

Minutes



Leading learning and skills

Date	19 June 2008
Subject	National Capital Committee
Location	Hartpury College
Time	10:30
LSC office	National Office
Publication intent	Internal

Present Attendees are listed at Annex A

Item 1. Welcome, apologies and declarations of interest

- 1.1 The Chair welcomed the Committee.
- 1.2 The Chair reported that Terry Dabbs had now resigned from the Committee and it is was hoped to be able to appoint a replacement from the North East Regional Board.
- 1.3 The Chair raised concern about the lack of representation from some Regions on the Committee and he hoped that this would be rectified shortly.
- 1.4 The following declarations of interest were made:
 - Norman Boyland for a college in his region:
 - Isle of Wight College
 - Paul Jagger for colleges in his region:
 - John Leggott and Franklin
 - John Taylor for the Leeds Review as he has been involved with a number of the Leeds colleges over the years

Item 2. Minutes of the previous meeting on 21 May 2008

- 2.1 The minutes of the previous meeting were approved with the following amendments:
 - Item 2.1 should read "Hartpury College"
 - Item 3.5 should read "Lloyds TSB are likely to set their rates to circa 0.5% above LIBOR"
 - Item 4.2 should read "the increasingly high learner growth"

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- Item 4.27 Philip Head told the Committee that he and Roger Taylor had visited Huddersfield Technical College. The college is now appointing a commercial agent to renegotiate the proposed deal. The minute should read “it was recognised that this might change after feedback from the Regional Board”.

Item 3. Matters arising

Hartlepool College

- 3.1 The Regional Director North East presented this paper to the Committee and agreed that a senior representative should have been at the April Capital Committee when this project was first discussed.
- 3.2 The Committee raised concerns when this project was presented at the 29 April meeting about the ambition of the project and the predicted growth.
- 3.3 Hartlepool College is considered a good provider and is a major provider of post-16 education and training in the area.
- 3.4 The North East Regional Board raised concerns about there being no single internal ownership of the project. This has now been rectified with the appointment of a member of the management board as a full time project manager.
- 3.5 The college had worked with the local LSC to develop a more ambitious growth target of 19%.
- 3.6 The college have now assumed that learner numbers will flat line during the build process with growth occurring once the new building comes on line.
- 3.7 The college’s revised growth has resulted in an additional space requirement and an increase in the estimated cost of the scheme.
- 3.8 The Chair thanked the Regional Director, North East and the Regional Finance Director for attending the meeting and answering the Committee’s concerns.
- 3.9 The Committee raised concerns about the size of car parking with the college being near the town centre
- 3.10 The Regional Director, North East explained that the extent of car parking will need to be agreed as part of the detailed design and planning process although initial consultations with the Planning Authority are supportive.

Decision: The Committee agreed to endorse the £53,049 million project proposal on an in principle basis for approval by the Council at an indicative 86% (£46.031 million) grant support level and indicative long term borrowing of £6.109 million.

Leeds Review

- 3.11 The committee was informed that the proposal for the merger of Leeds based colleges came out of a Strategic Area Review in 2005 instigated by the LSC.
- 3.12 Since this report further reviews had taken place which had led to the current proposal whereby 3 (Leeds College of Technology, Thomas Danby College and Park Lane College) of the 5 colleges in Leeds now want to merge.

- 3.13 The three colleges will meet on 14 July to make a final decision and then a recommendation will be made to the Secretary of State (DIUS) to approve the merger and the formation of a new college from January 2009.
- 3.14 Since the beginning of the review the three colleges involved at the request of the local LSC have not progressed their own property strategies, which has left their existing estates in a poor state.
- 3.15 These colleges are asking the Council for £5,314,000 to rectify these problems until the establishment of the new college takes place.
- 3.16 There is no Rationalisation or emergency funding available to be able to fund this from elsewhere, hence the suggestion for 100% funding. The merged college's financial position would be fully reflected, however, in future capital projects..
- 3.17 The Committee felt that this was a good project with the refurbishment work taking place over the next two summers and noted that the £5 million would support learners in the short to medium term while the merged college implemented its own property strategy.
- 3.18 The Committee questioned the timings of the AiP application. It noted that strategic property advisor for the merged college was being appointed and it is also noted that that it would be at least a year before a substantive capital proposal would be presented to the Committee
- 3.19 The Committee asked that the Yorkshire and Humberside Regional Board should receive a city-wide accommodation strategy for Leeds so that all Leeds colleges' property requirements could be taken into account.
- 3.20 **Decision:** The Committee agreed to approve the £5.314 million budget to fully fund refurbishment at the three colleges with approval of the individual project costs within that budget to be delegated to the Regional Director.

Other Matters Arising

- 3.21 The chair raised the workload of the Committee he wondered whether the Committee could review their delegations and delegate some of the smaller proposals back to the Regional Councils once they had been established and were fully operational. Regional Councils will be set up from September 2008 so by January 2009 the Committee may be able to ask Council to give delegations to the Regional Boards.
- 3.22 There needs to be a representative from each Regional Council on the Committee.
- 3.23 Regions were asked last year to undertake a regional forward plan. These need to updated for the next 5-10 years prioritising projects. This process had begun at the Capital Committee was likely to be asked to review these plans in October/November.
- 3.24 There had been a big debate at the June National Council regarding widening eligibility for capital. Some Council members were still not happy about giving public money to private providers. A paper would be brought to the July Capital Committee meeting.

- 3.25 The Director of Infrastructure and Property Services will present an update paper to the July Capital Committee meeting to go forward to the July Council meeting.
- 3.26 The Chair asked members whether as well as having the minutes for previous AIP applications for detailed projects whether it would also be beneficial to have a briefing note on what was discussed when the project went to Regional Board. Members agreed that this would be useful.

ACTION: Clerk to the Committee to provide briefing note of discussions at Regional Board

Item 4. Capital Applications for Approval by National Council and Capital Committee

Isle of Wight College

- 4.1 The Committee noted the Chairs declared interest in this project as chair of South East Regional Board and John Taylor took over the chairing of this item and it was noted that the South East Regional Board has endorsed this project for approval.
- 4.2 The college's principal made a presentation to the Committee outlining the college's in principle proposal to demolish 18,968 m² of existing buildings and replace these with 22,300 m². To create a coherent and highly campus previous investment in an arts block and an LRC in 2003 and 2004 at a cost of £9 million would have to be demolished.
- 4.3 The college had been assessed as "outstanding" by OfSTED in 2007. In partnership with HE providers the college will expand its HE provision.
- 4.4 The project was estimated to cost £83,478,000 with the college asking for £75,130,000 (90%) grant from the Council.
- 4.5 The Committee had particular concerns about the demolition of previously LSC funded buildings. Members sought further advice as to whether these buildings could be included in the new design. The local press had run a story about this college and believed that it would offer value for money through a more efficient site. The Committee was surprised that there were no planning issues with this new design.
- 4.6 The Committee was concerned that the four other layout options were not presented to them and did wonder whether it was the architect and not the college who had decided which final design to use.
- 4.7 The Committee was also concerned about the high cost of the project which seemed very highly inflated. This will need to be looked at carefully when the detailed application is brought forward.
- 4.8 National LSC Finance colleagues were surprised at the NPV figure with the grant level being 5 times the college's turnover.
- 4.9 The South East Regional Board raised project management issues, with the principal due to commence maternity leave shortly. The committee was advised that these had now been addressed with the appointment of a full time project manager.

Decision: The committee deferred the decision until the issue of the use and retention of the existing relatively new buildings had been externally reviewed.

Stafford College

- 4.10 Stafford College is a general sized further education college operating from 6 different sites, mainly located on the Earl Street campus. The college is proposing to complete the redevelopment of the Earl Street campus and is asking for £36.334 million (75.6%).
- 4.11 The college has ambitious plans to increase the number of 16-18 learners accessing further education and learning.
- 4.12 Redevelopment of the site will involve the removal of a 541m² steel framed/flat roof metal clad industrial building used for construction which was built at cost of £1,018,484 with 10% grant support in 2006. The buildings fittings and equipment will be reused in the new building.
- 4.13 The Committee asked about the impact on neighbouring colleges especially South Staffordshire College which had recently had a proposal agreed. Stafford is classed as the county town so the college is the main recruiter in the area even though some of the catchments areas overlap. The key curriculum areas of each college are different so there has never been an issue.
- 4.14 Committee members raised concerns on the very negative NPV.
- 4.15 Although members were not happy about endorsing buildings previously paid for by the LSC to be knocked down they agreed that this was a sensible option and were pleased to hear that the equipment could be used in the new college.
- 4.16 The Committee asked about decanting while the redevelopment was undertaken. The college has identified certain buildings to lease which would help with this.
- 4.17 The Committee raised concerns about the length programme for the project as it was not scheduled to finish until 2013 and the impact this will have on learners.
- 4.18 National LSC colleagues raised the issue of the college using a single contract for the whole of the project. This would need to be looked at in the detailed application.
- Decision:** The Committee agreed to endorse the £48.060 million project proposal on an in principle basis for approval by the Council at an indicative of 75.6% (£36.334 million) grant support level.

City of Westminster College

- 4.19 The application was brought forward at a detailed stage after being approved in principle in July 2007.

- 4.20 The Chair congratulated the college on keeping the costs of the project within target and asked how this has happened.
- 4.21 The college have a very strong project management team who have met regularly with local LSC colleagues throughout this process to ensure costs have not spiralled.
- 4.22 If the college needs to sign its contract before the next Council meeting in July Chris Banks would be asked to convene the urgent approvals group.
- Decision:** The Committee agreed to endorse the £101.943 million project approval on a detailed basis for approval by the Council at a grant rate of 86% (£87.668 million) and with long term borrowings of £11.075 million.

Loughborough College

- 4.23 Loughborough College is a large general FE college in the East Midlands located approximately 1 mile from Loughborough town centre and close to Loughborough University.
- 4.24 In March 2005 the college was given consent for Phase 1 of the redevelopment of the site. The college has revisited its masterplan and updated the proposals for this application.
- 4.25 The college is requesting approval in principle for £41,100,029 million (84.8%).
- 4.26 The Committee queried the high level of costs with the project being 2% over cost norms.
- 4.27 The Committee asked about the provision of car-parking. There have been a lot of problems in the area around parking especially with the college's close location to the University.
- 4.28 GLH and turnover look good but the college could do with more train to gain. Learner numbers need to be investigated more in the detailed application
- Decision:** The Committee agreed to endorse the £48.48 million project approval on an in principle basis for approval by the Council at an indicative 84% (41.1 million) and £6.65 million long term borrowing.

John Leggott College

- 4.29 John Leggott is a single site college and the only beacon college in the Humber sub-region.
- 4.30 The college was inspected in May 2007 by OFSTED which judged that although the college had outstanding features it was critical of the amount of social space for students and the adequacy of accommodation for learning resources.
- 4.31 The college's in principle approval proposes to redevelop the existing estate to provide a new purpose built campus with total project costs estimated at £41,250,000 with grant support of 335,063 (85%).
- 4.32 The Committee raised concerns about the relationship with the neighbouring North Lindsay College which does not want to borrow money to reinvest in their poor estate.

4.33 Members asked about the large increase of space in the new build, this suggests huge growth but this does not show in leaner numbers.

4.34 As the building is extremely crowded this extra space was justified.

Decision: The Committee agreed to endorse the £41.25 million project approval on an in principle basis for approval by the Council at an indicative 85% (£35.063 million) and £5.352 million long term borrowing.

Franklin College

4.35 Franklin College is a high achieving specialist sixth form college in North East Lincolnshire.

4.36 In 2007 the college completed a new build for Art and Photographic studies and the college intends to retain this building with the remainder of the college buildings being demolished and the construction of a new three storey building with an estimated project cost of £35,454 million with a grant support of 85%.

4.37 The proposed development at the nearby Grimsby Institute and the Franklin College development will lead to a combined learning village vision by 2011.

4.38 It is hoped the detailed application will come forward early in 2009.

4.39 The Committee raised concerns over the extra space in this proposal but again like John Legott College the buildings are very over crowded and this extra space was justified.

Decision: The Committee agreed to endorse the £35.45 million project approval on an in principle basis for approval by the Council at an indicative 85% (£30,136 million) and £5.149 million long term borrowing.

West Thames College

4.40 West Thames College is a medium sized further education college in the London borough of Hounslow. The main campus is in Isleworth with a skills centre in Feltham.

4.41 The detailed application is for the redevelopment of the Isleworth campus involving the demolition and replacement of the 1960s and 1980s buildings with the grade 2 listed building being retained.

4.42 The detailed project has increased since AiP.

4.43 The project costs had increased due to cost inflation and the complicated nature of the project – new build, demolition, new build. There is not another way to do this.

4.44 The scale and nature of the project has not changed since approval in principal.

4.45 The Committee agreed that the costs in principle application appeared to have been under-estimated.

Decision: The Committee agreed to endorse the £63.8 million project approval on an a detailed basis for approval by the Council at an 92% (£2.6 million) grant support and long term borrowings of £2.610 million.

Item 5. Applications for Capital Project Support for Approval by the Capital Committee

Orpington College

- 5.1 In May 2007 the Committee agreed the in principle application for a mix of new build and refurbishment. The estimated cost of the project was £18.756 million with grant support costs of 84%.
- 5.2 The college's revised application for detailed approval indicates an increase in the project to £25.649 million. The college intends to fund the project through long term borrowings of £30.513 million and grant support of 98%.
- 5.3 The Committee asked the Principal why this cost increase had occurred and how the Committee can be confident that the price isn't going to rise even further.
- 5.4 The design at the detailed stage is much better and of higher quality and a new project management team have been appointed.
- 5.5 This is still within the London cost model benchmarks and the college had 97% cost certainty compared to the 95% requirement for detailed approval
- 5.6 There was some debate as to whether the amount of grant support had been correctly assessed. It was agreed that Denis Miles would review this with Raza Raheem. If they jointly agreed that the grant support rate should be reassessed then the revised rate would be agreed with the Capital Committee Chair.

Decision: The Committee agreed to approve the £25.649 million project approval subject to a review of the proposed 96% grant support rate as indicated at paragraph 5.6 above. If this recommended a different rate of grant support then the Chair would be asked to agree it.

South East Essex College (Thurrock)

- 5.7 In 2007 the LSC Essex conducted a 16-19 Competition in Thurrock and Basildon. The outcome of the Thurrock Competition is that it has been won by a consortium led by South East Essex College (SEEC) to produce a major two centre 16-19 learning campus to be operational by 2012.
- 5.8 In the meantime LSC Essex had asked the consortium to provide interim facilities in the town centre able to offer new provision from January 2009.
- 5.8 The college is seeking 90% (£3.925 million) to complete a lease with Thurrock Borough Council and acquire and fit out a modular solution in Grays town centre.
- 5.9 The Council's grant support will be funded from the 16-19 Capital Fund and similar arrangements had been agreed by the Capital Committee for the Basildon competition outcomes.

Decision: The Committee agreed to approve the £3.925 million project approval on an in principle basis at an indicative 90%.

Item 6. Projects approved under delegated Authority and ASL projects.

6.1 The Committee noted the paper and the approvals for the following providers:

- National Star College
- Hugh Baird College
- Liverpool Community College
- Chenderit School
- Belle Vue Girls School
- The East Northamptonshire Partnership
- Featherstone High School

ASL Projects

6.2 Decision: The Committee approved the 7 ASL projects listed in the papers.

Item 7. Any Other Business and Date and Venue of Next Meeting

7.1 The Committee agreed that a guidance needed to be issued to deal with the demolition of relatively new LSC funded buildings in new project proposals.

Action: Philip Head to produce guidance.

7.2 Philip Head updated the Committee on the capital budget and discussions with DIUS on specialisation and extending eligibility

7.3 It was agreed that a report on extending eligibility would be presented to the committee at its July meeting

7.4 Committee members agreed that having the meeting out in the sector had been an excellent idea and looked forward to doing it again later in the year, possibly at York College.

7.5 Philip Head reported the large numbers of projects waiting to be presented at the July and September meetings and asked whether members would be happy to have an additional meeting in August in line with the Council meeting. in early September and also to look at bringing the September meeting forward a week

Action – Clerk to the Committee to canvass dates for extra meetings.

Capital Committee – 19 June 2008 - Attendees

Members Attending

- Norman Boyland
- Richard Haynes
- Alan O'Neill
- John Taylor
- Paul Jagger
- Mike Collier

LSC Staff attending for all agenda items

LSC Staff

- Philip Head
- Denis Miles
- Judith Wilson
- Roger Taylor
- Alastair Grindlay
- Liz Adcocks (clerk)

Apologies for Absence

- John Bull
- Terry Dabbs
- George Sweeney
- Lynne Morris
- David Russell

Item 3 – Matters Arising

Hartlepool College

- Chris Roberts – Regional Director – North East
- John Smith – Regional Finance Director
- David Johnson – Regional Property Advisor

Leeds Review

- Mike Lowe – Area Director
- Cristina George – Partnership Director
- Mike Green – Regional Property Advisor

Item 4 – Capital Applications for Approval by the Council

1 Isle of Wight

College

- Debbie Lavin – Principal
- Lynne Christopher

LSC

- Isabelle Wragg – Regional Property Advisor
- Martin Lamb – Area Director
- Pauline Tiller – Regional Finance Director

2 Stafford College

College

- Steve Wills – Principal
- Ian Rigby – Vice Principal

LSC

- Val Tomlinson – Partnership Director
- Paul Doherty - Partnership Director
- Debbie Callaghan – Regional Property Advisor
- Chris Knight – Regional Finance Team

3 City of Westminster

College

- David Pidgen – Vice Principal

LSC

- Chris Wright – Partnership Director
- Raza Raheem – Regional Finance Director
- Catherine Davies – Regional Property Advisor

4 Loughborough College

- Teresa Davis – Partnership Manager
- Dianne Brown – Regional Property Advisor
- Andy Neill – Provider Financial Management

5 John Leggott College

- Jane Lyon – Area Director – Humberside
- Mike Green – Regional Property Advisor
- Rachel Eastman – Regional Finance

6 West Thames College

- Clare Arnold – Area Director – London West LSC
- Raza Raheem – Regional Finance Director
- Pravin Parmar – Senior Property Advisor
- Helen Quayle – London West LSC

7 Franklin College

- Mike Green – Regional Property Advisor
- Rachel Eastman – Regional Finance

Item 5

Capital Projects for Approval by the Capital Committee

1 Orpington College

College

- Simon Norton – Principal

LSC

- Lawrence Downes – Partnership Director
- Raza Raheem – Regional Finance Director
- Pravin Parmar - Senior Property Advisor