

Minutes



Leading learning and skills

Date 24 April 2007
Subject Capital Committee
Location Grosvenor Gardens
Time 10:30
LSC office National Office
Publication intent Internal

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

In attendance

For Stockport College
Peter Roberts - Principal
Keith Alcock - Deputy Principal
Jane Bracewell
Chris Griffin
David Johnson

For North West Kent College
Malcolm Bell - Principal
Geoff Parret - Finance Director
Terry Knight - Vice Principal
Pauline Tiller
Isabelle Wragg

For South Leicestershire College
Lowell Williams
Hari Khurmi
Mark Maybe
Mary Rogers
Andrew Martin

For Southampton City College
Martin Lamb
Pauline Tiller
Isabell Wragg

For Kendal College
Chris Griffin
David Johnson
Ruth Bullen

	For Plumpton College Pauline Tiller Isabelle Wragg
	For South Sefton Kevin Mothersdale
LSC staff	Philip Head Alastair Grindlay Denis Miles Judith Wilson Pete Sanders Paul Stokes
Apologies	Apologies have been received from: John Taylor Terry Dabbs

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, Southampton City College and Plumpton College as the Regional Chair, however only Plumpton College has been discussed at a Regional Board meeting. George Sweeney declared an interest in South Sefton College.

Item 2. Minutes of last meeting

- 2.1 A list of amendments was passed to the Clerk. The minutes were approved subject to these changes.

Item 3. Matters arising

Dyson Manufacturing Skill Centre Project

- 3.1 Philip Head introduced the paper and summarised the history of the project. Costs have increased from £21million to £33million due in part to difficulties with the planning application. Part of the existing building has now been listed, resulting in a complete redesign to preserve the "historic road frontage elevation".
- 3.2 Sir James Dyson has increased his commitment from £5million to £13million, with the DfES allocating a further £5million towards the increased costs. The DfES has been the main negotiator with Sir Dyson on this project and has agreed the LSC will contribute on a 50:50 basis. It should be noted that at the January 2006 meeting, this Committee supported the application but felt that the proposals were not refined enough to give approval.

- 3.3 In principal approval will be sought at the July meeting of this Committee. At that time the regional LSC should ensure that this project represents good value for money and there is a clear business plan.

Action: The regional team should be invited to give a progress report to this Committee at the June meeting.

Item 4. Capital Applications for Approval by the Council

Stockport College

- 4.1 The College team presented the project to the Committee, highlighting the need to update its buildings which largely date back to the 1960s and 70s and lack the flexibility to be utilised effectively. Some of the newer provision is accommodated in portacabins.
- 4.2 The borough council and local community have shown strong support for this project. Recent college redevelopments in neighbouring areas are taking learners away from the area and significant work is needed to make the college a viable alternative to these new developments.
- 4.3 The St. Thomas site has already been purchased and work can start as soon as approval is given. This work will not interfere with the day to day activities of the school. The first phase is split into two projects which could be awarded to two different contractors, or one contractor for both. The later phases depend on work from this phase being completed.
- 4.4 It was noted that whilst all phases of this project are important, phase 1a and 1b are crucial for the rest of the project. If affordability became a critical issue, later phases could be worked around if absolutely necessary; however it would not be an easy option. The detailed proposals for phase 1 will better inform the costs of the later phases.
- 4.5 The NPV does not factor in the significant growth that has occurred in the last 5 years, it also takes account of the project as a whole, without further breakdown for each phase.
- 4.6 The replacement rather than refurbishment of one of the buildings has increased costs but will increase the shelf life of the building and ensure it is fully fit for purpose.
- 4.7 The predicted growth is modest yet it is a good college, the participation rate is only 72% and there is a large NEET group accounting for almost 7% of the cohort. The 14-19 cohort is expected to decrease significantly in the area over the next 10 years. The growth is realistic and achievable, and the detailed plans of the later phases can factor in any deviation from the predicted figures.
- 4.8 There are many concerns with the project although the large negative NPV is the biggest worry; the business case for this project has yet to be fully established. The options for phase 3 have not been fully investigated; however the college should be encouraged to bring phase 1a and 1b back quickly, with a view to starting the build as soon as possible.

Decision: This project cannot receive approval in principal in its current state. Phases 1 and 2 must be brought back for further consideration as

soon as possible with a healthier NPV, but approval will not be given until after a full review of all three phases.

North West Kent College

- 4.9 The College is largely comprised on 1950s buildings with some newer developments added in the 1990s. These later buildings will largely remain untouched however some refurbishment is needed.
- 4.10 Planning permission has already been approved and subject to approval from this Committee work will start by September, with enabling work commencing over the summer.
- 4.11 External funding sources have been explored fully, and £625,000 per annum has been secured from the private sector and a further £1.5million from the public sector.
- 4.12 Growth in participation has been significant since 2002 and is expected to continue. Although the projected figures are challenging, they are also achievable and there is a commitment from the local LSC to fund this growth. Maritime provision is a safe market in which they have a good reputation; this provides an almost guaranteed income stream for the future. Targeting the large NEET group will also increase income.
- 4.13 A project at the Dartford site will be put before this Committee later in the year, although it will start 12 months after this current project, both are expected to finish at the same time. It will be challenging having two large projects running concurrently, but the risk is manageable.
- 4.14 The College is well diversified, the project proposal is sound and the work already done at the Dartford site gives confidence in the management team's ability to oversee the work. There is perhaps opportunity to sell some additional land for residential development at the Dartford which should be investigated when the next phase of the project is brought to the Committee.

Decision: The project was approved at the requested 81% grant support of £33.38million. Detailed proposals will come back in September.

South Leicestershire College

- 4.15 The College has already purchased the land required for the new build. This was a necessity to prevent a developer obtaining it. This has been bought at the market rate, as part of the sale the College has agreed to sell their current site to the owner of the new site also at the market rate.
- 4.16 There has been a 25% increase in student numbers, the new site will be an increase in space of 55% over the current accommodation which is already cramped and cannot be expanded further to meet the growing participation. Guided learner hours have also increased substantially and look set to continue.
- 4.17 Access to the current site is very poor and the facilities are no longer suitable. The new site is within walking distance of the current site and therefore students will not be disadvantaged. Although the new site is in a conservation area the plans have been adapted to be sensitive to its surroundings. It will also been highly environmentally friendly, using biomass

technology, grey water and other green technologies. The planning authority is very keen on the College occupying this site.

- 4.18 Part of the project includes a multi-faith centre. This is primarily for the pastoral care of students, although it can also be adapted for use as a meeting room and lecture theatre. Out of school hours it will be available for use by the local community. This will not only bring the college into the heart of the community, but raise its profile and hopefully participation.
- 4.19 The abnormal costs are high, however these have been carefully detailed and accurately assessed. £2.7million has been incurred by building in a conservation area. All costs were negotiated before the land purchase and there should not be any additional spending. Detailed planning consent has already been prepared and will be submitted on 1 May, providing this Committee approves the project.
- 4.20 The project is susceptible to small changes in income streams, and only a small contingency has been factored into the project. The deficit this year is only a result of the land acquisition, and the financial forecast is solid. External sources of income are also being investigated.
- 4.21 There is a detailed risk register and action plan against each item. The management team is good, the growth is realistic and there is every confidence that this project will be managed well. All growth up to 2008/09 will be funded by the LSC, their train2gain work provides a small safety net.
- Decision:** The in principal application was approved at the 72% (£27.83million) level, accurate levels will be established at the detailed stage.

Southampton City College

- 4.22 The Committee noted the high abnormal costs of this project; this is the only concern with an otherwise good proposal. The college is expecting to receive detailed planning consent today.
- 4.23 The large area of glazing has added to the costs of the build as well as ongoing running costs due to environmental controls. Changing the cladding would require an amendment to the planning application, not a new application. The College was already aware of the concerns of the LSC and chose to continue with the application.
- 4.24 The growth in learner numbers is being funded, and is predicted to be moderately high.
- 4.25 There is a potential land sale on St. Mary's street which could raise a small amount of additional funds.
- Decision:** The in principal application was approved, however as the costs are expected to decrease between now and the detailed stage it is impossible to give an accurate grant support level. A notional 50:50 grant support will be given until the detailed approval stage.

Item 5. Capital Applications for Approval by the Capital Committee under delegated Authority. [projects estimated to cost up to £30million]

Plumpton College

- 5.1 George Sweeney chaired this item due to the interest declared by Norman Boyland.
- 5.2 This is a very similar project to the recently approved Reeseheath project, although slightly smaller. This is a straight forward proposal which meets LSC criteria.
- 5.3 Some residential accommodation is offered, this is because the catchment area is sizeable and many students would not be able to attend otherwise. It would be unrealistic for students to attend an alternative college so these students would simply not attend if accommodation was not available.
- 5.4 The college is sensitive to small changes in funding, however this is characteristic of all land based colleges.

Decision: This in principal application was approved at the requested 59% level of £9.8million

Kendal College

- 5.5 This is the smallest and most remote college in the region and as such needs to offer a wide curriculum although class sizes are relatively small. The college is dispersed over three sites.
- 5.6 This is phase 1 of a two phase project on their main site, it is needed to meet the demands of future learners who would likely move out of the area if this college were to close. This assumption has been applied to the NPV to adjust the value to a more realistic figure.
- 5.7 The operational cash flow is healthy, however surplus is very low. The borrowing appears to be over estimated with 47 cash days included, over twice the generally accepted norm. A grant support of 77% looks adequate at this stage however it can be adjusted at the detailed stage if there is compelling reason. The college should be encouraged to come back with a detailed proposal as soon as possible.

Decision: This in principal application was approved at 77% grant support.

Item 6. 16-19 School Projects and Proposed Streamlining of Capital Approval Process

South Sefton College

- 6.1 This proposal is for the construction of a new sixth form centre on a greenfield site, at a total cost of £11.8million
- 6.2 A negative NPV is always going to occur on this type of project, all other criteria have been met.

Decision: The in principal application was approved at a grant support of 100%, this project should only come back to the Committee if overall costs increase by more than 10%.

Revised Capital Fund Applications

- 6.3 Philip Head introduced the paper and talked through the two stage approval arrangements.
- 6.4 The proposals were welcomed by the Committee, and asked for criteria to be produced to measure value for money against, bearing in mind that almost every project will have a negative NVP. Set criteria will also ensure consistency across the regions.

Action: Philip Head should bring this item back to the next meeting with suggestions on setting criteria.

Item 7. Client Capability Programme Update

- 7.1 This item will be carried forward to the next meeting.

Item 8. Projects Approved under Delegated Authorities

- 8.1 The Committee noted both the Stockton Sixth Form College and Thanet College applications.

Item 9. Any other business

- 9.1 Regional Capital Plans are nearly ready for approval, the Committee should have an evening session before the June meeting in which a summary of the plans, and an analysis of how they differ from each other, and from last years plans should be considered.

Action: Philip Head's team to produce an analysis of the variance of Regional Capital Plans for the June meeting.

Item 10. Date of next meeting

- 10.1 The next meeting of the Committee will take place on 24 May.

Meeting chair	Norman Boyland
Minute taker	Pete Sanders
Date created	25 April 2007
Document ref.	C:\Documents and Settings\sandersp\Desktop\nat-capitalcommittee-minutes-24apr2007.doc