

# Minutes



Leading learning and skills

<b>Date</b>	2 November 2009
<b>Subject</b>	Capital Committee
<b>Location</b>	Centre Point
<b>Time</b>	10:00
<b>LSC office</b>	National Office
<b>Publication intent</b>	INTERNAL DOCUMENT

**Present** See Annex A

## **Item 1. Welcome and introductions and Declaration of Interests**

1.1 The Chair welcomed the members and invited guests and noted the apologies.

### **Declaration of Interests**

1.2 It was noted that Regional Representatives would declare an interest in the projects within their respective regions.

1.3 Additionally the following declarations were made:

- Maggie Galliers for the Rathbone applications given the links with Leicester College, and the paper on how to apportion surplus funds as her college might potentially benefit from any such funds in the future.

## **Item 2. Minutes of last meeting**

2.1 The minute of the August Capital Committee meeting were approved subject to the following amendments:

- 4.18 – the minutes should reflect that the decision was made out of Committee and not brought back to a meeting.
- 5.2 – “may decrease from” should read “might be less than”
- 5.42 – the decision was made during the teleconference and subsequent e-mail correspondence.

2.2 The minute of the September Capital Committee teleconference were approved subject to the following amendments

- 2.7 – the minutes should reflect that the project was approved by members confirming their agreement by responding to an e-mail circulation, not a second teleconference.

### **Learning and Skills Council**

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### **Item 3. Matters arising**

- 3.1 It was confirmed that all 13 projects are now underway with the main contracts let or advance site works underway. There is an overage clause on any Skelmersdale land sale within 5 years of completion.

### **Item 4. Half Year Capital Programme and Budget Review**

- 4.1 David Hughes introduced the paper and apologised that the half year review was not yet available but will be before the Chair's Committee next week. A table in summary will be sent by e-mail in the next few days. Members were disappointed that the half year budget figures were not available.
- 4.2 It was confirmed that the Specialisation/skills budgets were secure for this year and next and that the projects being considered today are well within that budget.
- 4.3 Projects approved prior to November 2008 are all currently on budget with a small amount of slippage. The last review carried out two months ago showed no significant issues and most of these projects are at varying stages of construction with some completed but in the third and final year of claim.
- 4.4 Revenue changes, particularly in Adult Skills, were expected to reduce funding over the next 4 years. This may result in financial problems for some colleges in future, and there may be a need to restructure some loans.
- 4.5 It was confirmed that the £24million of slippage was expected and that there are detailed profile costs on each projects over the next 5 years.
- 4.6 There is an expectation that the specialisation fund will underspend this year on Regional Skills projects and NSAs due to delays in approvals. This could enable the budget for special support for Colleges in financial difficulties - which had previously been moved into next year's budget - to be brought back into this year's in return for a commensurate increase in skills/specialisation funds next year.
- 4.7 Decisions on additional fee support will probably need to be ratified either by the Chair's Committee or the National Council in December.
- 4.8 Members were reassured that the budgets are under control and all risks have been identified and mitigated against. There will be no material overspend or underspend this year or next.
- 4.9 Decisions will need to be made on the unallocated funds in the next spending review period, three options have been set out in the papers. This was a relatively small pot of money spread over a long period; careful consideration must be given to how best to spend it and the case to put forward to the treasury help ensure it remains committed. A gateway review will be needed to ensure some kind of control; it was suggested that a high level audit of current accommodation should be carried out and the worst providers should be given funds. Regional Property Advisors are already aware of the general state of college's accommodation and had done a review for the Framework for Excellence last year which could be updated quickly and cheaply.
- 4.10 BIS had secured these funds in the next spending review period, to fulfil BIS priorities. There are letters from the Treasury confirming that the LSC could commit money over the next spending review period as it had done for the 13

projects agreed in August, however both BIS and the Treasury need to agree the purposes and process whereby the £200 m balance of these funds could be committed.

- 4.11 Members were concerned that, with the amount of money some colleges have already received, there is a danger that a two-tier system will be created with the best and newest colleges who have received capital funding at the top, and those who have not at the bottom in poor accommodation. The available funds will not be sufficient to address this issue.

#### **16-19 Capital Summary**

- 4.12 Ministers have not confirmed any formal agreement to capital funding from 2011-12 onwards, however an additional £30 m has been found for 2010-11. Funds may be available in future but the LSC is unable to commit any spending in that period at this time.
- 4.13 Presumptions will be given first priority for the remaining funds this year and next, as long as the funds can be spent before the end of 2010-11. This will leave approximately £10million. Prioritisation arrangements will be needed quickly. Ministers may want to announce that a sum of money is available and the approximate number of projects that will benefit at the AoC conference on 17 and 18 November.
- 4.14 The prioritisation criteria can be adapted from the criteria used in the main capital fund earlier this year. Communication to providers will be critical. Expectations have already been dampened in the sector; the message has already gone out that there will be no funds available from 2011 onwards.
- 4.15 Proposals for the process were being drawn up and would be shared with members who will be invited to comment on the draft. If ready in time members should also be given the opportunity to ask Norman to raise specific points at the Chair's Committee meeting on 13 November.
- 4.16 The LSC would make a judgement on which of the 16-19 capital projects (including presumptions) will most likely be able to fulfil the requirement of delivering and paying for the project before the 2011 deadline. This readiness assessment is similar to that applied to the main capital fund earlier this year. The LSC has already gathered all the information regarding all known projects.

#### **Item 5. Skills and Specialisation Capital: National Skills Academy Projects Recommended for Approval**

- 5.1 The Committee was informed that 4 NSA projects were being presented, for approval, 14 more are expected before the end of the year. These 18 are affordable within the budget; there may later projects which would have to be prioritised against the remaining funds.
- 5.2 The first 4 NSAs rounds invited bids for capital funds from NSAs. Any further rounds will not have capital funding attached. This has already been communicated. There is no budget agreed, as yet, beyond 2010-11.

### **The National Skills Academy for Sports and Active Leisure**

- 5.3 The National Skills Academy for Sports and Active Leisure plans to occupy the top floor of a newly constructed three storey building built by Sheffield United Football Club (SUFC) at their training ground. The project has the full backing of the Yorkshire and Humberside Regional LSC. The project will help to tackle the NEET group and help to deliver diplomas and advanced apprenticeships. Local providers are also supportive and do not compete with this project for learners.
- 5.4 There were no particular concerns over the finances of SUFC, there is a good financial history and the LSC investment will not be at risk. Members were reassured that there are no additional risks associated with football clubs compared to any of the other NSA projects.
- 5.5 The 10 year lease is the minimum acceptable term, members were keen for this to be increased to 20 years if possible. The Cathall Road project discussed at the previous meeting was also a 10 year lease, however the local authority agreed to underwrite the project for a period of 20 years. Members advised that the LSC must be realistic and prepared to negotiate over the term, but in future any guidance should state 20 years is normally the minimum acceptable term for whatever form of security is appropriate.
- 5.6 SUFC have offered the first three years free from service and utility charges, and members were warned the offer may be withdrawn if the LSC push for too long a term. Members felt that the long term safeguarding of the facility is more important than short term benefits. The Committee also noted that capitalisation of the rent has been included in the figures; this should be discouraged in future and grant support should be based on a proportion of costs.
- Decision:** The Committee agreed to approve the project at the 35% (£760,547) grant support level. The Committee would like to see a 20 year lease agreement if possible.

### **National Skills Academy for Nuclear, South West Energy Skills Centre**

- 5.7 This project received agreement in principle for all three sites in February 2007, since then additional funding has been secured, including £2million from the South West RDA.
- 5.8 The Regional LSC, and the Regional Board are fully supportive of this excellent project.
- 5.9 It was confirmed that Bridgwater College will own and construct the facility with the LSC funding it through the National Skills Academy.
- Decision:** The Committee agreed to approve the project for approval with a grant support of £2.25million.

### **National Skills Academy for Nuclear, Westinghouse Springfields**

- 5.10 This is the third and final element of the NSA's capital programme. This has an excellent reputation but the facility is in need of refurbishment of the accommodation and modernisation of the equipment.

5.11 The total cost of refurbishment is £217,000, the LSC grant support is £110,000. A separate application has been made for grant support for the two nuclear reactor simulators. The Regional LSC is fully supportive of this key centre for apprenticeship delivery.

**Decision:** The Committee agreed to approve the £217,000 project for with grant support of £110,000.

### **National Skills Academy for Creative and Cultural Skills**

5.12 Members were told that there is a lot of support and additional funding for this innovative project which will also help deliver a key strand to the Olympics, particularly in the opening and closing ceremonies. The project also contributes to the regeneration of Thurrock and the Thames Gateway.

5.13 This new build will be owned by the Academy itself with a 125 year lease from the development corporation. Designs are at the C+ stage, with some areas at stage D. The project has been through a value for money challenge and there is reasonable confidence in the figures, and sufficient contingencies to address the uniqueness of this project. The fixtures and fittings are largely of a specialist nature.

5.14 £2million will be incurred in land preparation, remedial work and additional sound proofing due to the nearby railway.

5.15 The approval must be subject to the other sources of funding also being approved, and to receiving formal planning permission.

**Decision:** The Committee agreed to approve the project for approval at the 31% of capital costs grant support level. This is subject to the other sources of funding also being approved, and to receiving formal planning permission.

### **Item 6. Regional Skills Capital Fund Projects for Approval**

6.1 The Regional Skills Capital Fund aims to extend eligibility to providers that have not previously been eligible for LSC Capital funds. The eligibility and requirements of projects are set out in the Capital Skills Prospectus. 107 applications were received; members were assured that the budget is available.

6.2 The Chair confirmed that this Committee could not sensibly scrutinise each of the 77 projects that have been submitted; the Regional Boards and Regional LSCs have already scrutinised these projects in detail, it was, therefore, agreed that the role of this Committee was to review the process of this scrutiny and ensure that it has been robust and consistent before approving the projects.

6.3 The projects have already been through 4 assessment stages; firstly the Expression of Interest to ensure that projects were eligible for funding and that they supported the aims of the fund. Secondly a regional panel assessed the detailed project applications before thirdly, a panel of national and regional LSC staff reviewed the recommendations to ensure consistency. That process was then moderated by the National Director of Projects, David Hughes. The fourth stage was scrutiny by the Regional Councils which has resulted in the project recommendations being put forward today.

### **East of England Region**

- 6.4 The regional representatives confirmed that the Regional Council met several months ago and assessed all the projects presented. The Regional Capital Committee further scrutinised the projects before they returned to the Regional Council for approval.
- 6.5 There was several months of work carried out before the projects were submitted to the Regional Council during which the detailed applications were received and reviewed by a panel, which provided feedback to the individual providers. There was then a further panel stage.
- 6.6 One project was rejected; this was a mobile training facility that did not meet the priorities of the region. The projects for approval today all, individually, tackle specific areas of the regional skills priorities, although not every priority is addressed by these projects.
- 6.7 As far as possible the participation rate increases and revenue funding have been investigated but it is not possible to predict availability of future funds.
- 6.8 It was noted that part of the British Racing School project had initially fallen outside of the remit of the fund. This issue has been addressed and it was confirmed that no educational facilities would be converted to residential use.

**Decision:** The Capital Committee endorsed the project scrutiny process in the region and approved the following projects:

- College of Animal Welfare
- Intraining CBE
- Poultec
- Prospects College
- SEETEC
- The Lightbulb Limited
- Zenos Ltd
- British Racing School
- EAGIT

### **East Midlands Region**

- 6.9 The Regional Representative confirmed that the process was broadly the same, however, their Regional Council was not satisfied with the local processes leading up to the original submission and requested further scrutiny. The Regional Capital Committee also scrutinised the projects. Several projects were rejected. The region had not spent the whole allocation and therefore surplus funds might need to be re-allocated in future; this is also true of other regions.
- 6.10 The projects specifically target the issues of NEETs, E2E, apprenticeships and deprivation.

**Decision:** The Capital Committee endorsed the project scrutiny process in the region and approved the following projects:

- Academy of Hair and Beauty
- Care Training East
- Heart of England Training
- NLT Training Services Ltd
- Training Services Ltd
- East Lindsey Itec
- Pre-school Learning
- Rathbone

### **Greater London Region**

- 6.11 The Regional Representatives confirmed that similar processes had occurred prior to the projects being submitted to this Committee.
- 6.12 13 projects were initially submitted to the Regional Council, of which 2 were unable to provide sufficient assurances around financial security and match funding. 7 projects were rejected before they reached the Regional Council stage. The projects target the issues of NEETs, deprivation, and the Olympic agenda. Projects are not aimed at targeting new provision.
- 6.13 It was confirmed that the lease has now been agreed for the Rathbone project, and that the memo of understanding has now been signed with Lewisham College which avoids competition and duplication of provision. This was the only project which potentially duplicated existing provision.
- 6.14 Members were also informed that Visage School of Beauty have a PFA audit this month, the funding is subject to the audit being satisfactory. The Region will confirm the position on this point.
- 6.15 Members noted that Rathbone appeared in several regions. Regional representatives confirmed that they are all different projects in different locations and target issues specific to the region.

**Decision:** The Capital Committee endorsed the project scrutiny process in the region and approved the following projects:

- Camden Jobtrain
- Hillingdon Training
- Information Horizon
- Landmark Training
- Lawn Tennis Association
- Rathbone
- Redwood Skills
- RW Rechere
- Visage School of Beauty (subject to satisfactory PFA audit report)
- Building Crafts College
- London College of Beauty

### **North East Region**

- 6.16 It was confirmed that the process was similar to the other regions. Two proposals were still waiting for further information at the time of the Regional Council meeting, these have both withdrawn since.
- 6.17 14 expressions of interest were asked to submit detailed proposals, 2 declined. Of the 12 projects only 6 fitted the regional needs and priorities and have been recommended for approval by this Committee. There is a geographic spread across the region for these projects.
- 6.18 It was noted that the Van Hee project has been approved in this region but a similar project was rejected in the East of England region. It was confirmed that the two projects were not the same, and that the needs of the regions are different. It was noted that local labour markets and duplication of provision have driven much of the scrutiny process

**Decision:** The Capital Committee endorsed the project scrutiny process in the region and approved the following projects:

- B-Skills
- Sunderland Engineering
- Van Hee
- Zodiac Training
- NETA Training Group
- The TTE Technical Training Group

### **North West Region**

- 6.19 It was confirmed that the process was similar to the other regions; the Regional Council saw these projects several times at different stages of the process.
- 6.20 There were 46 initial expressions of interest, 16 of which were invited to submit an application. The projects are spread across the whole of the region and all tie into the Regional Skills plan. This is a large region with plenty of opportunity for investment in the region. The grant request for the region reflects this.

**Decision:** The Capital Committee endorsed the project scrutiny process in the region and approved the following projects:

- Alliance Learning
- Economic Solutions Ltd (2 projects)
- Manchester Training
- Michael John of Liverpool
- North Lancs Training
- Scientiam Ltd
- Systems Group Ltd
- Total People Ltd
- Training 2000 Ltd

- Training for Today
- Rathbone.

### **South East Region**

- 6.21 Regional representatives confirmed that the process had been consistent with those of the other regions.
- 6.22 Initially the region received 40 expressions of interest and invited 17 to submit formal applications, 2 projects withdrew at that stage. 12 projects have been recommended for approval by this Committee; 3 projects required further information which has been received. There was a review of the 3 rejected projects to ensure the decision was robust.
- 6.23 Members asked for further clarification of the Skillnet project; it was confirmed that the provider needs to relocate within the region to provide specific training in a specific location. It is currently co-located at City of Bristol College which is downsizing the facility and will be withdrawing all automotive provision. If Skillnet does not move the provision it will be lost. The new location is closer to the DAF facility where many students progress to. It was noted that this is an excellent provider with 75% success rates, it was previously a CoVE and received a Grade 2 in the last inspection.

**Decision:** The Capital Committee endorsed the project scrutiny process in the region and approved the following projects:

- Above Bar College Ltd
- Fareport Training Ltd
- FNTC Training Ltd
- Haydon Training College
- Motor Industry Training Ltd
- PETA Ltd
- SETA Ltd
- Zenos
- Friends Centre
- Chiltern Training Ltd
- Skillnet
- West Berkshire Training

### **South West Region**

- 6.24 The Regional representatives confirmed that the process had been consistent with those of the other regions; however the Regional Council meeting was cancelled but the chair John Savage and Regional Director Malcolm Gillespie had reviewed the recommendations.
- 6.25 Of the 27 expressions of interest, 13 were invited to apply. 6 withdrew and 2 were rejected.

6.26 It was noted that the Achievement Training project had a poor education case and property assessment, the provider was asked to provide further information on both areas but nothing was received.

6.27 Regional representatives confirmed that the cost of the gym had been removed from the S&B Automotive Academy funding. Learners attend for courses lasting 6-8 weeks and some recreational facilities are provided for students. All financial aspects of the recreational facilities have been removed, instead, £100,000 has been secured from other sources which more than covers the cost.

**Decision:** The Capital Committee endorsed the project scrutiny process in the region and approved the following projects:

- Acacia Training
- DIDAC Limited
- Hair Academy South West
- Rathbone
- S&B Automotive Agency

### **West Midlands**

6.28 The region received 23 expressions of interest which resulted in 7 applications, 6 have been recommended for approval by this Committee. The Regional Capital Committee rejected one project as it did not fit the skills needs in the area. All the projects are Birmingham based.

6.29 It was confirmed that two providers have not yet received the Training Quality Standard (TQS) which is a requirement of this fund. Rathbone are happy to apply for this, however Access to Music are unable to apply yet as they have not met the necessary condition of providing employer responsive training for 12 months prior to the application. It is a condition of both projects that the funding is dependant on a successful TQS award.

6.30 Access to Music offers opportunities to learners that do not fit into the more structured learning offered by South Birmingham College. Regional representatives confirmed that it is an outstanding provider which has previously received Ministerial support. The employer link is not always necessary for a provider; in this case Access to Music targets the NEET group and aims to progress them into TQS approved providers. It was confirmed that Access to Music will be eligible to apply for the Training Quality Standard award in the future.

**Decision:** The Capital Committee endorsed the project scrutiny process in the region and approved the following projects:

- Zenos
- Gordon Franks Training
- Access to Music Ltd
- Birmingham Rathbone
- Employment Needs Training Agency

- Platinum Employment Advice & Training Ltd

### **Yorkshire and The Humber Region**

6.31 It was confirmed that the projects have not been to a formal regional Capital Committee meeting but the members had endorsed the process. There is at least one scheme in each sub-region. There were initially 11 expressions of interest which resulted in 8 applications, 2 were rejected. It was noted that Humberside Engineering Training has close to 90% achievement and has a grade 2 in the latest Ofsted report.

**Decision:** The Capital Committee endorsed the project scrutiny process in the region and approved the following projects:

- Humberside Engineering Training
- Derwent Training
- Deta 2000
- Hargreaves Training
- Kirkdale Industrial Training
- The Academy

6.32 It was noted that there were several providers that have been approved in one region and rejected in another; the reasons must be clear and the decisions must be robust. After considerable discussion members rationalised the decisions that had been made. Members also agreed that the applications of Zenos and Rathbone should be further reviewed by LSC staff to ensure that the process has been consistent.

**Action: LSC to further review the applications to ensure consistency.**

6.33 Members were informed that the Communication of these decisions is being discussed with DBIS at the moment, the Regional Offices will communicate with the providers after advice from the National Office; this will be done as soon as possible.

### **Item 7. Any other business**

#### **Joseph Chamberlain College**

7.1 Members congratulated Lynne Morris after the new Joseph Chamberlain College was named the winner of the Prime Minister's Best Public Building Award. The College has also won the RIBA Further Education Design Excellence Award 2009 for delivering the most effective and innovative learning environment in a FE building.

### **Item 8. Date of next meeting**

8.1 The next meeting of the Committee will take place on 16 December.

## **Annex A: Attendees**

### **Members Attending**

Norman Boyland  
Edward Libbey  
Richard Haynes  
Peter Ibbetson  
Maggie Galliers  
Lynne Morris

### **Regional Chairs and Representatives**

Roger Begy (East Midlands)  
Kathryn Cooke (South East)  
Bev Marshall (Yorkshire and Humber)  
Chris Paverley (East of England)  
Roger Hoyle (North West)

### **LSC Staff for Item 5**

Geraldine Barker – Yorkshire and The Humber  
Katrina Dougherty – East of England  
Alan Searle – East of England  
Andy Fawcett – North West  
Stefani Bellini – National Office  
Michele Roberts – National Office  
Julie Williams – National Office

### **LSC Staff for Item 6**

Raza Raheem – London  
Katrina Dougherty – East of England  
Alan Searle – East of England  
Sally Timmins – South West  
Anne-Marie Mountfield – South East  
Geraldine Barker – Yorkshire and The Humber  
Lynn Petrina – North East  
Andy Fawcett – North West  
Sue Peake – East Midlands  
Michael Kilduff – West Midlands  
Craig Weaver – National Office

### **LSC Staff**

Philip Head  
Alastair Grindlay  
Laurence Leader

Alan Searle  
David Hughes  
Catherine Davies  
Rob Wye (for Item 4)  
Pete Sanders

**Observer**

Laurence Rockey - DBIS

**Publication no.**

**Meeting chair**

Norman Boyland

**Minute taker**

Pete Sanders

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