

Minutes



Leading learning and skills

Date 4 April 2008
Subject Capital Committee
Location Centre Point
Time 10:15
LSC office National Office
Publication intent Internal

Present Norman Boyland
John Bull
Richard Haynes
Lynne Morris
Alan O'Neill
George Sweeney

In attendance For Wakefield College
Heather MacDonald - Principal
Jason Pepper - Director of Finance
Sue Griffiths - Vice Principal
Mike Green - LSC
Richard Hoyle - LSC
Liz Singleton - LSC
For Oldham College
Kath Thomas - Principal
Jim Winstanley - Finance Director
John Rawsthorne - LSC
For King George V Sixth Form College
Hillary Anslow - Principal
Pauline Hagen - Vice Principal
Helen France - LSC
Paul Tinsley - LSC
David Johnston - LSC
Steve Dunmore - LSC
For Stoke on Trent Sixth Form
Helen Pegg - Principal
Val Tomlinson - LSC
Chris Knight - LSC
Debbie Callaghan - LSC
Christine Doubleday - LSC

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For Croydon College
Mariane Cavalli - Principal
Judith Spencer Gregson - Finance Director
Raza Raheem - LSC
Garth Taylor - LSC
For Truro and Penwith College
Rob Corfield - LSC
Mark Harvey - LSC
For West Herts College
Paul MacGuire - LSC
Keith Felgate - LSC
For Stockton Riverside/Bede College
David Johnson - LSC
For SEEVIC
Keith Felgate - LSC
for Plumpton College
Isabelle Wragg - LSC
Chris Piper - LSC
For St Dominic's Sixth Form
Pravin Parmar - LSC
For North Warwickshire and Hinckley College
Debbie Callaghan - LSC
Chris Knight - LSC
For Norton Radstock College
Mark Harvey - LSC

LSC staff

Philip Head
Alastair Grindlay
David Russell
Denis Miles
Andrew Brown
Pravin Parmar
Paul Stokes
Pete Sanders

Apologies

Apologies have been received from:
Terry Dabbs
John Taylor
Roger Taylor

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Item 1. Welcome and introductions

1.1 The Chair welcomed the Committee and noted the apologies. The following declarations of interest were made:

Regional Board Membership (for information only):

- Alan O'Neill for West Hertfordshire College
- Norman Boyland for Plumpton College
- John Bull for Truro and Penwith College

Client interest:

- Richard Haynes for Croydon College.

Item 2. Minutes of last meeting

2.1 The minutes were approved subject to a list of amendments passed to the clerk.

Item 3. Matters arising

3.1 Item 3.3 – South Leicestershire College: The land sale to Redrow will not be going ahead.

Energy Efficiency Scheme

3.2 1,230 schemes totalling £21million have applied for the energy efficiency grant. This is a much bigger response than was expected and is greatly encouraging. Salix will audit 25 projects in September to properly assess the impact of these projects.

Machinery of Government

- 3.3 David Russell updated the Committee on the latest developments. Capital funding will be split in future, with the 14-19 element going into the Building Schools for the Future programme. The 2008-09 grant letter retrospectively split the capital fund into two lines, which has resulted in the loss of approximately £40-50million due to not being able to move funding from one pot to the other as needed. The post 16 budget has already been allocated, however there is an underspend of £118million in the 14-19 budget for reasons which have previously been discussed by this Committee.
- 3.4 The 14-19 non-departmental public body (ndpb) that DCSF will create is likely to be seen as the successor body to the LSC, rather than the FE/19+ agency that DIUS will establish. There are still many unknowns, however, in theory the work of this Committee will not change over the next two years. In practice, the white paper asks the LSC to move to new structures as quickly as possible.
- 3.5 Qualifying 6th form colleges will also have a new legal status and some will move into the 14-19 sector under DCSF.

Ringmer Community College

- 3.6 The college had enquired about submitting a bid for a further £0.5million to spend on specialist equipment for 14+ diploma delivery. They have been asked to submit a formal application. In order to free up the Committee's time, delegated authority was given to David Russell to determine this application.

Action: David Russell to determine the Ringmeer Community College application and report the decision back to the Committee in the usual way.

Item 4. Cost Criteria Update

- 4.1 Pravin Parmar presented the paper. The revised "gross costs" criteria have been working well for the last six months since it was introduced. The Committee agreed at the time that the costs would be reviewed every six months; members were therefore asked to note the update and approve the revised costs.
- 4.2 The paper recommended that costs should be increased by half the current predicted inflation rates for this year which are 6.50% for Model 1, 5.75% for Model 2 and 5.00% for Model 3. A further review will take place in six months time which may have lower inflation forecasts than this review.
- 4.3 The Committee expressed concerns that some colleges may be using this cost criteria as a funding threshold in order to get more funding or bigger projects. The property team are aware of this possibility and will continue to be vigilant.
- 4.4 There will still be some exceptional costs, particularly concerning environmental aspects of projects. John Denham has expressed a desire for all new projects to have the highest possible environmental rating, which will cost more.

Decision: The Committee noted the paper and agreed the cost criteria changes.

Item 5. Capital Projects for Approval by the Council

Wakefield College

- 5.1 Wakefield is in an area of high deprivation, high NEET population – around 10% – and low aspiration. The college itself consists of outdated, inflexible buildings which are expensive to run and maintain. The previously approved Skills Xchange Project in Glasshoughton is due for completion in January 2009.
- 5.2 This project is necessary to meet the demands of the increasing participation. The college is one of only two in Yorkshire to receive the kite mark for employer engagement. There is an excellent track record of delivering LSC targets.
- 5.3 The Committee noted that the projected operating deficit until 2014 is a concern and income is not projected to meet inflation for 5 years. The learner growth predictions are extremely low and key areas such as train to gain and WBL will be significantly below the LSC targets. The opening of the

Skills Xchange appears to have no impact on learner numbers. The Regional Board should be addressing these issues before it reaches this stage.

- 5.4 The college felt that although learner numbers were conservative they reflect the unpredictability in tackling the NEET group. A great deal of work is being done in this area and the data is robust, but ultimately the effectiveness of this cannot be predicted. The cohort will also reduce by 600-700 during that period.
- 5.5 The college is confident that the £4.76million in land receipts will be achieved. One site for disposal already has planning consent; outline planning consent will be applied for on the other site soon.
- 5.6 The second phase of construction can be adjusted if market conditions change and there are planned stops in the programme to allow for review.
- 5.7 Intervention rates are based on projected income. The Committee were extremely disappointed with the predicted learner growth and associated income and felt that 60% was a more appropriate grant rate than the 68% the college had applied for.

Decision: The Committee agreed to endorse the £54.226million project proposal on an in principle basis for approval by the Council at an indicative 60% (£32.536million) grant support level. The learner growth and predicted income must be reviewed before in detail approval will be considered.

The Oldham College

- 5.8 This is a medium sized general FE college close to the town centre. The project consists of a phased refurbishment and new build. This will be a complex project due to the nature of the site.
- 5.9 The space utilisation has been carefully considered. The size of this project is larger than usual; this is justified due to the specialist nature and space requirements of the LLDD provision.
- 5.10 Maintaining provision whilst delivering the project will be difficult but with careful phasing it will impact less. Learners have become accustomed to builders on site as they are frequently required to shore up existing buildings. The college team is seeking advice from other colleges who have completed similar projects.
- 5.11 Tackling the NEET group is a priority and there has already been some success with this with 12 new students participating. These students have now attended consistently for 3 months and are expected to enrol again in September. There are community cohesion plans in place as well, which link closely to the NEET group efforts.
- 5.12 The college's project team has commissioned consultants and architects both with a track record of delivering similar projects. The build will take between 24 and 30 months to complete and will encompass 7 or 8 different elements. The contingency is low however there is a great deal of confidence in the figures.
- 5.13 All the necessary surveys have been done and a planning brief has been agreed. Plenty of work has been done with the borough council who are very

keen on the project, but are unable to offer additional funding. There is however the possibility of gaining a green-field site in future at no extra cost. A school is moving location soon and the college may be offered the land. The election purdah has postponed discussions. The RDA has also been approached but they are unsympathetic to this project.

- 5.14 Learner numbers and projected income generally both look good, although apprenticeships and train to gain figures are both low.

Decision: The Committee agreed to endorse the £70.886million project proposal on an in principle basis for approval by the Council at an indicative 85% (£60.253million) grant support level.

King George V Sixth Form College

- 5.15 One third of the accommodation is in portacabins the rest was largely built in the late 1970s and is no longer suitable. The college is oversubscribed and space is a problem.
- 5.16 Southport College is only half a mile away and are very keen to support this project, as are all the providers in the Sefton partnership. The curriculum is diversified across this partnership.
- 5.17 Provision throughout the college is tailored to a wide range of learners which reflects the changing and diversifying community demographics. LLDD provision is excellent.
- 5.18 There was concern over the possibility of a call-in of the planning application. The college reassured the Committee that this is not an issue; work has been done with the planning office to mitigate this risk. The green space will be replaced at the end of the project by demolishing the current accommodation and planting on the site. There are no playing fields involved so Sport England has no concerns.

Decision: The Committee agreed to endorse the £37.772million project proposal on an in principle basis for approval by the Council at an indicative 82% (£30.897million) grant support level.

Stoke-on-Trent Sixth Form College

- 5.19 This is a large sixth form college which consists of 23 mobile classrooms and 1970's accommodation which is expensive to run and inflexible. The site location has poor public transport links. The project seeks to move location near to the railway station and Stoke-on-Trent College, and next to Staffordshire University the three providers will share some facilities.
- 5.20 The NEET rate of 13.3% has dropped recently and work will be done to continue the progress. Economic, aspirational and cultural influences have traditionally kept the rate high and these will be difficult to break down.
- 5.21 The Building Schools for the Future programme has been a difficult process and relationships have been tested. The hardest part is now over and the College is looking forward to a productive relationship with the schools.
- 5.22 The plans have progressed a little way beyond stage C design; the costs are well known and although the contingency is low it is still within the norms.

AWM will be providing £2.23million to this project. Detailed consent is still on course for January 2009 but may be able to come back earlier.

- 5.23 In paragraph 52 of the paper it was noted that the College would be going out to tender for the long term secured loan. There had been an assumption that the rate would be LIBOR+0.5%. The Committee advised that the College should use either the base rate or the LIBOR rate, whichever is better at the time.

Decision: The Committee agreed to endorse the £35.663million project proposal on an in principle basis for approval by the Council at an indicative 77.5% (£27.639million) grant support level.

Croydon College

- 5.24 This project is half of what the college had originally set out to achieve and is two years later than planned. The Committee were informed that these issues were a result of major difficulties with the local authority and the Fairfield Hall developers and this project is the best that could be reasonably expected in the circumstances.
- 5.25 This will be a major refurbishment as only the frame of the building will remain untouched. Surplus land assets are unlikely to be sold for some time. A further phase is already being planned which is estimated at £41million.
- 5.26 It is not yet known when the Barclay Road site can be sold; the college must wait until after the local council has implemented its regeneration plans. The site will not be granted alternative use before then and may be subject to a compulsory purchase order in future.
- 5.27 The college understands that the LSC will want to see the money from the disposal used in the next phase, to which the college are currently fully committed. The college is also happy to agree any clawback agreement if the next phase could not go ahead.
- 5.28 There is close working with the local authority on the higher education and 19+ agendas. The 14-19 agenda remains an issue as the local authority do not see the College as part of the solution. Work is being done to challenge this perception and this project would be a major step forward. Learner growth has been calculated on the current perception and numbers could increase dramatically if the local authority changes its stance.

Decision: The Committee agreed to endorse the £33.952million detailed project proposal for approval by the Council at the 84.0% (£28.634million) grant support level.

Truro and Penwith College

- 5.29 The Committee were reminded that at their last visit the Truro College team gave a very professional presentation, it was noted that since then the College has continued to impress.
- 5.30 Truro College successfully merged with Penwith College on 1 April 2008.
- 5.31 The minute from the last meeting suggested a 50% grant support on the FE portion of the project as promised by the Secretary of State in the merger document. The college have already secured the funding for the HE portion.

5.32 The project will be returning for detailed approval within two months.

Decision: The Committee agreed to endorse the £35.663million project proposal on an in principle basis for approval by the Council at an indicative 50% (£11.845million) grant support level.

West Herts College

5.33 Whilst this is now a bigger project it will cost the LSC less than was proposed at the in principle application in November 2005.

5.34 The Committee noted that growth forecasts and income projections looked robust, and were pleased to see a guaranteed maximum price contract.

Decision: The Committee agreed to endorse the £70.385million detailed project proposal for approval by the Council at the 24% (£16.892million) grant support level.

Item 6. Capital Projects for Approval by the Capital Committee

Stockton Riverside and Bede College

6.1 The Committee were informed that this is unchanged from the in principle approval. It is still a good scheme at a good college, the growth rates and income projections appear robust.

Decision: The Committee approved the £26.979million detailed project proposal at the 90% (£24.281million) grant support level.

SEEVIC College

6.2 SEEVIC College led a consortium which won a 16-19 competition. This is an interim application from SEEVIC College that provides an interim arrangement to locate to a Basildon town centre learning facility until the long term solution is completed.

Decision: The Committee approved the £2.166million detailed project proposal at the 100% grant support level.

Plumpton College

6.3 This is an excellent college specialising in land based provision. The residential aspect is cost neutral, the LSC will not be subsidising this.

Decision: The Committee approved the £8.874million detailed project proposal at the 70% (£6.212million) grant support level.

St. Dominic's Sixth Form College

6.4 This is an overcrowded college on a constrained site and there are no other available sites to relocate to. This project will increase space significantly, but is unlikely to be the final phase.

6.5 The sports hall is yet to receive planning permission, if it is not granted the college will come back to this Committee.

6.6 This project will have no impact on other providers

Decision: The Committee approved the £5.400million detailed project proposal at the 86% (£4.644million) grant support level.

North Warwickshire and Hinckley College

6.7 The disposal proceeds are conservative, but the housing market in the area is particularly volatile at the moment and the college may not even meet this figure. If the full amount is not received the college will have to return to this Committee.

6.8 EMDA is funding the site remediation.

Decision: The Committee approved the £12.954million in principle proposal at the indicative 10% (£1.295million) grant support level.

Norton Radstock College

6.9 This is a well run, small general FE college with very poor accommodation. The growth will be reviewed by the Regional Board when it returns for the in detail application.

Decision: The Committee approved the £13.459million in principle proposal at the indicative 81% (£10.958million) grant support level.

Item 7. Projects Approved under Delegated Authority.

7.1 The projects were noted.

7.2 The Committee commented that the 16-19 procedures are not suitable as schools have to develop their own proposals without any financial support. There is plenty of money in the 16-19 Capital Budget and if necessary DCSF should be asked to forward some of this for project development. The Department have been adamant that approvals should be one step, however this means that all proposals must be robust before any financial assistance can be offered.

Action: Philip Head to investigate whether any assistance can be given to schools during the development of their project proposals.

Item 8. Any other business

Rochdale Sixth Form College

8.1 The Committee were asked to note a paper on the establishment of the new Rochdale Sixth Form College. The college is the outcome of a Post 16 competition and is planned to open in September 2010.

8.2 The nature of the college has now changed and will need to establish an incorporated body under FE regulations. This has been approved but incorporation will not happen until May, and in the interim the partnering body does not have the legal power to sign off any contracts on its behalf. The LSC must therefore act – as it has done in other similar situations – as the sponsor and contracting authority.

8.3 The Capital Committee agreed that the LSC should fund the following up front costs towards the capital projects proposals:

- a. £861,604 to be made available for the professional fee costs to date and those projected to Stage D; and
- b. £375,000 should be made available for the enabling site works package.

Carter and Carter

- 8.4 The Committee was informed that Carter and Carter, the largest provider of WBL had recently gone into administration. Newcastle College have acquired half the assets and three other Nottingham colleges are looking at purchasing the former South Nottingham office. The LSC was approached to fund that purchase, and the forward purchase of the premises in Derbyshire and Nottingham by Derby college, but the LSC declined in both cases. colleges are able to take a short term loan to buy the properties if they so chose. If the LSC subsequently does not approve and fund the development of those sites the colleges would be able to sell these on at a later date.

Item 9. Date of next meeting

- 9.1 The next meeting of the Committee will take place on 29 April 2007 at Centre Point, London.

Meeting chair	Norman Boyland
Minute taker	Pete Sanders
Date created	9 April 2008
Document ref.	\\lsc.local\User\$\CVH\sandersp\nat-capitalcommittee-minutes-04apr2008.doc