

Meeting of the Major Projects & Investment Committee

**10am - 11am on Wednesday, 16 December 2015
in the Boardroom, Technopark, London Road, SE1
and via conference call**

Agenda

<i>No</i>	<i>Item</i>	<i>Paper No.</i>	<i>Presenter</i>
1.	Welcome & Apologies		Chair
2.	Declarations of interest		Chair
3.	College partnership & IPTE proposals (to discuss)	MPI.03(15)	DVC
4.	Date of next meeting: TBC – March 2016		

Members: Douglas Denham St Pinnock (Chair), Jerry Cope (Chairman of the Board), David Phoenix (Vice Chancellor), Kevin McGrath (via conference call), Hilary McCallion (via conference call), Abdi Osman (SU President), Tony Roberts (Staff Governor), Andrea Smith (Chair of Student Council)

With: Chief Financial Officer, Deputy Vice Chancellor, University Secretary and Governance Assistant

	CONFIDENTIAL
	PAPER NO: MPI.03(15)
Paper title:	College partnership and IPTE proposals
Board/Committee	Major Projects & Investment Committee
Date of meeting:	16 December 2015
Author:	Pat Bailey, Deputy Vice Chancellor
Executive/Operations sponsor:	Pat Bailey, Deputy Vice Chancellor
Purpose:	To update the Committee on potential partnerships and a new LSBU 'institute', for which business cases are being developed.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	The proposals relate specifically to the intention to increase LSBU's income to at least £170M by 2020, and to open up new opportunities for recruitment to courses at levels 4-6 (traditionally years 1-3 at UG level).
Recommendation:	External advice concerning business cases and due diligence are being sought (interim business case by end January 2016; full business case by end April 2016). The Committee is asked to comment on the proposals in the attached papers.

Matter previously considered by:	Raised for discussion with Board of Governors	On: 26 November 2015
Further approval required?	Yes	On: Following interim and final business cases (due end Jan and end Apr 2016)

Executive summary

A small group of us (myself, Richard Flatman, James Stevenson, with support from Jennifer Hackett) are looking at two related proposals:

- a) A formal partnership with Morley College.
- b) The establishment of an 'Institute for Professional & Technical Education' (IPTE).

These two proposals each stand alone, but offer substantial synergies were they to both go ahead; in particular, we see opportunities for increased community engagement and enhanced level 3 provision that would benefit from both the Morley College partnership and the IPTE. For both of these proposals, the case hinges on being able to attract more students to undertake courses at LSBU, at Apprenticeship (roughly equivalent to HND) or Higher Apprenticeship (degree level).

Attached are three short papers:

- 1) a one-page summary of how the IPTE and Morley College partnership might work, and how they might enhance LSBU's recruitment;
- 2)) the 'in principle' document provisionally agreed by LSBU, concerning discussions between LSBU and Morley College, and to be considered by their Board of Trustees on 16/12/15;
- 3) an outline of the proposed 'Institute of Professional & Technical Education' (IPTE).

The proposals expand the potential recruitment opportunities for LSBU, especially in the light of the Government's increasing support for apprenticeships, which aligns perfectly with LSBU's vocational ethos and real world impact. We currently have around 400 Year 0 students (level 3/4); the proposal would expand that to around 750 Year 0 students, as part of around 2000 apprenticeship students in total (up to level 5/6), with an associated income stream of £10-15M.

We are commissioning an outline business case for the end of January 2016 and, if that is positive, then a full business case and due diligence (concerning the Morley College partnership) will be completed by the end of April.

These papers are therefore to update MPIC, gain approval for the approach being taken, and agree how subsequent decisions will be taken concerning the go-ahead (or not) of the Morley College partnership and the IPTE.

Pat Bailey (14th Dec. '15)

Summary of IPTE and FE College context/possibilities

What are we proposing?

We propose setting up a specific institute to support those taking technical or vocational qualifications up to levels 4 and 5. The model would be aimed at Higher Apprenticeships, which aligns with our extensive employer engagement. Although much of the teaching would take place in the appropriate Schools, the institute would provide support in four ways:

- A key hub for the extensive administrative requirements (including employer meetings)
- Specific study resources to support Higher Apprenticeship students, especially given the constraints of studying alongside work-based activities
- Delivery of core skills (as required, but to include maths, writing, communication and IT skills)
- Support for gateway activity at level 3

What is special about the proposal?

Big advantages with providing level 4 and 5 vocational qualifications within a research active university that also educates to levels 6 and 7; students will have access to leading edge technologies and expertise, whilst being able to study highly applied aspects of their subjects. However, many students simply do not see routes into this level of education because the secondary and FE provision is unappealing. So alongside the level 4/5 activities we plan to establish specialist gateway qualifications focusing on Level 3 and/or level3/4 combinations, in collaboration with employers and our local Borough Council. The **IPTE** would offer training in specific areas (NOT across the typical breadth of FE Colleges):

- Construction and engineering
- Health science and social care
- Hospitality and business
- Digital and creative technologies

How might that align with the Morley College discussions?

Morley College has excellent community engagement and a highly respected adult education programme. It has staff with expertise in delivering Level 3 teaching, and offers key areas that LSBU currently lacks:

- Languages (many!)
- Music
- Fine Arts
- Fashion design

The link with MC would therefore allow these areas to be made available for credit-bearing or extramural courses (or for development to higher levels), as well as providing CPPD opportunities, increased community outreach, and joint delivery of level 3–4 material as part of our Foundation Year.

What if MC became part of the University Group?

Obviously up for discussion, but in summary:

- Morley would continue its current AE programme and community engagement
- If we can expand Yr0 and Apprenticeship schemes, MC can provide teaching at Level 3
- Our students could access extramural (or credit bearing) courses (e.g. languages)
- Both might use each other's space and facilities (LSBU mainly daytime, MC mainly evening)

Funding options?

- Southwark considering up to £5M towards a Community Centre in Passmore Library (early 2016)
- HEFCE very supportive of concept; if Catalyst funding still available, might get £2-3M (early 2016)
- BIS will be looking for pilot schemes from 2016, to develop future technical education models

How would the financial case stack up?

- May just about break even concerning sub-degree provision
- Advantages to our students, so more likely to attract them (languages, music as 'extras')
- It would be progressing students that would drive the financial case for LSBU

London South Bank University and Morley College
“Project Maple”

Principles Document

Access to opportunity: an outline proposal for
Morley College joining the London South Bank University Group

Strictly confidential – subject to due diligence and contract
Not for further circulation

1. Introduction and context

LSBU is exploring a range of partnerships and other arrangements to strengthen its engagement with the community, and to increase access to Higher Education for all who have the potential to succeed. Whilst the University maintains a national and international reach it is also focused on the local and regional communities it serves, working collaboratively to see how best to provide pre-degree and extramural opportunities to its students.

The status of Morley College as a Specialist Designated Institution (SDI) denotes its past, present and future responsibility in serving the public good through the provision of broad-ranging, accessible, community-focused educational courses and experiences designed to meet a diverse range of adult learning needs. Through the learning opportunities available Morley seeks to address social exclusion and promote community cohesion, supporting skills development, employability and digital inclusion. Morley College has an excellent reputation in adult education, but needs to explore how best to ensure financial sustainability in an extremely challenging funding regime for Further Education.

London South Bank University and Morley College share a common commitment to social mobility through the widest possible access to learning opportunities. The close proximity of location between the two institutions, less than half a mile apart, is an important dimension that contributes significantly to the coherence and practical advantage to students of both institutions.

2. Ambitions and opportunities

2.1 London South Bank University

Morley College's reputation for adult education in arts, culture and applied sciences provide a particular focus that aligns well with LSBU's corporate strategy.

If Morley College joins the University Group, it creates opportunities to strengthen links with the local community and diversify income streams and access routes. In particular, the more formal relationship fulfils the University's ambitions in supporting:

- joint activities that enhance profile and engagement with local community
- providing local progression pathways
- providing support for skills development for current students
- extramural opportunities for LSBU's students.

2.2 Morley College

In a time of considerable change for the Further Education Sector, driven by Government reform, the ambition and opportunities for the College include:

- remaining as the legally defined entity, Morley College Limited, with its own distinctive brand, trading from January 2016 as Morley College London;
- sustaining the core mission and purpose of the College, focused on adult education in the arts, culture and applied sciences;
- sustaining joint working with fellow SDIs to pursue the Mission of Morley in 'championing the cause' of adult learning, working collaboratively with SDIs to raise the profile of areas of mutual interest including, for example, adult apprenticeships and the sharing of best practice in learning, teaching and assessment;
- continuing to provide impartial Information, Advice and Guidance to students on their next steps in learning, acknowledging the range of subject-specific HEI progression partnerships the College currently sustains to support level 3 Access/diploma students to pursue their academic ambitions, especially in areas associated with the Visual Arts;
- increased effectiveness in enabling access to education for the most disadvantaged by simplified progression routes through adult education into Higher Education;
- the opportunity to address expected Government reductions in Skills Funding Agency-allocated funding through the generation of additional revenue streams protected within the group structure;

- enhancing the student experience, through access to additional facilities including, for example, the University's library, student support, and enterprise centre;
- professional development of teachers in the design and delivery of level 3 Access to HE and Foundation programmes;
- greater professional support (e.g. ICT, HR, marketing, premises) with reduced overheads, and therefore cost benefits;
- early identification, through development of the business case, of the potential financial benefit to be drawn through growth of provision and efficiency of operation.

3. Group structure and governance arrangements

Morley College is a company limited by guarantee and a charity registered with the Charity Commission. Morley College's board of trustees has ultimate responsibility for the long term sustainability of Morley College. It is the trustees, as company directors and "members" (essentially the owners) who control the Morley College charitable company and its assets.

London South Bank University is a company limited by guarantee and an exempt charity regulated by HEFCE. The university is controlled by its board of governors, who are the trustees, company directors and "members". As with Morley College, the board of governors has ultimate responsibility for the long term sustainability of LSBU.

At present, the LSBU group includes a number of separate bodies:

- the university itself, the provider of higher education;
- the students' union, a registered charity independent of the university, leading the student voice;
- the University Academy of Engineering and the South Bank University Technical Company, separate companies, funded by the Education Funding Agency, in which LSBU has a degree of formal control, as well as being represented on the local governing bodies of the two schools; and
- SBUEL, a wholly-owned subsidiary of LSBU, with a separate board of directors, chaired by an LSBU independent governor. It is the trading arm of LSBU and returns profits through gift aid payments.

The proposal would be for Morley College to become a member of the University Group, joining the governance structure of the Group whilst retaining clear legal identity as Morley College Limited complete with its long-established and distinctive mission, vision and values, culture and ethos. The process of due diligence will ensure detailed consideration of the governance arrangements that best serve the Partnership, including agreement on corporate membership and accountability. Both the University and College will work actively and constructively to achieve an agreed, optimal arrangement designed to serve our shared ambitions.

Subject to due diligence, legal review, corporate and regulatory approvals, a potential future structure could be that LSBU has a degree of control of Morley College Limited by becoming a corporate member (or “owner”). **The joint ambition is that Morley College would retain its own legal identity and distinctive brand. Morley’s local Board of Governors, with some representation from LSBU, would continue to sustain its educational mission within the group structure.**

4. Indicative curriculum portfolio

If Morley College joins the University Group, the College would offer the following for the University:

- A substantial contribution of the teaching for Year 0 provision (a mix of Levels 3 and 4), enabling a potential increase in LSBU’s Year 0 numbers;
- A route for LSBU students to achieve level 2 English and Maths (GCSE A*-C);
- Extramural modules in areas such as the visuals arts, media, music, languages, history and cultural studies that could contribute (at Levels 2/3) to the Higher Education Achievement Record, or could (at Level 4) be part of the student degree;
- Practical-based activities that contribute to new creative degree courses;
- Collaborative community activities, including the sharing of facilities.

Once established, the practical advantages of aligned management, support functions, planning and working practices between university and college colleagues will enable co-ordination of a curriculum portfolio that is adaptive to student interests and ambitions, and external funding streams.

5. Finance and resources

5.1 London South Bank University

In 2014-15 the University enrolled 17,735 students (c. 12,190 FTE), generating a turnover of £140.8M, of which

- £17.6M came from funding council grants (mainly HEFCE);
- £99.3M came from academic fees and support grants (including £26.9M from Strategic Health Authority education contracts);
- £23.9M came from other sources including residences and catering income.

Of the 17,735 students in our 14/15 HESA return

- 8,333 were Home / EU Full Time Undergraduate
- 4,136 were Home / EU Part Time Undergraduate
- 933 were Home / EU Full Time Postgraduate
- 2,906 were Home / EU Part Time Postgraduate
- 551 were Overseas Undergraduate
- 876 were Overseas Postgraduate

LSBU's estate comprises 101,000 m² spread over a range of properties within the site at Elephant and Castle, the majority of which the University owns the freehold, although some are on long leasehold from Bridgehouse Estates, a Trust within the Corporation of London. A second site is rented from the NHS at Havering to serve Health & Social Care education in that area.

5.2 Morley College

In 2014-15 the college enrolled 13,030 students (c. 1,750 FTE), generating a turnover of £10.3M, of which

- £6.1M came from public funding (mainly Skills Funding Agency);
- £3.3M came from fee income (of which £230k was funded by 24+ advanced learning loans);
- £570k came from contracts (principally Lambeth Borough Council to deliver community learning).

In terms of the allocation of public funding to educational activity:

- 77% of students are 'co-funded', i.e. the funding does not cover the full cost of their course and the student pays a fee;
- <1% of students pay fees with a 24+ Advanced Learning Loan;
- 15% of students are on courses for which they are fully funded and therefore pay no course fee;
- 8% of students are on courses that are not funded or who are not eligible for funding, and who therefore pay the full fee.

The SDI status of Morley College allows the institution flexibility in its allocation of public funding for a range of adult learning opportunities, including unaccredited learning. It is essential that Morley College maintains its SDI status to retain this flexibility, and consequently early dialogue will be required with the Skills Funding Agency to confirm that if Morley were to join the University Group the College's status would be maintained.

Morley College's estate comprises just under 8,000 m² spread over four properties for which the College owns the freehold.

6. Risk management

The University and College will form the Project Steering Group, comprising:

- For the University - Pat Bailey, Deputy Vice Chancellor; Richard Flatman, Chief Financial Officer and James Stevenson, University Secretary;
- For the College – Andrew Gower, Principal; Marco Macchitella, Deputy Principal and Nick Rampley, Vice Principal;

with project support from Jennifer Hackett, Executive Assistant to the Vice Chancellor, LSBU. A mutual confidentiality undertaking and letter of intent will be signed between the University and College to support the work of the Project Steering Group.

An active approach to risk management will be maintained by the Project Steering Group, working efficiently within a timeframe that meets agreed operational requirements - acknowledging initiation of the London area review of Further Education in March 2016 - but allowing a measured pace of development designed to give confidence to both institutions at every stage. An open and honest, evidence-based approach will inform project development to test and challenge the proposal at each stage. The work of the Project Steering Group will be supported by legal advice (to both institutions and independently to each institution) with full consultation with the Boards of Governors of both the University and College.

Professor Pat Bailey
Deputy Vice Chancellor
London South Bank University

Dr Andrew Gower
Principal
Morley College

7th December 2015

Institute for Professional & Technical Education (IPTE)

Executive summary

We propose establishing the **Institute for Professional & Technical Education (IPTE)** to support those taking technical or vocational qualifications up to levels 4 and 5, and Higher Apprenticeships. At the heart of the IPTE will be employer engagement, and the timing would allow us to refurbish the disused Passmore Library (grade 2 listed), which sits at the northern end of LSBU's campus. This would provide an administrative base, employer engagement rooms, some teaching facilities, and an outward-facing focus for community engagement through facilities that would provide information, meeting space, and links to our (free) legal and business advice centres that are located nearby.

Although much of the teaching would take place in the appropriate departments, the **IPTE** would provide support in four ways:

- A hub for the administrative requirements
- Specific study resources to support Higher Apprenticeship students, especially given the constraints of studying alongside work-based activities
- Delivery of core skills
- Support for gateway activity at level 3 and 4.

We envisage 2000 student p.a. taking courses through the IPTE (entry at Year 0/Level 3-4), with about 600 p.a. achieving higher apprenticeship qualifications or equivalent. It aligns with LSBU's corporate strategy, local needs, and new government initiatives concerning vocational and professional qualifications.

What is special about the proposal?

The proposed model for the **IPTE** is unique, whilst being based on strong pedagogic and financial principles. We see huge advantages with providing level 4 and 5 vocational qualifications within a research active university that also educates to levels 6-8; students will have access to leading edge technologies and expertise, whilst being able to study highly applied aspects of their subjects. However, many students simply do not see routes into this level of education because the secondary and FE provision is unappealing. So alongside the level 4/5 activities we plan to establish specialist gateway qualifications focusing on Level 3 and/or level 3/4 combinations, in collaboration with employers and our local Borough Council. The **IPTE** would provide training in:

- Construction and engineering
- Health science and social care
- Hospitality and business
- Digital and creative technologies

Crucially it would have a bespoke 'Centre', and a Director at Dean level so that the integration between FE-HE levels is seamless. It would help to meet the shortfall in technical and vocational skills that the country urgently needs, and address some of the concerns of low educational engagement in the area, especially given the difficulties that the FE sector is experiencing.

Why LSBU?

- Our mission is to provide education to meet 'real world needs'
- As a civic University, we are committed to meeting our community's needs (including WP)
- Outstanding employer contacts (over 1000 sponsors of 4,500 students)
- One trailblazer Higher Apprenticeship scheme in place; others planned or submitted in building/construction and in health and social care
- Excellent match of our expertise with priority areas for technical/vocational skills
- We have a Grade 2 disused building (the Passmore Library) that would provide an ideal base, and for which we are negotiating some refurbishment funding from Southwark
- We have active engagement from the Borough Council to help bridge the FE-HE interface

Timeline

- Easter 2016: Appoint Director
- July 2016: formal launch of IPTE
- Aug 2016: start building work on Passmore
- Sept 2016 – Sept 2017: develop new Higher Apprenticeships/Level 5 courses
 - run pilot trailblazer scheme (already approved for 2016 start)
 - appoint IPTE staff during the year
 - gain funding and employer partners
 - recruit students during the year
- Sept 2017: Passmore refurbishment complete
 - New students start (range of start dates)
- 2017-2019: Building up to 2000 student studying through the IPTE (650 qualify p.a.)

Intended outcomes

- Sustainable model with 2000 students on the IPTE programmes
- Community engagement projects
- Progression agreements with local colleges
- Some level 3 delivery (not incl. in 2000 student target; currently liaising with local colleges)

Fit with local/national strategies

- Institutional fit is excellent: LSBU is a civic university with a commitment to vocational and professional education, and real world impact – these are the key statements underpinning our 2015-2020 Corporate Strategy.
- Fit with the Borough Councils and with local Colleges is also excellent, as they strive to develop viable pathways for students to progress into higher vocational studies, given the problems afflicting FE in general, and the Boroughs around London South Bank in particular.
- The fit with HEFCE strategy is also very strong, as LSBU seeks to strengthen its local role as an **anchor institution**, and **support technical and vocational qualifications**.

Finances (possible funding sources in brackets)

Capital: ca £5M for Passmore refurbishment (Southwark Borough Council)

ca £4M for enhanced facilities on main campus (HEFCE £2M; LSBU £2M)

Set-up: ca £1M for pump-priming posts to set up the IPTE (HEFCE £1M)

Recurrent: ca £2M p.a. running costs, incl. teaching staff (LSBU, offset by fees)

The disused Passmore Library Building, at the northern end LSBU's campus. It would provide a base for the IPTE, some educational facilities, and a gateway for engagement with employers and with the local community, as part of our plans to develop LSBU as an anchor institution. Specialist facilities would be provided across the campus to support teaching in science, engineering and health.



Pat Bailey (DVC at LSBU) (14th December 2015)