

Minutes



Leading learning and skills

Date 24 May 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
Lynne Morris
John Taylor

In attendance Rosalind Lester
For the Dyson Project
Lawrence Leader West of England LSc
For South Cheshire College
David Collins – South Cheshire College
Graham Bebbington – South Cheshire College
Steve Dunmore - LSC
Karen Gee - LSC
Liz Davies - LSC
David Johnston - LSC
For Orpington College
Simon Norton – Orpington College
Simon Tolani – LSC
Lawrence Downs - LSC
For Bolton Sixth Form College
David Johnston - LSC
For Highbury College
Anne-Marie Mountfield - LSC
Pauline Tiller - LSC
Isabelle Wragg - LSC

LSC staff Philip Head
Alastair Grindlay
Denis Miles
Judith Wilson
Pete Sanders
Pravin Palmer

Apologies

Apologies have been received from:

Terry Dabs
George Sweeney
David Russell
John Bull

Item 1. Welcome, introductions and declarations of interest

1.1 Norman welcomed the Committee and noted the apologies. Rosalind Lester from the DfES Capital Infrastructure team was also welcomed.

1.2 The following declarations of interest were made:

- Richard Haynes (whose firm had provided valuation advice) for the Dyson Project
- Norman Boyland (as LSC Chair of Region) for Highbury College
- John Taylor (as principal of a South Yorkshire college) for Park Lane College

Item 2. Minutes of last meeting

2.1 The minutes of the last meeting were approved with two alterations:

- Item 1.1 should be reworded to reflect that Norman Boyland had only been involved in discussion of Plumpton College.
- Item 4.8 has a typographical error.

Item 3. Matters arising

Stockport College

3.1 Philip Head reviewed progress with this college's project which had presented its proposals at the last meeting. The College had responded well to the committee's reservations and accepted some of the responsibility. A new proposal was due to be discussed with the LSC partnership team next week and hopefully progress will be made. In addition, the Principal had contacted Norman Boyland which had resulted in a productive e-mail exchange.

Kendal College

3.2 This project is going ahead at the prescribed levels of grant support.

Plumpton College

3.3 The College has sent a letter to Norman Boyland expressing concern at the level of grant support offered. 59% grant support was the level

recommended by the local LSC and it should have come as no surprise to the College. The committee noted that there is always an opportunity to revise the indicative level at the detailed application stages when likely are firmer.

Southampton City College

- 3.4 The College is currently reviewing the value for money of its proposal as requested by the Committee at the last meeting.

Dyson School for Design Innovation

- 3.5 Philip Head and Laurence Leader updated the Committee and tabled a copy of a letter from Phil Hope to Sir James Dyson. This letter recommends that Sir James increases his contribution to the 50% level.
- 3.6 The committee was informed that the site is the biggest issue on this project. Sir James is extremely keen to keep this project in central Bath as a lasting legacy in his home town. This is not necessarily the most economically viable location and is currently owned by Bath and North East Somerset district Council which is currently trying to value the land. Bath Spa University are also keen to locate on this site but neither Bath Spa University nor the Dyson Foundation are keen to share the location.
- 3.7 A building redesign was necessary to address new requirements set down by English Heritage who have spot-listed a building on the proposed site; this led to a delay and an increase in costs which continue to escalate. Planning permission is due to be discussed in 1 August.
- 3.8 The SWRDA indicative commitment to this project, yet to be formally confirmed, is £7million over three years. This will be used to build a river footbridge, clear any heavy metals which may be present on this industrial site and to carry out some demolition work.
- 3.9 Current estimates suggest that 1,740 learners will benefit from this project, which equates to 950 FTEs. There will be a focus on design engineering and production, as well as manufacturing diplomas. Creative innovation will be a key curriculum area. Employer links and progression routes are not yet fully understood. More information will be known when the committee considers the project again in August.
- 3.10 It waits to be confirmed if Sir James will fund the capital costs of this project 50:50, as value for money of the public purse would be more difficult to justify without this. Significant time and money has already been invested in this project and the LSC should do all it reasonably can to see that it does not fail.

Item 4. Capital Applications for Approval by the Council

South Cheshire College

- 4.1 This proposal was presented to the committee as a £59million project, £42million of grant support has been requested for a very successful college with an old estate from the 1950s and 1960s which is no longer fit for purpose. The lack of usable floor space is restrictive and only 40% can be used for teaching. This is a three year project involving the selling of

redundant land and premises, and a rebuild on the current site. Energy efficiencies of the new building will save 25% on running costs.

- 4.2 There has been 15 years of growth in learner numbers averages 5% a year. There is further growth predicted up to 2013, provided partly by new residential builds in the area and partly by the college's ever-growing reputation. The College is in financial category A and is a DfES beacon.
- 4.3 4.25 acres of land will be sold off, potentially raising £4.4million. It is desirable building land which can accommodate 11 new houses. Three building companies have already submitted outline plans for the space and the local Council is happy to grant a change of use.
- 4.4 Part of the land to be sold is playing field, however the inclusion of a sports hall has satisfied Sport England requirements.
- 4.5 The College will contribute £12.5million in loans and reserves for this project.
- 4.6 There is a prediction that income will increase from £18million to £23million to 2013. Not all of this comes from LSC funding as the college works closely with the University, and runs management courses.
- 4.7 Only £1.5million has been budgeted for new equipment costs as the college is already well equipped. There is a desire to maximise the spend on the building which is harder to alter in future years. If additional equipment is needed later the college is confident it can fund that requirement.
- 4.8 Planning permission is expected to be a straight forward process as an old tower block will be replaced with a landmark building.
- 4.9 The decant will only affect support staff who will either be accommodated in temporary buildings, or in three houses that are currently on the market. These houses would be sold again after the project is completed.
- 4.10 The new building represents an increase of 20% in terms of floor space. Much of this is social space, and as far as possible all the areas are flexible to meet changing future requirements.
- 4.11 The college has great confidence in the figures, the architectural plans have already gone beyond stage C and are nearing stage D. Site investigation has already taken place. Few changes to the overall costs are expected and some of the curves of the building have already been removed during a value engineering exercise to keep costs down.
- 4.12 The Chair thanked the college team and commented that it was easy to see why this is such a successful college. The £7.4million immediate borrowing request was noted. Every encouragement should be given to this project, which looks very robust at this stage. The Committee looked forward to seeing the detailed proposal in 6 months or so,
- 4.13.

Decision: The Committee agreed to recommend the project at the £42 million (71.2%) grant support level.

Item 5. Capital Applications for Approval by the Capital Committee under Delegated Authority

Orpington College

- 5.1 The floor space figures on this project only just met the minimum levels for space requirements. The college is on a cramped site with no additional space to expand and no alternative sites to which to move. The proposed extension does not solve the problems of overcrowding but it would improve the current situation and maximises potential in the available space.
- 5.2 The college is located on the high street and the town by default currently provides much of the social space needed by students.
- 5.3 Previously there had been significant growth in 16-19 learner numbers, and the intention is to slow this growth in order to consolidate the college's position. The college has recently completed a thorough 16-18 review to better understand the market. It is a key player in a 14-19 collaboration and it has good working relationships with other providers. Half of the provision is vocational, and *train2gain* will be expanded as this is off-site provision. Additionally the college is a CoVE in financial services.
- 5.4 The Capital Committee agreed that there is a clear need for this project; however there is some doubt that, as proposed, it is a good long term solution although it is presently the only viable solution.
- 5.5 The governors are satisfied that that loan can be serviced without putting the college in undue risk. Efficiencies on staffing can be made and there is confidence that the predicted income is accurate. There is potential to service loans faster.
- 5.6 The college is successful in the markets it is in, and this is likely to be the first of many similar projects in the London area where there is little space to expand and no alternative site for relocation. This will be a good benchmark for those later projects.
- 5.7 The Committee approved the project at the £15.76million (84%) grant support level.

Bolton Sixth Form College

- 5.8 This is a two campus college due to a merger in 1998. The project is to firstly relocate the South Centre site to an out-of-town location. If this is successful there a second project to co-locate the North Centre to a town centre location shared by Bolton Community College..
- 5.9 Once phase 1 is completed the affordability of phase 2 is greatly reduced, however by agreeing to the first phase the Committee could not commit itself to approving the second phase unseen.
- 5.10 Costs have slightly decreased since the approval in principal however the grant support has increased to 37%. It is a small and financially vulnerable college; a land sale in phase 2 will help with costs however borrowing will still need to be at the maximum.
- 5.11 Bolton Community College will be sharing part of this new build and phase two will have much more potential for shared facilities. It had been made

clear that there was currently no plan to merge these two colleges. The sharing of facilities and co-location is part of a wider 14-19 strategy for Bolton.

Decision: The Committee approved the proposals at the recommended £6.4million (50%) grant support level.

Highbury College

- 5.12 This is the second phase of a two phase project. The first redeveloped half of the estate, this phase redevelops the other half. The project now involves more rebuild than previously approved in principle and the costs had increased by £8.6million. £2.8million of this is due to abnormal costs and the costs of increasing sustainability.
- 5.13 The Capital Committee recognised that this was not quite the same project as was seen at the approval in principle stage. The phase 2 site is now closer to the motorway to help maximise land receipt, however £1.6million also needs to be spent on sealing the building and installing air conditioning. The Carbon Trust has recommended the use of ground source heat pumps which have added £1million to the building costs year. The floor space has also increases by 12.5%.
- 5.14 £1.1million will be spent on a sports facility not included in the original proposal and a further £1million is due to building cost inflation. These costs are all considered to be justifiable and reasonable and not a result of the college wanting unnecessary optional extras. The only exception to this is the inclusion of photovoltaic cells at the cost of £100,000 which has a much longer payback period than the other sustainable development options.
- 5.15 The land sale is now smaller than first planned, however it still represents a good financial deal.
- 5.16 The Committee endorsed the proposals for approval by the Council at the recommended indicative grant support rate of £23.87 (69%).

Item 6. 16-19 School Projects

Redcar and Cleveland Council: Eston Park, Gilbrook and Nunthorpe Schools

- 6.1 This is a very deprived area and the last area wide OfSTED report called for a radical approach. This two centre approach is a key part of the 2005 Strategic Area Review (StAR) outcomes.
- 6.2 Inflation and better understanding of the costs have increased the project by £2.8million to £12.3million. Value engineering has already taken place to ensure best value which reduced the overall cost by £0.5million.
- 6.3 The project needs to maintain the level of 550 FTEs in order to service the loan, this is the biggest risk particularly given the declining 16-18 population in the area.
- 6.4 The project has been thoroughly assessed for affordability and educational need at local and regional Capital Committee level. There committee agreed

that there is an urgent need for this to go ahead, and the financial forecasts appear robust.

Decision: The Committee approved this project at the £12.26million (99.7%) grant support level.

Revised 16-19 Capital Delegations

- 6.5 Philip Head highlighted the main proposals in this paper.
- 6.6 All applications of less than £10million – but where the percentage of grant support exceed the Chief Executive's and Regional Director's delegated authorities – should be delegated to the LSC Regional Committees and, when established, the Regional Board.
- 6.7 Capital applications of less than £15million from schools and local authorities will only be seen once by the Committee for approval in principal. Any changes in final cost – within 10% – can be agreed under delegated authority by the Regional Director.
- 6.8 Members agreed that Regional Committees are the place for many of these decisions, but there needs to be consistency of decision and, particularly in the early stages, support to ensure there is expertise in place.
- 6.9 When the Regional Council structure is in place they will need to be delegated the authority to handle projects up to a certain size, leaving this Committee to discuss only the largest and most complicated. It may be that National Council will not need to approve decisions in future.

Decision: The Committee approved the proposals as a sensible interim solution until the Regional Councils were established later in the year.

Item 7. Capital Applications Determined Under Delegated Authority

North East Worcestershire College

- 7.1 The Committee noted the approval of this application at £250,000 (10%) grant support level.

Item 8. Any other business

National Capital Strategy

- 8.1 Philip Head tabled a paper and informed the Committee that Mark Haysom is very keen for it to be presented at the June National Council meeting. This will be before the next Committee meeting. It was requested that members read the paper and e-mail Philip directly with any suggestions.

Action: Philip Head to circulate the paper to absent members and collate responses.

Regional Capital Strategy

- 8.2 It was agreed that it would be unrealistic to expect this Committee to read through all nine policy documents, much of which is unchanged from last year. Regional Directors or a representative should instead be invited to an evening session before the July meeting to give a five minute presentation on

the key aspects of this year's policy. The focus should be on what the regions are aiming to achieve and which educational needs will be supported through the capital spend.

8.3 It should be clear how the new policy documents help deliver the findings of last year's Strategic Area Reviews.

8.4 A single page summary of the policies should also be produced. These summaries should then be used to produce a spreadsheet showing the changes from the previous policy.

Action: Alastair Grindlay to produce a spreadsheet showing changes in policy from last year.

8.5 There are currently 21 projects for consideration at the next two meetings. Of these approximately 6 will fall behind schedule and will be considered later in the year, leaving 15, 8 of which are in principal and will have presentations from college teams. Members agreed that another meeting in July would probably be required and that this possibility would be reviewed at the next meeting.

8.6 Alastair Grindlay informed the Capital Committee that Ministers had approved the merger of Keighley College and Park Lane College. Keighley College's proposed capital scheme would still be required and its implementation at a cost of circa £30 million had been included in the recommendations. Unfortunately the original in principle application (£23 million) had not been updated and there was an assumption that the LSC contribution would be based on Keighley College's affordability. The Capital Committee noted the position and agreed that it would deal with the proposal on its merits but recognising where the process had got to and the basis upon which the merger had been promulgated.

Item 9. Date of next meeting

9.1 The next meeting of the Committee will take place on 19 June.

Meeting chair	Norman Boyland
Minute taker	Pete Sanders
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