

PROSPECTS LEARNING FOUNDATION

PROPOSED INCORPORATION

- BUSINESS CASE -

11 November 2013

1. Executive Summary

1.1. This paper sets out the business case for a unique new employer-focused, specialist technical college of Further Education in the South Essex Thames Gateway, the first of its kind in England. The training and commercial activities of the existing charity, Prospects Learning Foundation, will be brought into the new college. Prospects has a strength of passion and purpose that will be embraced by the new college, including:

- placing employer ownership at the core of the college from governance to curriculum delivery and resourcing
- being highly responsive, proactive and entrepreneurial in meeting skills needs in priority sectors to support competitiveness and sustainable economic growth
- creating powerful employer partnerships and providing leading edge training with industry standard, sector-specific equipment and facilities supported by employers
- maintaining a public/private partnership with employers to develop the skills of their workforce
- playing an active role in supporting economic growth in line with SELEP priorities
- delivering excellent learner outcomes and transforming individuals' lives as they gain the skills and qualifications demanded by employers
- creating positive social change within communities and social mobility for individuals and their families.

2. Not just a new college but a new type of college



*The Prospects Aviation Academy
the epitome of technical vocational learning*

2.1. *“The best provision is collaborative in nature, what we are calling the two-way street between providers and employers, and has a clear line of sight to work” (Frank McLoughlin).*

What better example of this could there be than Prospects' existing Aviation Academy? Prospects' tutors teach apprentices who are employed by leading sector employers. They work under the closest supervision on commercial, privately owned aircraft in hangars at London Southend Airport. The line of

sight to work could scarcely be clearer and the two-way street with employers is at the heart of the college.



Exciting plans to develop The Prospects Rail Academy

2.2. In The Rail Academy leading rail employers including Thales, Atkins, Bombardier and SERCO ensure that apprentice training for the rail sector is in every sense state of the art. Providing industry-standard equipment and bringing resources to support a capital bid for the proposed new centre for the Rail Academy, it is powerful partnerships like these that will drive the new college.

2.3. Further specialist academies are being considered with employers including Defence, Mechatronics and Motor Sport (Formula One).

2.4. The Aviation and Rail Academies illustrate the essence of the new college:

- **Working closely with employers** and promoting inter-firm collaboration through a GTA (Group Training Association) employer ownership model with employers engaged at every level from governance to curriculum design, delivery and assessment.
- **Creating powerful partnerships** with schools, FE colleges, training providers and universities to create transition and progression pathways that challenge widespread views that have too long restricted aspiration and constrained learning within traditionally defined “academic” or “technical/ vocational” pathways.
- **Contextualising learning** in an **environment that models a technology rich 21st century workplace** and which exudes the professional standards and behaviours that reflect the best of modern working practices.
- **Developing innovative curriculum and pedagogical models** through which students develop the skills, knowledge and work-ready qualities that meet and exceed the requirements of the most demanding 21st century employers.
- **Working with universities and schools to develop learning and progression pathways** that remove barriers that may otherwise limit the aspiration and progression of any student.

2.5. This newly incorporated college will lead the way for the FE sector by bringing employers together to create synergy and to develop provision that doesn’t just meet, but anticipates the skills needs of their sectors and pushes best practice to new heights.

2.6. It will develop to become one of a network of elite, specialist technical colleges serving the needs of industry in the UK. In its “Self-Assessment Report” (SAR), Prospects judges itself to be good with some outstanding provision in rail and aviation The description of elite

colleges as “outstanding to their core” fits the corporate goals and aspirations that Prospects has set for itself and this next step of incorporation is a key strategic milestone on that journey.

- 2.7. Prospects Learning Foundation is a major education and training charity based in South Essex. Its services are deeply embedded in the local community and economy and it operates state of the art learning centres in Basildon, Southend and Canvey Island. Its students and apprentices achieve exceptional success rates, significantly above national rates, and it is one of the largest employer-led Group Training Associations (GTAs) in the country.
- 2.8. The activities of Prospects College will be assumed into the newly incorporated college. Prospects College has a strong focus on meeting the skills needs of employers and the economy and developing provision that is responsive to employers’ needs. This includes specialist engineering provision for the aviation and rail sectors and a newly opened Green Energy Training Centre.
- 2.9. This will be an inspirational place of learning located on five campuses in South Essex. Employers will be intimately engaged in the new college’s governance and curriculum to the extent that they regard it as their own. Universities and employers alike will see it as an icon for quality learning and skills development and will be active stakeholders in making it so. Schools and their students will see it as an outstanding and aspirational progression route and it will make an invaluable contribution to meeting skills needs within the regional economy in line with the skills priorities identified by the South East Local Enterprise Partnership.



The new College will operate from five outstanding campuses in South Essex

- 2.10. Prospects' capacity and its ambition are evident in the sustained growth in its student numbers, the growth of higher level qualifications and apprenticeships, the development of highly specialised training centres with industry-leading employer partners, excellent learner outcomes and strongly improving provision. Our aim now is to seek approval from the Secretary of State for Prospects College to become incorporated as a college of Further Education, the first since the 1992 Act. By doing so we will build the capacity further to raise standards and meet the specialist, technical skills needs of employers who operate in key sectors of the economy such as: aerospace, defence, rail and civil engineering.

3. Operating as a social enterprise the college will

- 3.1. Build upon and maintain the sense of passion and purpose that characterise Prospects.
- 3.2. Generate a significant proportion of its income from the delivery of specialist technical, vocational training and up-skilling which will be reinvested in support of the activities of the college (see 6.9 below).
- 3.3. Be controlled by employers in the furtherance of its social purpose.
- 3.4. As an incorporated specialist, technical FE College it will operate within a strong GTA model of employer ownership to meet the training and skills needs of employers, learners and communities. Employers will be integral to the new college at every level from governance to curriculum planning and delivery.

4. The impact on employers, the economy and students

- 4.1. The new college will be a specialist, responsive and powerful partner for employers in meeting skills needs in the areas of advanced manufacturing, engineering, electronics, defence, aerospace and construction which the South East Local Enterprise Partnership (SELEP) has identified as key skills priorities across East Sussex, Kent and Essex.
- 4.2. As a specialist technical college of Further Education specialising in these priority areas, the new college will enable young people and adults in South Essex and beyond to develop the skills to meet these priority needs and will close the gap between the higher level skills demanded by employers and the existing low level of qualifications and skills among the majority of the local population. Across the South Essex Thames Gateway, in the areas that the new college will serve, too many young people leave school with low qualifications and face a future marred by underachievement and lack of aspiration and ambition.
- 4.3. Many employers struggle to find local people with the level of skills and qualifications they need. As a result the area is marked by significant inward commuting and 'migration' of people with higher skills to fill highly skilled, professional and managerial jobs while many local people are restricted to local lower skilled or unskilled roles, commute to other areas for such jobs (eg Lakeside Retail Park) or they are excluded from the labour market altogether and become NEET. The new college will address this issue head-on by creating ambition, making learning both accessible and aspirational, linking learners with

employment opportunities at every level and by developing pathways that create links from school to higher-level apprenticeships, universities and higher education.

5. Principal benefits for key stakeholders

5.1. Employers

- Prospects understands the need of employers and works with them to create training solutions to meet their needs. Employers will know that they are working with a college that has this track record and credibility along with the strength and sustainability of an incorporated FE college.
- The voice and ownership of employers in the FE sector will be strengthened by engaging with a strongly employer-led, specialist technical college of FE.
- Employers will lead governance through the Foundation’s main board and specialist, sector-based Employer Advisory Boards.
- The alignment of FE provision and the needs of employers will build upon Prospects’ existing excellent employer links.
- Employers will benefit from the access to capital that FE status will bring, allowing the college to be innovative and responsive in supporting new and emerging sectors (such as rail, telecoms and renewables).



5.2. The economy

- Prospects has a track record of meeting the skills needs of employers in priority skills areas and it is developing innovative, leading edge provision with employers for the future. The stronger, more sustainable platform as an incorporated FE college will enable Prospects to plan, develop and invest further in its contribution to developing the local economy.

5.3. Students

- Too many young people and adults in the areas served by the Prospects have levels of skills and qualifications that mean they compete for elementary employment while there is a clear discord with high value employment and the higher skills required by employers. They will benefit greatly from the opportunities to engage in learning where the “line of sight to work” is both clear and immediate.
- Students will gain important motivation and aspiration from attending a college with the reputation and status that is attached to a college of FE.
- More sustainable funding will give the college greater security to support longer-term planning, development and infrastructure investment.

- Students will have access to greater choice, for example the college may develop A Levels and GCSEs alongside vocational qualifications all with a strong work focus - a good example is the importance of mathematics within aviation. This will help to break down the existing perceived barriers between academic and technical/vocational learning, between further and higher education and between work based learning and FE with benefits for the learning programmes of students and for progression routes.
- The employment prospects for learners will be improved by the close engagement of employers with the college, including the development of the curriculum and supporting the learning of students.

5.4. The community

- The areas of the South Essex Thames Gateway served by Prospects have varying but pronounced issues relating to educational attainment and skills. Prospects makes a significant contribution to addressing these and its ability to do so will be strengthened with the stability and sustainability of incorporation.
- Patterns of local employment and incomes are shaped strongly by low levels of qualifications and skills which limit opportunities for local people. The community will benefit from the college working closely with employers to tackle these issues and to raise the aspiration and economic engagement of families and communities.

5.5. The education and training currently provided and its future growth and development

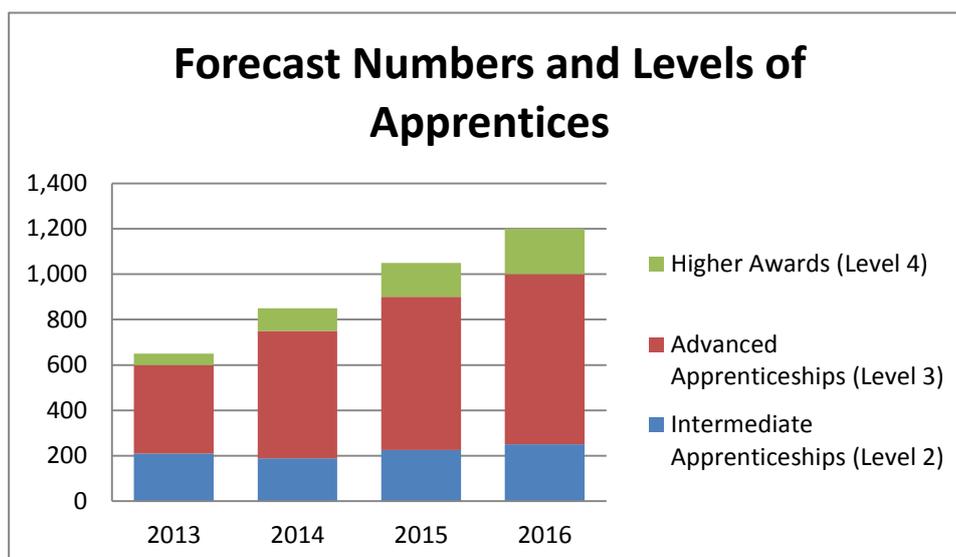
- Sustainable funding will reduce the level of risk and will support longer-term planning, development and investment in provision. It will also provide the platform for investing in quality improvement, staffing and equipment.
- The numbers of learners in Apprenticeships and on other programmes at Prospects has grown considerably (see 6.5 below) and there has been a significant growth in the number of advance apprentices and those apprentices progressing to Level 4 awards.
- There is potential for further growth in this area with employers clearly demanding these levels of qualification. This growth is a direct response to the needs of employers. Developing to become an elite, specialist technical FE college will support the continuation of this trend, matched to employer needs, and accessible to local people through a curriculum that provides progression all the way from Level 1 and 2 (through FE programmes and Traineeships) to higher apprenticeships and HE.
- Prospects is a co-sponsor of Elutec along with Ford, University College London and CEME. Elutec is the UTC for East London opening in 2014 and specialising in manufacturing and product design. Incorporated FE status will strengthen the ability of the college to support other similar technical and vocational provision, for example through supporting UTCs, Free Schools or academies.

6. The development of the college

- 6.1. Appendix A provides an introduction to Prospects Learning Foundation, its development since 1969 and the provision it makes within its 5 learning centres in Southend, Basildon and Canvey Island in the Thames Gateway.
- 6.2. Developing as an elite, specialist technical college of FE, will enable the new college to focus with greater impact on the priority skills areas of engineering and construction and it will work in close partnership with employers to develop these further to meet their current and future skills needs.
- 6.3. Prospects has developed specialist sector academies in Rail and Aviation. These are focused on providing sector-specific learning and skills development and are designed with and tailored to meet the needs of employers in these sectors. Employers are at the heart of the development of the curriculum, ensuring that industry-standard equipment is used and pushing the boundaries to ensure that training is matched to leading edge practice. Specialist sector academies envisaged for the future which are currently being discussed with employers include Defence, Mechatronics and Motor Sport (Formula One).
- 6.4. Incorporation as a specialist college within the FE sector is a vital strategic step in supporting these developments, meeting further employer needs in specialist areas related to the priority skills areas of engineering and construction and making a bigger contribution to skills development by growing the number of learners and the proportion who are on advanced and higher level programmes.
- 6.5. Students attending Prospects today come from a wide geographical area including Essex, London and further afield including the north of England and the Midlands. Student numbers in the new college will continue the present trends of growth, geographical reach and higher levels of study and are shown below:

Learners	2013	2014	2015	2016
School students	125	150	175	200
Intermediate Apprenticeships (Level 2)	210	188	225	250
Advanced Apprenticeships (Level 3)	390	562	675	750
Higher Awards (Level 4 HNC)	50	100	150	200
ESF learners	100	150	150	150
Further Education learners/ Traineeships	500	650	800	1,000
Total	1,375	1,800	2,175	2,550
Delegates on commercial training programmes	1,100	1,500	1,800	2,400
Total learners on all programmes	2,475	3,300	3,975	4,950

6.6. The growth in the overall number of apprentices and the proportion taking Advanced (L3) and Higher (L4) Apprenticeships is shown below:



6.7. Between 2013 and 2016 the number of apprentices in learning at the college will grow from 650 to 1,200 and the percentage on advanced and higher level apprenticeships will rise from 67% in 2013 to 79% in 2016.

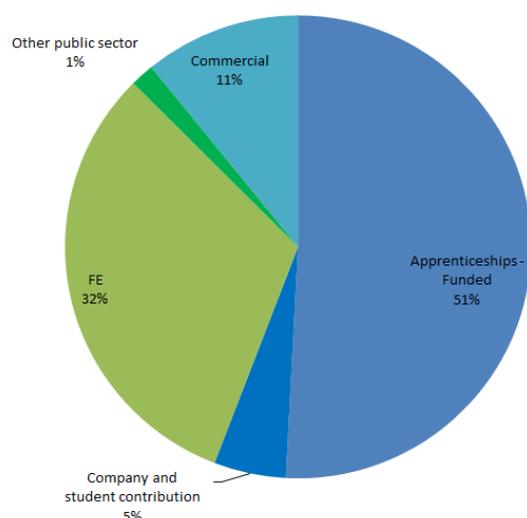
6.8. The number of students on FE courses or Traineeships will double from 500 in the existing provision in 2013 to 1,000 in the new college in 2016. Many of these will be on Level 1 and Level 2 courses which provide the vital bridge to higher level qualifications for those who have not achieved good Level 2 qualifications (for example 5 A*-C grades at GCSE). This includes the majority of local school leavers and adults in many of the areas the college will serve.

6.9. One can broadly project the revenue that the new college will generate based on the forecast student numbers above. This includes projecting the commercial income generated from the forecast numbers of delegates on those programmes that support employers to up-skill their existing employees or individual employees to develop new skills.

The indicative projected income for the new college, consistent with the forecast learner numbers above is:

Forecast College Income	2013	2014	2015	2016
From funded learners and school students	£ 5,450,000	£ 7,250,000	£ 8,730,000	£ 10,800,000
From commercial training programmes	£ 550,000	£ 750,000	£ 900,000	£ 1,200,000
Total forecast Revenue	£ 6,000,000	£ 8,000,000	£ 9,630,000	£ 12,000,000

Forecast funding sources 2016-17



The college will derive the majority of its income from apprenticeship delivery and from the provision of training to employers to up-skill their workforce. Total revenue is forecast to double from 2013-14 to 2016-17 and over half the college's income will come from apprenticeships, including employer and student contributions, and from commercial training.

7. The process of achieving incorporation

7.1. Discussions with officials from the Department of Business, Innovation and Skills have been very encouraging and productive. These have clarified the process by which incorporation would be achieved and a Project Board has been established in readiness to project manage the proposed incorporation with its first meeting taking place on 14th October 2013. Project management and the project team have been identified.

7.2. Prospects Learning Foundation envisages that the shape of the project will be:

1) Pre-application phase

Developing the application to be made to the Secretary of State

2) Pre-opening phase

Working through the essential issues upon which the establishment of the new college depends including:

- Consultation
- Market appraisal and testing
- Curriculum, organisation and structure
- Staffing structure (including leadership)
- Staff recruitment
- Governance
- Legal and land issues (including leases and SLAs)
- Financial and budget planning
- Marketing and branding
- Student recruitment
- External partnerships

7.3. Prospects has identified the internal resources that it will allocate to the project and to developing the new college. Its project team will comprise:

- Neil Bates, Group Chief Executive
- Neil Warren, Chief Operating Officer
- Alistair Grocock, Finance Director
- Stewart Lindsay, Quality Manager

Project management will be provided by Simon Carpenter an experienced educational leader and consultant who has worked closely with Prospects.

7.4. The anticipated financial costs of the project are shown in the table below in two phases: **pre-application** (up to ministerial approval of the application) and **pre-opening** (between approval of the application and the opening in September 2014). The table shows the contribution of Prospects Learning Foundation (27% pre-application and 63% pre-opening) and the resulting project funding required from BIS.

Item	Pre-application phase		Pre-opening phase		TOTAL
	PLF	BIS	PLF	BIS	
Project management - 50 days	£ 14,375	£ 14,375	£ 14,375	£ 14,375	£ 57,500
Legal costs		£ 20,000	£ 10,000	£ 50,000	£ 80,000
Consultation process		£ 5,000			£ 5,000
Recruitment & Restructuring costs			£ 40,000		£ 40,000
Marketing and branding			£ 10,000		£ 10,000
Principal's salary costs			£ 36,000		£ 36,000
Total	£ 14,375	£ 39,375	£ 110,375	£ 64,375	£ 228,500
% share of costs	27%	73%	63%	37%	

8. Conclusion

The incorporation of a new FE college will pave the way for the establishment of an employer-led, specialist technical college of Further Education focused on meeting the skills needs of business and industry. Incorporation will enable the college to extend its reach in addressing the priority skills areas of engineering and construction, developing new, specialist provision with employers to reflect and meet their needs and those of these sectors.

Prospects has been driven by a powerful sense of purpose that has the needs of employers, learners and the community at its heart. This key strategic milestone of incorporation does not represent the end of the journey; rather it provides the strong foundation to ensure that the next stages of the journey are more dynamic, more creative and responsive and ultimately have an even greater impact on those we are here to serve.

APPENDIX A

Introducing Prospects Learning Foundation and Prospects College

Prospects Learning Foundation is a large and rapidly expanding Education and Skills charity based in South Essex, in the heart of the Thames Gateway. The Foundation employs 130 people with an annual turnover of c. £6m and it has a national reputation for its work promoting and delivering technical vocational education.

Prospects has three specialist apprentice skills training centres for Engineering (including rail), Building Services and Aviation, a 14-19 vocational training centre and a post-16 campus and it also co-sponsors a UTC alongside world-class sponsors Ford and UCL. The three skills training centres operate as Group Training Associations whose governance is provided by local employers. All centres have benefited from a total investment of £46m enabling the Foundation to establish a network of technical centres of excellence.

The origins of Prospects Learning Foundation may be traced back to 1969 when a group of local Engineering employers wanted a training facility to provide the first year off-the-job training for their craft and technician apprentices. The Engineering Industry Training Board (EITB) provided funding to build an engineering training centre and then invited the employers to appoint the Board of Trustees/Directors to run the centre. In total over 150 such organisations were set up across England, known as Group Training Associations or GTAs. Today there are fewer than 40 GTAs remaining of which Prospects is the second largest.

Prospects' mission and aims

At its Board meeting in July 2013, Prospects affirmed its new mission statement: "Prospects is committed to the advancement of technical, vocational education and skills training in the UK".

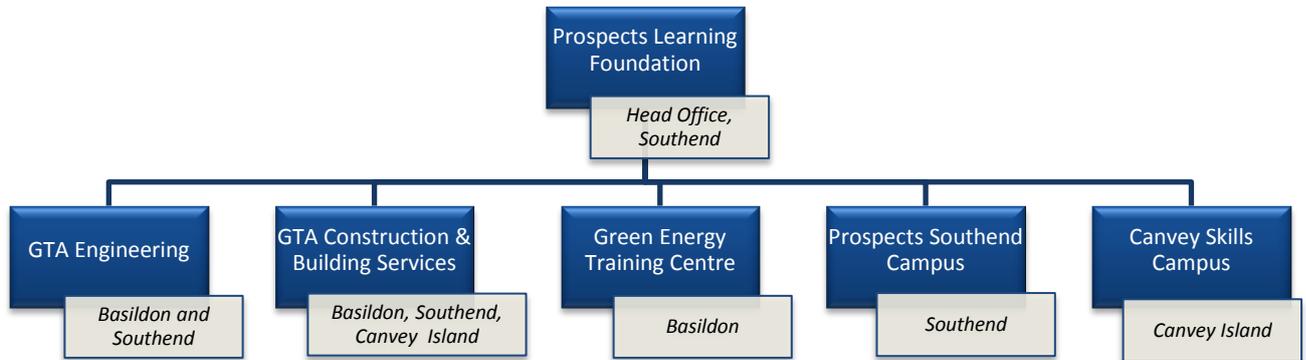
The key aims were also affirmed as:

- Promoting and championing the importance of technical, vocational education and skills as key drivers of economic performance and regeneration.
- Providing learning programmes and training which are driven by the economic and social needs of the local community and the skills needs of businesses in key sectors which are important to the economy.
- Working in partnership with business to organise and deliver high quality technical skills training and assessment using the Group Training Association model of sector based inter-firm collaboration.
- Creating world class technical skills centres which provide industry-standard technical instruction and teaching which equips young people and adults with the skills, training and qualifications they need for sustainable employment.
- Promoting social inclusion, equality of opportunity and fairness within the education and skills sector and within industry.

Achieving its missions and aims will involve:

- Promoting and championing technical, vocational education and training by influencing public policy, championing technical vocational learning, researching, lobbying and systems leadership and engaging with Edge, Gatsby, GTA England, LEPs, Skills Commission).
- Co-sponsorship and strategic partnerships (eg around Academies, UTCs, GTA Collaboration).
- Direct delivery of technical vocational learning through industry led GTA Technical Colleges and 14-19 Vocational Centres using the social enterprise model.

The structure of Prospects Learning Foundation



Prospects Learning Foundation Organisation Structure

Overall governance is the responsibility of the PLF Board of Trustees/ Directors. There are currently 9 Directors and the Board adhere to the GTA England Good Governance Guidelines and the Charity Commission Characteristics of Good Governance guide. Learner voice is represented by the Student Council and the employer voice by the GTA Advisory Boards.

Below these sit two GTAs (a) Engineering and (b) Construction & Building Services. Aviation and Rail may evolve as separate GTAs given the growth of these specialist areas.

Canvey Skills Campus is the venue for some GTA activity. It was established with Essex County Council and makes other 14-19 and adult provision available for local people. This is a community facility which has its own Advisory Board.

In 2010 Southend Prospects opened its state of the art Campus in Southend within which it delivers apprenticeship and other post-16 programmes primarily in construction and engineering.

Prospects Group Training Associations

Prospects' strategy is to promote greater employer ownership of skills. It aims to achieve this by re-invigorating the GTA model by developing new GTA organisations for:

- Engineering (with industry-specific groups for employers in the aviation and rail sectors).
- Construction and Building Services.

Their focus is on high quality advanced apprenticeships and technical skills training and the range of provision is demand-led, based on the identified needs of employers.

GTA's provide a one stop shop based on a partnership with employers which is focused on workforce development. With apprenticeships the GTA will support a training needs analysis, help design the apprenticeship framework and delivery model, plan the programme, assist with the selection and testing of applicants, shortlist, and once appointed manage the entire apprenticeship programme from induction through to completion and accreditation.

Our GTA's will manage and deliver the whole of the apprenticeship framework and do not rely on sub-contractors. The GTA's benefit from industry standard, high quality off-the-job training centres which are run like workplaces with all of the related disciplines such as attendance, punctuality, housekeeping and health and safety.

Developing world class learning environments

Prospects has invested over £46m in world-class learning centres over the last few years. These are shown in Section 2.9.

Development has not only expanded provision and provided outstanding learning environments; it has also supported the diversification of provision into specialist areas to meet the needs of employers and the economy including aviation, rail and environmental and renewable technology.

Providing excellent learning environments was a key part of Prospects' strategy for improving teaching, learning, assessment and learner outcomes and there has been a significant improvement in these areas and success rates exceed national rates in all areas.

APPENDIX B

The local economic context

Thames Gateway South Essex includes Southend-on-Sea and Thurrock unitary authorities, together with parts of three district authorities that border the northern side of the Thames and its estuary including Castle Point. Prospects has centres located Southend, Basildon and Castle Point. A brief economic profile of each is outlined below (source: *Essex Local Economic Assessment*).



Prospects' centres within each area are:

Essex local authorities

- **Southend-on-Sea**
Aviation Academy and Futures Community College
- **Basildon**
GTA Engineering, GTA Construction and Building Services
- **Castle Point**
Canvey Skills Campus

Prospects' training facilities have been located intentionally within areas where there are identified education or skills needs and for each centre a market assessment was undertaken to evidence local needs.

Prospects Learning Foundation is committed to recruiting and supporting learners from disadvantaged backgrounds and 61% of its learner population come from areas of above average deprivation.

Southend-on-Sea

At the mouth of the Thames estuary, Southend on Sea is a resort town that has diversified its economic structure. As a result, there are now five key sectors:

- Financial and Business Services (now largely in decline).
- Tourism.
- Advanced Aviation and Engineering (based around the airport).
- Health and Medical Instrumentation (a growing sector).
- Creative and Cultural (currently growing).
- Retail/Distribution and Hotels.

However, Southend has low levels of skills at GNVQ level 4 or above, which may make it difficult to support these sectors. Furthermore, out commuting by higher skilled residents places strain on businesses within Southend who need skilled workers but cannot compete with London wages. Only the percentage of the workforce with unskilled occupations is higher than the county average.

As elsewhere, deprivation is localised. There are some small areas that are within the 3% most deprived in the region and overall Southend has 25% child poverty, nonetheless residents of many others earn some of the highest wages in the country.

Basildon

With a background in design, engineering and manufacturing, some involving blue chip companies, a significantly higher proportion of Basildon's jobs (14.6%) are in manufacturing compared to Great Britain (10%). High Tech engineering has grown in strength over the last few years and even though the number of manufacturing jobs has decreased, employment is now more specialised and of higher value.

However, Services, at 79%, make up the largest proportion of employee jobs in the Basildon economy.

The workforce is, predominantly, low skilled with just 38% of the working age population achieving above GCSE level (NVQ 3+) and 19% achieving degree level or above (NVQ4+). The workforce that commute into Basildon generally have slightly higher qualifications.

Within the Basildon workforce there are fewer than average managers and professional workers and more than average skilled and low skilled workers. It is clear that employers demand higher skill levels than those typically found within the local population which impacts upon employment and the local economy.

Castle Point

Castle Point's economy is mostly focused on population related services: education, retail, construction and real estate. It is under-represented in all other significant sectors. Consequently, growth in these sectors will tend to follow growth in the number and spending power of the areas' residents. However, much retail spending leaks out of the area to bigger centres such as Lakeside Shopping Centre.

On the more positive side, Castle Point has high self-employment rates and there is evidence of a flourishing enterprise culture.

Economic participation is below average, but this reflects the substantial number of older people in the population. Occupations are predominantly, skilled and low skilled and it is not surprising that 62% of the working age population out-commute.