

THE CORPORATION OF WALTHAM FOREST COLLEGE

23 MARCH 2015

PROPERTY STRATEGY UPDATE

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PURPOSE OF REPORT

1. This report provides an update on the College's Property Strategy and seeks the Corporation's approval to College managers investigating options to (a) vacate the four satellite sites and (b) dispose of land at Forest Road to secure funding for further capital works.
2. It also asks the Corporation to note that the College has been invited to submit a detailed application to the LEP for funding for the

OVERVIEW OF COLLEGE PROPERTY

3. A detailed report was submitted to the Property Working Group on 23 June 2014 regarding the College's estate and space utilisation. This report is attached as an appendix. Even though the report was written nine months ago the fundamental issues set out in the report have not changed. However the need to tackle them has become more pressing.
4. The report provides a detailed analysis of the key issues facing the College estate namely:
 - The College has 3000m² more space than its current curriculum offer requires due to, primarily, the number of satellite sites
 - The cost of the estate is above sector norms – this has also been subsequently borne out by the recent benchmarking exercise
 - Even after the completion of HoC4 only just over 50% of the College estate will be in good or better condition
 - Options for intensifying the use of Forest Road and working with partners to optimise the contribution of capital assets to the College's business need to be reviewed.
5. The College has been very successful in recent years in securing capital grant funding for capital works - in total grants of £15.6 million have been received to fund the HoC projects and the Further Education Capital Condition works. In addition the College has contributed £7.2 million from its own resources (including a £2.3 million bank loan) to fund these works. However we are now entering a period when the amount of publicly funded capital grant is likely to diminish and the College will need to consider how to fund further capital works from its own resources.

CURRENT URGENT PROPERTY ISSUES

6. The report to the Property Working Group in June 2014 indicated that the College would update its property strategy. This is potentially a major and extensive piece of work; to have impact it has required greater clarity about the College's medium and long term strategy. Therefore since June 2014, rather than work on an all-encompassing property strategy, College managers have followed an incremental approach of:
 - Completing the HoC3 and HoC4 projects
 - Implementing the Further Education College Condition (FECC) Fund works to refurbish classroom and undertake urgent health and safety and infrastructure works

- Submitted a bid to the LEP for capital funding for the Engineering, Science & Technology Centre – we are anticipating that we will hear imminently whether this bid has been successful.

7. The most immediate property issue now facing the College is the satellite centres. These are costly – lease costs alone are £274k per annum – and also represent a significant risk to the College achieving a grade 2 Ofsted, in that the student experience on the satellite sites is of a significantly lower quality than that on the main Forest Road site.
8. College managers have therefore been reviewing options for vacating the satellite sites and terminating the leases as follows:

Uplands House - all provision has now been relocated to Forest Road and the building is being mothballed. This generates some modest operating cost savings. The lease, though, runs to April 2019 – the College is discussing with Dolomites property consultants a strategy for either terminating the lease, though this could be expensive, or sub-letting to defray the rental cost.

Lockwood Way Units 1 and 10 and Priestley Way – these three industrial shed units accommodate motor vehicle, motorcycle and electrical installation training. Discussions with the freeholders have been fruitful – for the next two years the College, in effect, has flexibility to vacate these premises at three months' notice without risk of having notice served on us. The issue is that this provision will need to be relocated to Forest Road. Vacating these sites would save c £200k of lease and other running costs in a full year.

9. There are two options for the relocation of the Lockwood Way and Priestley Way provision to Forest Road – either as part of the LEP funded new-build scheme or, if this scheme is not approved, a much more basic scheme to relocate these facilities into existing College space which will become vacant when the new arts building is completed.
10. The cost of the new build scheme is £3.6 million and the Coreg she asked for 100% fudging from eh LEP. It is spsoibelt rough that the leap will seek some element of match-funding form he College. The cost of a basic relocation not the Colleges axing buildings is etsainedt at c £750 - £900k. The College does not have three reoccurs or reveres o fund such cost for its own existing funds and we a currently still not able to borrow form Barclays.
11. The College does have a potential option if funding these works forms a disposal receipt. College managers have identified that the ice of land on the corner of Forest Aroid and Source Hills Road is surplus to our requirements and is a potential development site. A high level valuation foot hiss it has been redceiuedv from dolomites and this is attached as Ana penda to this report. It idnsciates a potential value foot eh site of £1 million though this is clearly dependent on planning considerations.
12. The College has commissioned Richard Hpkindn arches and Nathaniel Lichfield Panning consultants at modest cost to corner options for the development of the aisle and to engage with the cloaca authority planning department. The plan would be to hold a pre- application meeting tight the panes to get their to workapoentia; development sitereport sets out the high level position regarding the amount of space occupied by the College, its location, condition and functionality and identifies how efficiently this space is occupied and used.
13. In the last three years the College has made significant improvements to the condition and functionality of its estate as a result of the HoC1 to HoC4 projects, including removing old temporary buildings and improving accessibility for people with disabilities. IT-rich teaching and learning environments and much improved facilities for students have been created. These projects have formed part of a coherent strategy to upgrade and rationalise the College's estate.
14. Notwithstanding the significant improvements that have been made over the last three or so years there is no doubt that more needs to be done. This report makes recommendations for actions now and identifies priorities for further review. Key conclusions are that:
 - a material part of the College's estate still remains in moderate condition and sub-optimal functionality

- the College currently has more space than it requires due primarily to the number of satellite centres and incurs more cost than the sector average on premises related expenditure
 - there is less space set aside for teaching and learning as a % of total space than the sector norm
 - the College makes only limited use of its space outside of core operating hours
 - options for intensifying the use of Forest Road and working with partners to optimise the contribution of capital assets to the College's business need to be reviewed
15. The College is seeking to address these issues through the implementation of its Property Strategy – currently through HoC3 and HoC4. Further phases of work will be necessary to fully upgrade the College's estate, though these are dependent on further capital investment. The College, therefore, also needs to develop a strategy to access capital resources through a mix of securing further public sector grants, generating operating surpluses, borrowing, disposing of surplus space (sale or leasing) and seeking investment from third parties.
16. The further development of the estate is integral to the College's long term strategic planning, the development of its curriculum and new specialisms, and being consistent with local economic and regeneration priorities. This is particularly the case if the College is going to seek further public grant funding which from April 2015 will come via the Local Enterprise Partnership/s (LEP) and will be dependent on the College meeting local skills needs. The London LEP has recently informed providers of their timeline for the first round of capital allocations, and has also indicated that the normal arrangement for funding will be 33% grant and 67% College contribution; therefore the issue of affordability is central to whether or not Waltham Forest College should make an application for April 2015.
17. In light of these conclusions it would appear prudent for the College to undertake an update of its Property Strategy to ensure all the space and estates related issues are managed within a single coherent framework. Given the urgency of addressing many of these issues the intention would be for an interim Property Strategy to be completed by mid-November 2014.

Key Issues

18. The issue of the College's space utilisation and how its fixed assets are used is integral to the institution's Strategic Plan and educational objectives. The College's buildings and the Forest Road site are the College's major tangible assets to achieve these objectives. Appropriate facilities need to be in place to enable the College to deliver its curriculum offer. The use of these assets is also an important value for money matter – assets therefore need to be "sweated" to provide maximum return both educationally and financially.
19. The key issues which need to be addressed to optimise the impact of the College on College business are:
- maximising the amount of space set aside for the core business of teaching and learning
 - intensifying the use of space including further remodelling, refurbishment and new build
 - developing facilities for new curriculum provision and specialisms – "future-proofing" this as much as possible by creating flexible, easily remodel-able space
 - ensuring teaching and learning space is being used efficiently through effective timetabling and room allocation processes
 - ensuring space which is made available to third parties generates a clear financial return and/or a quantifiable educational benefit
 - reducing surplus space
 - reducing the cost of the estate

Amount of College Space

20. The College requires space to achieve its core mission of delivering high quality teaching and learning. A high quality and efficient estate underpins this. The amount of space required by any FE college can be calculated by applying SFA space "norms". These would imply that WFC requires broadly between 22,000m² and 24,000m² of space – the former

assuming that current levels of provision are franchised out and the latter that there is a marked reduction in franchise and more provision is delivered on College sites.

21. The following table summarises the amount of space occupied by the College now and from August 2015 after the completion of HoC4:

	Current m ²	From Aug 2015 m ²	Comments
Forest Road	22,086	23,241	Excludes swimming pool
Uplands	1,265	0	Mothballed from 15/16
Unit 10 Lockwood Way	1,220	1,220	
Unit 1 Lockwood Way	402	402	Possible relocation to Forest Rd
Units 9-11 Priestley Way	660	660	
	25,633	25,523	

NB the Aveling Centre has been disregarded for the purpose of this report.

22. The College's strategy is to reduce overall space through developing Forest Road and moving out of the satellite sites. The full implementation of this strategy is not immediately possible, as due to the reduced HoC3 and the deferral of the Centre of Engineering Excellence, the College has to retain Unit 10 Lockwood and Priestley Way to deliver motorcycle and motor vehicle provision. It will be possible to relocate provision from Uplands when HoC4 is completed. Consideration can also be given to relocating electrical installation provision from Unit 1 Lockwood Way to Forest Road as space in the old art studios becomes available when the new Art, Media, Design & Fashion building is completed.
23. Once the satellite sites are vacated the College will be close to achieving its required space.

Cost of College Estate

24. The College's estate represents a considerable overhead. Currently the College spends 11.1% of its income on estates costs compared to a London FE college average of 9.3%. This difference equates to £431k and can largely be explained by the lease and running costs of the satellite sites.
25. In addition currently over 65% of the College's estate is classified as being in Condition C or D; this drives higher costs of maintenance and utilities as the buildings are not energy efficient. Even after the completion of HoC3 and HoC4 40% of the estate will still be in Condition C and D. The College will need to develop an affordable planned preventative maintenance (PPM) programme to ensure that the cost of maintaining the estate is spread evenly over the years. However in the medium term the most important objective is to ensure that as much of the College's estate as possible is of sufficient sustainable quality for a PPM programme to be effective.

Satellite Sites

26. The following table sets out the current position with regard to satellite centre leases:

	Lease expiry date	Annual Rental £000
Uplands House	8 April 2019	126
Unit 10 Lockwood Way	31 May 2016	68
Unit 1 Lockwood Way	19 Mar 2017	31
Units 9-11 Priestley Way	6 Aug 2015	49
		274

27. The College has two decisions relating to satellite sites to make in the immediate future which will impact on cost and space – whether to renew the Priestley Way lease for 2015/16 and how to manage the Uplands House Centre once it is vacated from summer 2015 when HoC4 is completed. Discussions will need to be held with the owners with a view to the College seeking to reassign the lease.

Mix of College Space

28. SFA norms would indicate that c 60% of a college's estates should be utilised for teaching and learning. A high level review of the College's estate suggests that after the completion of HoC4 the Forest Road site will be at c 55%. This represents an improvement from under 50% currently.
29. Given the fundamental structural layout of the building, based on the 1930s design, it may be more difficult to increase this percentage – however on-going development needs to take account of this and seek to increase the amount of usable space by identifying where under-utilised and poor quality space can be brought into use and where space can be converted into teaching and learning space.

Utilisation of Space

30. There are two dimensions to the issue of space utilisation in colleges – utilisation within normal core operating hours and utilisation outside of these times.
31. Core Operating Hours
During term-time utilisation can be measured by the effectiveness of timetabling i.e. for what % of the available time are teaching and learning rooms timetabled for use. Long established sector space norms indicate that rooms should be timetabled for 70-80% of the time i.e. between 28 and 32 hours per week during the day time. The College's current timetabling is 10-15% below these norms though specialist space is timetabled more intensively than standard classroom space.
32. There are some legitimate reasons why timetabling is below norms e.g. family friendly timetabling for ESOL and adult literacy and numeracy where many students have child-care responsibilities. However while taking that into account the College does need to make effective use of its space and to that end the College is introducing a timetabling grid from September 2014 so that there is a consistent template to enable all rooms to be timetabled in 1½ hour blocks.
33. A further driver of space utilisation is group size. Generally teaching spaces at the College are of a good size and able to accommodate 20-25 students. Currently the College plans on average for a group size of 18; it remains a critical element of the College's business planning to offer a curriculum which would generate larger group sizes to fill rooms.
34. Out of Core Operating Hours
The College's core teaching operations take place over 36 weeks for 40 hours during the day time. This represents less than 33% of the total available time assuming the College is open for 13 hours daily (8am – 9pm) for 7 days a week for 50 weeks year. This will be the case for many colleges, but still represents a cost and/or foregone income, and a community asset which is very under-utilised for much of the year.
35. The College has a sound track record to build on in terms of making its space available to third parties and for commercial activities, most notably the swimming pool, classroom space for Whitefield School, the new Business Launch Pad, the Mallinson suite and the hair and beauty salons.
36. As part of its developing property strategy the College needs to continue to take a very proactive approach to identify means by which out of hours space can be brought into beneficial use and earn income by for example:
- increasing the College's own out of hours course portfolio
 - reviewing the College's delivery methodologies and identifying more opportunities for all year round delivery e.g. commercial work and apprenticeships

- developing more College commercial opportunities e.g. around catering, hair and beauty, retail
- building on the successful letting of the swimming pool by developing other complementary leisure activities
- letting to other training providers for evening, weekend and summer schools
- letting to community groups and business uses for activities which complement and support College objectives

Alternative Uses for Surplus Space / Development Opportunities

37. Letting out the premises during out of hours periods may generate some income but it will probably be limited as it requires the College to find other organisations which have a need for our property during our down times. A development from this approach would be to identify space which could be made available throughout the year. This may be existing space which the College could vacate by rationalising or it could be new space which could be developed on site and/or a combination of the two.
38. Such an approach would most likely require the College to work closely with partners to review the development opportunities at the Forest Road site to:
 - facilitate the relocation of the satellite sites into Forest Rd
 - allow the development of new / expanded curriculum areas e.g. construction, Science, Technology, Engineering & maths (STEM), digital media and sport in order to generate increased income
 - invest in existing commercial activities at the College e.g. hospitality/conference suite, swimming pool and leisure
 - generate capital receipts to fund the next stages of the College's property strategy

Curriculum Requirements and Developments

39. The revised College strategic plan has identified a clear strategy for focused growth based on Building the college's reputation for vocational excellence and being more responsive to external and employer led demand whilst responding to the changing funding environment. This has led to the following recommendations to:
 - Grow the business by developing a reputation for vocational excellence in four key areas: Business, Professional and Health Studies, Skilled Vocational and Technical Trades, Creative Arts and Progression to Employment.
 - expand the Level 3 16-19 offer in areas of high demand or gaps in local provision with a focus on the use of technology
 - grow the long course professional offer for adults, including higher education and business skills for individuals and employers to maximise income from fees and student loans
 - develop a focused training services provision to expand our apprenticeships offer in identified key vocational areas through partnerships with groups of employers, meet employers' business skills needs and exploit project funded opportunities
 - expand, working in partnership with Job Centre Plus and other partners, an offer that will help local residents develop the skills needed to move into employment
40. Heart of the College 4 will support the expansion of classroom based provision and the Development of specialist areas in media and technology based provision. However to Support further curriculum development there will need to be consideration of complementary estates development to support:
 - development and expansion of construction into new areas (such as plastering and tiling) and/or into a more specialist high demand (but high cost) offer including plumbing and gas
 - development of specialist science facilities for sports, health care and a general 16-18 science offer

- expansion of sports based provision including access to an indoor gym and internal or external exercise facilities (possibly in partnership)
- further development of the College's STEM offer especially in technology based engineering and manufacturing, healthcare, niche science areas and arts based digital technology e.g. games design, animation or graphics
- further expansion of the technology infrastructure across the whole College to support innovative teaching and learning practices, the development of independent learning skills and opportunities to deliver courses and learning in different and more efficient ways.

EQUALITY CONSIDERATIONS

41. There are no specific equality considerations arising from this report. However, it will be appreciated that the careful management of the College's resources enables many of the equality considerations set out in the Strategic Plan and elsewhere to be progressed.
42. The completion of HoC1 to HoC4 will have addressed a number of key access issues at Forest Road – most notably full accessibility for people with disabilities into the building at the front of the site and an additional lift. All refurbished, remodelled and new build areas under these projects have been designed to meet full disability access requirements.

FINANCIAL CONSIDERATIONS

43. This report relates specifically to value for money and the effective utilisation of the College's estate to generate direct financial and business benefits to the institution.

RISK CONSIDERATIONS

44. There are inherent financial and operational risks to the College in operating from an inefficient estate. This report sets out some of the ways these risks can be ameliorated.

DECISIONS REQUESTED

45. THE PROPERTY WORKING GROUP IS ASKED:
 1. TO RECEIVE AND COMMENT ON THIS REPORT ON SPACE UTILISATION AT WALTHAM FOREST COLLEGE
 2. TO NOTE THE KEY ISSUES SET OUT IN THE REPORT
 3. TO SUPPORT THE PROPOSED APPROACH OF COLLEGE MANAGEMENT THAT THE COLLEGE UNDERTAKES AN UPDATE OF ITS PROPERTY STRATEGY TO SET A FRAMEWORK WITHIN WHICH SPACE UTILISATION MATTERS CAN BE ADDRESSED WITH A TARGET DATE OF MID-NOVEMBER 2014 FOR AN INTERIM STRATEGY TO BE COMPLETED
 4. TO AGREE THAT THE COLLEGE SHOULD CONTINUE TO SEEK PARTNERS TO SUPPORT EFFECTIVE SPACE UTILISATION
 5. TO AGREE THAT THIS REPORT TOGETHER WITH ON-GOING UPDATES ARE MADE AVAILABLE TO MEMBERS OF THE CORPORATION VIA THE GOVERNANCE SHAREPOINT SITE SO AS TO RAISE AWARENESS OF THE ISSUES OVER AND ABOVE THE PUBLICATION OF THE MINUTES OF MEETING
 6. TO INDICATE IF ANY FURTHER INFORMATION IS REQUIRED AT THIS TIME WITH REGARD TO SPACE UTILISATION AT WALTHAM FOREST COLLEGE