

Minutes



Leading learning and skills

Date 18 December 2006
Subject Capital Committee Meeting
Location King Sturge LLP
Time 11:00
LSC office National Office
Publication intent Internal

Present Sandra Burslem (Chair)
Norman Boyland
Terry Dabbs
Lynne Morris
Richard Haynes
George Sweeney

In attendance **For St Helens Colege:**
Pat Bacon, Principal
Dave Grant, Deputy Principal Resources
John Frodsham, Director Facilities Management
Mike McDermott, Area Director
Dave Johnson, Property Adviser
Steve Dunmore, Provider Financial Management Director
Chris Griffin, Director of Finance and Resources
For Aquinas College:
Jane Bracewell, Area Director Greater Manchester South
Dr Ambrose Smith, Principal
Debbie Blackburn, Assistant Principal - Finance
Greg Hill, Assistant Principal – Estates
For Herefordshire College of Technology:
Debbie Callaghan – Regional Property Adviser (WM)

LSC staff Philip Head
David Russell
Denis Miles
Judith Wilson
Cheryl Lynch

Apologies John Taylor
Alan O'Neill
John Bull
John Taylor
Alastair Grindlay

Item 1. Welcome and introductions

- 1.1 The Chair welcomed all present to the meeting and noted apologies had been previously received from John Bull, John Taylor, Alan O'Neill and that day from Alastair Grindlay who was not well.
- 1.2 Members noted declarations of interest from Lynne Morris for the detailed application from Joseph Chamberlain College. The Chair also declared an interest in Bolton VI Form College proposals as she chairs the Bolton 14-19 Strategy Group. Norman Boyland also noted that in his previous business life he had been involved in a donation of a building to St Helens College, but there is no connection now. He also noted that Burgate School was in the South East region. Finally, George Sweeney noted that his college (Knowsley) is next to St Helen's College.

Item 2. Minutes of last meeting

- 2.1 Members agreed that the minutes of the 9 November 2006 were a true and accurate record of discussions and decisions made, subject to the following amendments:
- 2.2 In point 3.5, it should say 'fee' support for colleges.
- 2.3 In point 3.7, it should be 45% grant support for Coulsdon College.
- 2.4 In point 3.9, Clerk to amend the typos in this section of the minutes.
- 2.5 In point 5.7, Norman was a member of the committee, not acting Chair.

Item 3. Matters arising

- 3.1 3.4 Burnley College – The NWRDA is still querying the site which is also likely to have a significant obligation for the college in the relocation of a gas governor.
- 3.2 3.6 Suffolk College – The detailed application could be ready to consider in January or February 2007 but only after the final tender position had become clearer.
- 3.3 4.17 Harrow College – A revised financial analysis should be brought to the Capital Committee meeting in January by the Greater London regional finance team.
- 3.4 6.4 16-19 presumptions – The Director of Infrastructure and Property Services explained to the committee that the National Council noted the concerns about the ability to challenge such proposals and the DfES are putting together a paper for ministers about a 16-19 policy review.
- 3.5 Concern was also expressed about the ability of Regional Boards not having the capacity to deal with these presumptions as there is nothing in the

original terms of reference. **Action: Director of Resources to arrange for Terms of Reference to be amended.**

- 3.6 South Thames College – Detailed project proposals will be ready to come forward to the next committee in January 2007. Members noted that major changes since the project proposals had been considered on an in principle basis meant that the college would need to re-present the project.

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

- 4.1 The Chair advised members that there were two major capital applications which the Capital Committee is invited to recommend for approval to the National Council. The detailed application by Joseph Chamberlain College is a detailed project proposal, almost the same as the one seen in the summer. The in principle application is from St Helens College.

Joseph Chamberlain College – Detailed – 55%

- 4.2 Joseph Chamberlain College is seeking detailed approval to sell its existing site and relocate to a new campus at Haden Circus, Birmingham at a cost of £39,843,000 and with grant support recommended by Birmingham and Solihull LSC of £21,914 (55%). The college was also seeking consent to sell its existing site for £11, 236,000 as part of a deal with Birmingham City Council which owned the adjoining leisure centre. Both sites were to be sold to Standard Life for non-food retail purposes for which planning consent had been agreed. The national Council had delegated authority to approve the college's detailed application to the Capital Committee as the college had confirmed that it needed to finalise its contractual arrangements before Christmas. The Chair of the committee invited the Principal to provide the committee with an update on the current situation and then members can ask further questions.
- 4.3 The Principal of Joseph Chamberlain College firstly thanked the committee for their support as this proposal has been on-going since 2001. She explained that since the approval in principle, project costs have increased and the request for LSC grant has risen from 50% to 55%.
- 4.4 She explained that it would be healthier for the college to borrow £2.5 million, not £3 million as recommended by Birmingham and Solihull LSC, which she believed would leave the college very short of funds and questioned the ability to be able to pay it back.
- 4.5 Birmingham City Council have also offered the college the chance to buy an adjacent factory building and she wanted to know what the committee might think of this suggestion.
- 4.6 The Chair thanked the Principal for her explanation and asked the committee if they had any questions for her.
- 4.7 A member of the committee asked if the introduction of diplomas had any impact on the space requirements? The Principal stated that this had been taken account of.
- 4.8 Members also wanted to know about the factory unit which had been offered to the college to buy. The Principal explained the leasehold would be for 120

years and that she has asked the City Council to look into it further in order to find out what the building is worth.

- 4.9 The Principal left the room and the members of the committee further discussed the issues that had been raised.
- 4.10 Members noted the difficulties the college had faced in, firstly, securing a site and, secondly, securing planning consent for the sale of its existing site. These problems had been overcome but the withdrawal by Birmingham City Council of the college's preferred site and the substitution of the Haden Circus site had led to substantial additional abnormal costs which the college had done its best to minimise.
- 4.11 Members of the committee firstly agreed that the possibility of acquiring the factory unit which had been offered to the college would need to be the subject of a separate application accompanied by appropriate property advice.
- 4.12 The committee also agreed that the LSC grant support rate should be 55%. If the college feel that this would be tight, it was suggested that they could be encouraged and supported to increase recruitment and which would attract the students it needs and to also think about what work is needed for Train 2 Gain.
- 4.13 **Decision:** The Capital Committee agreed to approve the proposal to develop new premises at the Haden Circus site with an overall grant support rate of 55% and the proposals for the sale of the college's existing premises.

St Helens College

- 4.14 The Chair of the committee advised members that St Helens College had submitted an in principle capital application to rationalise its estate to provide new accommodation on the Town Centre and Technology Campuses and dispose of the Newton Campus for development at an estimated cost of £50.275 million . The College was seeking grant support at a rate of 63.1%.
- 4.15 The college's delegation was invited to present its case to the committee.
- 4.16 The Principal explained the colleges' specific strengths and the benefits of why the college needed to be redeveloped. A number of college building photographs were also shown to the committee indicating the poor physical state of much of the college's estate.
- 4.17 The Chair thanked the college delegation for their presentation and invited the members of the committee to ask further questions.
- 4.18 Members agreed that this was a good college with an outstanding achievement record with a well thought out scheme and which is fully supported.
- 4.19 Members noted the timescale of the project. The building would not start until 2008/09 and ending in 2011/12. The college confirmed that they do want to start building earlier than 2008/09.
- 4.20 The college representatives were asked what other 14-16 curriculum provision they had apart from engineering and construction. They confirmed

that they do offer a broad curriculum. The 14-16 partnership centre is shared with other schools and colleges.

- 4.21 Members asked the college what project management arrangements they had in place. The college confirmed that they will be appointing a project manager to work on the project. Along with the Facilities team it already had, the college plans on talking to other colleges about their experiences. The college will also go out to tender for the more detailed work.
- 4.22 The college was asked if it had talked to the NWRDA about the possibility of getting a grant to improve the environment. The college confirmed its belief that the NWRDA would not provide any funding.
- 4.23 The committee asked the college about local transport links. The college confirmed that links were good. There are local buses, a bus pass scheme for 16-19 students and there is also a train service.
- 4.24 The college's delegation left the room in order for the committee to decide the level of grant.
- 4.25 **Decision:** The capital committee agreed to approve the proposal at 60% with a suggestion that given the high level of potential abnormal costs, it might be useful for the college to try talking to the NWRDA again. The committee also agreed that more work is required to strengthen the college's project management arrangements and that it needed to firm up what elements would be in phases one and two.

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

- 5.1 The Chair advised members that there were three applications for approval and one for discussion ahead of submitting an in principle application anticipating a high rate of grant support.
- 5.2 The Chair introduced the first of these which was a presentation by the College Principal and senior management. The college governors' have asked the Principal to approach the LSC as to the likelihood of an application before committing further resources.

Aquinas College

- 5.3 The Principal explained that Aquinas College is a very popular Roman Catholic sixth form college in Stockport attracting learners from many faiths over a large catchment area. It regularly makes the national news with pictures of queues of potential learners waiting to enrol.
- 5.4 The college would be seeking 90% grant support towards a project currently estimated to cost £30,076,615 comprising a single construction phase new build replacement of the main campus on the college's existing open green space.
- 5.5 The college was seeking the committee's advice as to the factors it should prioritise in its formal application.
- 5.6 The Chair thanked the committee for their presentation and explained that members of the committee had questions that needed further clarification.

- 5.7 Members wanted reassurance that the new build would be big enough to accommodate all the learners wanting to enrol at the college and had it considered a co-location with Stockport College?
- 5.8 The Principal confirmed that it would still be oversubscribed; and it would also still be taking 14-16 students. Although there will also be an academy nearby in from 2008, the college would still be viable. Consultants had also recommended that it would not be an economic choice to co-locate with Stockport College.
- 5.9 Members of the committee wanted clarification on why the college had to buy the Sunday school?
- 5.10 The college confirmed that there were a number of green and Sports England issues which need to be balanced, hence the proposed acquisition.
- 5.11 The Chair thanked the Principal and his colleagues for attending and asked the Area Director of Greater Manchester South to remain for the committee's discussion.
- 5.12 Following a discussion between members and the Area Director, it was agreed that the college should submit an appropriate capital application, but the college should attempt to minimise the costs of the Sunday school acquisition.

Herefordshire College of Technology – Detailed

- 5.13 The Regional Property Adviser for the West Midlands explained that the detailed proposals now combining phases one and two at an estimated cost of £29,855,164 are in line with the AiP submission. The total project has increased by £1.2m since the in-principle approval. This increase is due, in the main, to inflation.
- 5.14 The committee said that it was pleasing to see that £7 million funding had been secured from Advantage West Midlands, but wanted reassurance that the college was borrowing enough. It was confirmed that the college was proposing to borrow appropriate amounts in line with the Council's affordability criteria and it was noted they have some contingency too.
- 5.15 **Decision:** The Capital Committee agreed to approve the proposal at a grant support rate of 60%

Bolton Sixth Form College – In Principle

- 5.16 The Regional Property Adviser for the North West briefly introduced this item and explained that the college proposes to relocate to and develop a new "South Centre" campus at an estimated cost of £13,550,000 with 44.6% grant support. .
- 5.17 The Committee agreed that this appeared to be a worthwhile project with good leadership, project management and excellent collaborative working. It was noted that the level of grant proposed looks about right, but there were some negative ratios in the financial templates which need revision at the detailed stage. The intention to co-locate another part of the college's provision in the town centre alongside Bolton College of FE was also noted.

5.18 **Decision:** The Capital Committee agreed to approve the proposal at a grant support rate of 44.6%

Blackpool College – In Principle

5.19 The Regional Property Adviser for the North West explained that the college is seeking in principle approval to construct new accommodation and refurbish its existing accommodation at an estimated cost of **£12,772,781** with 63% grant support.

5.20 Members of the committee questioned if a new site would be better? The Regional Property Adviser explained that there was another site, but because it is in a different borough, it would require a change in the law, if Blackpool College were to build there. There are no other sites in which the college could build.

5.21 Concern was expressed about the leadership and project management within the college and that it appeared to have a very traditional 16-19 academic offer with little emphasis on vocational provision. Members thought that the project description were very much 'operational' and not 'strategic' and big thinking.

5.22 **Decision:** The Capital Committee agreed to approve the proposal at a reduced grant support rate of 60% with the proviso that the potential site location be reviewed and the negative NPV is examined in the context of what appeared to be very conservative learner number and financial projections.

Item 6. 16-19 School Projects

6.1 The Capital Committee were asked to recommend to agree the capital applications from four 16-19 Capital Fund projects including one 16-19 presumptions at Featherstone School. This one presumption has come to the Capital Committee meeting because the delegation to the Regional Boards is not effective until 1 January 2007.

6.2 Capital Committee members again expressed concern about the negation of the LSC's responsibilities and noted that regional boards would need to know how these proposals would impact on the regional capital strategies.

6.3 **Decision:** The Capital Committee agreed the four applications recommended for approval.

Item 7. Capital Projects – Projects approved under the Chief Executive's Delegated Authority

7.1 The Capital Committee noted that there had been three applications for consent and capital grant support under the Chief Executive's and/or Regional Directors delegated authority.

Item 8. Date of next meeting

8.1 The next meeting will be on 18 January 2007 commencing 10:30 at Grosvenor Gardens.

Meeting chair	Sandra Burslem
Minute taker	Cheryl Lynch
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