

Minutes



Leading learning and skills

Date 9 November 2006
Subject Capital Committee Meeting
Location Grosvenor Gardens, London
Time 10:30
LSC office National Office
Publication intent Internal

Present Sandra Burslem (Chair), John Taylor, Norman Boyland, Terry Dabbs, Alan O'Neill, Lynne Morris

In attendance

For Suffolk College:
Dave Muller, Principal
Tony Keeble, Finance Director
Marilyn Whastham, Curriculum Director
Caroline Neville, Regional Director
Judith Mobbs, Area Director, Suffolk LSC
Paul MaGuire, Regional Finance Director
Alan Searle, Provider Financial Management

For Colchester College:
Danny Clough, Principal
Linda Cox, Director of HR and Projects
Jim Clarke, Director of Services and IT
Janice Logie, Area Director, Essex

For Harrow College:
Barbara Field, Principal
Clare Arnold, Area Director
Pravin Parmar, Senior Property Advisor

For East Durham and Houghall:
Ian Prescott, Principal
Andrew Lockwood, Finance Director
Helen Beaton, Provider Financial Management
David Johnson, Regional Property Advisor, North East

For Leicester College:
Mary Rogers, Area Director, Leicestershire LSC
Sue Hall, Provider Financial Management
Andrew Martin, Regional Finance Director

For City College Birmingham:
Jill Howland, Area Director, Birmingham and Solihull LSC
Debbie Callaghan, Regional Property Advisor, West Midlands

LSC staff Philip Head, Alastair Grindlay, David Russell, Denis Miles, Chris Birt, Cheryl Lynch

Apologies Apologies have been received from:
Richard Haynes
John Bull
George Sweeney
Judith Wilson

Item 1. Welcome, Apologies and Declarations of Interest

1.1 The chair welcomed all present to the meeting and noted apologies had been received from Richard Haynes, John Bull, George Sweeney and Judith Wilson. Chris Birt was welcomed to the meeting, attending in place of Judith Wilson.

Item 2. Minutes of last meeting

- 2.1 Members agreed that the minutes of the 5 October 2006 were a true and accurate record of discussions and decisions made, subject to the following amendments:
- 2.2 At the top of page 8 of 10, it was agreed that Bishop Burton College had been agreed at 50% of eligible costs and the decision was not deferred.

Item 3. Matters Arising

- 3.1 There were a number of matters arising requiring updates from the minutes of the 5 October 2006 meeting.
- 3.2 3.4 Harrow Collegiate 16-19 School Proposals – The Director of Infrastructure and Property Services explained that the Area Director would say more about the current position when the Harlow College capital proposal is discussed at agenda item 4.
- 3.3 3.7 Delegate Authorities - The Director of Infrastructure and Property Services said that over the next year there were likely to be further recommendations for extending delegated authorities on top of those recommended at agenda item 6.
- 3.4 4.23 Burnley College – The Chair confirmed that the Council had agreed the Burnley College application. The Chair explained that Bryan Gray, as chair of the NW RDA, had made some comments about the choice of the site and raised concerns about the remedial costs. The Regional Director in the North West, John Korzeniewski reiterated his support for the site and further discussions will be undertaken between the college and the RDA. In the meantime the in principle approval stood as agreed by the Council.

- 3.5 “Fee Support” for colleges – The Director of Infrastructure and Property Services explained that at the June Capital Committee meeting, the minutes did not state when fee support would commence from. It was agreed that fee costs incurred after 1 April 2006 would be eligible. Lynne Morris and John Taylor both declared an interest in this as it would affect their colleges.
- 3.6 The Chair confirmed that there were two papers under matters arising (Coulson College and Suffolk College) in response to issues raised at the 5 October Capital Committee meeting.

Coulson College

- 3.7 The Director of Infrastructure and Property Services started by explaining that at the last meeting, members were not clear about the financial position of Coulson College. Paper 41/2006 was emailed to members on 7 November and, hopefully, had which clarified the issue
- 3.8 Members noted that the calculations were now on a more realistic basis. Members agreed to confirm 45% grant support based on eligible project costs of £16.944 million. Also proposed is £4.319m short term borrowing and £7m long term borrowing.

Suffolk College

- 3.9 Representatives from Suffolk College and Suffolk LSC were invited into the meeting to provide clarification on the substantial increase in costs since approval in principle was agreed some 18 months; previously. The Chair asked the college delegation to provide the committee with a brief presentation of the key issues.
- 3.10 The Principal explained the college’s education aspirations, how it intends to deliver its strategy, current accommodation issues, changes from the AiP, project costs increases and ways in which these increases might be mitigated
- 3.11 The Chair thanked the college delegation for their presentation and explained that members of the committee had questions which needed further clarification. The Chair wanted further clarification on why the land value had decreased by circa £500,000 and commented that £2.9 million on costs for enhanced elevational treatments required by Ipswich planners sounded a high figure.
- 3.12 Members queried how EEDA and Suffolk County Council were contributing to the project? The college explained that EEDA had contributed land worth £2.5m and had undertaken demolitions on the site costing £0.6m and was also supporting the proposed university college development. Suffolk County Council have also provided land.
- 3.13 Members noted that the college had been very prudent in its learner numbers and income figures and encouraged the college to look at ways of using the new buildings to increase income. Members agreed that 7% growth appeared to be on the low side. It was noted that the college might have been overly conservative in its growth figures, and wanted to see a more balanced approach.

- 3.14 A discussion took place between members and the college about procurement, tendering and level's of cost certainty as this would impact on when the college could come back to the committee.
- 3.15 The Chair thanked the Principal and his colleagues for attending and asked Suffolk LSC colleagues to remain for the committee's discussion.
- 3.16 Following a discussion between members and the local LSC, it was agreed that the college should submit its detailed application for consideration January 2007.

Item 4. Capital Projects – Projects for Approval by National Council and the Capital Committee

- 4.1 The Chair advised members that there were three large projects for approval from three providers; Colchester Institute, Harrow College and East Durham and Houghall College and introduced the first of these which was a presentation by the College Principal and senior management.

Colchester Institute – In Principle – 62.2%

- 4.2 Colchester Institute are seeking in principal approval for it to proceed with a £61m proposal to redevelop poor quality premises.
- 4.3 The Chair invited the college delegation and the Area Director, Essex into the meeting to present the proposal. The Principal explained that their current buildings were not 21st century buildings for 21st century education and training and their current accommodation does not allow for efficient use of space or energy. There is also no scope to handle anticipated growth. The college briefly explained the AiP education, property and finance case for the proposal.
- 4.4 Members were invited to comment and ask questions for clarification. A major concern was expressed regarding the college's growth numbers and the extent to which the project is predicated on growth in the Haven Gateway sub-region and how current participation rates in FE were split between the sites and if WBL or Train 2 Gain were being utilised in their growth. The college confirmed that there is growth potential of 4% per annum and they are not reliant on the Haven Gateway. There is a 'hub and spoke' arrangement in terms of current participation rates with the majority of students going to Colchester and some attending the hubs in Clacton and Harwich. The college feel that it would be unwise to base their growth on WBL and Train 2 Gain.
- 4.5 A member of the committee wanted to know how confident the college were about the disposal of the former playing fields. The college confirmed that they were not confident in disposing of these fields, so they have not included them in their figures.
- 4.6 The committee asked the college to clarify its project management arrangements to ensure that this large project would be managed properly.
- 4.7 The college confirmed that an advert would shortly be going out advertising for a Project manager for the duration of the project and that there would be proper oversight of the project by the college's Board.

4.8 The Chair thanked the Principal and his colleagues for attending and asked Essex LSC colleagues to remain for the committee's decision.

4.9 The committee agreed that the college should be able to meet the growth targets planned but they did need to focus on WBL as there is no planned growth in this area.

Decision: The Capital Committee agreed to approve the proposal at an overall grant support rate of 62%.

Harrow College – In Principle – 59%

4.10 Harrow College was seeking in principle approval for it to proceed with a £78m proposal to relocate into a 10 storey building on one campus, closing two sites. The current buildings are poor, obsolete and old fashioned.

4.11 Members noted that there are several key elements to the overall strategy including:

- partnership with Harrow schools – the Area Director confirmed that the delivery of sixth form provision in schools in Harrow is the subject of continuing discussion between London West LSC and the Regional Director and the existing 11-16 schools in Harrow that had originally proposed a new sixth form in every school. This is now the subject of a consultancy review but is not thought to impact on the volume of the college's largely vocational provision;
- the proposed development would allow the college to maintain existing levels of 4,425 FTEs; and
- the college was pursuing curriculum development for work based learning, full cost recovery programmes and E activity.

4.12 Members queried the small growth in learner numbers over a three-year period following completion projected by the college. The college's floor space requirements had risen from the original 20,936 m² up to 27,541 m² to accommodate a predominantly vocational curriculum. Guided learning hours would also increase to accommodate the new curriculum.

4.13 The college's Principal confirmed that if the proposed Harrow College franchise with local schools goes ahead, then the college plans for an increase of 400 16 -18 year olds (franchise plus consolidation) in 2006- 07 and a further 400 growth in 2007- 08. The College has been awarded growth of 199 16 -18 year old learners in 2006-7 for the franchise. If the modernisation of its premises does not take place then the college predicts a 38% decline in learner numbers over a five year period from 2009/10.

4.14 Despite the substantial level of abnormal costs involved in relocating to an adjacent site the college's Principal confirmed that there are no other sites that would meet its requirements and that the only real alternative is the modernisation of its existing premises. This would, firstly, provide poorer facilities and longer term problems in maintaining learner numbers and, secondly, it would not realise the substantial sale proceeds that vacating these sites would generate.

- 4.15 Members questioned the college's financial analysis was questioned as there was concern that its financing assumptions were too conservative and as a result its borrowing capabilities might have been underestimated.
- 4.16 The Capital Committee agreed to give in principle approval but to set a 50% interim grant support rate and to seek a revised financial case for analysis from the college in the New Year.

East Durham and Houghall Community College – Revised In Principle – 65%

- 4.17 East Durham and Houghall Community College was seeking revised in principle approval for it to proceed with a £30m proposal to consolidate three campuses into one. The original AiP granted in June 2005 was for a limited scheme, but following discussions with the local LSC, it had revised the AiP in order to propose a whole scale relocation to the college's existing Howletch site.
- 4.18 Representatives from the College and LSC were invited into the meeting and presented their revised proposal to the committee.
- 4.19 Members asked the college's representatives for further information on the following:
- How confident are they about the increase in learning hours and the projections for NEET's?
 - Why is income down for this year from £18.1m to £18.0m?

The college's representatives confirmed that they were very confident about the increase in the learning hours as they have been working in partnership with schools and HE. In terms of NEET's, they were working with the local schools to help reduce NEETS. The reduction in adult funding had resulted in the income decreasing.

Decision: The Capital Committee agreed to approve the proposal at an overall grant support rate of 65%.

Item 5. Capital Projects for Approval by the Capital Committee

Leicester College – 78.6% detailed

- 5.1 Representatives from Leicestershire LSC joined the committee in order to answer any questions the committee had.
- 5.2 Members raised concerns about what the college were doing in order to replace the income it had lost through the recent reductions in Council funding for adult learning. The Regional Finance Director confirmed that extra income would be generated through Train 2 Gain and Offender Learning and that the college is proactive in looking for extra income streams.

Decision: The Capital Committee agreed to approve the proposal at a grant support rate of 78.6%.

City College, Birmingham – 40% In Principle

- 5.3 Representatives from Birmingham and Solihull/West Midlands Region joined the committee in order to answer any questions the committee had.

5.4 Members were satisfied with the proposal from City College, Birmingham, but noted that they would have liked to have seen a lower rate of support (35%) modelled in the affordability statement.

Decision: The Capital Committee agreed to approve the proposal at a grant support rate of 40%.

Central Sussex College – 65% detailed

5.5 The Acting Chair, Norman Boyland, declared an interest in this item.

Decision: Members of the committee agreed to approve the proposal at a grant support rate of 65%.

Item 6. 16-19 School Presumptions (this item was discussed before agenda item 5)

6.1 The Chair of the committee began this item by declaring an interest as she has been made aware of a small number of issues in the North West.

6.2 The Capital Committee was asked to recommend to agree the capital applications from eight schools with capital proposals reflecting the “16-19 presumption”; to agree revised arrangements for determining such applications and to delegate appropriate authority to the Regional Boards.

6.3 By the very nature of the “presumption” Capital Committee members noted that the educational justification in such cases has to effectively be taken as predetermined or at the very least assuming the presumption of success. The ability to challenge such proposals is, therefore, limited to applying the other value for money and financial criteria that are usually applied to schools capital applications to the Council’s 16-19 Capital Fund. The DfES had advised that it is not intended that the Council should challenge the educational justification or the number of new 16-19 places that could be proposed. Objections from the Council would be noted at the SOC but would not necessarily stop a project proposal from proceeding. It had been tacitly agreed, however, that the LSC would be able to take a more critical approach to project proposals involving more than 350 FTEs and/or estimated to cost more than £7 million

6.4 Members expressed concerns about the negation of the LSC’s responsibilities in such cases and that this should be referred to the national Council for discussion.

Decision: The capital applications for each of the 8 cases recommended for approval were agreed.

Decision: Members also agreed proposals that the responsibility for agreeing capital applications based on 16-19 Presumptions involving projects estimated to cost up to £7 million and/or catering for up to 350 FTE learners would be delegated to the Regional Boards.

At this point, the Chair of the Committee had to leave the meeting.

Item 7. Capital Projects – Projects Approved under the Chief Executive’s Delegated Authority

7.1 The Capital Committee noted that there had been one application for consent and capital grant support under the Chief Executive’s Authority.

Item 8. Any other business

8.1 There were no items.

Item 9. Date and venue of next meeting

9.1 The next meeting will be on 18 December 2006 commencing 11.00 in Manchester at the offices of King Sturge.

Meeting chair	Sandra Burslem
Minute taker	Cheryl Lynch
Date created	14 November 2006
Document ref.	G:\Chairmans Division\Secretariat\COMMITTEES\Capital Committee\Minutes\2006 minutes\nat-capitalcommitteemeeting-minutes-09nov2006.doc