

Minutes



Leading learning and skills

Date 29 April 2008
Subject Capital Committee
Location Centre Point
Time 10:15
LSC office National Office
Publication intent Internal

Present Norman Boyland
Alan O'Neill
Mike Collier
Lynne Morris
Richard Haynes
John Bull
Paul Jagger (apologies received for late arrival)

In attendance For Bournemouth and Poole College
Lawrence Vincent - Principal
Diane Grannell
Ken Roberts
Mark Harvey - LSC
Sarah Hughes - LSC
Trish Taylor - LSC
Robert Gorman - LCS
For Hartlepool College
David Waddington - Principal
Michael Bretherick
Andy Steel
Jane Davies
David Johnston - LSC
Kelly Armstrong - LSC
Christopher Todd - LSC
For Havering Sixth Form College
Paul Wakeling - Principal
Maria Jorysz
Mike Pettifer
Catherine Davis - LSC
Raza Raheem - LSC
Simon Tolani - LSC

Learning and Skills Council

OfficeArea

Cheylesmore House Quinton Road Coventry CV1 2WT

T 0845 019 4170 F 024 7682 3675 www.lsc.gov.uk

For Rotherham College of Arts and Technology

George Trow - Principal

Chris Stanbra

Noel Sheehan

Nick Wilson - LSC

Richard Hoyle - LSC

Mike Green - LSC

For Dunstable College

Chris Vesey - Principal

Margaret Newman

Suzie Webb - LSC

Paul MacGuire - LSC

Alan Searle - LSC

Keith Felgate - LSC

For Mid Cheshire College

John Reilly - Principal

Wanda Ford

Liz Davies - LSC

David Johnson - LSC

Steve Dunmore - LSC

For Stourbridge College

Debbie Callaghan - LSC

Steve Packham - LSC

For Westminster Adult Education Service

Raza Raheem - LSC

Simon Tolani - LSC

For South Thames College

Raza Raheem - LSC

Simon Tolani - LSC

Catherine Davies - LSC

For Barnet College

Raza Raheem - LSC

Simon Tolani - LSC

Mary Vine Morris - LSC

Catherine Davies - LSC

LSC staff

Philip Head

Denis Miles

Pravin Parmar

Roger Taylor

Pete Sanders

Apologies

Apologies have been received from:

Learning and Skills Council

OfficeArea

Cheylesmore House Quinton Road Coventry CV1 2WT

T 0845 019 4170 F 024 7682 3675 www.lsc.gov.uk

Terry Dabbs
George Sweeney
John Taylor
David Russell
Judith Wilson

Item 1. Welcome and introductions

- 1.1 The Chair welcomed the Committee and introduced two new members: Mike Collier and Paul Jagger.
- 1.2 The following Regional Board interests were declared for information only:
 - Mike Collier for Mid Cheshire College
 - Paul Jagger for Rotherham College of Arts and Technology
 - Alan O'Neill for Dunstable College
 - John Bull for Bournemouth and Poole College.
- 1.3 Richard Haynes declared an interest in Barnet College.

Item 2. Minutes of last meeting

- 2.1 The minutes were approved subject to a list of amendments passed to the clerk.

Item 3. Matters arising

- 3.1 Item 3.3 Machinery of Government. Philip Head clarified the current position for the Committee. The budget which had previously been in one pot has now been divided into two, this was done retrospectively in year. Monies cannot be transferred from one pot to the other.
- 3.2 Item 3.6 Ringmer Community College. The college's application for additional funding has been approved and will be reported back to the Committee as a delegated approval.
- 3.3 The Chair commented that exceptional costs must truly be outside the scope of the cost criteria model and not used to make the figures fit the model better. LSC officers confirmed that exceptional costs are a result of site specific issues and are not used to make the project fit the model.
- 3.4 The Chair asked if some level of project challenge would be possible, whereby some projects would be selected for careful scrutiny of all the figures, including learner growth and income projections.

Action: Philip Head to investigate the possibility of closer scrutiny on some projects.

Learning and Skills Council

OfficeArea

Cheylesmore House Quinton Road Coventry CV1 2WT

T 0845 019 4170 F 024 7682 3675 www.lsc.gov.uk

- 3.5 The National Audit Office report will be published soon and it is expected that capital cost controls will be acknowledged.

Item 4. ASL 2008-10 Challenge Fund Projects for Approval

- 4.1 Adult Safeguarded Learning (ASL) has previously been referred to as Adult Community Learning (ACL). This is the third iteration of the scheme which aims to give small amounts of money to projects that will have a large impact; projects are usually less than £1million and are normally given to LEAs who run the adult learning.

- 4.2 This year's proposals have been excellent and again these will be good news stories for adult learning when they are completed.

Decision: The Committee approved the allocation of £16,688,288 for 2008-09 and 2009-10 towards the costs of 23 ASL capital projects that currently have Regional Board endorsement.

Decision: The Committee agreed in principle the allocation of up to £8,850,701 for 2008-09 and 2009-10 towards a further 14 projects that are currently awaiting Regional Board endorsement.

Decision: The Committee endorsed the selection and moderation process used to identify the final list of projects for support and noted the outstanding amounts still awaiting payment from the previous round.

Item 5. Projects for Approval by the National Council

Bournemouth and Poole College

- 5.1 With the exception of Bournemouth University, the college is the largest provider of academic and vocational education in Dorset. Some of the accommodation dates back to 1865 and parts are now listed; the majority of the campus was built in the 1950s and 1960s. The college is currently spread over 7 sites; the project will reduce this to just 2 main sites and the Fulcrum Centre.
- 5.2 The project has had two false starts in the last 5 years, however a lot of work has gone into this and many of the issues have now been resolved. Although the Principal is only recently in post, he has served as Vice Principal for the last 4 years and knows the project very well.
- 5.3 The college has a grade 1 for employer engagement and has applied to the QCA for approval of tailor-made qualifications for individual employers.
- 5.4 Success rates are predicted to increase by 4% if the project gets approval. The college will not only be located in the centre of the community, but will also open up for community use and voluntary projects.
- 5.5 The project will be delivered as two two-phase projects, one on each site, which will run concurrently using two different contractors. The college were keen to put both projects forward now as they felt that funding may not be available in the future; although the LSC does not consider this a valid reason for giving projects priority.
- 5.6 The local authority planning offices for both Bournemouth and Poole were very supportive; the requirement for three separate applications in

Bournemouth has been removed. That application will be submitted in May and approval is expected in September. If planning consent is granted the college will go to the Regional Council for approval in December and will return to this Committee as soon as possible after that.

- 5.7 The learner growth for 14-18 is almost static over the projected period due to the large number of school sixth forms in the area which reduce the available market. 16-18 provision is expected to increase 24% in the period. Train to Gain growth is misleading as during the period the college will be leaving a consortium and providing its own delivery. Adult full costs will also be targeted.
- 5.8 FTE rises are modest yet the region is planning a significant amount of new housing in the same period, and the minimum participation age will be increased. The Committee was concerned that learner numbers particularly in adult learning and full cost provision do not grow sufficiently and the college needs to be more ambitious at the in detail stage.
- 5.9 There is a low contingency, however fixed price contracts will minimise any risks, and the best possible loan will be negotiated with the banks.
- 5.10 The Committee noted that the NPV for the three options had surprising figures for the base case and alternative option. The college were confident in the figures but will recalculate for the detailed proposal.
- 5.11 The Committee were concerned that running the two projects concurrently would cause more disruption than the college realises. This proposal needs to come back as two separate projects at the detailed stage. The two projects could have a staggered start and then run concurrently if the project management of each is robust enough.

Decision: The Committee agreed to endorse the £102.746million project proposal on an in principle basis for approval by the Council at an indicative 86% (£88.362million) grant support level with the following conditions:

- a. learner numbers' prospects and potential full cost provision should be reviewed,
- b. the project must be split into two separate projects; each must have robust project management.

Hartlepool College

- 5.12 The college offers courses in all areas but is mainly vocational in character. The accommodation is largely from the 1950s and 1960s, there were few other sites available and none of them were suitable. The accommodation is no longer fit for purpose and much of it cannot be adapted to fit the requirements of the Disability Discrimination Act (DDA).
- 5.13 Disruption to the students will be kept to a minimum during the build; however social space and parking will be affected more than other facilities. The decant accommodation is better than the current college accommodation.
- 5.14 University of Teeside has agreed to fund £1.5million towards this project; the college will not be able to sell any land to raise additional funds.

- 5.15 The Committee noted that enabling works have been incorporated into the main project. The main project is due for tendering in December 2008 with work beginning in September 2009. Tenders will be difficult to obtain so far in advance and costs may be uncertain. The college should consider if the enabling works could be taken out of the main project and brought forward separately; this will enable tendering for the main project to happen much closer to the build when costs will be better understood.
- 5.16 Income growth was relatively modest to 2012 at circa 5% but after 2012 it is exactly 2.000% which would imply no learner growth has been factored into the calculations, and income is not predicted to grow above inflation. These figures need to be recalculated properly.
- 5.17 The building has been sized based on learner numbers in 2012 and not numbers in 2015 (the third year after completion) as is the norm. Income and borrowing have been based on 2011 figures.
- 5.18 The planned car park is perhaps larger than necessary and the land could be disposed to raise additional funds for this project. LSC officers should investigate this possibility.

Action: LSC officers to investigate the possibility of land disposal.

- 5.19 The Committee noted that this is the only project of this magnitude to not have a dedicated full time member of staff working on the internal management team - instead the internal team will manage the project jointly - and strongly encouraged the college to reconsider the internal project management structure.
- 5.20 The Committee noted that the Regional Board had endorsed this project, and apparently only raised concerns around the decant strategy.
- 5.21 The Committee noted that a capital project is necessary at the college and the team should be encouraged, however the Committee must ensure the right project goes forward.

Decision: The Committee were uncomfortable with the project in its current state and identified five areas that needed review before the project could be endorsed for in principle approval:

- a. the size of the building,
- b. learner growth,
- c. income growth
- d. project management; and
- e. uncertainties around costs due to the timing of tendering and starting on site.

Once these issues have been resolved the college should return to the Committee for agreement in principle.

Havering Sixth Form College

- 5.22 Typically for a London borough college, Havering is on a cramped site and there are no alternative locations. It will therefore be a difficult build.
- 5.23 The college has seen learner numbers improve year-on-year and since 2000 growth has increased 6.8%, LSC targets are consistently surpassed and the

LSC is unable to fund further growth. The college is over subscribed and receive on average two applications for every place.

- 5.24 Learner growth forecasts have balanced what is achievable with what the LSC can afford. Whilst forecasts are modest it is an accurate reflection of what is likely to happen given the activities of other providers; there are 5 other school sixth forms and a GFE delivering 16-18 provision. The 14-16 cohort is expected to grow 2% until 2012 before declining 13% after that.
- 5.25 There is scope to have an additional future project if the learner numbers grow significantly above the predictions. For smaller increases building flexibility and careful timetabling can accommodate the additional students.
- 5.26 VAT has been included as the zero rating has not yet been confirmed. If the VAT bill was removed the grant support needed would be lower, however this can be confirmed at the in detail stage.
- 5.27 The decant will be expensive, 20 classrooms are needed for phases 1 and 2, which will take 4 years. The cost to rent the decant accommodation and the cost to buy are almost the same however renting is marginally cheaper.

Decision: The Committee agreed to endorse the £50.835million project on an in principle basis for approval by the Council at an indicative 85% (£43.335million) grant support level.

Rotherham College of Arts and Technology

- 5.28 The college is seeking detailed approval for phase 1, and in principle approval for the remaining phases. The cost certainties are good and the contract tenders for phase 1 have come back very close to the estimated costs. There is still some risk and cost uncertainty around closing the thoroughfare.
- 5.29 The new project will reduce running costs, the college is currently on 4 sites as a result of a 2004 merger and some jobs are duplicated on different sites, such as security, maintenance and reception. Maintenance costs of the new buildings will be considerably lower than the current accommodation.
- 5.30 Train to Gain growth has already exceeded the target for this year. The college leads the consortium in the area and there is confidence that this working arrangement will continue to achieve results. The NEET group is currently 10.5% and a strategy is in place to target this. Learner growth is significant and the LSC will fund this.
- 5.31 Disposals are included in the costings however with the current market conditions it is impossible to predict what impact this may have.
- 5.32 A senior member of staff has been appointed as project sponsor and is supported by other internal and external appointments. The in detail application for the remaining phases is likely to come back to this Committee in December 2008 or January 2009.
- 5.33 The decant strategy has already been planned using some internal and some external accommodation. The disruption will be reduced by minimising the number of moves each department will need to make, wherever possible provision will move directly into the new accommodation.

Decision: The Committee agreed to endorse the £61.944million project on an in principle basis for approval by the Council at an indicative 57% (£35.332million) grant support level. The Committee also approved the in detail £2.509million phase 1 project at the 10% (£0.251million) grant support rate.

Dunstable College

- 5.34 The college has submitted two previous in principle applications the last one for £8million was not pursued because the cost for the refurbishment was very similar to the cost of a new build. The college was asked to reconsider the application as a new build.
- 5.35 The demographics remain relatively flat for the foreseeable future however there are future plans for significant housing developments. These will not come soon enough to impact on the learner numbers in the scope of this project.
- 5.36 The Committee was asked to approve the disposal of 3.25 acres of surplus land. The land is currently under offer but market conditions have seen all three of the top bidders reduce their offers. The best is currently £5.75million, reduced from £8.25million. The college is maintaining a dialogue with all three bidders and are aware that several developers have withdrawn completely from sales.

Decision: The Committee were happy with the proposed land disposal if the price is sufficient and endorsed by the college's valuers.

Decision: The Committee agreed to endorse the £34.814million project on an in principle basis for approval by the Council at an indicative 75% (£26.218million) grant support level.

Mid Cheshire College

- 5.37 The college has submitted two applications for a project that will be divided into 5 phases totalling £44.258million.
- 5.38 The income forecasts look low in relation to a 20% increase in guided learning hours over the same period. There appears to be no full cost learners, a decrease in 14-16 learners and a significant HE growth. The college explained that the majority of the growth has already occurred and the learner numbers will not be increasing significantly in future, but the college is keen to return to a balance of 50:50 adult learners and young people. The recent growth has seen this balance shift 80:20 in favour of young people.
- 5.39 Adult growth figures show increases in key areas but a decline in other adult provision. Skills for Life figures are skewed by an artificially high baseline, many of those 250 learners are in a project that cannot be funded in any longer. The LSC Train to Gain targets are being met however the Committee were concerned that the predicted learner growth will not help the LSC meet other targets.
- 5.40 The college has recently gone through a transformation; having been in serious concerns the college is now in the top 2% of the sector. The recent

rapid growth has been hindered by poor accommodation, the best of which has been rated satisfactory.

- 5.41 Phases 2 and 3 will be tendered together, then phases 4 and 5 due to the planned 5 year building programme. No temporary accommodation will be used for the decant.

Decision: The Committee agreed to endorse the £44.257million project on an in principle basis for approval by the Council at an indicative 62% (£27.287million) grant support level. The Committee also approved the £9.662million in detail Phase 1 Winsford Learning Zone project at the 10% (£0.966million) grant support level.

Stourbridge College

- 5.42 This project includes the purchase of land, one piece is owned by Westfield Limited who have agreed a sale price of £1million per acre, the other is owned by Dudley Metropolitan Borough Council who have agreed £0.620million per acre. The difference in price for adjacent sites is due to Westfield Limited believing the land could in future have a residential use; this is a marginal additional expense which will be acceptable to save further time and money.
- 5.43 One site for disposal was due be marketed in the next week or so and the other has now sold for £1million.
- 5.44 Adult learners will decline, although train to gain and WBL are not specifically mentioned in the learner data.
- 5.45 The financial forecasts look robust at the 43.0% and 44.0% grant support levels, however the Committee noted that the college has recently come out of recovery and operating deficits are predicted through to 2017.
- Decision:** The Committee agreed to endorse the £31.919million project on an in principle basis for approval by the Council at an indicative 44% (£14.044million) grant support level.

Barnet College

- 5.46 The last time the Committee saw this project it encouraged the college to look at a number of factors including the costs and learner numbers. Costs have now increased by £13.16million and learner numbers have not changed significantly.
- 5.47 The NPV is high despite no significant increase in learner numbers, the alternative option is based on a 'new building on a new site' despite no site being available, not knowing how much the land would cost nor what the building would be like.
- 5.48 Income streams increase despite no significant increase in learner numbers, it was noted that changes to funding methodology largely account for the decrease in learners from 07/08 to 08/09 however numbers decrease before levelling off for the final three years of the period. The college must maximise non-LSC funded learning.
- 5.49 The cost of the decant has increased 36% to £7.90million and the Committee remain unconvinced by the explanation for the cost increases and queried

the competency of the project management team to keep a firm grip on the finances. The decant strategy has now moved from using on-site to off-site accommodation. Fundamental changes and significant cost increases such as these normally require a revised agreement in principle, this has not happened.

- 5.50 It was noted that the cash balances in 2018 are close to the total LSC contribution for the project, this is not a usual occurrence.
- 5.51 After the college receives in detail approval the project manager will be changing and the Committee considered that this needed a thorough review.
- 5.52 The college would be able to accommodate additional learners, up to 15% above the projected growth. A fixed price contract has already been agreed and work is ready to begin after the National Council meeting on 4 June.
- The Committee recognised that the project is important to the area but remained uneasy over the college's ability to deliver. There needed to be tight controls, appropriate levels of LSC supervision and suitable project management. A report should be brought to the next meeting detailing internal and external project management arrangements.

Decision: The report should be brought to the 21 May meeting for further discussion.

Item 6. Projects for Approval by the Committee

Westminster Adult Education Service

- 6.1 This is a very large local authority education service that provides skills and opportunities for 10,000 learners every year in a broad range of areas. The service uses 3 sites and 20 community centres, the two main sites are from the 1900s and a recent survey highlighted £800,000 of repair work needed to bring the buildings back to basic working order.
- 6.2 Westminster LEA will also be contributing a large sum of money.
- 6.3 There is a great deal of confidence in this scheme and the vision and aims of the project are encouraging. With the additional funding sources this scheme offers great value for money to the LSC.

Decision: The Committee approved the £20.475million in principle proposal at the indicative 45% (£9.214million) grant support level.

South Thames College

- 6.4 The Committee were informed that there is a possibility of a 4th phase, in 4 to 5 years time. The higher than normal refurbishment costs are largely due to planning restrictions imposed on the listed buildings, this has also resulted in higher contingencies.
- 6.5 Costs will be more certain at the in detail phase when further explorative and enabling work has been completed.

Decision: The Committee approved the £24.877million in principle proposal at the indicative 97% (£24.050million) grant support level.

Merton College

- 6.6 This in detail proposal is for the enabling works to Phase 1 of a two phase project which received in principle agreement in November 2007. The works will enable the college to submit a detailed project proposal soon.
- 6.7 The Committee approved the £1.170million in detail project at the 95% (£1.111million) grant support level on the understanding that the in detail application will be within the scope of the original agreement in principle.

Item 7. Projects approved under Delegated Authority

- 7.1 The Committee noted the project approvals for:
- Northern Counties College
 - Godalming College
 - Halesowen College
 - Birchwood High School
 - Middleton Technology School
 - Windsor High School, Halesowen
 - Harton Technology College (school)

Item 8. Any other business

- 8.1 The Committee have accepted an invitation from Hartpury College to host the 19 June meeting. There will be a working dinner on the evening before.

Item 9. Date of next meeting

- 9.1 The next meeting of the Committee will take place on 21 May at Centre Point, London.

Meeting chair	Norman Boyland
Minute taker	Pete Sanders
Date created	30 April 2008
Document ref.	H:\Capital\nat-capitalcommittee-minutes-29apr2008.doc