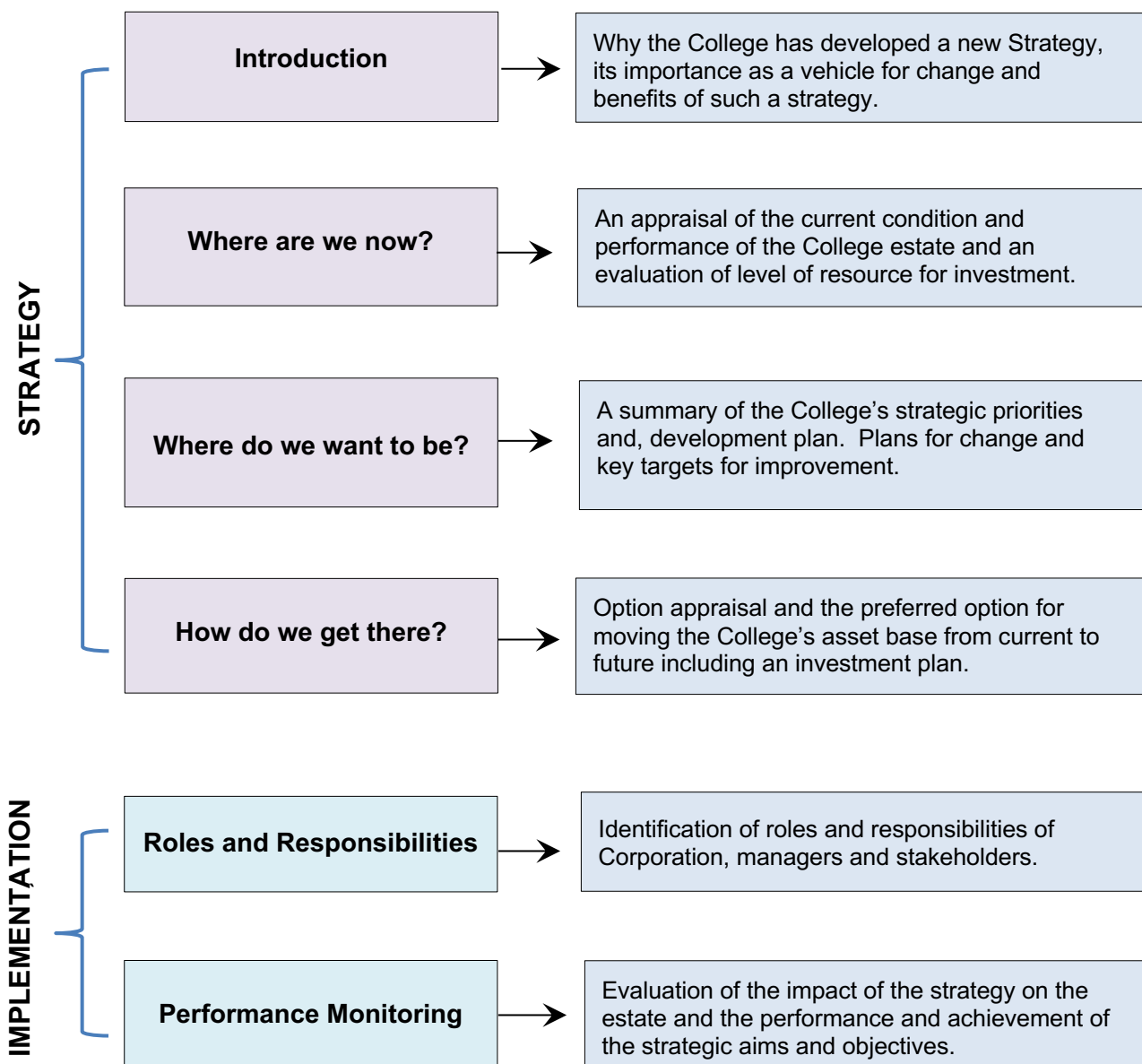
This estates strategy is part of the College's corporate strategy as outlined in its Strategic Plan and supports the aims and objectives set out in that plan notably to continue to invest in accommodation and learning resources to leading edge standards.

Ownership of the strategy rests with the Corporation and senior leaders of the College.

An outstanding estates strategy leads to improvements which have impact and adds value to the College. Developing this strategy will lead to:

- acquisition and development of assets that support strategic priorities and provide a learning environment which prepares learners for ongoing education and employment;
- the provision of safe, secure and the highest quality learning environments which aid student satisfaction and levels of staff morale and thus creating a well-resourced, safe, accessible and motivational working and learning environment;
- a plan for change that enables progress towards goals, and impact on learners to be measured
- a clear commitment to complying with sustainable development and carbon reduction initiatives;
- a means of targeting investment to within manageable risks but yielding maximum impact;
- flexibility to respond to post pandemic economic recovery, future priorities and models of delivery;
- an estate which is fully accessible and which meets the needs of students, staff and other stakeholder.

Structure of the Estates Strategy



Current Position

Halesowen College opened as a tertiary College in September 1982 and has built a reputation for providing an exceptional range of learning opportunities for students predominantly those 16-18. However, in recent years the College has extended its adult offer and grown apprenticeship provision in specific subject sector areas. The College is also working more collaboratively and establishing its position in the educational landscape of the area. Looking ahead the estate must meet the needs of all cohorts of learners and become a community resource and centre for local industry,

The College has a distinctive inclusive character representing high quality teaching and learning and, student support. It is well placed to continue to make a major contribution to the education and skills development needs of the local economy and wider community and will be a cornerstone in upskilling local people and supporting employers to return to prosperity post lockdown.

The College operates within a very competitive environment and there are an increasing number of options for students post 16 and a range of choices for apprenticeship provision, higher education and adult skills. Whilst outstanding facilities are not a panacea, high quality resources and learning accommodation are attractive to students. Certainly, fee paying students expect a level of resource to view the investment in skills as value for money. The College needs to continue to invest in its estate ensuring that it is fit for purpose to support current and future business needs.

The College currently operates from three sites. The largest is Whittingham Road which is 5.265 hectares and consists of thirteen teaching Blocks.

The most recent capital developments have included the refurbishment of three teaching blocks to create high quality, modern and attractive teaching facilities and creating a student HUB and Business School. This has been supported by a 70% contribution from the Black Country LEP and there are many activity targets associated with the funding that the College must now discharge. There have been several enforced adaptations to the site due to the social distancing requirements of the pandemic. Looking beyond lockdown, a key part of the strategy is a revised approach to the use of space to ensure the estate is supportive of a modern curriculum and a range of learning modes.

The completion of these recent developments concludes the previous property strategy.

Despite increasingly significant financial pressures, the College continues to demonstrate a robust financial position and has an 'outstanding' rating. This conclusion is reinforced by the calculated ratios and computed financial health group. The following ratios are notable and have been tabulated to show the position across the last three years.

	2021 (forecast)	2020 (actual)	2019 (actual)
Liquidity	4.08	4.10	4.5
Gearing (debt/income)	13.50	13.62	14.08
EBITDA as % of income	7.3	13.44	7.5

Whilst the current financial position is very strong there continues to be significant financial challenges ahead given the risks and uncertainties within the budget model. It is vital to maintain strong liquidity and ensure cash flows are positive in order to continue to demonstrate going concern. All capital schemes must be fully appraised for affordability with realistic budgets set in advance of any orders being placed.

In order to continue to ensure financial strength and stability to deliver excellent facilities and resources, the financial plan needs to balance risk against the need to invest in the future business needs of the College. The primary aim is to re-evaluate financial targets to maintain resilience whilst sustaining investment to leading edge standards. The main risks to the income profile surrounds volatility in student numbers given that around 85% of the income profile is from funding

agency contracts, student loans and apprenticeship funding. For 16-18 funding there is no in year claw back if contractual targets are not realised which provides short term stability. However, a fluctuation year on year can make longer term development difficult to sustain if income levels drop. Conversely if the College exceeds contract there is no guaranteed in year growth. With our model for 2021/22 predicated on growth this is a risk for the College. Other sources of income may be more fluid with the College subject to in year clawback for adult skills apprenticeships and only realises apprenticeship funding based on actual levels of delivery. The pandemic has impacted on income sources, in particular adult skills and any commercial income. Expenditure is well controlled but revenue cost pressures of pay and rising prices continue to present challenges.

The financial targets and will be updated for 2021/22 linking with the reviewed strategic direction. It is important that the financial targets sustain the medium term viability of the College but also are sufficiently flexible to allow the College to develop and achieve its strategic objectives. Financial targets are revised annually not only to maintain a robust financial framework but also to facilitate investment in the future. There is a risk of missing opportunities if rigid adherence to existing targets. Targets must be fit for purpose in securing an excellent financial base. The overarching themes of profitability, liquidity and constraint of cost remain relevant.

Securing earnings before interest, taxation, depreciation and amortisation (EBITDA) as a surplus as a percentage of income would ensure that the College retained a level of financial health and provide opportunities to resource activities. When establishing the level of EBITDA to attain, consideration must be given to the agency's framework for financial health. The liquidity targets are reflective of the current balance sheet gearing. Risks to the budget model including changing student numbers create a challenging financial profile and, reductions in pay and non-pay budgets required to continue to establish a going concern position and continue to invest in the College, hence achieving the strategic priorities.

As at 31 July 2020 the College had net assets worth £31.264m (excluding the pensions liability) on the face of the balance sheet. Tangible fixed assets (land and buildings) totalled £33.565m.

Despite the challenging financial landscape, the College is well placed to invest in the future and respond to the White Paper. The College must seek funding from various funding streams available for FE to support its ambitions. The College has already bid for capital funding from the Transformation Fund and if unsuccessful can target the Post 16 Capacity Fund. For specific projects there is opportunity for funding from the T level capital pot.

A recent ESFA commissioned review of College's estates concluded that in the main the estate at Halesowen College was in good or better condition. However, what this review failed to include was whether the estate was fit for purpose and supported the current and future curriculum demands, blended learning and the needs of learners. The College also looks regularly at accommodation usage and this has been punctuated somewhat by Covid as rooms have been used in different configurations to support social distancing and, much learning has been delivered remotely.

In terms of floor space, the College has used historic property measures established by the former LSC designed to enable Colleges to effectively assess the utilisation of its floor space. The ethos of this guidance was that the governors and management of the College are expected to keep their College's estate under constant review with the aim of improving its effectiveness, its efficiency and its economy. The guidance is over 15 years old so the suitability of it perhaps becomes more questionable over time. That said, it is a constant measure of space.

The bidding process for capital grants includes criteria for efficient use of existing estate space.

The College, through this estate's strategy will aim to use any grant funding to:

- Increase utilisation – more versatile and suitable spaces that will support greater flexibility to meet current needs and to adapt to future needs.

- Estate rationalisation and efficiency – reducing inefficient space which is no longer fit for purpose and rationalising estates to deliver reduced operating costs, generate efficiencies and allow for more effective targeting of resources
- Promote financial sustainability – through operational savings and/ or ability to generate additional income.
- Improve accessibility and suitability of estate for SEND and disabled learners and staff.

The College has already made significant investment in its property portfolio and has good teaching facilities. This new estate's strategy will ensure that the current and future business needs are met.

Given many of our competitors have new facilities/buildings to showcase it is essential to listen and respond to the student voice.

Investment into the estate must be in pursuance of the strategic objectives and the impact clearly measurable.

Despite the challenging financial landscape, the College is well placed to invest in the future whilst retaining a robust financial model and an appropriately geared balance sheet.

The current capital scheme to refurbish the upstairs of block 1 is due to complete in July 2021. This will create as new purpose built space for new curriculum in E Sports and Cyber Security

Levels of Affordability

Investment in capital equipment and the estate have financial impact on both the balance sheet and the revenue budget.

As specified above the College has targets to ensure an acceptable level of gearing is derived from the relationship between debt and equity.

Also, the level of depreciation generated from fixed assets has to be considered in the overall profitability model for the College (although this is added back into the EBITDA calculation).

The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life. Leasehold buildings are amortised over 50 years or, if shorter the period of the lease. Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Asset capacity increases.
- Substantial improvement in the quality of output or reduction in operating costs.
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the period of acquisition. Larger value items of equipment may be capitalised at cost. Equipment which is used collectively for one purpose may be grouped.

All depreciation is on a straight line basis.

Targets and Objectives

The main purposes of this strategy are set out in the introduction.

Based on the current position, targets for estates improvement are as follows:

- Utilise the designated reserve and other available resources to:
 - a) increase category I and II accommodation to 100% by 2025
 - b) increase condition of the estates to 100% as new and sound by 2025
 - c) reduce carbon footprint by at least 10% by 2025
- Ensure spending on property yields return which can be measured against various impact targets such as student numbers, positive progression, satisfaction surveys and levels of income from hire/community engagement.
- All investment represents best value for money.
- Increase floor space to 6m² per person as a minimum thus reducing overcrowding measures and ensure an effective usage of all space.
- Reduce £ per m² estates costs to less than £55 per m² without compromising on quality.
- Ensure estate can support the curriculum developments linked to T levels, the adult lifetime skills guarantee, local priorities areas such as health care science and other STEM subjects, development of apprenticeships and the needs of the local economy.

Option Appraisal

The College has a range of options to ensure that its estate and assets match future service and organisational needs.

The main options are as follows:

- Do nothing
- Acquire and refurbish additional property
- Acquire land and build new property
- Further develop existing sites
- Hybrid of options above

Factors influencing the Estates Strategy

- **Student numbers:** the declining demographic has peaked and is now on an upward trajectory for the next decade. Despite competition from other providers there should continue be a positive trend in student numbers as the current higher birth rate impacts through the school system and into further education. A key risk for Halesowen College is this competition from other colleges and school sixth forms. The pandemic has impacted on the mode of student learning and their choices post 16. This needs to be reflected in the accommodation strategy which must be sufficiently flexible to adjust to fluid trends.
- **Safeguarding/Safety:** safeguarding students is a foremost and fundamental commitment and responsibility which must extend to the creation and maintenance of a safe environment in which to work and learn. The challenges of the pandemic have impacted on the approach to the physical environment. All aspects for safeguarding and safety must be core considerations in the use and development of the estate.
- **Student cohort:** there is an increasing number of students with special educational needs and this must influence plans for future developments. The College has linked with a specialist organisation Access Able who have conducted an accessibility survey to assist students and visitors who wish to consider Halesowen College. This strategy focuses on all cohorts of

students and the protected characteristics specified in the Equality Act. Feedback via focus groups and sub-groups of the Equality and Diversity consultative forum must continue to shape estate and property strategies; for example provision of facilities for worship and for students with mental health issues together with non-gender specific toilet facilities. Increasing numbers of students with high needs are attending College and the estate must be adapted to make reasonable adjustments to accommodate their needs and the needs of staff and visitors.

- **Inclusivity and widening participation:** have led to an increasing demand for more personalised pathways and progression routes from entry and level 1 right through to level 4 and higher. The College has extended its range of educational pathways for students and continues to work with several Higher Education institutions whilst developing a range of higher level options. These developments continue to create demands on accommodation. The College will be a key player in the return to prosperity, upskilling the local workforce to return to employment post lockdown. Enhanced levels of activity may lead to a demand on rooms but it is envisaged that much of this provision will be in the evening or at community locations. Introduction of the entitlement for adult skills at level 3 and 4 should increase demand for courses and may create a significant pressure on the estate/rooms as the increase in the numbers of students enrolled on GCSE Maths and English (or equivalent) which is a mandatory element of the 16-18 study programme. The College is responding to the priorities of the Local Enterprise Partnership and WMCA and the local industrial strategy to upskill the workforce including increased higher apprenticeships focused on STEM subjects. This has an impact on the estate in terms of providing industry standard resources and specialist facilities such as laboratories. The introduction of T levels and continuation of blended and connected approaches are key considerations.
- **Stakeholder voice:** is a key consideration in the decision making process. Views of students, parents/carers and employers are collected using a range of methods such as questions and focus groups. The student voice is an integral part of the decision making process. Feedback informs this strategy. Students have viewed the campus as a pleasant and safe learning environment. Changes in funding eligibility for adult learning has led to more students paying a tuition fee or drawing down a student loan. This student cohort demands excellent facilities. In addition, economic courses have a particular requirement for accommodation which fulfils the demands of employers for a professional training environment. Students also demand robust and fast wi-fi both as part of learning activities and during social time at College.
- **Curriculum changes:** The Skills Plan introduced significant change to post 16 education and training. The introduction of technical pathways (T levels) alongside other changes such as new Apprenticeship standards and adjustment to GCSE create a fluid position. Future plans for vocational education are subject to consultation and outcomes may shape the future usage of the estate. Similarly, more boot camp style adult education may create new demands for accommodation. Also, the development of the digital agenda will impact on physical space in terms of power and data requirements. The College must invest to respond to these changes and also continue to develop 14-16 provision including EHE and build upon relationships with Universities.
- **Community engagement:** the College has an opportunity to share its facilities with the wider community as part of driving strong collaborative partnerships to meet the needs of local groups and the business community. This will aid to ensure that College is the cornerstone of the community.
- **Digital strategy:** is to support and develop learning technologies within College to widen participation and improve student engagement and success. The innovative use of technology requires investment and also has an impact on accommodation.
- **Partnerships:** the College aims to sustain and develop relationships and partnerships with other educational providers and employers which will impact on physical resources including the estate. The needs of the employer for skills development drives curriculum change and the impact on resources and the estates is an important consideration.

- **Environmental;** the College wishes to raise the profile of its environmental ambition and ensure that challenging yet achievable targets are set for carbon reduction and, that projects to engage with alternative technologies are cleared scoped and managed. The physical estate is a major contributor to the green agenda.

.Estates Priorities

The Estates Strategy is set within the context of the College's Strategic Plan and its stated purpose to Learn Succeed and Flourish. The strategy measures the gap between the current property asset base and that, which is needed to both effectively and efficiently support the core business of the College and to act as a catalyst for development and investment.

Within the parameters of available resources, the estates strategy sets out options to close this gap, recognising both government policies, the needs of learners and new initiatives that present opportunities for the College to continue to address the skills deficit within the local economy.

In order to continue to develop the estate the strategy outlines four options:

- Option 1** Do nothing/minimum
- Option 2** Maximise usage of land at existing sites; invest in further enhancement to the sites and re-develop existing accommodation to fit the future curriculum and models of delivery.
- Option 3** Source off-site accommodation for redevelopment in accordance with curriculum priorities and redesign. .
- Option 4** Source off-site land for new build and provide a bespoke building designed to accommodate growing curriculum areas, again exploring new provision, and partnerships.
- Option 5** A hybrid of options 2 to 4

It is often the most straightforward option to develop existing campuses to provide the required type of accommodation to facilitate teaching and learning of a modernised curriculum. However, it is always a consideration, especially if student numbers grow to investigate off-site options as either a refurbishment / development or procurement of land for bespoke building scheme. This may enable the College to extend collaboration and enter new markets.

In a more detailed option appraisal of the following dimensions should be considered:

- Student centred
- Safe environment
- Effective
- Efficient
- Equitable and inclusive
- Digital requirements
- Timely
- Impact on new strategic objectives
- Correlation with maintenance plans
- Curriculum review

Current Scheme

Refurbish the ground floor of block 1

The block was built in the 1980s and requires improvement to heating, lighting and ventilation to ensure it is operating in an environmentally positive manner and providing a comfortable working and learning environment. The reception was added in the previous phase of property development and the classrooms remodelled from previous office space and a lecture theatre.

The aspect adjacent Whittingham Road is a real showcase for the College given the view out on the road. This space should be utilised to promote the College and provide a visual insight to the exciting, modern and relevant curriculum.

Construction is ongoing to refurbish the ground floor to provide a purpose built facility for e-sports, network lab and cyber security. This is a priority area identified by the WMCA and LEP. The skills developed on these courses are needed by local employers and the College will be able to utilise this specialist area for study programmes, adult skills and apprenticeships.

Future Ambitions

Remodelling of Shenstone House

In order to meet the needs of employers and develop the skills that are in demand post lockdown, it is proposed to create a Life Science and Health Centre of Excellence at the Shenstone House site.

Extensive refurbishment and procurement of equipment to extend curriculum into specialisms such as podiatry and dental will require investment of around £3.4m. This will support the introduction of T levels, link with the healthcare science apprenticeships and provide a much needed talent pipeline for the health, science and care sector within our locality.

The scheme will commence with a structural survey of the property and there are several pieces of remedial works surrounding drainage, ventilation, access and heating. The ESFA condition survey did not identify the full extent of the poor condition accommodation.

To refurbish the building and allocate appropriate space to health division, hair and beauty would need to be relocated (see below).

It is proposed to refurbish an area on floor 1 to accommodate T levels in the summer of 2021 and then subject to funding from FEETF develop a decanting plan to action the structural, electrical and mechanical remedial works and refurbish the existing floors. The timing of this scheme would need to be carefully considered in parallel with the scheme to rehouse hair and beauty .

Relocation of Hair and Beauty

This scheme will need to run in parallel with the remodelling at Shenstone House. There are several options including:

- Relocate whole of provision at Whittingham Road, utilising existing estate
- Procure or lease commercial premises for practical aspects of the course
- Mix of the two options

The Whittingham site could be adapted to accommodate the divisions based on current learner numbers and the downward trajectory of applications in the area. There is clear linkage to other divisions within College such as sport and performing arts. Creation of salons would be expensive and require high specifications of ventilations and drainage. There are many empty commercial properties within the locality which may be able to be adapted at limited cost, or which already are

equipped as salons. There are advantages to this model linking with realistic working experience and commercial development but, also disadvantages associated with split site working.

The mobiles are due to be removed in April 2022 and the College must decide whether to apply for extension or remove the units. The area where the mobiles are located could be the site for block 14 subject to planning consent for a permanent structure. This scheme would need to run alongside a transport management strategy as planning consent would be difficult to obtain if the volume of car parking spaces reduced on a permanent basis.

Transport Management Strategy, car park re surfacing and access to frontage at WH

The College has opened dialogues with The Earls School and the Stour Vale Trust regarding the purchase of land opposite Whittingham Road. Given the extensive College coach service and the need to address traffic congestion in the area, the College requires a more medium-term solution. Planning consent is a key driver in this scheme.

Sustainability

There is a separate environmental strategy and the carbon reduction challenge is central to all capital developments. However, one plan which requires investment is the installation of solar panels at Coombs Wood in order to generate electricity. A site survey has been done and insurers consulted.

Indicative costs and sources of funding:

Project	Estimated costs	Funding	Planned Start	Planned Completion
Block 1 ground floor	£450,000	College reserves	June 2021	August 2021
Refurbish SH: Floor 1 (T levels) Floor 1-4 plus remedial structural and mechanical/electrical issues	£25,000 £5,312,504	Bid for FECTF	March 2022	September 2023 (phased approach floor by floor)
Transport Management Strategy, car park re-surfacing and access to frontage at WH	£500,000	TBC	TBC	TBC
Construction of block 14 to replace mobiles and, create additional teaching space	£2,500,000	Bid for Post 16 Capacity Fund plus consideration of bank loan capital for match	June 2022	Sept 2023
Alternative energy – installation of solar panels	£60,000 (five year pay back)	College reserves/ Energy grant	Jan 2022	March 2022
Hair and Beauty	£TBD	Post 16 Capacity Fund	March 2022	September 2023

Conclusion

Halesowen College must have an accommodation solution and associated investment plan which will provide an outstanding learning environment and excellent resources. The plan must be coterminous with the strategic objectives of the College which in turn support local and national priorities. By continuing to raise standards and develop an outstanding campus the College will continue to be an attractive option for all students, employers and wider community as a first class learning institution.