

Minutes



Leading learning and skills

Date	4 September 2007
Subject	Capital Committee
Location	Joseph Chamberlain College
Time	13:30
LSC office	National Office
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Present	Norman Boyland (Chair) John Bull Lynne Morris Alan O'Neill
In attendance	SOUTH WEST REGION Mark Harvey NORTH EAST AND NORTH WEST David Johnson Jane Cowell Dorothy Smith EASTERN REGION Keith Felgate Paul McGuire GREATER LONDON Catherine Davies Raza Raheem EAST MIDLANDS Dianne Brown Andrew Martin Di Bentley WEST MIDLANDS Debbie Callgahan Andy Brown YORKSHIRE AND HUMBERSIDE Mike Green Mike Lowe SOUTH EAST Isabelle Wragg Pauline Tiller
LSC staff	Alastair Grindlay Phil Head Denis Miles

Pete Sanders
David Russell
Judith Wilson

Item 1. Welcome and introductions

- 1.1 The Chair welcomed the Committee and thanked Lynne Morris for hosting the meeting. The Committee are looking forward to touring the building works after the meeting tomorrow.

Item 2.

- 2.1 The Chair confirmed his belief that today was a refreshing change for the Committee, it was a chance to have a dialogue with the regions instead of facing a never-ending stream of projects. For this reason the day should be as informal as possible to promote engaging discussion.
- 2.2 This is also an opportunity to assess how the Committee has progressed in the previous 12 months and to look at the rationale for assessing projects over the coming year.
- 2.3 This meeting goes some way to ensuring the Government is getting value for money – not just in terms of building costs – but in terms of adding real educational value.
- 2.4 It has been noted that there is a variety of approaches to the summaries. The Regional Capital Plans are all rather large documents with several appendices. The summaries were asked to pick out the key points and importantly highlight the criteria on which the projects are prioritised. Some regions have approached this brief more effectively than others.
- 2.5 It is impossible to predict the future, and to know what facilities and requirements colleges will need. This Committee, and the LSC as a whole must ensure that each building allows flexible working, in the right amount of floor space, in key locations which can best adapt to changing needs.
- 2.6 The LSC will remain largely unaffected until 2010-11 when new legislation is likely to hand over much of the budget to Local Education Authorities. Capital approvals up to then will be business as usual; however after that there are no guarantees. It would be wise to get the highest priority projects through this Committee as early as possible to ensure any legislation changes do not impinge on delivering the necessary educational infrastructure. The Grant Thornton report which will be discussed at the meeting tomorrow may help in ranking projects.
- 2.7 This Committee has the money available, what we need to understand from the regions is which projects are the higher priorities. The Committee must

ensure that any criteria and rationale that might be used to rank projects is robust.

- 2.8 We need to give the Executive Teams credit for the work done so far; in some cases they need encouragement to move beyond statements of intent and define more tangible actions.
- 2.9 We must also ensure that the needs of employers are met, and be able to adapt the provision. Professional development is a key area and growing fast.
- 2.10 Regional LSCs could become more proactive in shaping the pattern of provision. Providers should be approached much more to develop capital projects which fit with the objectives in the region, rather than waiting for providers to come to the LSC with projects that may not be beneficial to the bigger picture.
- 2.11 After the new Further Education and Training Bill is published later this year we will have a much better understanding of how the new Regional Committees will interact with the capital processes.
- 2.12 The key capital drivers in regional capital plans must be identified, rather than a list of all factors which must be taken into consideration when developing projects. A clear understanding is required of which sectors need targeting first.

Item 3. North West, North East, Yorkshire and The Humber.

- 3.1 The Chair welcomed the teams to the Committee.
- 3.2 The North East team gave their presentation, during which the following points were raised:
 - The region is moving away from a manufacturing and heavy industry reliance and towards more knowledge intensive sectors.
 - There are clear differences between the north and south of the region; the north is more remote and is characterised by larger general FE colleges, whereas the south has fewer and smaller general FE colleges and more school sixth forms.
 - The region currently has £230 million of capital projects ongoing.
 - Of the 500,000m² of accommodation across the region, 353,000m² needs redeveloping.
 - The target for 2013 is that 100% of all accommodation will be world class and within LSC space guidelines, the current figure is 31%.
- 3.3 The Yorkshire and The Humber team gave their presentation, during which the following points were raised.
 - The strategy is the same as last year; it is working well and does not need changing.
 - If budgets do get constrained, the strategy will need tightening to identify the key projects which target core priorities.
 - The 16-19 cohort will decrease by 11% by 2010.

- Space utilisation is getting better and recently approved projects will improve the situation further.
- 3.4 The North West team gave their presentation, during which the following points were raised.
- 80% of learners are in FE colleges or work based learning, 10% above the national average. Youth participation in both FE and apprenticeships is high; participation in school sixth forms is lower. The NEET group is large.
 - The region is geographically diverse with major cities such as Manchester and Liverpool mixed with the relative emptiness of Cumbria.
 - The capital funds are being used to ensure bad provision is being eradicated and excellence is supported. The recently approved South Cheshire College will be of national interest for defining what a learning environment should be like.
- 3.5 The Chair thanked these teams for their presentations. The Committee was keen to know that capital funds are being used in the wider context of LSC targets and priorities, rather than simply replacing old buildings. Capital funding should be about maximising the potential of both learners and employees and meeting employer and LSC needs.
- 3.6 Much of the work done by local offices is not always reported to the Committee. The early process of working with colleges to shape the curriculum and planning is rarely included in the project presentations at Committee meetings but members were assured there was a great deal of effort involved in these early stages and a constant dialogue with providers.
- 3.7 If the LSC was totally in the driving seat for approaching colleges and encouraging projects to come before the Committee there would be little real change in terms of process.
- 3.8 All the projects planned to come before the Committee over the next 18 months would have been assessed against LSC targets in each of the regions. If there was a radical change in government approach or budget size it would be relatively easy to carry out a ranking exercise to show which projects are most important to meet the needs of the region.
- 3.9 It was agreed that although the LSC can identify which sectors need more support, few capital projects are employer led; however the LSC works closely with colleges to meet the needs – and future needs – of employers. This has been illustrated recently with the nuclear industry in Cumbria and financial services industry in Manchester.
- 3.10 There is little scope for provider governing bodies to carry out their own assessment of their needs and the needs of the immediate community; it is much more common for work to be done in collaboration with the LSC. The wishes of the governing bodies are taken into consideration but it is usual for a compromise to be found.
- 3.11 The impact of numbers needs assessing, the learning population is becoming increasingly fluid with recent policy changes. The recommendations from Foster and Leitch are starting to impact the pattern of provision.

- 3.12 Building Schools for the Future is based on providing accommodation for 100% of the school age population. It is well known that 50%+ post 16 are not in schools, therefore colleges are being built larger to accommodate these extras. Academies will also skew figures. There is a potential risk for providing too much accommodation without coordinated planning.
- 3.13 It was impressive that ONE North East have worked so closely with the LSC in developing the Capital strategy.

Item 4. South West, South East and London

- 4.1 The Chair welcomed the teams
- 4.2 The South West team gave their presentation, during which the following points were raised:
- Rurality is a key issue; most of the population centres are located around the edge of the area with the centre being largely empty and difficult to traverse. Two counties have no motorway.
 - Many colleges have to offer all provision as learners are unable to travel to an alternative provider.
 - Some governing bodies are unwilling to modernise their accommodation and can be difficult to engage.
 - Eleven of the thirty-three colleges are in financial category C and colleges in the region have greater borrowing than other regions. Mergers are therefore a key part of the long term strategy. Cornwall College now operates on seven sites and has the largest turnover in the country, so success is achievable.
 - The regional skills action plan is employer led and feeds into the capital strategy.
- 4.3 The Greater London team gave their presentation, during which the following points were raised:
- The aim of having the right provision in the right location, underpinned by the right property solution.
 - 983,000m² of accommodation in the region, of which 72% is either in fair or poor condition. It is also 30% over-spaced.
 - The London Skills and Employment Board (LSEB) Chaired by Ken Livingston is instrumental in driving change and discussing the needs of employers and providers. So far there has always been agreement between LSC policy and the aims of the Mayor of London. Whilst he is very proactive he also listens to advice well.
 - An LSC Capital Taskforce has been established and it is hoped a member of LSEB will join.
- 4.4 The South East team talked through the key points of their strategy, the following points were raised:
- It is easy to see key themes running through each of the sub-regions.

- The SE region has 1.3million m² of accommodation, 53% is poor or unsatisfactory, although in the Thames Valley this is much higher.
 - Potential future projects need greater prioritisation whilst still aligned to the Regional Economic Strategy (RES) and working closely with South East England Development Agency (SEEDA).
 - Governors will become increasingly anxious over the next few years as greater funding uncertainties arise, and the LSC gets closer to handing over functions to LEAs.
- 4.5 The Chair thanked the teams for their presentations.
- 4.6 In discussion it was noted that more formal assessment structures would be needed to better rank each project should funds become scarce in the future. Whilst ranking does occur to some extent at the moment, this is much more informal and based on loose criteria.
- 4.7 The South East and South West regions have clearly defined sub-regions. Whilst it is important not to build the same provision next door it should also be remembered that each sub-region is a discrete unit and learners rarely travel across boundaries. London sub-regions are harder to define and learner movements tend to be more fluid.
- 4.8 Priorities should be based, firstly, on provision, not buildings. There is a need to ensure the provision has the right balance, the buildings are secondary. Being able to fund projects at a much higher intervention rate, often around 60%-70% gives the LSC much more leverage to shape the curriculum.
- 4.9 There needs to be more intervention powers with college management. It is extremely difficult to remove poor management until the financial situation is exceedingly poor. This can often be a slow decline over five or more years.
- 4.10 Priorities and criteria for revenue funding must be aligned with priorities and criteria for capital funding.
- 4.11 Capital projects give reassurance to colleges and a sense of security. Rejecting a capital project on the basis that a nearby provider submitted a project proposal first will create unease and resentment between providers.
- 4.12 The Committee needs to be reassured that the projects offer the best solution to meet the educational needs and achieve LSC targets in the region. The costs are secondary as long as the project offers value for money. A clearer understanding of which target is being addressed by the project is needed.
- 4.13 The Chair thanked the teams.

Item 5. West Midlands, East of England and East Midlands.

- 5.1 The Chair welcomed the teams.
- 5.2 The West Midlands team briefly talked summarised their strategy, during which the following points were raised:
- The workforce remains less qualified than other regions. The West Midlands economic strategy shows output per head was 95% of the UK average.

- The Regional Skills Strategy underpins the Regional Capital Strategy, and identifies the 7 key drivers behind both plans.
 - Regional Skills Partnerships and industry itself has largely driven the projects. It is not an exact science to get the right provision in terms of numbers and capacity. Some industries are better than others at identifying needs in terms of learner numbers, there is no purpose to providing the large capacity needed by the industry if students have no interest of pursuing a career in that industry.
- 5.3 The East of England team briefly summarised their strategy, during which the following points were raised:
- Due to the Olympic factor and the changes in the Machinery of Government (MoG) the region is keen to speed up the processes of getting projects to the Committee.
 - The Capital Plan includes two maps, one which shows current provider locations, the other population centres. It is planned that a third map should be drawn up showing the economic infrastructure of the region. These three maps can then be used to show where provision should be best located; whilst it would be impossible to ensure every provider is in the ideal location, future projects must fit the pattern.
- 5.4 The East Midlands team briefly talked through their strategy, during which the following points were raised:
- The Capital Strategy is closely aligned with the Regional Economic Strategy, which itself is aligned with the work of other partnership bodies.
 - Development of the current projects amounts to around £400million, in order to get the accommodation to be world class would require an additional estimated £250million.
 - As the proposals from Leitch are implemented, many projects will look to deliver non-LSC funded provision; this will remove one of the levers we have for shaping the curriculum.
 - The Area Directors meet Governors directly to encourage projects to come forward.
 - There is no long-term local or regional learning plan to align the capital projects to, as it is impossible to see what funding and provision will be required that far in advance. Strategic analysis is based on the annual statement of priorities rather than a long-term strategy.
- 5.5 The Chair thanked the teams and invited questions from the Committee.
- 5.6 The geographical approach in the East of England is an excellent starting point. The team made it clear that there may be greater social cost benefits of locating in a sub-optimal geographic location which must be considered. This geographic approach is not rigid, but a marker of something to work towards. If the provision is in the right place for the region, it will still be the right place in the long-term, even if the LSC no longer exists.
- 5.7 Key projects are being pushed through first. There is a strong LSC drive to engage colleges however colleges approaching the LSC are positively

welcomed. There needs to be a balance between LSC driven and college driven projects.

- 5.8 Adult needs are difficult to predict past the next 3-5 years. National plans do not go beyond 2010 and LSC priorities and drivers change regularly. Producing more and more strategies makes it increasingly difficult to link the work together.
- 5.9 It was noted that e-learning providers may find it difficult to approach the LSC for a capital bid. Whilst a physical location may not be required a lot of specialist equipment may be needed. The Committee may be unable to assess a bid of this nature.
- 5.10 The Chair thanked the teams.

Item 6. Round-up Session

- 6.1 The chair confirmed that the presentations given today had been very illuminating and show there is a great deal more work behind the scenes than the Committee sees. Some regions are still not showing the same vigour as others, but all are making a good start. This approach seems to be working and should be continued.
- 6.2 The size of the revenue streams will be important especially in terms of affordability. Historically 2% of all revenue streams were put towards Capital projects, however policing this was exceptionally difficult. Revenue funds are getting increasingly strained and setting a fixed percentage would be unrealistic.
- 6.3 The Chief Executive has set the objective of world class infrastructure by 2013 and this has to be translated into action. The strategies are clearly in place and Mark Haysom's ambition will encourage further work to be done. It should be ensured that the buildings must be suitable for the curriculum, the right provision must still be more important than iconic buildings. Direct replacement of old buildings for new is not enough, it must be done as part of a wider review of provision.
- 6.4 Transferring some LSC funding to LEAs in three years will have an impact on Capital funding. LEAs will want to start bringing projects forward themselves, and have a hand in approving the forthcoming projects.
- 6.5 The Departments have already carved up the budgets, FE capital has stayed entirely with DIUS. The LSC will continue to be expected to deliver the capital programme, and there is currently no reason to change that. It is likely the LSC will have the FE infrastructure regulatory responsibility although this might transfer to a successor body in future.
- 6.6 The executive teams appeared to have found the session useful.
- 6.7 The Committee spends a lot of time discussing affordability, what needs careful consideration is whether the project fits educationally within the regional strategy. The format of Committee papers could further evolve to better highlight the educational case and identify which targets are being addressed with each project.

Item 7. Any other business

Item 8. Date of next meeting

8.1 The next meeting of the Committee will take place on 11 October.

Meeting chair Norman Boyland

Minute taker Pete Sanders

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