

Minutes



Leading learning and skills

Date 22 November 2007
Subject Capital Committee
Location Centre Point
Time 10:30
LSC office National Office
Publication intent Internal

Present Norman Boyland
Richard Haynes
Alan O'Neill

In attendance Ros Lester - DIUS
East Surrey College
Frances Wadsworth
Jill Small
David Twiss
David Smith - LSC
Pauline Tiller - LSC
Isabelle Wragg - LSC
For West Cheshire College
Sara Mogel
Penny Horsfield
Liz Davis - LSC
Debbie Callaghan - LSC
Steve Dunmore - LSC
For Stockport College
Peter Roberts
Keith Alcock
Jason Challender
Christine Troughton - LSC
David Johnson - LSC
Steve Dunmore - LSC
For Colchester Institute
Alan Searle - LSC
For Stockton Riverside College
Tom Crompton - LSC
Helen Neaton - LSC
Val Goodrum - LSC
For Loreto College
Hoosang Rahmani - LSC

LSC staff

Steve Dunmore - LSC
For Merton College
Don King - LSC
Basheer Dilmahomed - LSC
Philip Head
Alastair Grindlay
Denis Miles
Judith Wilson
Roger Taylor
Pravin Parmar
Pete Sanders

Apologies

Apologies have been received from:
John Bull
Terry Dabbs
Lynne Morris
George Sweeney
John Taylor

Item 1. Welcome and introductions

- 1.1 The Chair welcomed the Committee and noted the apologies. Ros Lester, Policy Manager from the DIUS Reform Unit was welcomed back to the Committee. Roger Taylor was welcomed to his first meeting, who will be re-joining the Property and Infrastructure Team next year.
- 1.2 The following declarations of interest were made:
 - Norman Boyland for East Surrey College, the College is in the South East region but has not been discussed at a Regional Board meeting.
 - Richard Haynes for East Surrey College, his firm are assisting the College with the disposal of the site. Richard has not yet been involved in this, but will be in future.
 - Alan O'Neil for Colchester Institute, the Institute is in the East of England Region but has not been discussed at a Regional Board meeting.

Item 2. Minutes of last meeting

- 2.1 The minutes were approved subject to amendments given to the clerk.

Item 3. Matters arising

- 3.1 Item 3.1 Machinery of Government. Ros Lester updated the Committee on progress since the last meeting. A joint letter from the two Secretaries of State will be published before the end of the month and a consultation is due

to begin in late January. Capital has already been recognised as a special case which will need local and regional consideration with national administration however there are no details as yet.

- 3.2 Item 3.3 Judith Wilson will report back to the Committee at a later date regarding project affordability. There is need to rework the model and update it. The Committee is likely to see the first AiP projects to use this new model in the New Year.
- 3.3 Item 5.1 CITB National Construction College did not receive planning permission on the land for disposal therefore the college will have to rethink the proposal, including the swimming pool. Work is still ongoing and the project is likely to come back to the Committee on a detailed basis in the spring.
- 3.4 The Dyson project is now being considered for a site in Swindon.
- 3.5 Item 6.1 Cost criteria. It should be clarified that some project papers had been to local LSCs before the approval of the new cost criteria, which is why some abnormal costs still appear in these papers. All projects have however been looked at in light of the new criteria.

Item 4. Capital Project Support – Projects for Approval by the Council.

East Surrey College

- 4.1 Members note that the costs are just outside the new cost criteria; this will be rectified before the in-detail approval
- 4.2 The campus is split into two sites by a road. One site will be used during the decant but will then be surplus to requirements. Planning consent for the site and market testing has not yet begun but will commence in the New Year. It is hoped the disposal will raise £8million and the grant agreed should be dependant on planning permission being given on the surplus land. Given the current poor climate for developers there are significant risks around this value and the price may have to be reviewed. This price will be known by the in-detail presentation.
- 4.3 There is a negative pledge mentioned in the papers. This is becoming increasingly common and is unlikely to raise any issues. This simply means that instead of a bank asking for security on the loan they insist that the college must approach them first in future for any additional loans.
- 4.4 The college has a track record for exceeding targets and has strong collaboration with other providers in the area to provide a joined up curriculum. Learner entry and progression has recently been reviewed which will enable the college to tailor the curriculum in order to target the NEET group and encourage them to progress.
- 4.5 Whilst the design of the building is important, this project aims to improve the whole learner experience. The current site has no presence, the main entrance is down a small side street and it is easy to pass by without realising the college is there.

- 4.6 Stage D of the design report has been agreed and work on stage E has now started. There is a strong internal team led by experienced external management.
- 4.7 The decant will be a significant risk but one that can be managed. The college considers the decant stage to be a separate entity, with a separate budget to ensure the look and feel of the college is not lost during the building works. The budget is strict and the phase uses mostly temporary or reusable materials.
- 4.8 The “Gatwick Diamond” is an area of significant regional growth and investment. The college will be as future-proof as possible in terms of increased learners and employer engagement. Train to Gain provision is largely off site and other employer led provision is done on location where employers dictate.
- 4.9 Growth estimates need recalculating; a growth of only 54 students over 5 years at Full Cost 19+ is much lower than would be expected. An increase of 421 in 16-18 learners looks ambitious.
- 4.10 Whilst the Train to Gain programme has exceeded the targets for this year the college does not consider itself to be successful in this area yet. The targets were not challenging enough.
- 4.11 The demographic projects show an increase in the 16-18 cohort over the next 2-3 years before the numbers start to decline in line with the national trend. There is enormous potential for a college in this area yet there seems to be a lack of drive to engage employers already in the area.
- 4.12 The current cost criteria limits for a decant of this size is £800,000; the proposed spend is currently £2.2million.
- 4.13 SEEDA is unlikely to be able to give money to this project development.
Decision: The Committee agreed to endorse the £45.882million project on an in principle basis for approval by the National Council at an indicative 76% (£34.842million) grant support level. This is conditional on planning permission being granted on the site for disposal.

West Cheshire College

- 4.14 This college is currently located on four sites with accommodation dating back to the 1950s. This project aims to consolidate the college onto two sites, one in Chester, the other at Ellesmere Port. The proposal for the Handbridge site in Chester is for new build to replace all of the existing buildings and provide a new technology based operation and for Ellesmere Port for new build to replace some of the existing buildings and to enlarge the campus
- 4.15 The college has previously been given detailed approval to relocate its Handbridge campus to a new site in the centre of Chester. It was, however, unexpectedly refused planning permission and the site was taken off the market by Chester City Council to prevent the College obtaining it.
- 4.16 The college’s Capenhurst campus is built on a nuclear site, as a consequence every change to the building – including minor alterations such as fitting extra electric sockets – need to be approved by the Nuclear Board.

The Board can be very slow at responding and have, to date, refused all requests for alteration.

- 4.17 The college believes that significant cultural change is needed to encourage learners. Learning activities must therefore be highly visible not only to students, but to visitors as well. Hands-on activities will be available in the new atrium, and everyone will get the opportunity to join in. Learning activities will be shown in the town centre via video link, this will help further embed the College into the community. This project is very much about driving change in education and therefore building the accommodation that can enable that change.
- 4.18 There is strong support in Ellesmere Port and there should be no issues for planning permission but the Handbridge site must not exceed the current footprint. There is currently a moratorium on building whilst a local government review is carried out, this will add complications. A stakeholder group has been convened to minimise risks. Whilst the college is keen to stay in Chester for the learners there is a contingency plan to move exclusively to Ellesmere Port if necessary.
- 4.19 There is 8 miles between the two campus locations but the learning environment is very different in each and there will be little overlap in curriculum with the exception of adult basic skills.
- 4.20 The Greenbank site should be easy to dispose. The Capenhurst campus is leasehold but the college are able to get out of the lease without penalties and will not be responsible for dilapidations.
- 4.21 The college believes its internal project management team is very strong, and that there is sufficient external expertise to guide it.
- 4.22 The learner growth looks low in terms of numbers; however there is a significant decrease in cohort size predicted which masks the large increase in participation rates.
- 4.23 The Committee noted that there appeared to be a 33% increase in guided learning hours yet only a 16% increase in income. This will need reviewing before the in detail presentation next summer. The phasing will also need consideration as running two large projects at the same time will be very difficult to manage.
- 4.24 Clear planning consent and a decant plan will also need to be in place before the detailed presentation.

Decision: The Committee agreed to endorse the £60.297 million project on an in principle basis for approval by the National Council at an indicative 78% (£47.031million) grant support level.

Stockport College

- 4.25 The Committee was reminded of the history behind this project. At the last presentation, Stockport College were asked to return to this Committee with a more robust project. This is the third presentation to the Committee.
- 4.26 Costs have generally remained the same from the previous presentation, however income and learner numbers have increased.

- 4.27 The educational assessment has been reviewed and additional workshop space added. There has also been more focus on NEETS and learners with learning difficulties and/or disabilities.
- 4.28 Planning permission has been received for phases 1 and 2 which are the subject of the current application. Phase 3 which will be brought forward for approval later will improve the NPV even further. This project is key for the regeneration of Stockport and a huge amount of work has gone into getting this right, both within the LSC and at the college.
- 4.29 Over 30 sites were considered and the final choice is still the best option despite the listed building, which will be used for the administration of the college only.
- 4.30 The college is already the largest provider of adult and vocational courses in the area. There is significant downturn in the regional demographics, whilst predicted learner numbers remain constant in several key areas, this represents a significant increase in participation rates and will be a challenging target.
- Decision:** The Committee agreed to endorse the £52.143million phase 2 project on an in principle basis for approval by the National Council at an indicative 69% (£38.103million) grant support level. The Committee also agreed the £24.009million phase 1 detailed proposal at the 69% (£16.566million) grant support level.
- 4.31 The Committee also noted that learner numbers do not add up in the commentary and the tables from the local Council papers. The process of scrutiny at local level needs reassessing. The local Council has already seen these papers yet mistakes in the paper have not been identified before. Regional Directors and Area Teams need to be aware of this; errors have appeared in papers before. At 39 pages, the information is not clearly presented and analysis is made difficult.

Item 5. Capital Project Support – Projects for Approval by the Capital Committee

Colchester Institute

- 5.1 This project was agreed at the last meeting on an in principle basis. An agreed maximum price has now been agreed with the contractors.
- 5.2 Phase 2 will be coming back to the Committee next year and savings will not be made until after that phase is complete. It is estimated currently that an 86% grant support will be needed for that phase.
- 5.3 An external project manager has been brought in to help the college's internal team. The project is within the cost parameters.

Decision: The Committee approved the £25.450million in detail project proposal at the 50% (£12.726million) grant support level.

Stockton Riverside College

- 5.4 The Committee was informed that Bede Sixth Form College is due to merge with the much larger Stockton Riverside College by March 2008. Bede

College is much smaller at 440 FTE, compared to 3,377 FTE at Stockton College. Extensive work has been done on this merger already and there has not been a single objection.

5.5 Learner growth for the merged college is conservative in that the figures are achievable, but the targets are still challenging. This college must be treated equally to other merged colleges. Whilst this is not identical to the approach taken for Newcastle and Skelmersdale and Ormskirk, it is a sensible and defensible approach.

5.6 The colleges have a 'Lennartz' concession for phases 1 and 2 that lasts for 60 years and is approximately £1.3million in VAT. This effectively increases the level of borrowing by approximately 6% per annum.

Decision: The Committee approved the £26.979million project on an in principle basis at an indicative 90% (£24.281million) grant support level on condition that the merger between the two colleges takes place.

Loretto College

5.7 This is a strong college which has seen a rapid increase in learner numbers. Some of the recent accommodation is already looking too small. There is a potential merger which will be considered in future but the college is not looking to maintain the current rate of expansion. This project must be fit for purpose in light of any future growth or merger plans.

5.8 The committee noted that this appeared to be a very good proposal from a sixth form college and the intervention rate is much lower than many others.

5.9 There are no detailed figures for learner numbers, this is the second fastest growing college in the country and future growth needs clarification. This must be presented at the detailed stage.

5.10 The decant has not been explained in terms of the action plan or costs. This must also be included in the detailed presentation.

Decision: The Committee approved the £18.251million project on an in principle basis at an indicative 71.2% (£12.995 million) grant support level.

Merton College

5.11 This is the final phase of a successful project. Traditional 19+ learner numbers are falling, however this is more than offset by the growth in the Gain programme.

5.12 Governors have approved this project on the assumption of a 100% LSC grant, the LSC's area and regional finance teams have recommended an 83% grant. Dialogue with the college has ensured this has not come as a surprise. The college would need to raise an additional £1million.

5.13 The local planning has not yet managed to consider the application fully, but have written to the college to reassure them there are unlikely to be any concerns.

Decision: The Committee approved the £20.301million project on an in principle basis at an indicative 83% (£16.850million) grant support level.

Item 6. Sustainable Development Action Plan and Formula Based Allocations

Sustainable Development

- 6.1 Phil Head talked through the paper and highlighted the key points in the LSCs proposed Sustainable Capital Development Action Plan. Consultants Arup have offered to undertake and help sponsor a study to be commissioned by the LSC to identify what the carbon footprint of a college should be.
- 6.2 Public sector energy efficiency experts Salix Finance Ltd have drawn up proposals on behalf of the LSC to offer colleges the opportunity of additional investment for energy saving projects.. The LSC does not have the capacity to manage the scheme in-house. If a college invests up to £100,000 on sustainability items with a payback period of less than 5 years then the LSC will contribute towards the capital costs up to a maximum of £150,000. This is a similar scheme to that introduced to allow colleges to comply with recent DDA legislation. Colleges with accommodation built before the stringent sustainability measures were introduced will find it particularly useful.
- 6.3 The Committee welcomed the proposals with enthusiasm and endorsed the energy savings scheme with Salix in particular.
- 6.4 John Denham was known to be very keen on sustainability. It was felt that they should be more widely publicised and has asked that an additional prize be given at the RIBA awards for sustainability.
- 6.5 The Committee was also warned that DIUS may push for additional focus to be given to sustainability. The Committee asked for more work to be done before cast-iron targets are set as they will need to be challenging yet achievable. Setting targets to make all new colleges carbon neutral would not be welcomed at this stage as there is not yet a full understanding of what that would entail, or how much it would cost. The Arup study would help identify that.

Formula based and Capital Works Allocations

- 6.6 The Capital Strategy is not yet published externally due to the MoG ministerial input. This year the Committee agreed the allocation of £30million of capital funds, it is likely that next year an additional £20million will be available to distribute in the same way. Detailed proposals will be brought to the February 2008 meeting to discuss how funds might be allocated.
- 6.7 The recent Grant Letter clearly distinguishes between monies from DIUS and from DCSF for the first time instead of the previous single line budget. This will result in a two line budget in future, and it will be more difficult to transfer underspend from one to another without the joint agreement of DIUS and DCSF.

Item 7. Capital Project Support – Projects Approved under Delegated Authority.

- 7.1 The Committee noted the paper.

Item 8. Any other business

8.1 The date of the January 2008 meeting will be brought forward to Friday 18 January.

Item 9. Date of next meeting

9.1 The next meeting of the Committee will take place on 13 December.

Meeting chair Norman Boyland

Minute taker Pete Sanders

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