

Minutes



Leading learning and skills

Date 13 December 2007
Subject Capital Committee
Location Centre Point, London
Time 10:30
LSC office National Office
Publication intent Internal

Present Norman Boyland
John Taylor
Richard Haynes
John Bull
Lynne Morris

In attendance Grimsby College:
Daniel Khan – Principal
Adrian Clarke
Ray Ellis - Deputy Principal
Tony Addison - Associate Principal
Jane Lyon - LSC
Richard Hoyle - LSC
Mike Green - LSC
West Nottinghamshire College:
Asha Khemka - Principal
Tom Stevens
Terry Laws - LSC
Dianne Browne - LSC
Andy Neil - LSC
Bolton Colleges:
Roy Whittle - Principal Bolton SFC
Lesley Hart - Vice Principal Bolton SFC
Carol Bannerman
Ian Fitzgerald
Carl Hosker
John Rawsthorne - LSC
Steve Dunmore - LSC
David Johnson - LSC
Harrow College:
Barbara Field - Principal
Bob Vesey
Matthew Westmore

LSC staff

Philip Head
Alastair Grindlay
Denis Miles
Judith Wilson
Roger Taylor
Pravin Parmar
Pete Sanders
Diane Brown

Apologies

Apologies have been received from:
George Sweeney
Alan O'Neill
David Russell

Item 1. Welcome and introductions

- 1.1 The Chair welcomed the Committee and noted the apologies. Norman Boyland declared an interest in North West Kent College as he is Chair of the South East Region.
- 1.2 LSC staff apologised for the lateness of the papers. The requirement of going through Regional Boards has created a log-jam and delays, this should be a one-off and January's meeting papers will be sent out as normal.
- 1.3 The National Audit Office (NAO) has recently visited National Office. Denis Miles and Judith Wilson were questioned on how the LSC ensures against Colleges adjusting the financial forecasts to obtain a larger grant and about regional consistency.

Item 2. Minutes of last meeting

- 2.1 The minutes of the last meeting were approved, subject to a list of amendments given to the clerk.

Item 3. Matters arising

- 3.1 East Surrey College was taken to National Council on an inquorate decision to recommend the proposal. National Council approved the project on the condition that this Committee ratified that decision.

Decision: The Committee approved the decision made at the last meeting.

- 3.2 The National Council also noted that Chairs of Regional Boards do not need to declare interests in projects in their regions when voting. The Chair noted this and confirmed that he would still hand over the Chair for projects in his region.

- 3.3 **Item 3.1** – Machinery of Government. The joint letter mentioned at the last meeting has now been sent by the Secretaries of State. The Consultation Document is now expected in late February or early March.
- 3.4 **Item 3.2** – Project affordability work is still ongoing. A report should be ready for the meeting in February.
- 3.5 **Item 6.1** – Sustainability. The National Council is very interested in this work as it is becoming a key priority for the Secretary of State. A letter has been drafted on this for Chris Banks to send to John Denham. This subject is likely to arise at a future Committee meeting.
- 3.6 **Item 6.6** – Formula Based and Capital Works Allocations. There have been several suggestions for candidates so far. Work is continuing and an update will be given in January.

Item 4. Capital Applications for Approval by the Council

Grimsby Institute of Further and Higher Education

- 4.1 The Committee should note that this was agreed at Regional Board level at the 79% grant support rate, not the 80% that appears on the papers.
- 4.2 This is a very large general FE college currently situated on three sites. The proposal is to relocate onto a single site based on a 'learning village' model. This will be in partnership with Hereford School, Franklin Sixth Form College and North East Lincolnshire Council.
- 4.3 The project is a very large scheme with the college would like to implement in a single phase against the recommendation of the LSC. It would be extremely high risk and the build itself is scheduled to take 36 months.
- 4.4 HEFCE is putting £6million into this project, and much of the growth will be in HE learners. Learner numbers for WBL are nearly flat, however if WBL and 16-18 provision is taken together there is a significant increase. It is difficult to predict how many of the 16-18 learners will end up on WBL provision.
- 4.5 The population is very isolated with a large NEET group, low achievement rates and high deprivation. This is part of a major regeneration for the area and essential to support local employers and learners. This will result in a 30% increase in 16-18 participation, and a 35% increase in HE. The college is already a specialist in vocational training and this will continue to be a key area.
- 4.6 The new estate will be an increase of 1,500m² and the space will be much more efficient and flexible. Sustainability is a key feature, and BREEAM assessors have rated the proposals as potentially "excellent". It is the largest atrium seen at the Committee and there is concern that the raked design will not enable it to be a flexible space and will be expensive to build.
- 4.7 There is a robust risk register in place and the build timetable is challenging to minimise these risks and the disruption to the campus. The College is certain that they have the plans and resources to see this project through to completion, the small margins were acknowledged; there is no opportunity to re-phase or pause once the building has begun and may hit difficulties if income streams do not meet their projections. The proposed build period is

almost twice as long as any other project to date. The risks are much too high to complete this in one phase, and tender costs from contractors are likely to reflect this; it is unlikely that the tendered costs will come back within cost parameters.

- 4.8 Franklin Sixth Form College and the other parts of the learning village will be coming forward with their own projects in future, and as such they are separate entities, however they will share some services which are being provided by this project.
- 4.9 There is a 20% increase in Guided Learning Hours but only a relatively small increase of 20% in income. This would normally be expected to be much higher and should be reviewed before the in detail application next summer.
- 4.10 The project has reached design stage D and should be finished by March/April 2008. The necessary preliminary work will be done in February to allow building work to begin in September. Although planning permission has not yet been given the Council planners are very keen on this project and have promised to convene a special meeting to consider the planning application to avoid any delays.

Decision: The Committee agreed to endorse the £118.669million project on an in principle basis for approval by the National Council at an indicative 79% (£93.749million) grant support level. This is conditional on the following six points being addressed before the detailed application:

- The project being developed in at least two separate stages and building contracts, one after the other
- Growth in HE and WBL learner numbers should be reviewed,
- The design of the auditorium/atrium areas should be reviewed
- The interaction and shared services with Franklin Sixth Form College should be considered
- No material cost increases at the tender stages
- A full review of the procurement options.

The committee noted that approval at the in detail stage would not be recommended without these points being addressed to the satisfaction of the Committee.

West Nottinghamshire College

- 4.11 This is a successful medium sized general FE college which is looking to relocate its campus. The college has a strong management team and has employed an additional expert from Salford University who has considerable project management experience. The plans are ambitious, particularly with the sustainability, however it currently fits in with the LSC's cost criteria.
- 4.12 The short-term borrowing looks very high and the college must ensure this will not be too big a burden. The college's bank have been very supportive and will allow further short and long term borrowing if the college requires assistance. The sports facilities are replacing what the College has already, not replicating sports provision available locally.

- 4.13 The local population has very low achievement with less than 40% of students achieving 5 GCSE passes. There is high deprivation in the Mansfield area and many people are on benefits. The high NEET group will be targeted however the cohort is predicted to decline sharply. The small increase in learner numbers represents a significant increase in participation rates.
- 4.14 The college is currently the most successful provider of train to gain in the area; however the current accommodation is no longer fit for purpose for its other provision...
- 4.15 There is a focus on sustainability by maximising daylight and minimising the energy consumption. Due to the out of town location all social space needs to be provided onsite. Two-thirds of learners will be onsite, with one third learning from other locations through HE and train to gain provision. Train to Gain has been particularly successful so far and targets have been exceeded two years running.
- 4.16 The land sale will be forward advertised and a set price will be agreed before the detailed application. Outline planning consent has already been given for development on the new site and change of use on the old site.
- Decision:** The Committee agreed to endorse the £86.4million project on an in principle basis for approval by the National Council at an indicative 75% (£64.8million) grant support level.

Bolton Community College (BCC) and Bolton Sixth Form College (BSFC)

- 4.17 These are linked co-location proposals from Bolton Community College and Bolton Sixth Form College on adjacent sites in Bolton town centre near Bolton University. BSFC has been to the Committee previously for approval to its Farnworth campus project. This project has been a long time coming and is badly needed to meet the needs of the town.
- 4.18 The current unimproved accommodation of BSFC is largely 50 years old, over-crowded and inflexible; some curriculum is being delivered in hired accommodation. BCC is even worse and is hampering the provision of high quality vocational training.
- 4.19 Bolton is the fastest growing town in the North West and is a solid candidate to be granted city status in the near future. There is a modest growth predicted, and some of this will be off-site in community and employer premises through the train to gain programme. If learner numbers to increase significantly above what is predicted then the third phase can be adjusted to provide additional space. Furthermore, the planned building is extremely flexible and will be able to deliver the curriculum even with higher learner numbers should the need arise.
- 4.20 Guided Learning Hours are decreasing despite the increase in learner numbers this is partly due to the type of provision being offered. There will be greater use of information and learning technologies (ILT), blended and distance learning, off-site provision and the use of the learning resource centre.

- 4.21 The colleges propose joint procurement and project management within a clear framework; both parties claim to know who is responsible for each aspect. The Principal of BSFC will be retiring next summer; his successor was appointed yesterday and will be taking this project forward in the same spirit.
- 4.22 The multi-storey car park is a requirement imposed by Bolton Council and the colleges will contribute £3million to the overall costs of £11million. This will provide them with 220 spaces for BCC and 80 for BSFC. There is a residential estate nearby and the Council had voiced concerns that residential streets would be blocked by students' vehicles. There is generally poor public transport at the present time; this is a pragmatic solution which fits with the requirements of the Disability Discrimination Act (DDA) until better links are developed.
- 4.23 The university is actively involved in the planning and the development of progression routes for this project however they are not involved financially. The vice-chancellor is on the college's corporation.
- 4.24 The Manchester Road site is valued at £3million; Dean Road is currently being valued. North Campus is expected to achieve £2million.
- 4.25 The learner growth looks achievable yet challenging and the income growth looks robust. Full cost learning will be expanded from 790 to 1422. The colleges' current borrowing on existing projects has limited the amount the college is able to borrow for this project.
- 4.26 There is a great deal of confidence in the management team who are more than capable of delivering this project. There is a negative NPV for this phase but overall for the entire project it is a positive value. Both colleges are currently in financial category C; BSFC is due to the current building works and would normally be category B. BCC has been a long-term category C but has started to improve due to this project and would now be at the lower end of category B.

Decision: The Committee approved the £21.033million Bolton Sixth Form College project on an in principle basis at an indicative 85% (£17.877million) grant support level. The Committee also agreed the £58.806million Bolton Community College project on an in principal basis for approval by the National Council but wanted to reassess the grant support level and affordability analysis at the detailed application stage.

Harrow College

- 4.27 This has been a very difficult project which has created many problems for the college, most of which have now been addressed. A one phase build is the only option despite increasing to the complexity of a difficult project.
- 4.28 This was last seen by the Committee in November 2006, since then the cost has increased by £36.8million. The largest increase is due to the enlarging the floor space from 27,500m² to 32,438m². The site is very constrained and the footprint cannot be expanded further. The Mayor of London has insisted on a refuse and recycling area as well as a disabled car park, this can only be achieved by including a basement level.

- 4.29 Escalators will be used instead of lifts which will cost an additional £3.9million. It was estimated that 22 lifts would be needed to move all the learners between floors in the 10 minute interval between classes, and an additional 4-8 lifts would have been needed for services. Staircases are also needed as a fire regulation. The escalators are located within the atrium and are therefore not counted in the space-norm calculations.
- 4.30 Income projections and learner growth are both flat, and LSC funded learners reduce. The local LSC has confirmed there is no additional money to fund further growth in the college. Participation in Harrow is already high and the NEET group is much smaller than in other areas. The total number of students will increase due to part time and ad hoc learning but these do not contribute much to the FTE numbers. WBL and train to gain are realistically the only areas in which growth in learner numbers can be achieved.
- 4.31 The location has also increased costs but after extensive searching there were no other suitable locations. It is recognised that the circulation space needs to be larger than normal however 27,500m² was a suitable size previously and learner numbers have not increased since then. Projects of this size would generally be at the lower end of the space norms, not the upper end.
- 4.32 The valuations for the land disposals are accurate despite the current credit crunch and economic climate. Consent for the land sale and site acquisition will be sought before the in detail proposal.
- 4.33 A detailed planning application will be made in January; tendered values for the site disposals are expected towards the end of January.
- 4.34 The committee was concerned that issues in two key areas needed urgent review before it could endorse the project for approval, These were:
- Space utilisation
 - Inter-floor circulation and engineering costs related to the provision of escalators

Learner numbers and income streams; negative effects to other colleges on the metropolitan line must be also be considered.

Decision: The Committee agreed that it could not yet endorse this £112.638million project to National Council for approval on an in principle basis at an indicative 67% (£75.468million) grant support level. There would be a further opportunity to discuss this project in January before the next National Council meeting when the outcome of the reviews of floor space requirements and the escalator proposals would be to hand.

North West Kent College

- 4.35 There is a further phase which will be presented to the Committee in approximately 12 months time. The LSC has reviewed the 16-18 learner growth and agreed it is realistic and will be funded.
- 4.36 The project was last seen by the Committee in May this year when it included the Dartford development. This has now been moved to a later phase to avoid complications in this first phase.

4.37 The costs have increased slightly due to tender cost increases, the need for curtain walls and building cost inflation. Space norms are not met in the college as it currently is, nor will they be after this phase. The next phase will address this and will be based on re-calculated learner growth figures. The submission of the Dartford phase has been delayed by the College to ensure space norms will be correct.

4.38 This proposal is very much based on demand-led provision and will maximise non-LSC funded income streams.

Decision: The Committee approved the £32.309million project on an in principle basis at an indicative 76% (£24.555million) grant support level. This is conditional on the space norms being met on the project as a whole.

Item 5. Capital Applications for Approval by the Capital Committee

Sir John Deane's Sixth Form College

5.1 This is a successful beacon college on a single site. The 2006 OfSTED report criticised the accommodation and this project looks to replace most of it in a two stage project.

5.2 There is a negative NPV which has been signed off; the college is currently at maximum capacity. Learner numbers are only set to grow by 20 over the next three years, this should be reassessed before the in detail application

Decision: The Committee approved the £23.55 million project at an indicative 85.3% (£20.078million) grant support level.

City College Coventry

5.3 This came to the Committee with the second phase in detail application just before the Committee changed the approval system. The new system requires 95% cost certainty after tenders have been received before detailed approval can be granted. The college had reported that the tender costs are higher than expected and later than expected largely due to Coventry City Council delaying the compulsory site acquisition.

5.4 If the Committee did not intervene the college would need to use 60% of the turnover to service the debts, and would continue to be in debt for the foreseeable future and long after normal modelling takes into consideration.

5.5 This is an exceptional situation that should not arise again and therefore any decision will not set a precedent. If the Committee did approve increased funding the college will be asked to increase learner numbers in WBL in return. Phase 1 has been completed and is a great success.

Decision: The Committee approved this revised £26.094million in detail application at a 54.2% (£14.143million) grant support level.

City of Wolverhampton College

5.6 This is the second phase of the former Bilston College campus redevelopment. The proposal is solid although the space norms are not met in this phase. Phase three will be coming to the Committee very soon and a fourth and final phase will address the space requirements.

Decision: The Committee approved the £13.500million in detail application at a 10% (£1.350million) grant support level.

Cambridge Regional College

- 5.7 This project relocates the remaining city centre accommodation to the Kings Hedges Road site. Much of this project is being financed by the sale of the city centre site to Berkley Homes which was estimated to raise £18.05million. The College is now concerned that this offer may be withdrawn given the current economic climate and want to move fast to safeguard the money.

Decision: The Committee approved the £23.145million in detail project at the 10% (£2.314million) grant support level, and the associated sale of the city centre site.

Item 6. Applications Agreed under the Chief Executive's and Regional Directors' Delegated Authorities.

- 6.1 The Committee noted the paper on Ripon Grammar School.

Item 7. Any other business

- 7.1 The Committee wished Alastair Grindlay a quick recovery during his scheduled absence .for hospital treatment in the New Year.

Item 8. Date of next meeting

- 8.1 The next meeting of the Committee will take place on 18 January.

Meeting chair	Norman Boyland
Minute taker	Pete Sanders
Date created	10 January 2008
Document ref.	G:\Chairmans Division\Secretariat\COMMITTEES\Capital Committee\Minutes\2007 minutes\nat-capitalcommittee-edit-minutes-13dec2007.doc